ANNUAL REPORT 2014

YEAR ENDED MARCH 31, 2014

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Forward-Looking Statements
Statements made in this annual report with respect to Mazda's plans, strategies, and future performance are forward-looking statements based on management's assumptions and beliefs in the light of information currently available, and involve risks and uncertainties. Potential risks and uncertainties include, but are not limited to: sudden changes in general economic conditions in Mazda's markets and operating environment; exchange rates, particularly appreciation of the yen against the U.S. dollar and the euro; the ability of Mazda and its subsidiaries to develop and introduce products that incorporate new technology in a timely manner and to manufacture them in a cost-effective way; and fluctuations in stock markets. Accordingly, actual results could differ materially from those contained in any forward-looking statements.

Note on Model Names
Unless otherwise stated, model names appearing in this annual report are those generally used in international markets. In some cases, names used in the domestic market differ: Mazda2 (in Japan: Mazda Demio), Mazda3 (Mazda Axela), Mazda5 (Mazda Premacy), Mazda6 (Mazda Atenza), Mazda MX-5 (Mazda Roadster), Mazda8 (Mazda MPV).

Mazda is an automobile manufacturer that was established in 1920. In 2007, the Company formulated its "Sustainable Zoom-Zoom" long-term vision for technological development toward the achievement of a sustainable future. Based on this long-term vision, our revolutionary SKYACTIV TECHNOLOGY combines the harmonious integration of new dimensions in *driving pleasure* and *outstanding environmental and safety performance*. SKYACTIV TECHNOLOGY-equipped models have proven very popular since their launches both in Japan and overseas.
Going forward, Mazda will leverage SKYACTIV in the promotion of its structural reform, while working on improvements in brand value by providing "attractive products and services unique to Mazda" toward the realization of a sustainable future for both people and cars.

CORPORATE VISION

VISION

To create new value, excite and delight our customers through the best automotive products and services.

MISSION

With passion, pride and speed, we actively communicate with our customers to deliver insightful automotive products and services that exceed their expectations.

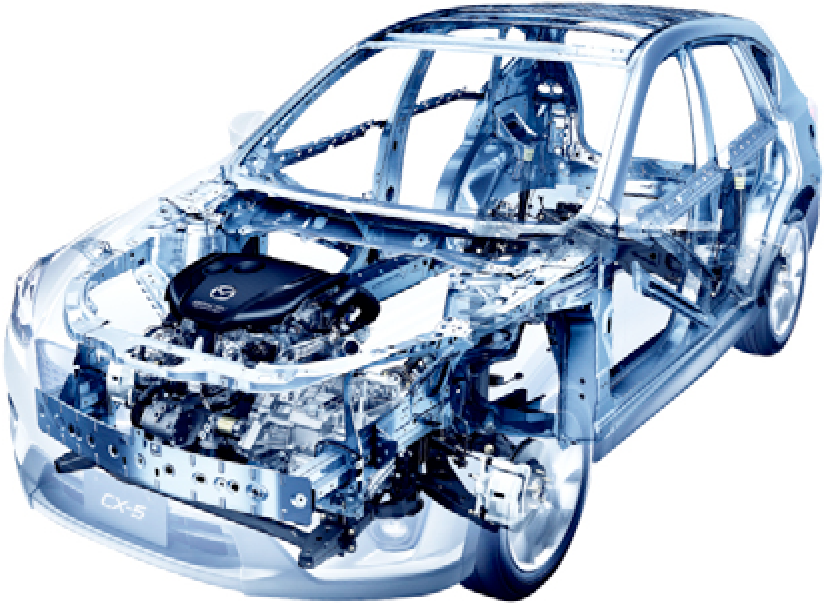
VALUE

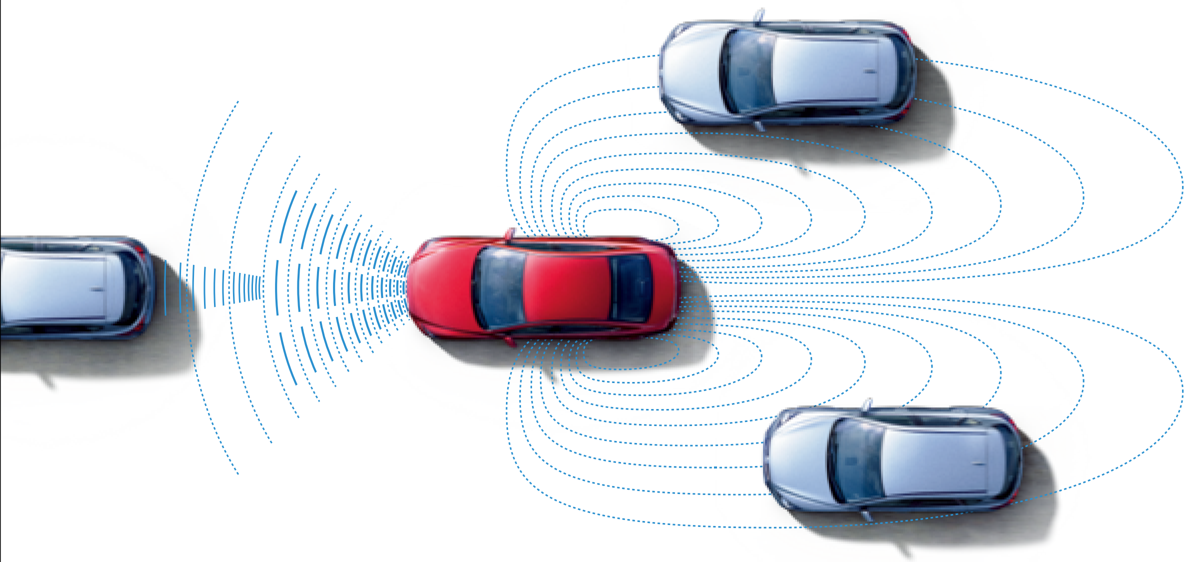
We value integrity, customer focus, creativity, and efficient and nimble actions and respect highly motivated people and team spirit. We positively support environmental matters, safety and society. Guided by these values, we provide superior rewards to all people associated with Mazda.

SKYACTIV TECHNOLOGY

Innovative Technology Redesigned from Scratch

Taking the car's basics back to the drawing board, Mazda has re-created everything from scratch: the engine, body, chassis, and transmission – all the technologies that have come to form the basis of the car.
The resulting SKYACTIV TECHNOLOGY brings together technologies that embody ways of thinking that create superior functions in the most efficient manner.





MAZDA PROACTIVE SAFETY

Mazda's Objective for Safety Performance

Sensors that instantly detect danger around a car, and a comfortable cockpit environment that enables stress-free car handling.
Supporting driving by means of advanced safety technologies, including i-ACTIVSENSE systems, Mazda continues to provide drivers with *driving pleasure*.

KODO: SOUL OF MOTION

Breathing Life into the Car. That's Mazda's Design Philosophy.

A car isn't simply a mass of metal. Mazda believes it's more like a living creature. Creating an emotional bond between a driver and a car is comparable with the relationship between a horse and a rider. That's the ultimate goal of Mazda's KODO– "Soul of Motion" design.

To Shareholders and Investors

Masamichi Kogai
Representative Director, President and CEO

Our steady progress under the Structural Reform Plan has moved us closer toward the establishment of a platform that is able to generate stable earnings. Going forward, the entire Group will work together to promote Mazda Brand Value Management, with the aim of being the brand that is trusted and continually chosen by customers.

Review of the March 2014 fiscal year

During the March 2014 fiscal year, Mazda achieved solid results in terms of new product launches and the restructuring of its production footprint, as it moves forward under the Structural Reform Plan covering the period through the March 2016 fiscal year.

First, in terms of products, we launched the new Mazda3 (Japanese name: Mazda Axela) as our third model equipped with our globally acclaimed SKYACTIV TECHNOLOGY and KODO design. We are rolling out models with 1.5-liter through to 2.5-liter gasoline engines, including the newly developed SKYACTIV-G 1.5, and 2.2-liter diesel engines as appropriate for each market. In Japan, we have accurately responded to the increasingly diverse needs of customers with the introduction of a sedan equipped with a hybrid system. The new Mazda3 is being steadily rolled out globally, with orders in Japan far surpassing our sales plan, and a very strong reception overseas in Europe and the United States, being named among the top three finalists for both the 2014 World Car of the Year and the 2014 World Car Design of the Year awards. The Mazda CX-5 and the Mazda6 (Japanese name: Mazda Atenza) also maintained strong sales. The CX-5 was Japan's No. 1 selling SUV for the second consecutive year, and the Atenza was named the 2014 RJC*1 Car of the Year and also the winner of the 2013-2014 Car of the Year Japan "Emotional Award." We are very pleased that many people have embraced our desire to "build cars that deliver the ultimate *driving pleasure*." Looking ahead, we will introduce a new Mazda2 (Japanese name: Mazda Demio) featuring our newly developed SKYACTIV-D 1.5 small-displacement clean diesel engine. This engine is based on the technologies used in the SKYACTIV-D 2.2, which is used in models including the CX-5, and with additional technologies for improved fuel efficiency, achieves a powerful driving performance with torque equal to 2.5-liter gasoline engine while providing a high level of environmental performance. We will also continue to expand our lineup of SKYACTIV-equipped models going forward.

In terms of sales, our Sales Method Innovation that leverages the product strength of SKYACTIV-equipped models is producing results. We are achieving sales volume growth while curtailing sales incentives by promoting right-price policy. Through these initiatives, our vehicles will retain high residual value, and we will maintain appropriate inventory levels.

With regard to production, our new plant in Mexico began production of the new Mazda3 for North America in January 2014 as scheduled. The construction of our new engine machining factory in Mexico and our new transmission plant in Thailand are also on track. In line with increasing global sales of SKYACTIV-equipped models, in Japan we are increasing our annual production capacity for SKYACTIV-G and SKYACTIV-D engines at our engine plant in Hiroshima and for SKYACTIV transmissions at our Hofu Plant as planned.

As a result, global sales volume in the March 2014 fiscal year grew 7.8% from the previous year, to 1,331,000 units, led by the CX-5, the Mazda6, and the new Mazda3. Net sales rose ¥487.0 billion, to ¥2,692.2 billion, operating income increased ¥128.2 billion, to ¥182.1 billion, and net income grew ¥101.4 billion, to ¥135.7 billion.

*1. Automotive Researchers' & Journalists' Conference of Japan

Forecast for the March 2015 fiscal year

In the March 2015 fiscal year, we are aiming for growth in global sales volume on a full-year contribution from sales of the new Mazda3, and our enhanced supply structure from full-scale operations at the Mexico Plant. We will also continue to curtail sales incentives and maintain right-price sales, underpinned by the product strength of SKYACTIV-equipped models, while stepping up our promotional activities for our products and the Mazda brand and strengthening our sales network. We are forecasting a 6.7% increase in global sales volume, to 1,420,000 units, with net sales of ¥2,900.0 billion (an increase of ¥207.8 billion), operating income of ¥210.0 billion (an increase of ¥27.9 billion) and net income of ¥160.0 billion (an increase of ¥24.3 billion). We will also strengthen our management base to achieve solid growth in sales volume and a stable earnings structure.

Returns to shareholders

We view returns to shareholders as a very important management issue. Our policy in determining the dividend is to take into account results for the fiscal year, the operating environment, and our financial position. This year we are placing priority on our responsibility to provide returns to shareholders as quickly as possible, and have restored the dividend for the first time in four years. We set the dividend amount at ¥1 per share, which represents a balance between our level of retained earnings and other internal reserves, with investments for future growth. We will continue to strive to maintain a stable dividend with steady increases in the amount going forward. For the March 2015 fiscal year, we intend to pay a year-end dividend of ¥10 per share.*2

*2. Dividend amount based on the number of shares following the share consolidation that was carried out on August 1, 2014. Please see page 39 for more information on the consolidation of shares.

Consolidated Results and Forecast

(Fiscal years ended / ending March 31)	2013		2014		2015	
	Result	Increase/ Decrease	Result	Increase/ Decrease	Forecast	Increase/ Decrease
Global sales volume (1,000 units)	1,235	(12)	1,331	+96	1,420	+89
Net sales (billion yen)	2,205.3	+172.2	2,692.2	+487.0	2,900.0	+207.8
Operating income (billion yen)	53.9	+92.7	182.1	+128.2	210.0	+27.9
Net income (billion yen)	34.3	+142.0	135.7	+101.4	160.0	+24.3

Update on Structural Reform Plan

Revision of management targets

Based on the Structural Reform Plan announced in February 2012, we have been leveraging SKYACTIV to move forward with further restructuring, and in light of recent changes in our operating environment, including market trends, the sales environment, and the correction of the strong yen, we have reviewed our management targets for the March 2016 fiscal year. We have revised our global sales volume to 1.52 million units, and raised our operating income from ¥150.0 billion to ¥230.0 billion. Our foreign exchange assumptions are ¥100/USD and ¥135/euro. We are aiming for an operating income margin of 7% or more.

Continuing to build on four initiatives

Along with continued investment for future growth, including the restructure of the global production footprint and new product launches, I believe it is important to rigorously follow through on the Structural Reform Plan for sustainable, long-term growth.

A central pillar of this plan is SKYACTIV TECHNOLOGY and during the March 2015 fiscal year we plan to launch two SKYACTIV-equipped models. First, we will launch the new Mazda2 in Japan in the fall of 2014, and then successively roll the model out to global markets. We also intend to expand our core model lineup with the introduction of another new SKYACTIV-equipped model. With the strong sales that SKYACTIV-equipped models have been recording, we have raised our estimate for the percentage of SKYACTIV-equipped models sold in the March 2016 fiscal year to more than 85%, from our initial projection of 80%. In addition, we are implementing Groupwide initiatives with Monotsukuri Innovation to develop and manufacture a variety of products more efficiently through integrated planning that spans models, classes, and segments. In addition to driving performance and fuel efficiency, SKYACTIV-equipped models, which fully incorporate Monotsukuri Innovation, achieve superior cost competitiveness. Going forward, we expect to increase the benefits of Monotsukuri Innovation even further through the introduction of additional new models. We will continue to build on the four initiatives of the Structural Reform Plan, leveraging the competitiveness of SKYACTIV-equipped models.

March 2016 Fiscal Year Management Targets

	Initial		New
Global sales volume	1.70 million units	→	1.52 million units
Operating income	¥150 billion	→	¥230 billion
Operating income margin	6% or more	→	7% or more
Exchange assumptions US$/Yen	77		100
€/Yen	100		135

Four Initiatives of Our Structural Reform Plan, and Future Actions

Business Innovation by SKYACTIV TECHNOLOGY
- Continue right-price sales and realize volume growth while minimizing fleet sales
- Expand line-up of SKYACTIV products
- Update SKYACTIV equipped-models to maintain and enhance competitiveness
- Enhance advertising activities and accelerate brand strategy

Accelerate further cost improvement through Monotsukuri Innovation
- Maintain and improve quality, and continue cost improvements for new products following new Mazda3
- Further improve efficiency of R&D costs / Capital expenditures
- Promote optimized global sourcing

Reinforce business in emerging countries and establish a global production footprint
- Full-scale operations of Mexico Plant and production capacity increase
- Launch automatic transmission plant in Thailand as planned
- Expand local production in Russia and Malaysia

Promote global alliances
- Continue to promote alliances to complement products, technology, and regions

Pursuing management that focuses on brand value

Mazda's operating environment has undergone major changes since the global financial crisis, including a yen at historically strong levels and economic instability in major markets. The Structural Reform Plan that we are currently pursuing is intended to bring about a transformation to a structure that can respond to environmental changes and generate sustainable, stable profits, and steady results are emerging. Monotsukuri Innovation, which facilitates innovative technology development, and the resulting success of SKYACTIV-equipped models, are also contributing to a recovery in business results.

The entire Company is currently working together in the pursuit of Mazda Brand Value Management to become a brand that maximizes customer satisfaction by providing attractive products and services unique to Mazda, which deliver *driving pleasure*. If we create products with uniquely Mazda value, like models equipped with SKYACTIV TECHNOLOGY, customers will respond. By having customers experience and understand the value of our products, we will achieve right-price sales, and this will maintain and increase our products' residual value. I believe that this management focus on brand value will further increase Mazda's corporate value. We will of course continue to emphasize the maintenance and enhancement of product quality, while at the same time we will continue to deliver value that exceeds customers' expectations at all contact points—products, sales and service, communication, and people—throughout the entire car ownership period, with the aim of being the brand that is trusted and continually chosen by customers.

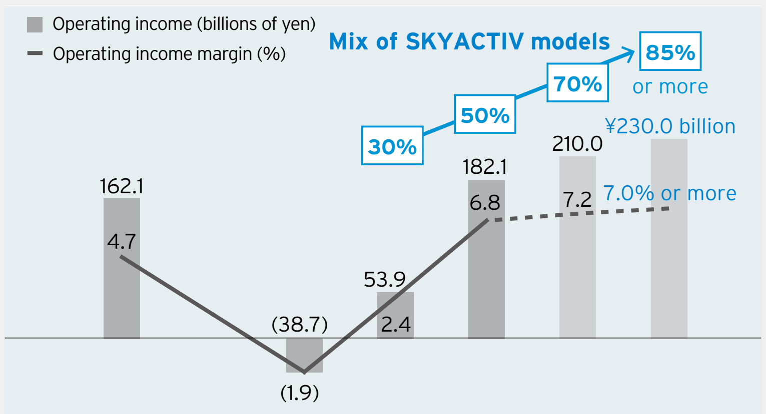
As automobile manufacturers, we consider it important to contribute to a sustainable society with the products we provide, and through technological innovation. The entire Mazda Group is making every effort to meet our responsibility toward a constantly changing society, and to be a company that is trusted by shareholders, investors, and all stakeholders.

I ask for the continued support of our shareholders and investors going forward.

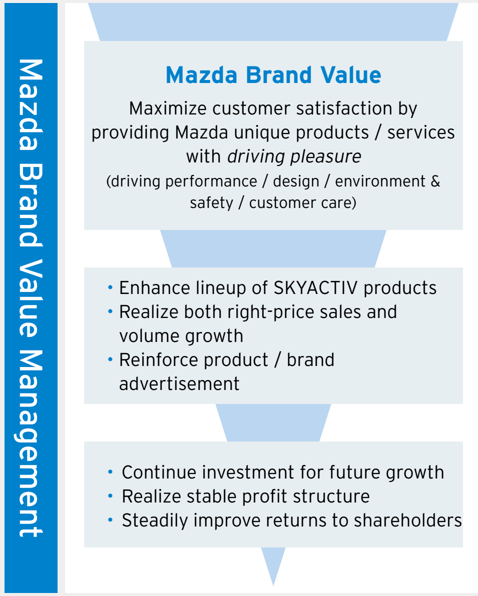
August 2014

Representative Director,
President and CEO
Masamichi Kogai

Profit growth image



(Years ended March 31)	2008	2012	2013	2014	2015 (Forecast)	2016 (Forecast)
Global sales volume (1,000 units)	1,363	1,247	1,235	1,331	1,420	1,520
US$/Yen	114	79	83	100	100	100
€/Yen	162	109	107	134	135	135



Interview with the Executive Vice President

Working toward qualitative growth, along with quantitative growth, to establish a stable earnings base for sustainable growth.

Akira Marumoto

Representative Director and Executive Vice President

Q1. Please tell us about Mazda's initiatives to raise future profitability and the financial structure you seek to achieve.

We have raised our initial target for March 2016 fiscal year operating income under the Structural Reform Plan, to ¥230.0 billion from ¥150.0 billion. This is in part because of the yen's weakening compared with exchange rate levels at the time of our initial forecast, but also reflects expectations of: (1) curtailed sales incentives and a shift to a right-price sales policy from the introduction of SKYACTIV-equipped models and (2) further cost improvements through Monotsukuri Innovation.

We are making steady progress under the Structural Reform Plan in these areas, but going forward there are two challenges for which we need to step up our efforts.

The first is to achieve sustainable growth. As we have said previously, we are building new plants in Mexico and Thailand to support the increase of global sales, and these are successively commencing operations. In addition to releasing new products, we are engaged in full-scale advertisement to strengthen the Mazda brand. To offset this investment burden and increase in marketing expenses, it will be important to fully meet our plan for sales volume while maintaining our right-price sales policy on a global basis. In terms of costs, we will expand and reinforce Monotsukuri Innovation globally. Although we have always been promoting cost improvement, we will further accelerate cost improvement on and after the release of the new Mazda2.

We will expand our lineup of SKYACTIV products to maximize its effect in the areas of brand, sales, and costs, to achieve sustainable growth.

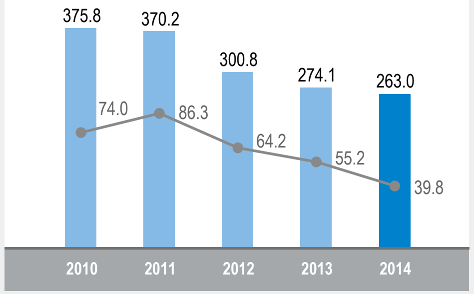
The second challenge is to establish a solid financial base with enhanced resilience to foreign exchange fluctuations.

We are restructuring our global production footprint to increase our resilience to foreign exchange fluctuations. To achieve this, we will maintain our capacity utilization at domestic plants at their current level and respond to volume growth going forward with increased production at overseas plants. We will also move forward with the establishment of a global supply chain for optimal parts procurement in our main production regions of Japan, China, ASEAN, and Mexico. This will increase our foreign currency-denominated parts procurement and enhance resilience to foreign exchange fluctuations.

Our steady progress under the Structural Reform Plan is bringing about major improvements in Mazda's earnings structure, but our financial base is still in the process of recovery. Going forward, I believe we need to establish a solid financial base that is able to withstand changes in the external environment, including unforeseen economic crises, the demand trend in major markets, and sharp fluctuations in exchange rate levels. We are working to achieve sustainable growth and strengthen our financial base with an emphasis on increasing equity and reducing interest-bearing debt.

Net Interest-bearing Debt / Net Debt-to-equity Ratio

Billions of yen / %



(As of March 31)

Net Interest-bearing Debt

Net Debt-to-equity Ratio

Q2. Why did you lower your target for global sales volume in the March 2016 fiscal year to 1.52 million units from the initial 1.70 million?

We have revised our sales volume in light of changes in global demand for automobiles and sales trends that have emerged since we announced our Structural Reform track in February 2012. Sales are on track in developed markets including Japan, the United States, and Europe, and the revision was mainly a lowering of our targets in emerging markets. Even though we have revised our official target to 1.52 million, we nevertheless recognize 1.70 million units as a level that we should eventually achieve. At the same time, however, we need to avoid placing too much of a priority on achieving the sales volume target and damaging the Mazda brand by recklessly increasing sales incentives. The achievement of qualitative growth together with quantitative growth will lead to a stable earnings structure that makes sustainable growth possible. Going forward, we will work to increase sales volume while strengthening right-price sales.

Q3. What is the plan for the expansion of the product lineup and what measures are you implementing to maintain the competitiveness of SKYACTIV-equipped models going forward?

When we announced the Structural Reform Plan, we stated that we intended to introduce eight SKYACTIV-equipped models by March 2016, and through the March 2014 fiscal year we released three: the CX-5, the Mazda6, and the new Mazda3. During the March 2015 fiscal year, we intend to release two models including the new Mazda2, and we plan to release the remaining three models during the March 2016 fiscal year.

These SKYACTIV-equipped models have a strong product competitiveness, but the problem of aging over the years after their introduction cannot be avoided. Going forward, we intend to maintain the competitiveness of our products through major product improvements during the model cycle, while fully conveying to customers the comprehensive value that Mazda's vehicles provide, to further increase sales volume while keeping sales incentives low.

By adding the latest technologies and features, including powertrains, interiors and exteriors, safety equipment, and connectivity systems, you can rest assured that we will continue to deliver products with *driving pleasure* and *outstanding environmental and safety performance to customers.*

Q4. What is your plan for capital expenditures, R&D costs, and your basic investment policy?

With regard to capital expenditures, we will continue to improve the efficiency of expenditures through Monotsukuri Innovation. We are currently restructuring our global production footprint with the aim of migrating to a business structure with a high resilience to foreign exchange fluctuations. Our new plant in Mexico began mass production of the new Mazda3 in January 2014, and we plan to maintain a high level of investment during the March 2015 fiscal year to increase the capacity of this plant, and for the construction of a new engine machining factory in Mexico and a new plant for automatic transmissions in Thailand. Planned expenditures are ¥150.0 billion, surpassing the previous year's ¥133.2 billion.

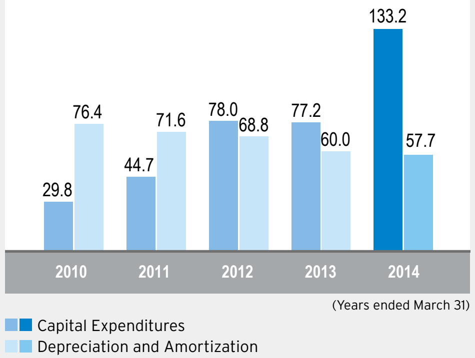
From the March 2016 fiscal year, we intend to maintain capital expenditures at a level that corresponds to depreciation and amortization expenses.

In terms of research and development, we plan to invest ¥100.0 billion in the March 2015 fiscal year, compared with ¥99.4 billion of expenditures during the March 2014 fiscal year. We plan to maintain a high level of expenditures going forward so that we can deliver products that exceed the expectations of customers while complying with increasingly strict environmental and safety regulations.

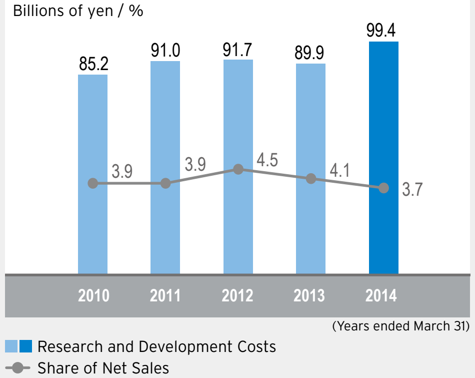
August 2014

Representative Director and
Executive Vice President
Akira Marumoto

Capital Expenditures / Depreciation and Amortization
Billions of yen



Research and Development Costs / Share of Net Sales
Billions of yen / %



SPECIAL FEATURE

Aiming to Remain the Brand That Is Continually Chosen by Customers

Leveraging our SKYACTIV-equipped models, we are building a brand that is continually chosen by customers and maximizing customer satisfaction by providing the products and services unique to Mazda, through which our customers experience *driving pleasure*. Taking a long-term perspective, we are aiming to maintain a robust customer base and a stable earnings structure.

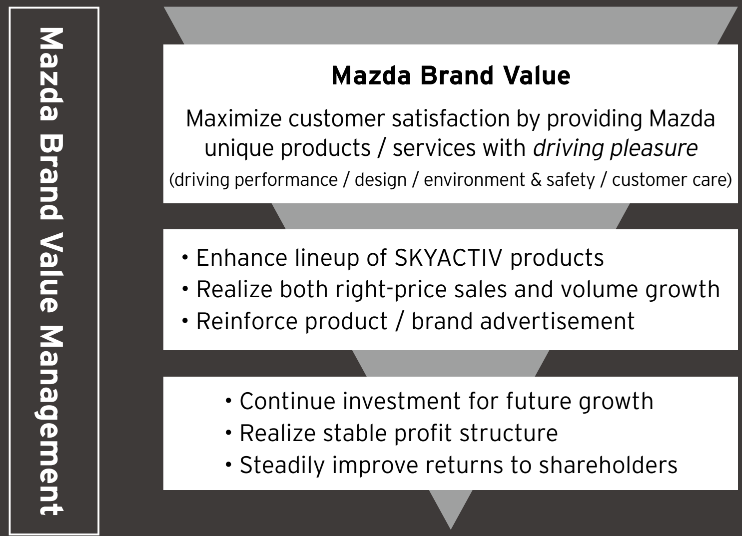
In this special feature, we present the three initiatives that form our main Brand Value Management measures: enhancing lineup of SKYACTIV products; realizing both right-price sales and volume growth; and reinforcing product / brand advertisement.

Toward Becoming a Brand That Is Continually Chosen

The essence of Brand Value Management is to become a brand that continues to be chosen and that enjoys a special bond with its customers through Mazda's unique value provision.

To convert Mazda's unique value provision of *driving pleasure* and *outstanding environmental and safety performance* into more tangible forms, we developed SKYACTIV-equipped models that represent a fusion of the KODO design theme that embodies the dynamic beauty of life with SKYACTIV technologies. These technologies are centered around two internal combustion engines that have been honed to the ultimate level: the SKYACTIV-G new-generation, highly efficient, direct-injection gasoline engine and the SKYACTIV-D new-generation clean diesel engine.

We aimed to seize the opportunity presented by the SKYACTIV-equipped models to become the brand chosen for many years to come—by customers who were coming into contact with the allure of Mazda cars for the first time through the SKYACTIV-equipped models and by customers who were already driving Mazda cars. This marked the full-scale start of Brand Value Management initiatives.



SPECIAL FEATURE

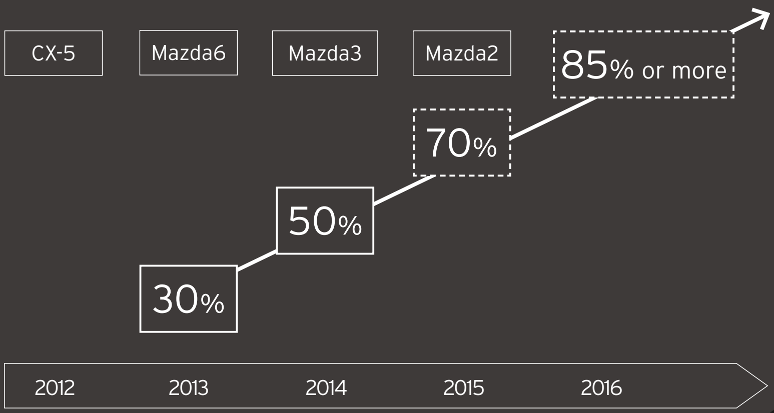
Enhancing lineup of SKYACTIV products | Realizing both right-price sales and volume growth | Reinforcing product / brand advertisement

Enhancing lineup of SKYACTIV products

The delivery of *driving pleasure* and *outstanding environmental and safety performance* to all our customers had been stated in our Sustainable Zoom-Zoom long-term vision for technology development, announced in 2007. Turning this vision into a more tangible form started with the Mazda CX-5, the first SKYACTIV-equipped model, which was followed by the Mazda6 and the new Mazda3. Next, global launches of the new Mazda2 will begin, starting from Japan in autumn 2014. The SKYACTIV-equipped models combine powerful driving that responds precisely to the driver's intention and makes you want to keep driving them, high fuel efficiency, and a high level of safety performance. Thanks to these features, SKYACTIV-equipped models have been extremely well received by consumers.

By the March 2016 fiscal year, we will have introduced a total of eight models. By enhancing the lineup of SKYACTIV-equipped models - for which sales will rise to account for 85% or more of total volume, we will deliver products so that many customers can gain experience of the appeal only Mazda cars can offer.

Mix of SKYACTIV models



(Years ended March 31)

From February 2012

MAZDA CX-5

SUV

Major Awards History

2012-2013 Car of the Year Japan

2012-2013 Japan Automotive Hall of Fame Car Technology of the Year

From November 2012

MAZDA6

Upper-Medium Car

Major Awards History

2014 Automotive Researchers' and Journalists' Conference of Japan (RJC) Car of the Year

2013-2014 Car of the Year Japan, Emotional Award category

2013 Swiss Car of the Year

2013 Top three finalist, World Car Design of the Year

From September 2013

MAZDA3

Lower-Medium Car

Major Awards History

2014 Top three finalist, World Car Design of the Year

2014 Top three finalist, World Car of the Year

From Fall 2014

MAZDA2

Super-Compact Car

The all-new Demio brings a level of functionality and added-value exceeding the expectations for a car of this class by evolving the concepts and technologies cultivated through the development of earlier next-generation products, and condensing them in a compact body.

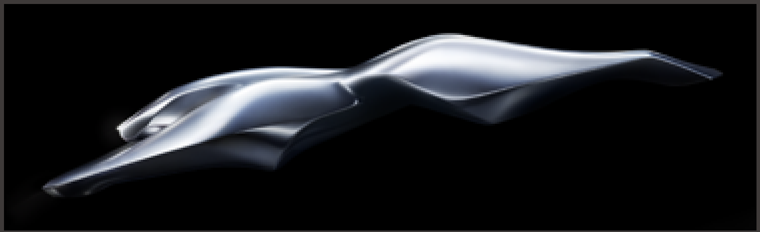
SPECIAL FEATURE

Design That Breathes Life into the Car

We want to create an emotional bond between driver and car comparable with the relationship between a horse and a rider. That is the ultimate goal of Mazda's KODO– "Soul of Motion" design philosophy. Used on all SKYACTIV-equipped models from the Mazda CX-5 onward, KODO Design has played an important role in Mazda becoming a brand that has a special bond with its customers. In this section, we present KODO Design.

Embodying the Dynamic Beauty of Life, KODO

The power and elegance of a wild animal in the instant when it pounces on its prey—that's the essence of the ultimate Motion Form envisioned by Mazda. We want a car to be more than metal; something that exudes the vitality of a living being. Cars which evoke the tension that presages movement, imbued with the warmth of a creature with a beating heart and blood in its veins. That's the inspiration behind the "Soul of Motion" design.



Craftsmanship That Brings a Car to Life

The Golden Clay Trophy Award* is given in recognition of the best car modeling in the world, and Mazda has won the award most often. Underpinning this success has been the craftsmanship of Mazda's clay modelers. The modeler understands the feelings and vision of the designer and with his own skill hones these into a tangible form. The "soul" that is felt in Mazda designs arises from this process of co-creation.

* One of the Japanese car design award categories sponsored by the world's leading specialist car design magazine, Car Styling. The award is presented to the team that has developed the work with outstanding modeling among the cars that have appeared in the season, regardless of whether they are concept cars or mass-produced cars.

The only Japanese cars to be selected as World Car Design of the Year top three finalists for two consecutive years (2013 Mazda6, 2014 New Mazda3)

KODO Design Modeling Points

An axis unfalteringly passing through from front to rear

Strongly thrusting along the axis that could be termed a spine has realized a flawless design when viewed from any angle.

Cabin positioned to the rear of the body supported by large-diameter tires that are positioned on the four corners

Shifting the visual center of gravity to the rear realizes a tension and dynamic of the kind when a beast is pouncing on its prey. Creating a stance that appears to be firmly treading on the ground evokes handling that is firm yet nimble.

An expression that is full of vitality

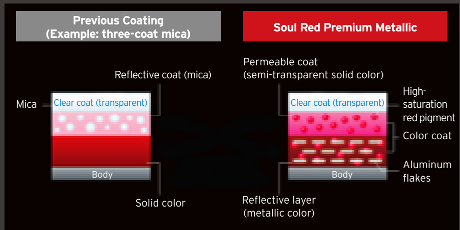
Not simply a mass of metal, thought has been put into devices that evoke a feeling of the car as a living being. The model expresses a design that is full of vitality in its entire face, including the headlamps and the signature wings.

CHECK

Symbol of Passion Soul Red

Concept cars exhibited at motor shows and elsewhere are finished by craftsmen who add many layers of paint that are applied like lacquer. Tints poured with generous amounts of craftsmanship and time have been in the pursuit of beauty. The TAKUMINURI painting technology realized the beauty of concept cars in mass-produced vehicles. This technology confronted breakthroughs in both vividness and depth of color that had previously presented difficulties and produced an innovative coating technology that achieved a red color of unprecedentedly high quality.

Arising from this craftsman's soul and technology, this vivid and deep Soul Red serves as Mazda's symbol of passion that leads to *driving pleasure* of the future.



When applying standard three-coat mica, the reflective coat is built up on top of the solid color coat. Soul Red, however, combines the vividness and depth of color by reversing these coats.

SPECIAL FEATURE

Enhancing lineup of SKYACTIV products | Realizing both right-price sales and volume growth | Reinforcing product / brand advertisement

Realizing both right-price sales and volume growth

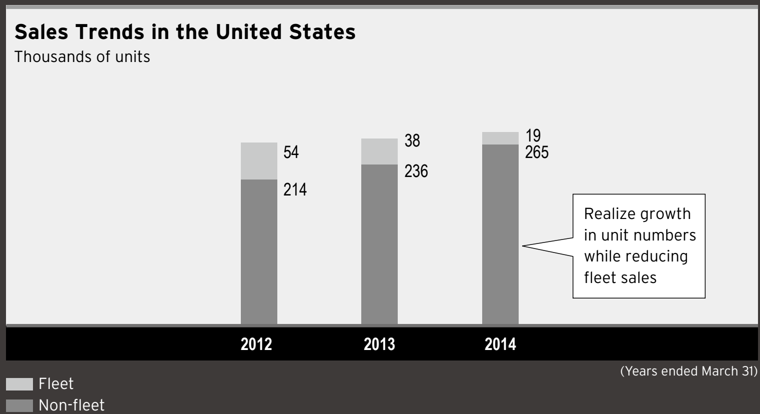
How will we deliver the high-quality products full of *driving pleasure* that our R&D and production divisions have created? How should we show consumers how Mazda vehicles can enrich their lives and become a brand that customers choose again and again? We have cited right-price sales as one initiative to address these questions.

What we mean by "right price" is a price point that equals the amount customers consider appropriate to pay for the product's value. Right-price sales will be realized by adequately conveying to customers the value of both the products and the Mazda brand and being compensated for having delivered these to customers. This will result in sales activities that do not depend on sales incentives and efforts to maintain the right price. By continuing sales at the right price, we will avoid damaging the residual value of Mazda's cars and brand image, the value of customers' favorite Mazda cars that have already been purchased will retain their high value, and the bonds between customers and the Mazda brand will be strengthened. This way of thinking forms the basis of this initiative.

One initiative is activities that convey to customers not only the "functional value" provided by Mazda cars, such as fuel economy and safety, but also "emotional value," which encompasses *driving pleasure*, KODO Design, the expectations from the brand and sense of security. We will work to improve customers' expectations from the brand, and sense of security by improving the quality of the customer experience in our showrooms. In association with these activities, we will aim to maintain the right price by carefully emphasizing the appeal of product value for customers. These kinds of initiatives will be undertaken across the world and will contribute to improvements in average sales prices and profitability.

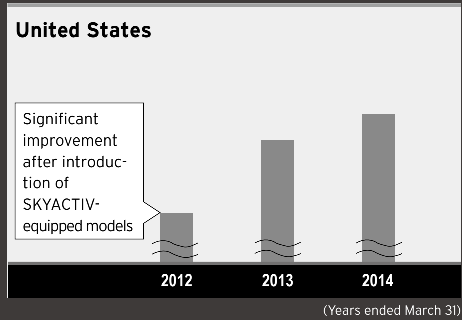
Another initiative is to minimize bulk fleet sales in North America so that the values of customers' cars remain high. As fleet vehicles are sold on the used-car market after being owned for a comparatively short period of time, there are the aspects of the ease in which they affect used-car market demand and cause price collapses. Minimizing fleet sales will enable us to maintain the balance of used-car supply and demand and keep the residual prices of cars high.

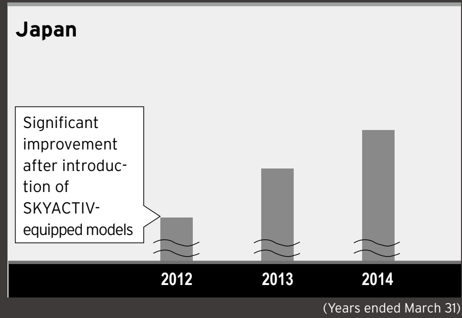
Through these initiatives, we will deepen the attachment our customers have for Mazda vehicles and the Mazda brand by enabling their favorite Mazda cars to retain their high value. By having customers make repeat purchases of Mazda cars, we will aim to improve growth in unit numbers over the medium to long term and also improve profitability.

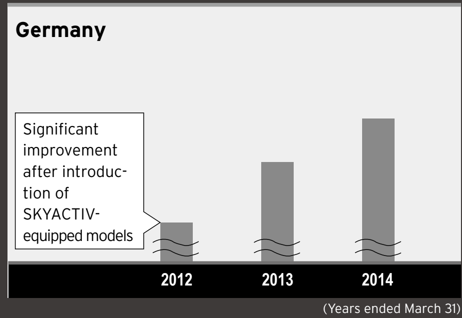


CHECK

Trends in Net Sales by Unit in Each Country







SPECIAL FEATURE

Reinforcing Product / Brand Advertisement

To build and strengthen an effective brand presence and to give a sense of the deeper bond that customers feel for the Mazda brand, small player Mazda has worked on a major shift from its previous brand communication strategy.

From an approach targeting an unspecified number of people to promoting understanding to a specific number

Previously, we clearly identified the customer segments that could accept Mazda brand value and painstakingly selected the channels and methods to enable secure communication with that specific number of people. We have planned a media shift away from a mass media bias, including TV, to digital media.

From promotions for individual types of cars to promotions that focus on the primary brand

We have set up communications that focus on promoting an understanding of the brand rather than an awareness of individual models. Shifting from promotions for individual types of cars to a communications structure that focuses on the brand, we have introduced an integrated framework in key regions, including *Game Changer* in North America, *Challenger* in Europe, and *Be a driver*. in Japan, and are planning to improve brand awareness. and are planning to improve brand awareness.

From providing information about product features and functionality to providing product background stories

The most important is the shift from providing information about product features and functionality to communication centered around providing the background stories of the products. We are making efforts to convey to direct sales departments, showrooms, journalists, and customers the passion from the development teams familiar with products and technologies who know the most about the spirit and aspirations of the *monotsukuri* behind the products.

As a result of such activities, more of our target customers are purchasing Mazda cars after the introduction of SKYACTIV-equipped models.

CHECK

Examples of Promotions That Focus on the Primary Brand

Based on the "*Challenger*" spirit that Mazda possesses, we targeted the Mazda brand stance and value with the theme *Challenge: People Who Have Changed the World.*

North America "*Game Changer*"

Europe "*Challenger*"

CHECK

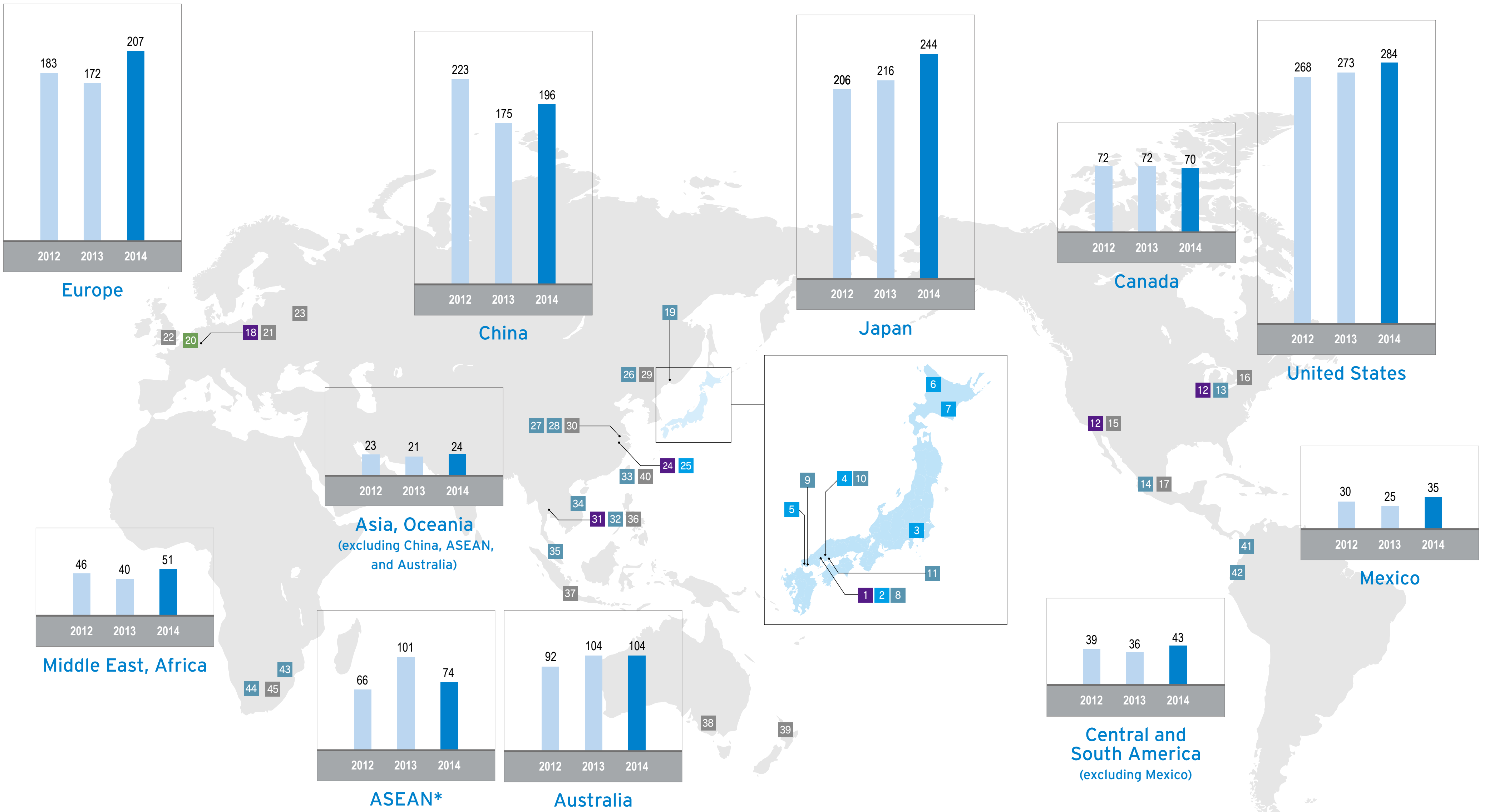
Examples of Promotions That Focus on the Primary Brand

Sending out the message that Mazda's approach to designing cars is "We don't make boring cars."

Japan "*Be a driver.*"

Global Network

Years ended March 31
Graphs on the map are unit sales by market (Thousands of units)



* Thailand, Indonesia, Malaysia, the Philippines, Vietnam, Singapore, Brunei, Laos, Cambodia, and Myanmar

MAJOR FACILITIES

Japan
(Number of dealerships: 1,044)

Headquarters	1	Headquarters
R&D	2	Headquarters R&D Divisions
	3	Mazda R&D Center (Yokohama)
	4	Miyoshi Proving Ground
	5	Mine Proving Ground
	6	Hokkaido Kenbuchi Proving Ground
	7	Hokkaido Nakasatsunai Proving Ground
Production facilities	8	Hiroshima Plant
	9	Hofu Plant
	10	Miyoshi Plant
	11	Press Kogyo Onomichi Plant*1

North America
(Number of dealerships: 836)

Regional headquarters / R&D	12	Mazda North American Operations
Production facilities	13	AutoAlliance International*2
	14	Mazda de Mexico Vehicle Operation*3
Distributors	15	Mazda Motor of America
	16	Mazda Canada
	17	Mazda Motor de Mexico

Europe
(Number of dealerships: 1,865)

Regional headquarters / R&D	18	Mazda Motor Europe / European R&D Centre
Production facilities	19	Mazda Sollers Manufacturing Rus
Logistics / Sales	20	Mazda Motor Logistics Europe
Distributors	21	Mazda Motors (Deutschland)
	22	Mazda Motors UK
	23	Mazda Motor Russia
		19 others in major markets

China
(Number of dealerships: 432)

Regional headquarters	24	Mazda Motor (China) (MCO)
R&D	25	MCO China Engineering Support Center
Production facilities	26	FAW Car*1
	27	Changan Mazda Automobile (Nanjing Company)
	28	Changan Ford Mazda Engine
Distributors	29	FAW Mazda Motor Sales
	30	Changan Mazda Automobile Sales

Asia, Oceania
(Number of dealerships: 521)

Regional headquarters	31	Mazda South East Asia
Production facilities	32	AutoAlliance (Thailand)
	33	Ford Lio Ho Motor*1
	34	Vina Mazda Automobile Manufacturing*1
	35	Mazda Malaysia
Distributors	36	Mazda Sales (Thailand)
	37	PT. Mazda Motor Indonesia
	38	Mazda Australia
	39	Mazda Motors of New Zealand
	40	Mazda Motor Taiwan

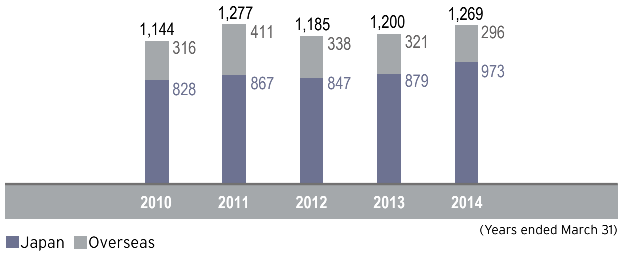
Central and South America, Middle East, Africa
(Number of dealerships: 685)

Production facilities / Distributors	41	Compania Colombiana Automotriz*4
Production facilities	42	Manufacturas, Armadurias y Repuestos Ecuatorianos*1
	43	Willowvale Mazda Motor Industries
	44	Ford Motor Company of Southern Africa*1
Distributors	45	Mazda Southern Africa

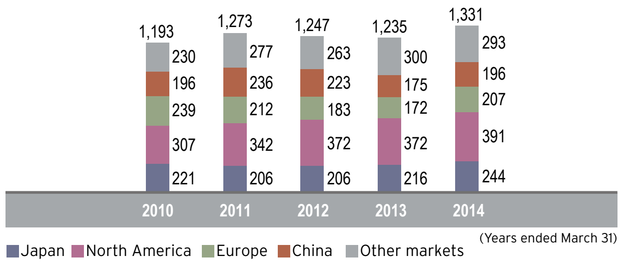
(As of December 31, 2013)

*1. Consignment production facilities
*2. Agreement to proceed with negotiations toward transfer of Mazda's shareholdings to Ford Motor Company
*3. Production commenced in January 2014
*4. Production of Mazda vehicles ceased at end of April 2014. Sales managed by national sales company MAZDA DE COLOMBIA from May 2014

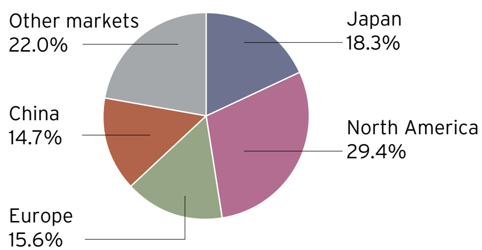
Trends in Production Volume
Thousands of units



Sales Trends by Major Markets
Thousands of units



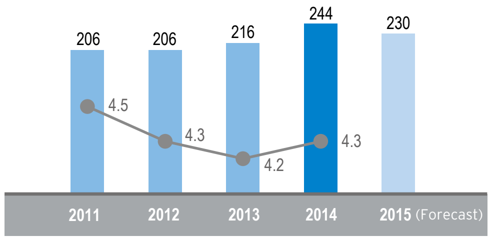
Sales Volume Composition Ratios
(March 2014 fiscal year)



Japan


New Mazda Axela (Sedan)

Sales Volume
Thousands of units / %



(Years ended March 31)
Sales Volume
Market Share

Overview of March 2014 Fiscal Year Results

Total demand in the Japanese market rose for the third consecutive year, increasing full-year car sales 9% year on year, to 5.69 million units, due to last-minute demand prior to a hike in the consumption tax rate.

Mazda's sales volume increased 13% year on year, to 244,000 units, thanks to sales of the new Mazda Axela, the Mazda CX-5, and Mazda Atenza. Launched in November 2013, the new Axela had recorded orders of 29,000 units by the end of March 2014, far exceeding its planned target, and significantly increased its share in the segment. The best-selling SUV in Japan for the second consecutive calendar year, the CX-5 maintained its strong sales with 39,000 units sold in the fiscal year under review, roughly 80% of which were equipped with the clean diesel engine. The highly acclaimed Atenza's accolades include the 2014 Automotive Researchers' and Journalists' Conference of Japan (RJC) Car of the Year and the winning of the Emotional Award category at the 2013-2014 Car of the Year Japan awards. Sales of the Atenza in the fiscal year were 20,000 units, of which approximately 70% were equipped with the clean diesel engine, which boosted sales in the same way as the CX-5. In addition to these models, minivan sales, such as of the SKYACTIV TECHNOLOGY-equipped Mazda Premacy and Mazda Biante, sustained their strength.

March 2015 Fiscal Year Forecast

With regard to total demand in the March 2015 fiscal year, it is expected that there will be a decrease in the first half due to a reactionary decline from the last-minute demand associated with the consumption tax hike, and there will be a last-minute demand increase in the second half associated with a tax hike on micro-mini cars. Mazda's sales volume in Japan is projected to be 230,000 units, down 6% year on year. We will maintain the strong sales of all SKYACTIV-equipped models, including the CX-5, by stepping up sales promotion activities that raise the appeal of the Mazda brand in addition to the market entry of the new Mazda Demio, and aim to minimize the effects of any reactionary decline in demand.

FOCUS

Initiatives Based on Mazda Brand Value Management

In Japan, we launched the second part of our integrated brand communication campaign under the slogan "Be a driver."

In addition to the meaning "We at Mazda want to be people who like driving more than anything," the thinking incorporated in the key word "driver" is that "We want to be people who decide our own way and drive for the well-being of society through the pursuit of *driving pleasure*.

In the March 2015 fiscal year, we aim to sharpen our corporate brand by conveying to the world Mazda's thoughts encapsulated in this second thought. In our showrooms, we will conduct product explanations and campaigns to enable customers to understand and empathize with our way of thinking, not only when it comes to a car's functions and technical specification, but also with regard to Mazda's *monotsukuri*. In addition, as one part of our showroom strategy, we are proceeding with remodeling work on our new-generation showrooms to make our products look even more attractive.

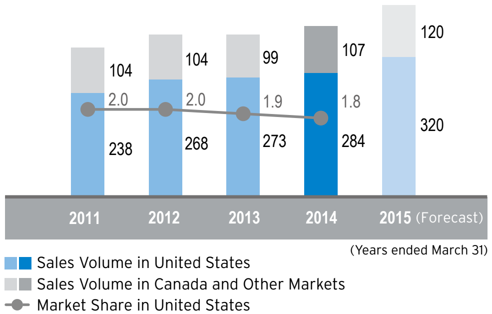
Through these efforts and various points of contact in Japan, we aim to enrich customers' lives and remain a brand that enjoys a special bond with our customers.


New-generation showroom, Kobe Mazda Nada

North America

New Mazda3 5-door hatchback (North American specification)

Sales Volume
Thousands of units / %



Overview of March 2014 Fiscal Year Results

Total demand in the United States grew 6% year on year, to 15.65 million units, and in Canada by 5%, to 1.75 million units. The U.S. figure represented the fourth consecutive year of growth in new vehicle sales.

Mazda's North American sales grew 5% year on year, to 391,000 units. Our U.S. sales volume rose 4%, to 284,000 units, and under our ongoing policy of reducing fleet sales, a 12% rise in non-fleet retail sales was achieved. The CX-5 and Mazda6 continued to enjoy strong sales, and sales of the new Mazda3 increased amid intensifying competition in the C-segment while incentives were suppressed. Our sales in Canada decreased 3%, to 70,000 units, due to the reduction of fleet sales (excluding fleet sales, retail sales grew 4%). In the United States and Canada, we are promoting a switch to retail sales-driven business growth. Sales in Mexico increased 37%, to a record-high 35,000 units due to the introduction of the new Mazda3 and the improved level of brand awareness following the start of production at a local plant.

The SKYACTIV-equipped Mazda6 and the new Mazda3 were selected among the 10 Best Cars for 2014 by the U.S. automobile magazine *Car & Driver*. In Canada, the Mazda6 was voted 2014 Canadian Car of the Year by the Automobile Journalists Association of Canada, and the Mazda3 won the 2014 Best of the Best Award presented by the Canadian Automotive Jury (CAJ).

March 2015 Fiscal Year Forecast

Overall demand in North America is forecast to stably remain at a high level against a backdrop of a robust economy. Mazda's sales volume in North America is projected to be at 440,000 units (up 13%). Of this amount, we are planning for U.S. sales to also increase 13% year on year, to 320,000 units. We will continue to work to realize both right-price sales and volume growth by leveraging the high product strength of SKYACTIV-equipped models, including the new Mazda3, CX-5, and Mazda6.

FOCUS

Initiatives Based on Mazda Brand Value Management

In the United States, we are implementing a raft of measures, including the reduction of fleet sales, the promotion of right-price sales, the optimization of inventory, and sales network strengthening. As examples, we promote the transfer of authority to regional offices that are closer to the sales frontline and move ahead with upgrades in sales and marketing as well as enhancements to the sales network so that they are better suited to the characteristics of the market. In the 35 cities that form our strategic focus, we are promoting sales-improving measures in collaboration with our dealers. We are also undertaking enterprising activities to raise brand awareness centered on the SKYACTIV-equipped models.

In Mexico, we will raise levels of customer satisfaction and brand power by placing more of a focus on customer care. At the same time, we aim for sales growth in both qualitative and quantitative terms.

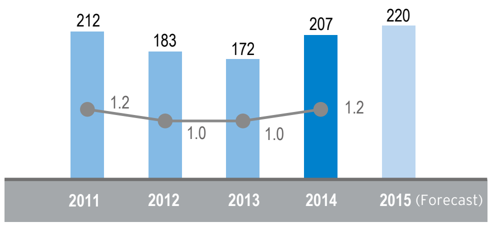
Mazda revealed the 25th anniversary edition MX-5 at the New York International Auto Show to appeal to visitors seeking *driving pleasure*.

Europe

New Mazda6 Wagon (European specification)

Sales Volume

Thousands of units / %



Overview of March 2014 Fiscal Year Results

In Europe, total demand increased 2% year on year, to 17.46 million units. Mazda's sales volume increased 21%, to 207,000 units, thanks to the introduction of the new Mazda3 and strong sales of SKYACTIV-equipped models, such as the CX-5 and the Mazda6. In Germany, Mazda's sales volume was up 20% year on year, to 47,000 units. Sales of the Mazda3 increased 36%, to 10,000 units, due to strong sales of a new model which was fully introduced in the third quarter. Orders for the CX-5 continued to improve, achieving a 57% increase in sales volume, to 18,000 units. In addition, as part of measures taken to strengthen our sales network in Germany, we are making progress with the restructuring of the dealer network, such as by improving dealer locations. Elsewhere in Europe, sales were strong in key markets; sales volume was up 35% in the United Kingdom, to 35,000 units, and by 5% in Russia, to 44,000 units.

Contributing to increases in sales volume, the SKYACTIV-equipped models were highly acclaimed in European countries. This recognition included the new Mazda3 being selected as one of the finalists in the 2014 European Car of the Year, and the Mazda6 receiving Car of the Year awards in the Ukraine and the Czech Republic. Furthermore, having highly rated our KODO-"Soul of Motion" design theme, the new Mazda3 won a world-class product design award, the 2014 Red Dot Award for product design that had been bestowed on the Mazda6 in 2013. The Mazda6 won the AUTO BILD Design Award 2013 (mid- and full-sized category).

March 2015 Fiscal Year Forecast

With the exception of certain markets such as Russia, it is expected that there will be moderate expansion in total European demand in the March 2015 fiscal year. We are planning for Mazda's sales volume to grow 6% year on year, to 220,000 units, exceeding the growth in overall demand. In almost all of the main countries, we are expecting a year-on-year increase in sales volume due to such factors as the full-year contribution from the new Mazda3.

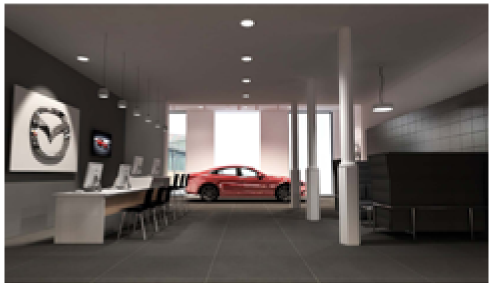
FOCUS

Initiatives Based on Mazda Brand Value Management

In addition to product strength improvements centered on the SKYACTIV-equipped models, in Europe we are aiming for both an increase of sales volume and brand improvements by implementing sales and marketing measures.

One measure involves remodeling showroom exteriors and interiors so that they more clearly embody the Mazda brand. The showroom remodeling is being progressively introduced at 25 dealerships in nine countries: Germany, the United Kingdom, Sweden, Norway, Switzerland, Austria, the Netherlands, Belgium, and Hungary. The plan is to introduce the remodeled showrooms in four countries—the United Kingdom, Sweden, Norway, and the Netherlands—in the March 2015 fiscal year, and for the introduction to be completed in the other five countries in the course of the March 2016 fiscal year.

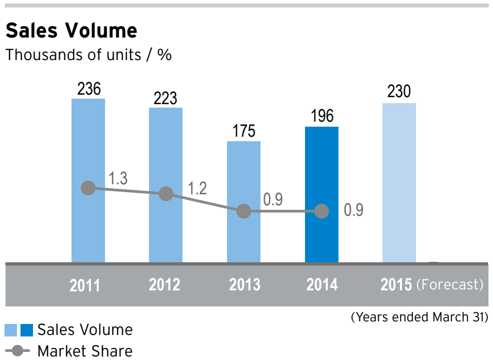
We will also operate a dedicated event space, to be known as Mazda Space, for about one year in Barcelona. Here, we will hold product introductions, press activities, and product training as well as activities for target customers (events involving music, fashion, art, and design). This initiative is designed to help our customers throughout Europe understand more about the Mazda brand, in a unique approach that is typically Mazda.



Mazda Space in Barcelona

China

CX-5 (China specification)



Overview of March 2014 Fiscal Year Results

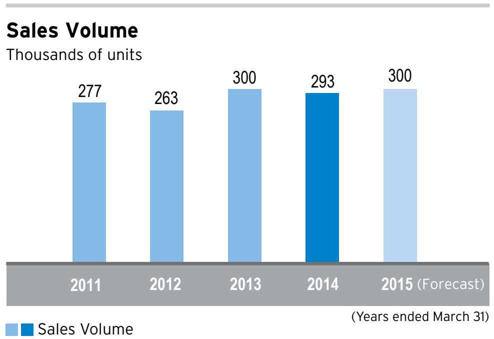
In China, total demand rose 13% year on year, to 22.48 million units. In the first half, Mazda struggled to maintain sales volume amid the lasting effect of territorial disputes, but the Company's sales volume gained traction from September 2013 onward due to the introduction of the locally produced CX-5. Sales remained strong, and Mazda achieved record-high monthly sales volume in January 2014. Second-half sales volume increased 39%, and sales volume for the full fiscal year increased 12% year on year, to 196,000 units.

March 2015 Fiscal Year Forecast

We are planning for sales volume to increase 17% year on year, to 230,000 units. We will be expanding the lineup through the addition of the locally produced CX-7 in addition to the new, SKYACTIV TECHNOLOGY-equipped Mazda6 Atenza and Mazda3Axela. We are also planning to increase the number of sales outlets, from 435 at the end of March 2014 to 460 by the end of March 2015. In addition to the ongoing reinforcement of Mazda brand advertising focusing on the SKYACTIV TECHNOLOGY and KODO–"Soul of Motion" design theme, we will implement sales promotion initiatives and fully utilize events such as more extensive participation at motor shows in China and the holding of large-scale test-drive events.

Other Markets

CX-5 (Australia specification)



In the March 2014 fiscal year, sales volume in other markets decreased 2%, to 293,000 units. In the March 2015 fiscal year, we envisage that sales volume will increase 2%, to 300,000 units. In addition to ongoing strong sales of the CX-5, we are aiming to achieve our plan on the back of the full-year contribution of the new Mazda3. Our results and forecasts for major other markets are as follows.

Australia

Total demand edged up 0.4%, to 1.13 million units. Maintaining strong sales at 104,000 units, equaling those of the previous fiscal year, Mazda is Australia's third-highest maker and has a market share of 9.2%. By automobile type, in addition to the CX-5 being the top-seller over the full year in its segment, the new Mazda3 has made a strong start since its launch in February 2014. We are planning for a 1% increase, to 105,000 units, for the March 2015 fiscal year.

ASEAN Market

Due to a sales decline in Thailand being partially offset by other markets, Mazda's sales volume in the ASEAN region fell 26%, to 74,000 units, in the March 2014 fiscal year. In Thailand, sales volume fell 45%, to 43,000 units, due to a slump in demand caused by political unrest and a reaction to the conclusion of the subsidy program for first-time buyers. In Indonesia, sales volume was on par with that of the previous fiscal year, at 12,000 units. In Malaysia, where strong sales were recorded by the Mazda6 and, following its introduction in May 2013, by the locally produced CX-5, sales volume increased 24%, to 10,000 units.

We are planning for an 8% increase in sales, to 80,000 units, in the ASEAN region in the March 2015 fiscal year. Although we expect the overall slump to continue in our main market of Thailand, we are aiming for an increase in sales volume due to the increased supply of the CX-5 and full-scale sales of the new Mazda3.

Global Production Structure Strengthening: Mexico Plant, in Operation

Mass production at the new Mazda de Mexico Vehicle Operation (MMVO) plant commenced as planned in January 2014. The plant was completed following the announcement of our business plan for production in Mexico in 2011. The first model to roll off the production line was a SKYACTIV TECHNOLOGY-equipped Mazda3 sedan. Producing Mazda's SKYACTIV models, MMVO will be delivering *driving pleasure* as well as *outstanding environmental and safety performance* to customers around the world.

Mexico Plant Profile

Name: Mazda de Mexico Vehicle Operation (MMVO)
Location: Salamanca, Guanajuato
Models in production:
Mazda3, Mazda2, Toyota brand compact vehicles
Production destined for:
North America, Central and South America, Europe
Investment: Approx. US$770 million
Investment ratio:
Mazda 70%, Sumitomo Corporation 30%
Number of employees:
Approx. 3,100 (January 2014)
Approx. 4,600 (when fully operational)
Start of volume production:
January 2014
Annual production capacity:
140,000 units (initially)
230,000 units (when fully operational)

Start of Production at Mexico Plant

In its Structural Reform Plan announced in 2012, Mazda stated its plan for a 50:50 domestic and overseas production ratio and, with a view to enhanced resilience to foreign exchange fluctuations, the establishment of a global production footprint. Forming part of these plans, MMVO is of paramount importance as a global strategic base, and MMVO's success is essential for Mazda's growth in the years to come.

Mexico is enhancing its free trade policies, such as free trade agreements—including the North American Free Trade Agreement (NAFTA)—and economic partnership agreements. The country is also very conveniently situated for transporting products to North America, Central and South America, and Europe. As the largest overseas base supplying these markets, MMVO will be driving Mazda's structural reform.

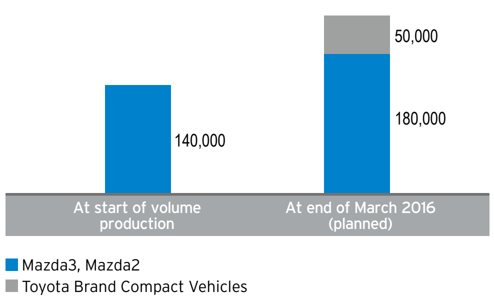
MMVO On-Site Supplier Park

Located adjacent to the vehicle assembly plant on the site of Mazda's plant in Mexico are the bases of cooperating component makers that produce interior and exterior parts and sheet metal parts as well as seats and other large-size automotive assemblies. A first for Mazda, this initiative is intended to reduce logistics costs through increased transport efficiency by integrating production of large-size automotive assemblies on the MMVO site. This move can be expected to have the effect of reducing parts inventory by shortening logistic lead times. We will continue to promote efficiency and cost improvements by heightening the sense of unity between each manufacturer, including Mazda.

Increase of Production Capacity

Initially, annual production capacity at MMVO has been set at 140,000 units, but as we expand production to other models, such as the new Mazda2, annual production capacity will be increased to 230,000 units by the fiscal year ending March 2016. MMVO will be enhanced as a supply base for the Americas and Europe as well as the domestic Mexican market. There are plans to have an engine machining plant operational in October 2014 to produce the SKYACTIV TECHNOLOGY engines installed in the Mazda3 and Mazda2 manufactured at MMVO.

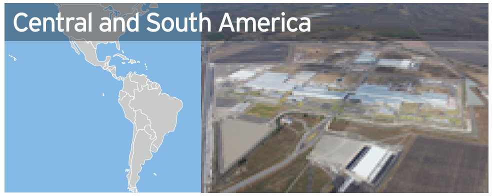
Annual Production Capacity
Units



Global Production Structure Strengthening: Initiatives in Each Market

In addition to Mexico, Mazda is making headway in the establishment of a global production footprint in other markets. To respond to the strong demand for SKYACTIV-equipped models, the Company is engaged in strengthening its SKYACTIV production capabilities. Currently, the main initiatives are as follows.

Hiroshima Plant



Aerial view of MMVO

New Mazda3Axela

Artist's rendering of transmission plant in Thailand

Region	Plant	2013	2014	2015
Japan	Hiroshima Plant	Enhancing SKYACTIV engine production capacity per annum 800,000 units → 1 million units (end of 2014)		
Japan	Hofu Plant	Enhancing SKYACTIV transmission production capacity per annum 750,000 units → 1.14 million units (July 2014)		
Central and South America	MMVO	Mexico Plant constructed	Mexico Plant production commenced (January 2014) Planned operation of engine machining plant (October 2014)	
China	CFME*1	Started local production of SKYACTIV engines (June 2013)		
China	CMA*2, FAW car	Started production of SKYACTIV-equipped models CX-5 (July 2013); new Mazda3 (April 2014); new Mazda6 (April 2014)		
ASEAN	AAT*3		Started production of SKYACTIV-equipped model new Mazda3 (March 2014)	
ASEAN	MPMT*4		Planned operation of SKYACTIV transmission plant (January 2015)	
ASEAN	MMSB*5	Started local assembly of SKYACTIV-equipped model CX-5 (April 2013)	Dedicated Mazda vehicle assembly plant completed; commenced production of CX-5 (May 2014)	

*1. Changan Ford Mazda Engine
*2. Changan Mazda Automobile
*3. AutoAlliance (Thailand)
*4. Mazda Powertrain Manufacturing (Thailand)
*5. Mazda Malaysia

FOCUS

Human Resource Development of Production Personnel at Overseas Plants

Mazda is focusing on the human resource development of the technicians at its overseas plants to realize the production of high-quality automobiles.

In the case of the plant in Mexico, more than 150 local engineers and candidates for management positions were sent to Japan. The holding of three-to-six-month training courses, covering such topics as production techniques, at Mazda's Hiroshima and Hofu plants provides an example of the Company's commitment to human resource development designed to deepen the understanding of Mazda's *monotsukuri* philosophy.

To deliver high-quality automobiles to customers around the world, we are rolling out the same kinds of initiatives at our other overseas plants and working on the establishment and ongoing promotion of systematic human resource development programs.

While proceeding with the constant evolution of our production bases in Japan as mother plants, we will work on enhancing and establishing our global frontline capabilities and potential for improvement by deploying the latest technologies at our overseas plants. We aim to build a network of highly efficient production bases that will deliver the Mazda brand.


MMVO plant and a plant employee

Major Product Lineup

Sales markets and production bases: Japan North America Europe China Other markets

*1. Global sales volume is for the March 2014 fiscal year; sales markets and production bases are as of March 31, 2014.
*2. Vehicle specifications differ by market.

New Mazda2 (Japanese name: Demio)

SKYACTIV TECHNOLOGY

Gradual introduction from Japan to global markets from fall of 2014

Mazda2 (Japanese name: Demio)

SKYACTIV TECHNOLOGY

Global sales volume 132,000
Sales markets
Production bases

Verisa

Global sales volume 4,000
Sales market
Production base

Mazda3 (Japanese name: Axela)

SKYACTIV TECHNOLOGY

Global sales volume 351,000
Sales markets
Production bases

Mazda6 (Japanese name: Atenza)

SKYACTIV TECHNOLOGY

Global sales volume 256,000
Sales markets
Production bases

CX-5

SKYACTIV TECHNOLOGY

Global sales volume 318,000
Sales markets
Production bases

CX-9

Global sales volume 37,000
Sales markets
Production base

MX-5 (Japanese name: Roadster)

Global sales volume 14,000
Sales markets
Production base

Mazda5 (Japanese name: Premacy)

SKYACTIV TECHNOLOGY

Global sales volume 53,000
Sales markets
Production bases

Mazda8 (Japanese name: MPV)

Global sales volume 7,000
Sales markets
Production bases

Biante

SKYACTIV TECHNOLOGY

Global sales volume 12,000
Sales markets
Production base

BT-50

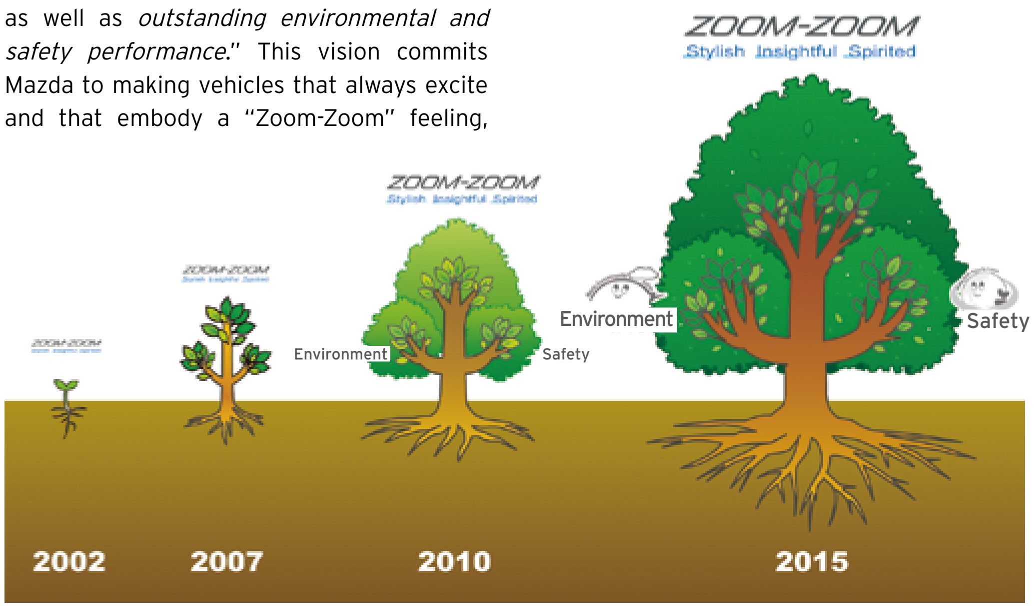
Global sales volume 66,000
Sales market
Production base

Long-Term Vision for Technology Development

"Sustainable Zoom-Zoom"

Provide All Customers who Purchase Mazda Vehicles with Driving Pleasure as well as Outstanding Environmental and Safety Performance.

In March 2007, Mazda announced its long-term vision for technology development: "Sustainable Zoom-Zoom." The basic policy of the vision is to "provide all customers who purchase Mazda vehicles with *driving pleasure* as well as *outstanding environmental and safety performance*." This vision commits Mazda to making vehicles that always excite and that embody a "Zoom-Zoom" feeling, meaning they look inviting to drive, are fun to drive, and make you want to drive them again, helping to achieve an exciting, sustainable future for vehicles, people, and the Earth.



Zoom-Zoom Tree

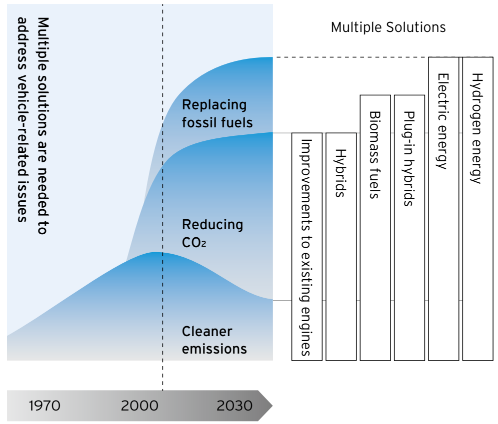
"The Zoom-Zoom Tree" embodies the "Zoom-Zoom" concept and its spread throughout society. The tree absorbs the ONE MAZDA* corporate culture as nutrients through firmly planted roots. As it continues to grow, the left branch represents the environment, the right branch represents safety, and the treetop embodies the "Zoom-Zoom" concept.

* One of the seven principles of the Mazda Way. The Mazda Way is a fundamental approach to work that is shared and valued by everyone in the Mazda Group.

Basic Approach to the Environment

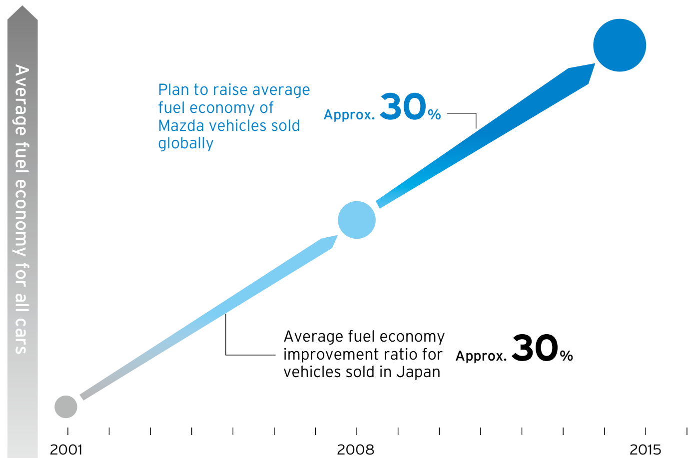
As vehicle ownership continues to expand around the world, automobile manufacturers must redouble their efforts to achieve cleaner exhaust emissions, improve fuel economy in order to cut CO_2 emissions, and help reduce the world's dependence on increasingly scarce fossil fuels. Mazda considers it necessary to develop a multi-solution approach to automobile-related environmental issues that takes into account various factors, such as regional characteristics, vehicle characteristics, and types of fuel.

Automotive Industry Initiatives to Meet Environmental Challenges



Improving the Fuel Economy of Mazda Vehicles 30% by 2015

Based on the Sustainable Zoom-Zoom long-term vision for technology development, Mazda has set a goal of raising the average fuel economy of Mazda vehicles sold worldwide by 30% by 2015 compared with 2008 levels.

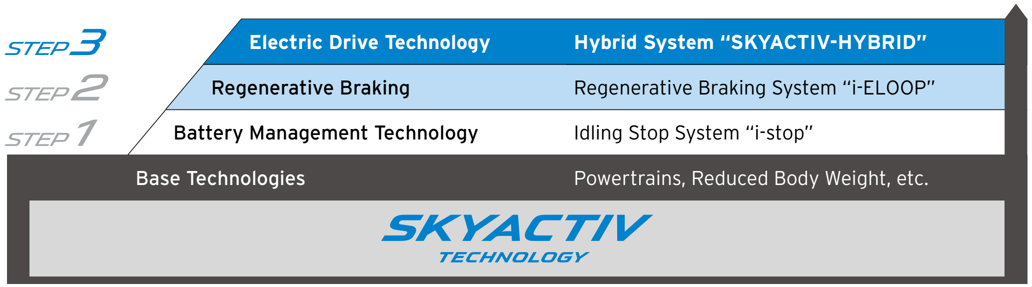


Long-Term Vision for Technology Development

Building-Block Strategy

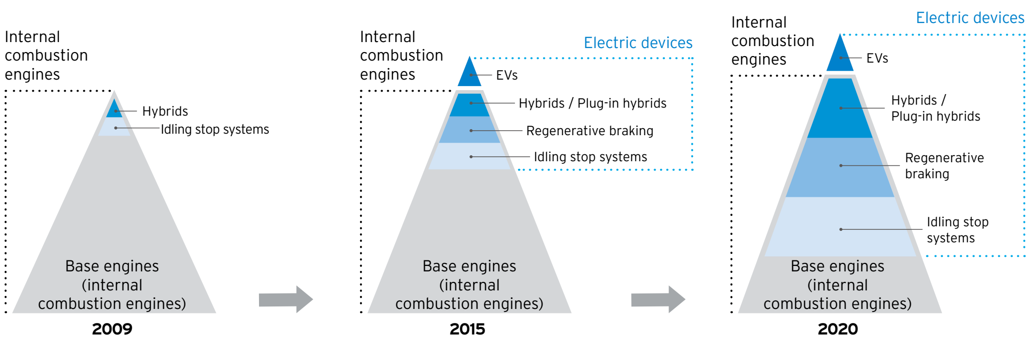
We anticipate that petroleum resources will still be the main energy and internal combustion engines the main drive technology in the global automobile market in 2020. As a result of having made dramatic improvements to the base technologies for a car's basic performance—including to the engine, transmission, body, and chassis—we are pursuing a Building-Block Strategy of gradually adding electric devices, such as regenerative braking and hybrid systems. Our approach is to effectively reduce CO_2 emissions by providing all customers with *driving pleasure* and *outstanding environmental and safety performance*, rather than to rely heavily on a subset of environmentally friendly vehicles.

Building-Block Strategy



Anticipated Expansion in Adoption of Environmental Technologies (Through 2020)

Graphic representation of global market share of powertrain technologies



- Introduction of hybrid technology and idling stop technology

- Expanded use of electric device technologies and increased introduction of electric vehicles (EVs)

- Stricter fuel economy standards globally
- Need for big boost in energy efficiency
- Expanded adoption of electric device technologies

Mazda's revolutionary base technology, SKYACTIV TECHNOLOGY, is improving the car's powertrain efficiency, such as the basic performance of the engine and transmission, and bringing about profound improvements in such areas as vehicle weight reduction and aerodynamics. Based on a Building-Block Strategy, base technologies and electric device technologies are combined in the following three steps.

STEP 1 Battery Management Technology (Idling Stop System "i-stop")

This system saves fuel by automatically shutting off the engine when the driver brings the car to a standstill and restarting the engine when the vehicle returns to motion. Mazda's i-stop is an idling stop system that significantly improves fuel efficiency while maintaining a natural driving feel. In addition to realizing a quick engine restart through the latest control technologies and a natural, comfortable feel, the i-stop system improves fuel efficiency by approximately 8% (JC08 mode) compared with conventional idling stop systems.

Installed in the Mazda3 in 2009, the i-stop system has been expanded to other models. In February 2012, i-stop was installed in the CX-5 equipped with the SKYACTIV-D 2.2 clean diesel engine, marking the first use of an idling stop system in a diesel engine passenger car in Japan.

STEP 2 Regenerative Braking Technology (Regenerative Braking System "i-ELOOP")

Mazda has developed i-ELOOP, the world's first passenger vehicle regenerative braking system that uses a capacitor. A regenerative braking system recaptures (generates) as electricity part of the kinetic energy lost as a vehicle decelerates, energy that previously went to waste. The system stores the electricity so that it can be reused. The electrical power stored by energy regeneration is used to power a variety of electrical components, such as the air conditioner, headlamps, and audio equipment, thereby enabling the saving of fuel that was previously used to generate electricity.

The models equipped with i-ELOOP have been expanded since November 2012 when the system was fitted on the Mazda6.

STEP 3 Electric Motor Drive Technology (Hybrid System "SKYACTIV-HYBRID")

This type of system improves overall energy efficiency using an electric motor to assist gasoline engines at times when energy efficiency is low, such as when a vehicle is running at low engine speeds or during low-load operation. The combination of this hybrid system with the systems mentioned in steps 1 and 2 above can produce a substantial boost in overall efficiency (fuel efficiency).

In November 2013, Mazda launched the new Axela Hybrid onto the Japanese market. Developed under the concept of "the hybrid with Mazda DNA," the Axela realizes a unique *driving pleasure* sensation and, as it stands, a low fuel consumption in JC08 mode of 30.8km/L*.

* The rate of fuel consumption (Ministry of Land, Infrastructure and Transport review value) was the value achieved under stipulated test conditions. The rate of fuel consumption will differ depending on, for example, the environment in which customers use the car (climate, traffic conditions, etc.) and how the car is driven (sudden accelerations, air conditioner usage, etc.).

Mazda developed the Demio EV that combines to an advanced level the sporty driving people expect from Mazda with the remarkable driving range for an EV of 200 km (Mazda-measured value in JC08 mode). Mazda began leasing the Demio EV to local government bodies and corporate customers in Japan in 2012. Mazda is also in the process of developing a range extender that charges the batteries of EVs by a rotary engine to increase their driving range.

SKYACTIV TECHNOLOGY

Three Main Technologies to Achieve Dramatic Improvements in Functionality

Engines that combine breakthrough low-fuel consumption with car-*driving pleasure*

In achieving gasoline engines with the world's highest compression ratio* (14.0) and diesel engines with the world's lowest compression ratio* (14.0), Mazda has developed highly efficient engines that have realized significant advances in fuel efficiency and power as well as exhaust gas performance. By improving the efficiency of the base internal combustion engine, we have been able to reduce the size of electrical devices, such as motors and batteries, even in hybrid cars, and realized unique, internal combustion engine-driven *driving pleasure*.

Transmissions that provide pleasure by responding precisely to the driver's intention

An automatic transmission that brings together the best attributes of all other types of transmission, such as automatic, manual, and continuously variable, to achieve direct feel, smooth gear shifts, and fuel economy at low speed. A lightweight and compact manual transmission that realizes a sports car-like shift feel to drive how you like. Mazda provides *driving pleasure* by means of ideal transmissions that respond precisely to the driver's intention.

Making you want to drive anywhere. Platforms that support a stable ride

While ensuring rigidity and comfort as well as stability, Mazda has achieved a weight saving of 100kg compared with previous models by focusing on the body and chassis. Car base innovation is linked to Mazda's target of the "rider and horse as one."

New-generation, highly efficient, direct-injection gasoline engine

SKYACTIV-G

A new-generation, highly efficient direct-injection gasoline engine that achieves the world's highest compression ratio (14.0) and improves fuel efficiency and low- to mid-speed torque by 15%

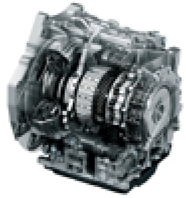
New-generation, highly efficient clean diesel engine

SKYACTIV-D

Featuring the world's lowest compression ratio (14.0), this diesel engine complies with strict exhaust gas regulations globally without the aid of expensive nitrogen oxide (NOx) aftertreatment systems

New-generation, highly efficient, six-speed automatic transmission

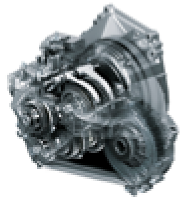
SKYACTIV-DRIVE



A new-generation, highly efficient automatic transmission that brings together the best attributes of all transmission types

New-generation, highly efficient, six-speed manual transmission

SKYACTIV-MT



A new-generation manual transmission with a light shift feel, compact size, and significantly reduced weight

New-generation, lightweight, high-rigidity body

SKYACTIV-BODY

Excellent rigidity supporting Mazda's *driving pleasure*, with a lightweight body to achieve outstanding crash safety performance

New-generation, high-performance lightweight chassis

SKYACTIV-CHASSIS

Achieving the "rider and horse as one" roadster-quality feel, this lightweight chassis has improved comfort and security, while at the same time delivering Mazda's hallmark *driving pleasure*

* Compression ratio:
The ratio between the maximum volume of the combustion chamber A (cylinder + combustion chamber) when the piston is at the bottom of its stroke, and the minimum volume B (combustion chamber only) when the piston is at the top of its stroke. A compression ratio of 14.0 shows A:B = 14:1, meaning that the air drawn in is compressed to 1/14th.

CHECK

Newly Developed SKYACTIV-D 1.5 Engine to Power New Mazda2

In the same way as the new-generation SKYACTIV-D 2.2 clean diesel engine already installed in the CX-5, the SKYACTIV-D 1.5 achieves ideal combustion through the adoption of low compression. As a result, the engine boasts outstanding dynamic performance, including torque equal to a 2.5-liter gasoline engine and linear acceleration all the way up the RPM range. It also features excellent environmental performance without resorting to expensive NOx aftertreatment systems.

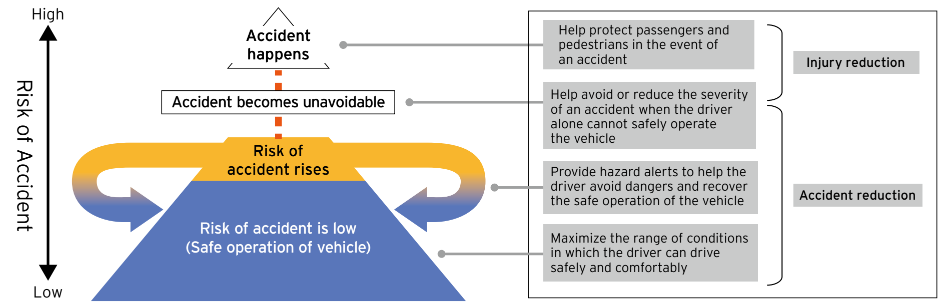
Safety Technologies

Mazda Proactive Safety

Mazda's objective for safety performance

Mazda's safety philosophy, which guides the research and development of safety technologies, is based on understanding, respecting, and trusting the driver.

To drive safely, it is essential to recognize potential hazards, exercise good judgment, and operate the vehicle in an appropriate fashion. Mazda aims to support these essential functions so drivers can drive safely and with peace of mind, despite changing driving conditions. So Mazda offers a range of technologies that help to prevent or reduce the damage resulting from an accident.



What Mazda's safety technologies aim to provide

i-ACTIVSENSE

Mazda's i-ACTIVSENSE is an umbrella term covering a series of advanced safety technologies that make use of detection devices such as milliwave radars and cameras. They include active safety technologies that support safe driving by helping the driver to recognize potential hazards as well as pre-crash safety technologies that help to avert collisions or reduce their severity in situations where they cannot be avoided.

Active Safety Technologies
(Helping prevent accidents from occurring)

- Forward Obstruction Warning (FOW)
- Lane Departure Warning System (LDWS)
- Rear Vehicle Monitoring (RVM)
- High-Beam Control System (HBC)
- Adaptive Front-lighting System (AFS)

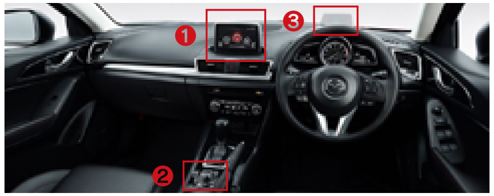
Pre-Crash Safety Technologies
(Reducing the risk of accidents)

- Smart Brake Support (SBS)
- Smart City Brake Support (SCBS)
- Acceleration Control for Automatic Transmission

Please refer to Mazda's website for detailed explanations of each technology:
http://www.mazda.com/mazdaspirit/safety/i-activsense/

HEADS-UP COCKPIT CONCEPT

In order for drivers to enjoy driving safely, we place the highest priority on realizing an ideal driving position that enables them to concentrate on driving. We thus developed a heads-up cockpit that helps drivers to maintain a stable driving position, even while dealing with a variety of information.



1 Center Display
Sitting atop the dashboard, the center display enables drivers to visually confirm information without lowering their eyes to any great extent below the line of sight. Achieves an easily understandable graphical user interface (GUI) by means of simple, easily read icons, characters, line spacing, and number of text lines.

2 Command Controller
The command controller is located in a natural position where the left hand holds the steering wheel, so that functions can be controlled without drivers having to look where their hand is. Simple and easy to use, with a layout that makes it easy to remember the function of each button.

3 Active Driving Display
When on the move, the Active Driving Display projects important information, such as vehicle speed and turn-by-turn navigational guidance. As the information can be seen focused at a point about 1.5m in front of the driver, eye movement away from the line of sight and focusing adjustments are minimized.

Comprehensive Assessments of Safety Performance

The system has scored highly in safety performance assessments conducted by third-party organizations in Japan, the United States and Europe. The high level of safety performance offered by these technologies has been proven.

	Japan	United States		Europe
	JNCAP*1	NHTSA NCAP*2	IIHS Rating*3	Euro NCAP*4
	5 Stars	5 Stars	TSP+	5 Stars
CX-5	2012-2013	2015 Model Year	2014	2012
Mazda6/Atenza	2013-2014	2015 Model Year	2014	2013
Mazda3/Axela	–(Not yet assessed)	2015 Model Year	2014	2013

(As of end of July 2014)

*1. Japan New Car Assessment Program: An overall assessment of safety performance conducted by the National Agency for Automotive Safety and Victims' Aid (NASVA). Awarded the highest, five-star assessment
*2. National Highway Traffic Safety Administration (NHTSA) New Car Assessment Program: An overall assessment of safety performance conducted by the NHTSA. Awarded the highest, five-star assessment
*3. Insurance Institute for Highway Safety (IIHS) Rating: An overall assessment of safety performance conducted by the IIHS. Awarded the highest, Top Safety Pick+ assessment
*4. European New Car Assessment Programme: An overall assessment of safety performance conducted by an independent organization made up of, for example, the traffic- and transportation-related authorities of each European country.

CHECK

Automotive Technologies That Show Consideration for Child Safety and Security Win Prime Minister's Award at Eighth Kids Design Awards

"Mazda Technology for Kids" won the Grand Award (Prime Minister Award), at the Eighth Kids Design Awards. This was the first time that the award had been given for automobile technology. The award recognized four technologies adopted in Mazda's new-generation products, starting with the Mazda CX-5.

- The configuration of the "A" pillars (the structural supports at either end of the windshield) and the door mirrors broadens the forward field of vision, making it easier for drivers to detect the presence of children
- Side monitors that reduce the risk of accidents involving children
- Intelligent Drive Master (i-DM) that supports the learning of smooth driving operation, making it less likely that driving will cause children to suffer from car sickness
- Advanced keyless entry system that avoids the engine being started in error by children

KIDS DESIGN AWARD 2014

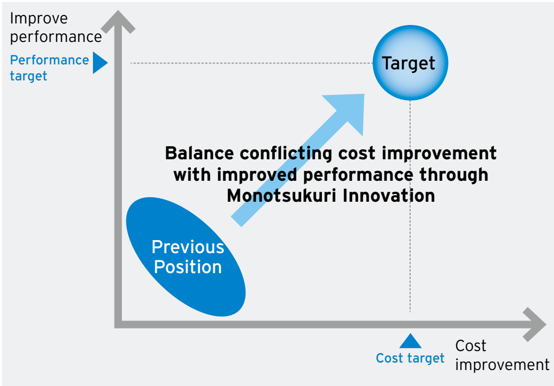
Monotsukuri Innovation

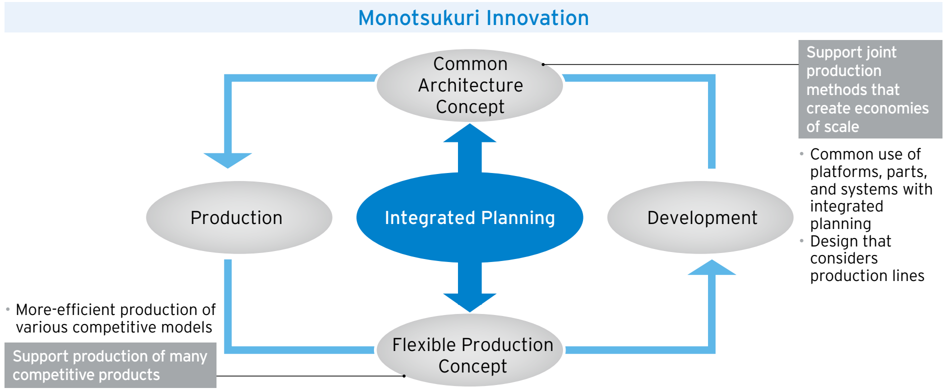
Achieving diversity to meet various customer needs while reducing costs

Increasing the number of models and parts to accurately meet increasingly diverse customer needs reduces productivity and increases costs. However, compromising on a product's attractiveness or cost will result in lost competitiveness. To grow in the future, it will be essential to achieve the two apparently contradictory objectives of optimally and accurately addressing customer needs, and utilizing mass production to reduce costs and offer products at a competitive price.

Looking five to 10 years into the future, we have implemented Monotsukuri Innovation for efficiently developing and manufacturing products, making possible common development methods and manufacturing processes by using integrated planning for models to be introduced in the future, spanning market segments and model classes. We are aiming to raise operational efficiency through integrated development planning using common platforms and architectures, while at the same time building a flexible production process that can handle changes in volumes and can quickly introduce new models with a minimum of investment.

Aims of and Thinking behind Monotsukuri Innovation





Improvements through Monotsukuri Innovation

Dramatically improving development and manufacturing costs

Through Monotsukuri Innovation, our new products since the CX-5 and SKYACTIV TECHNOLOGY have achieved improved efficiency in both product development and manufacturing facility investment as well as significant improvements in vehicle costs. For the new products we plan to introduce in the years to come, we will maintain and improve quality and accelerate cost improvements.

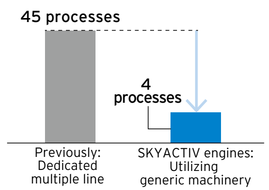
		Performance	Improve Cost / Efficiency
R&D Efficiency			30% or more
Investment in Production Facilities	SKYACTIV-G/D		70% or more
	Vehicle		20% or more
Cost Improvement	Vehicle (excluding additional equipment)	100kg or more weight reduction (equivalent to 5% fuel economy improvement)	20% or more → 30% (target)
	SKYACTIV-D	20% better fuel economy, Euro6 compliance	Better than current engine
	SKYACTIV-G	15% better fuel economy and torque, possible to comply with Euro6	Better than current direct-injection engine
	SKYACTIV-DRIVE	4-7% better fuel economy, direct feeling improvement	Same as current transmission

CHECK **Example of Monotsukuri Innovation**

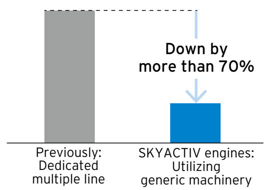
Mixed Production of SKYACTIV Engines (Flexible Production)

Regardless of whether the engine is gasoline or diesel, or differences in engine capacity, we are able to process and assemble SKYACTIV engines on the same single production line by considering the engine structure and production process as a set from the early stages of development. For example, the cylinder block processing line used to be a dedicated multiple production line made up of 45 processes, but we amalgamated the number of processes into four by utilizing generic machinery capable of processing a variety of engines. Through these initiatives, it became possible to reduce by more than 70% the amount of facility investment for the installation of a SKYACTIV engine compared with the amount previously needed.

Number of Processes on Cylinder Block Processing Line

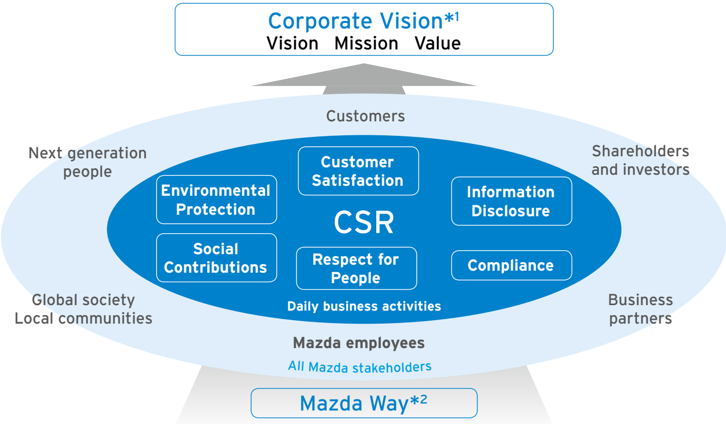


Amount of Facility Investment in Engine Production Line



Mazda CSR

Mazda will grow and develop together with society through the realization of its Corporate Vision. While striving to meet the requests and expectations of all of Mazda's stakeholders, all employees pursue CSR initiatives in the course of their daily business activities.



*1. Established in 1999. See page 01.
*2. The seven principles shared by all Mazda Group employees in the execution of their everyday work: integrity, basics / flawless execution, continuous *kaizen* (improvement), challenger spirit, self-initiative, *tomoiku* (mutual growth / success), ONE MAZDA

Basic Approach

Mazda aims to achieve its Corporate Vision through the actions of each individual, based on the Mazda Way. While striving to meet the requests and expectations of all of Mazda's stakeholders, all employees pursue CSR initiatives in the course of their daily business activities. In this way, Mazda contributes to the development of a sustainable society.

Six Areas of CSR Operations

Referencing the Charter of Corporate Behavior issued by the Japan Business Federation (Nippon Keidanren), etc., Mazda evaluates its CSR initiatives in the six areas of Customer Satisfaction, Environmental Protection, Social Contributions, Respect for People, Compliance, and Information Disclosure.

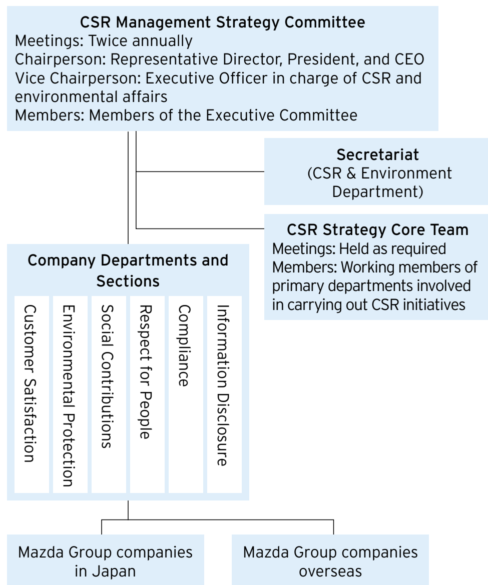
Six Areas of CSR Operations

Customer Satisfaction	• Commitment to customers (quality, products, sales, and after-sales service) • Safety initiatives, etc.
Environmental Protection	• Energy- and global-warming-related issues • Promoting resource recycling • Cleaner emissions • Environmental management, etc.
Social Contributions	• Raising environmental / safety awareness • Fostering next-generation human resources • Contributing to local communities as a corporate citizen, etc.
Respect for People	• Initiatives with employees • Respect for human rights, etc.
Compliance	• Internal controls • Ensuring appropriate transactions • Promoting and thoroughly implementing the Corporate Ethics Code of Conduct, etc.
Information Disclosure	• Actively disseminating information about CSR initiatives in the Mazda Group • Engaging stakeholders • Disclosing financial statements, etc.

CSR Promotion Organization

Each department carries out its operations based on goals and plans formulated with an understanding of the policies and guidelines determined by the CSR Management Strategy Committee, which the president chairs, and in cooperation with other Group companies.

Organization



Review of Key CSR Areas That Are Material to Mazda

With a view to comformimg to the Global Reporting Initiative (GRI) covering the disclosure of corporate sustainability information (Sustainability Reporting Guidelines Version 4), Mazda began discussions to identify key areas of its CSR initiatives (materiality of CSR issues) in the March 2014 fiscal year.

CHECK

External Evaluations of CSR (As of March 31, 2014)

Mazda identifies key external ratings and evaluations both from within Japan and overseas. By analyzing the results, Mazda evaluates its own initiatives. Mazda continuously makes active efforts to disclose information by responding to both domestic and global surveys and evaluations, such as those by socially responsible investment (SRI) rating organizations.

Inclusion in the FTSE4Good Index series

An SRI index developed by the FTSE Group, a fully owned subsidiary of the London Stock Exchange.

Inclusion in the Ethibel EXCELLENCE Investment Register since October 1, 2013

Forum ETHIBEL is a non-profit organization based in Belgium that promotes SRI and CSR in Europe.

Inclusion in the Morningstar Socially Responsible Investment Index

The first SRI index developed in Japan.

In the March 2014 fiscal year, Mazda's carbon disclosure score was evaluated as "High" in the CDP (Carbon Disclosure Project) Japan 500.

On behalf of 722 investors with assets of US$87 trillion, the CDP organization conducts research and discloses information to better understand the risks and opportunities posed by climate change (information as of CDP 2013 reporting timing).

For specific Mazda CSR activities, please see the *Mazda Sustainability Report 2014*.
http://www.mazda.com/csr/download/

Business Management System

Corporate Governance

Mazda views the enhancement of corporate governance as one of its most important management issues, and along with statutory bodies including the General Meeting of Shareholders, Board of Directors, and Audit & Supervisory Board, the Company has introduced an executive officer system to separate execution and management functions.

This is intended to expedite decision-making by increasing the effectiveness of the Board of Directors as a supervisory body, by enhancing the deliberations of the Board of Directors, and by delegating authority to executive officers.

As of June 30, 2014, Mazda's Board of Directors is composed of nine members, two of whom are outside corporate directors with a high degree of independence.

Inauguration of an Outside Corporate Director System

At the shareholders' meeting held on June 24, 2011, Mazda appointed two outside corporate directors, inaugurating the Outside Corporate Director System with the objective of further increasing management soundness and transparency. The outside corporate directors are expected to help strengthen the auditing functions of the Board of Directors and further boost the transparency of management by offering advice on Mazda's management activities based on their knowledge, experience, and insights, and by taking part in the decision-making process.

Management Auditing

Mazda's Audit & Supervisory Board has five members, including three outside audit & supervisory board members who have no business relationship or other interests with Mazda, and audits the directors in the performance of their duties as per an annual audit plan formulated by the Audit & Supervisory Board. Aside from statutory attendance at the Board of Directors meetings, the audit & supervisory board members also attend management meetings, etc. KPMG AZSA LLC is retained under contract as Mazda's independent auditor.

Cooperation among Parties Responsible for Auditing

Audit & Supervisory Board members (full-time), the auditing company, and the Global Auditing Department hold the meetings below on a regular basis to exchange information mainly on issues related to internal controls.

- Meeting between Audit & Supervisory Board members (full-time) and the auditing company
- Meeting between Audit & Supervisory Board members (full-time) and the Global Auditing Department
- Three-party meeting between Audit & Supervisory Board members (full-time), the auditing company, and the Global Auditing Department

Directors' and Audit & Supervisory Board Members' Compensation

The total amount of compensation paid to directors and audit & supervisory board members is within the limit approved at the annual General Meeting of Shareholders. Compensation paid to directors and audit & supervisory board members during the March 2014 fiscal year is indicated below.

Category	People	Amount (millions of yen)
Directors	12	499
Corporate Auditors	6	104
Total (of which, Outside Auditors)	18 (5)	603 (65)

Notes: 1. The numbers of directors and audit & supervisory board members shown above include two directors and one audit & supervisory board member who retired as of the conclusion of the 147th Annual General Meeting of Shareholders held on June 25, 2013.
2. The amounts paid to directors do not include the employee's portion of compensation for directors who serve concurrently as employees. However, none of the 12 directors shown above serve concurrently as employees.
3. There is no director who earned compensation pay of more than ¥100 million.

The established policy for determining the amount of directors' compensation is based on a structure linked to the Company's performance and each individual director's performance. Goals are set at the beginning of the fiscal year, and an evaluation is made at the end of the fiscal year according to designated criteria and processes for measuring the degree of achievement of those goals, and based on this evaluation a final decision is made by the president. Compensation for audit & supervisory board members is decided by an agreement among the audit & supervisory board members.

Makeup of Corporate Audit Compensation

Remuneration for the Company's certified public accountants is as follows.

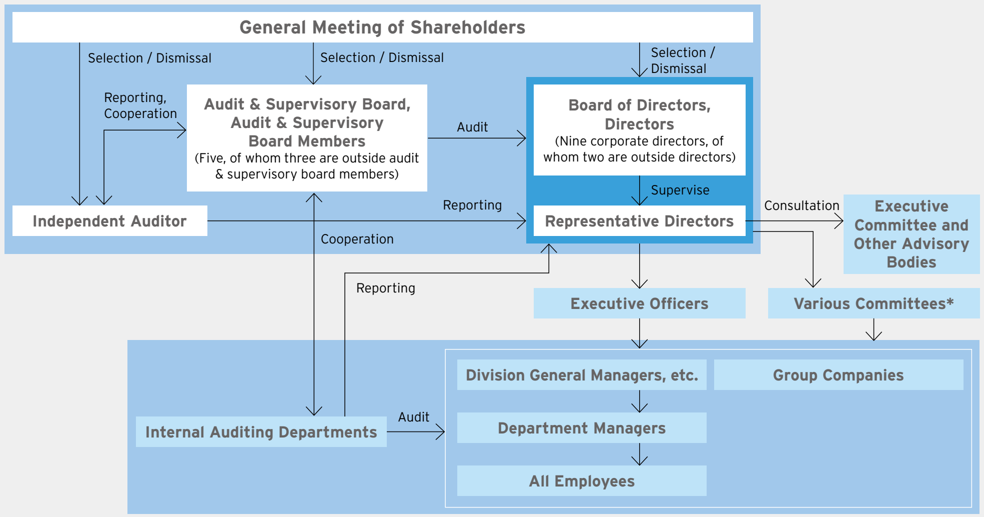
Category	Previous consolidated fiscal year		Consolidated fiscal year under review	
	Compensation based on audit certification work (millions of yen)	Compensation based on non-auditing work (millions of yen)	Compensation based on audit certification work (millions of yen)	Compensation based on non-auditing work (millions of yen)
Mazda Motor Corporation	206	–	210	7
Consolidated subsidiaries	75	–	76	–
Total	281	–	286	7

Furthermore, as another important detail concerning remuneration, the Company and its consolidated subsidiaries entrust auditing certification work and non-auditing work to offices that are affiliated closely with KPMG and which belong to the same network as the Company's certified public accountants. In the consolidated fiscal year under review, the total amount of compensation paid by the Company and its consolidated subsidiaries was ¥513 million.

To accounting auditors the Company entrusts advisory work related to improvements in the financial reporting processes of its consolidated subsidiaries and work (non-auditing work) that falls outside Article 2, Paragraph 1 of the Certified Public Accountants Act.

The corporate audit compensation paid to the Company's certified public accountants is decided by agreement with the Audit & Supervisory Board. Based on audit duration estimates, which are based on the audit plan for the next fiscal period, comprehensive

Corporate Governance Framework



* Company-wide Safety and Health Committee Meeting, Quality Committee Meeting, Risk Compliance Committee, Human Rights Committee, Security Export Control Committee, Security-Related Export Control Committee, etc.

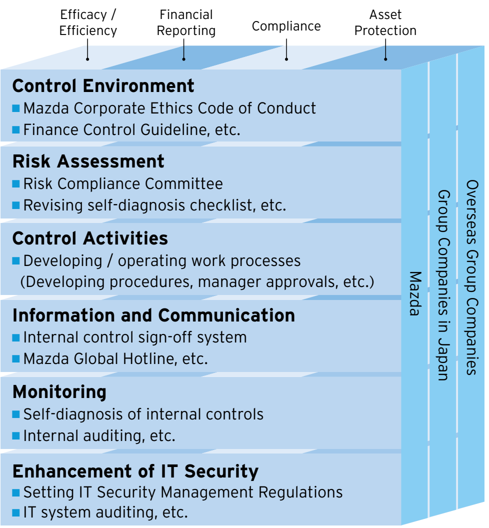
consideration is given to whether the appropriate business conduct of the certified public accountants and others was to the ensured level.

Internal Control

Mazda has established the Mazda Corporate Ethics Code of Conduct, which states action guidelines for employees, the Finance Control Guideline for global financial control, and other guidelines. Based on these guidelines, each department develops rules, procedures, manuals, etc., to promote establishment of internal control.

For Group companies, cooperative systems have been established in accordance with the Domestic Affiliates Administration Rules and the Overseas Affiliates Administration Rules. At Mazda, the department responsible for each Group company supports training and promotion for internal controls at the respective Group company.

Mazda Internal Controls



Risk Management

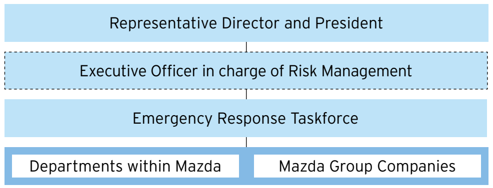
Mazda identifies issues related to various internal and external risks and controls them based on their degree of importance, so as to ensure continuous, stable progress of business activities.

At Mazda, in accordance with the Basic Policy on Risk Management, Risk Management Regulations, and other related internal regulations, individual business risks are managed by the department in charge of that business area while Company-wide risks are appropriately handled by departments that carry out business on a Company-wide basis. Mazda continues to strengthen risk management following the PDCA cycle.

During emergencies, such as natural disasters or situations that create serious managerial consequences, Mazda takes appropriate measures in reference to its internal regulations, including establishing an emergency response taskforce when necessary.

Risk Management Structure in Normal Times

Emergency Risk Management Structure



In the event of incidents that fall outside the scope of existing risk management organizations and require a coordinated interdepartmental response, the executive officer in charge of risk management will consult with the president, establish an emergency response taskforce, and appoint a general manager of this taskforce.

Moreover, every year, key agenda items are established in the Risk Compliance Committee and the risk management status is confirmed/evaluated in each department. Through these activities, Mazda aims to further enhance risk management.

In the March 2013 fiscal year, the Emergency Management Regulations was consolidated into the Risk Management Regulations. Mazda continues its activities to identify and reduce various internal and external risks.

Response to Accidents and Other Emergencies

Mazda has been systematically undertaking preparatory measures for major earthquakes since the March 2014 fiscal year. Examples of such "hardware" and "software" measures include quake-proofing buildings and facilities, and raising embankments, as well as maintaining emergency-contact networks, organizing self-disaster-defense teams, developing manuals, selecting tsunami evacuation areas, and carrying out evacuation drills.

Specifically, disaster drills are held every year both jointly with the fire authorities and solely by Mazda's self-disaster-defense teams to confirm initial response to an emergency. In the March 2014 fiscal year, 18,200 employees participated in disaster drills, fire drills, and first-aid drills (using AED).

Further, based on lessons learned from the Great East Japan Earthquake, Mazda has communicated to all employees the procedures for initial responses and manuals for operating self-disaster-defense teams, which were newly clarified in the March 2014 fiscal year, with the aim of confirming and reviewing the precautions and initial responses in each workplace. Steady efforts to enhance both "hardware" and "software" aspects of emergency readiness will continue in preparation for the Nankai Trough Earthquake or other large earthquakes and tsunami associated therewith.

Information Security

Personal information and other important information are appropriately managed and protected based on the established information management policies and internal regulations, so as to ensure information security.

To raise employees' awareness about information security, Mazda requires its employees to execute training on the management of confidential information, protection of personal information, and IT security upon newly joining the Company. Management of confidential information is covered in the introduction program, while e-learning is used for personal information protection and IT security training. Other continuous education efforts are also available, including an Intranet site dedicated to information and knowledge on information security.

For companies in the Mazda Group, Mazda provides guidelines and educational tools regarding information security, realizing a Group-wide effort to ensure information security.

IT Security Management Rules

The IT security policy based on the BS 7799* framework has been established as IT security management rules, under which the mechanisms for security control and monitoring that should be incorporated into IT systems are determined. Whether such mechanisms are properly installed and operated is confirmed on both a regular and random basis.

* Standards on information security management established by the British Standards Institution (BSI), on which ISO/IEC27001 & 27002, the current international standards for information security management, are based.

Protection of Personal Information

Mazda rigorously protects personal information in line with its own Personal Information Protection Policy. Handling rules are set out in order to ensure appropriate management of personal information, regular examination of management records for retained personal data is taken, and management statuses are checked once a year. In cases in which the handling of personal information is entrusted to outside parties, such contractors are carefully selected based on a checklist which determined the necessary items including security management. The Mazda Call Center responds to customers who wish to inquire about the Company's handling of personal information and those who request disclosure regarding privacy issues.

Basic Policy on Intellectual Property

Mazda's overall vision for intellectual property is to use intellectual property as a management resource in support of its business management and enterprise activities, based on respect for its own and others' intellectual property. Based on this vision, Mazda has established an Intellectual Property Committee, comprising division general managers from related divisions and chaired by an executive officer responsible for intellectual property issues. Also, the invention incentive system is increasing motivation for inventions among employees working at the forefront of research and development.

Protection of Intellectual Property and Intellectual Property Risk Management

Mazda's dedicated Intellectual Property Department leads Company activities regarding intellectual properties so as not to infringe upon the intellectual property rights of other companies, and conducts strategic activities aimed at fiercely protecting, accumulating, and making optimal use of the intellectual properties generated through these in-house activities.

In order to clearly convey a relevant code of conduct to all employees and guide their behavior, the Mazda Corporate Ethics Code of Conduct stipulates "Protect confidential information. Never infringe on any intellectual property rights, whether belonging to Mazda or another party."

The Intellectual Property Department is responsible for the overall management of intellectual property, and also regularly conducts awareness-raising activities to instill respect for intellectual property law.

1. Exhaustively uncovers and globally obtains rights concerning intellectual properties created by its business activities, including new technologies, markings, model names, and vehicle designs, and protects Mazda technologies and the Mazda brand.
2. Takes steps to exhaustively investigate as well as prevent and solve any problems regarding intellectual properties that may obstruct business activities in each domain, such as infringement of other parties' patent rights; trademark rights, design rights, and copyrights; and violations of the Unfair Competition Prevention Act.

In awareness-raising activities, the department offers instruction tailored to the management level and position of each employee and executive in Mazda and each Mazda Group company at home and overseas, and to the type of intellectual property in question. In particular, the department provides administrative staff members instruction on problems of copyright and violation of the Unfair Competition Prevention Act that can arise from the use of the Internet. Thorough awareness-raising efforts are also made for the departments in charge of creating and publishing materials aimed outside the Company in order to prevent intellectual property issues.

Compliance

At Mazda, the concept of compliance applies not only to laws and regulations, but also includes adherence to other rules such as internal guidelines and societal norms and expectations. Business operations are conducted in accordance with the Mazda Corporate Ethics Code of Conduct to ensure fair and honest practice. This also applies overseas; Mazda not only complies with international regulations and the laws of each country and region, but also respects local history, culture, and customs.

The Mazda Corporate Ethics Code of Conduct is revised as needed to cope with changes in the social environment, social needs, etc.

Mazda Global Hotline

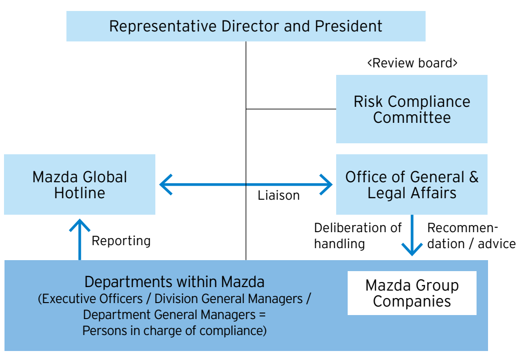
In 1999, Mazda established the Ethics Advisory Office to handle employee inquiries about compliance and conduct investigations on ethical matters. In September 2007, the scope of the office was expanded to include domestic and overseas Mazda Group companies, and it was renamed the Mazda Global Hotline as a contact point for receiving information.

To ensure that all employees are aware of this hotline, Mazda has distributed the Compliance Card with the contact information to all employees at Mazda Motor Corporation, and ensures awareness of this hotline at every opportunity through compliance education. Mazda has also introduced the hotline to Mazda Group companies in Japan and overseas via each company's Intranet.

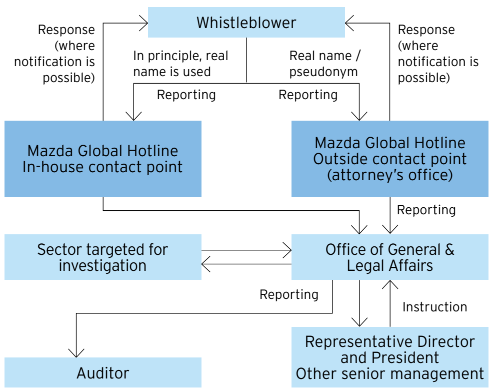
This hotline is also introduced to suppliers so that they can report the questions arose from any transaction related Mazda Group members.

The Mazda Corporate Ethics Code of Conduct states that "Persons who report incidences of violation of the law and persons who cooperate in investigations of alleged violations shall not be subjected to retribution or disadvantageous treatment." In addition, Mazda has set up several contact points to receive various consultations from employees. These contact points aid in the early detection and appropriate handling of important compliance-related information.

Compliance Promotion System



Mazda Global Hotline



Directors, Audit & Supervisory Board Members, and Executive Officers (As of June 27, 2014)

Directors

Seita Kanai

Representative Director and Chairman of the Board

Oct. 1974 Joined Toyo Kogyo Co., Ltd. (present Mazda Motor Corporation)
Aug. 2002 General Manager, Vehicle Engineering Div.
Jun. 2003 Executive Officer
Jun. 2004 Managing Executive Officer
Apr. 2006 Senior Managing Executive Officer
Jun. 2006 Director; Senior Managing Executive Officer
Apr. 2007 Director; Senior Managing Executive Officer; President, Mazda Engineering & Technology Co., Ltd.
Apr. 2011 Director; Executive Vice President
Jun. 2011 Representative Director; Executive Vice President
Jun. 2013 Representative Director and Vice Chairman of the Board
Jun. 2014 Representative Director and Chairman of the Board

Masamichi Kogai

Representative Director

Apr. 1977 Joined Toyo Kogyo Co., Ltd. (present Mazda Motor Corporation)
Jun. 2004 Executive Officer; General Manager, Hofu Plant
Apr. 2008 Managing Executive Officer
Apr. 2010 Senior Managing Executive Officer
Jun. 2010 Director; Senior Managing Executive Officer
Jun. 2013 Representative Director; President and CEO

Akira Marumoto

Representative Director

Apr. 1980 Joined Toyo Kogyo Co., Ltd. (present Mazda Motor Corporation)
Jun. 1997 Program Manager; Program Managers Div.
Jun. 1999 Director
Jun. 2002 Executive Officer
Apr. 2006 Managing Executive Officer
Apr. 2010 Senior Managing Executive Officer
Jun. 2010 Director; Senior Managing Executive Officer
Jun. 2013 Representative Director; Executive Vice President

Yuji Harada

Director

Jun. 2002 Director; General Manager, Planning Dept., International Banking Unit of Sumitomo Mitsui Banking Corporation
Apr. 2004 Managing Director, The Japan Research Institute, Limited
Jun. 2007 Senior Managing Director, The Japan Research Institute, Limited
Apr. 2008 Joined Mazda Motor Corporation as Managing Executive Officer
Nov. 2008 Senior Managing Executive Officer
Jun. 2009 Director; Senior Managing Executive Officer

Yuji Nakamine

Director

Apr. 1977 Joined Toyo Kogyo Co., Ltd. (present Mazda Motor Corporation)
Mar. 2003 President, AutoAlliance (Thailand) Co., Ltd.
Jun. 2005 Executive Officer
Apr. 2007 Executive Officer; President, Mazda South East Asia Ltd.
Nov. 2008 Managing Executive Officer
Apr. 2011 Senior Managing Executive Officer
Jun. 2011 Director; Senior Managing Executive Officer

Nobuhide Inamoto

Director

Apr. 1977 Joined Toyo Kogyo Co., Ltd. (present Mazda Motor Corporation)
Oct. 1994 Manager, Body Production Engineering Dept., Production Engineering Div.
Jun. 1999 Representative Director and President, Mitsuba Kogyo Co., Ltd.
Jun. 2001 Director
Jun. 2002 Executive Officer
Apr. 2007 Managing Executive Officer
Jun. 2013 Director; Senior Managing Executive Officer; Chairman, Mazda Motor (China) Co., Ltd.

Koji Kurosawa

Director

Apr. 1974 Joined Toyo Kogyo Co., Ltd. (present Mazda Motor Corporation)
Jul. 1999 Senior Staff Manager, Office of Legal Affairs
Dec. 2000 General Manager, Overseas Sales Div.
Jun. 2004 Corporate Auditor (Full-Time)
Jun. 2007 Executive Officer
Apr. 2008 Managing Executive Officer
Jun. 2013 Director; Senior Managing Executive Officer

Ichiro Sakai

Director

Apr. 1968 Appointed Prosecutor
Dec. 1999 Chief Public Prosecutor of the Yokohama District Public Prosecutors Office
May 2001 Chief of the Research and Training Institute of the Ministry of Justice
Oct. 2002 Superintendent Public Prosecutor of the Hiroshima High Public Prosecutors Office
Jun. 2004 Superintendent Public Prosecutor of the Fukuoka High Public Prosecutors Office
Apr. 2005 Registered as Lawyer (Daiichi Tokyo Bar Association)
Jun. 2005 Outside Corporate Auditor, Toray Industries, Inc.
Feb. 2006 Outside Corporate Auditor, Kewpie Corporation
Jun. 2007 Corporate Auditor, Mazda Motor Corporation
Jun. 2011 Director, Mazda Motor Corporation
Feb. 2014 Outside Corporate Auditor, Kewpie Corporation

Taizo Muta

Director

Oct. 1971 Assistant Professor, Research Institute for Fundamental Physics, Kyoto University
Jul. 1982 Professor, Faculty of Science, Hiroshima University
Apr. 1995 Dean, Faculty of Science, Hiroshima University
Apr. 1999 Vice President, Hiroshima University
May 2001 President, Hiroshima University
Oct. 2007 President, Fukuyama University
Jun. 2011 Director, Mazda Motor Corporation

Audit & Supervisory Board Members

Nobuyoshi Tochio (Full-time)
Hirofumi Kawamura (Full-time)
Isao Akaoka
Masahide Hirasawa
Takao Hotta

Executive Officers

President and CEO*

Masamichi Kogai

Executive Vice President*

Akira Marumoto
Assistant to President; Oversight of Operations in the Americas and Corporate Planning Domain

Senior Managing Executive Officers*

Yuji Harada
Oversight of Fleet Sales No. 2 and Financial Services; In charge of CSR, Environment and Global Corporate Communications

Yuji Nakamine
Oversight of Operations in Europe, Asia & Oceania, Middle East & Africa and New Emerging Markets; President, Mazda South East Asia Ltd.

Nobuhide Inamoto
Oversight of Operations in China, Domestic Sales, Fleet Sales No. 1; Chairman, Mazda Motor (China) Co., Ltd.

Koji Kurosawa
Oversight of Fleet Sales No. 3, Human Resources, Secretariat and General & Legal Affairs; In charge of Global Auditing, Safety, Health & Disaster Prevention and Mazda Hospital

Managing Executive Officers

James J. O'Sullivan
President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations)

Keishi Egawa
In charge of New Emerging Market Operation (Latin America); President and CEO, Mazda Motor Manufacturing de Mexico, S.A. de C.V. (Mazda de Mexico Vehicle Operation)

Jeffrey H. Guyton
President and CEO, Mazda Motor Europe GmbH

Kazuki Imai
In charge of Global Purchasing

Minoru Mitsuda
Oversight of Tokyo Office; In charge of Corporate Liaison and Fleet Sales; Assistant to the Officer in charge of Corporate Planning and Corporate Communications

Masafumi Nakano
In charge of Global Product Quality and Brand Quality

Kiyotaka Shobuda
In charge of Global Production and Global Business Logistics; General Manager, Production Engineering Div.

Kiyoshi Fujiwara
In charge of Business Strategy, Product, Design and Cost Innovation; General Manager, R&D Liaison Office

Masahiro Moro
Global Sales Coordination; In charge of Global Marketing, Customer Service and Sales Innovation

Akira Koga
Executive Vice President, Mazda Motor of America, Inc. (Mazda North American Operations)

Takashi Furutama
In charge of Corporate Planning, Profit Control and Global IT Solution

Takahisa Sori
In charge of R&D; President, Mazda Engineering & Technology Co., Ltd.

Mitsuo Hitomi
In charge of Technical Research Center, Powertrain Development and Electric Drive System Development

Executive Officers

Nariaki Uchida
General Manager, Hofu Plant

Masatoshi Maruyama
General Manager, Hiroshima Plant

Takeshi Fujiga
In charge of Global Human Resources; General Manager, Human Resources Office; Assistant to the Officer in charge of Safety, Health & Disaster Prevention

Kazuhisa Fujikawa
General Manager, Purchasing Div.

Kazuyuki Fukuhara
In charge of Domestic Sales; General Manager, Domestic Sales Div.; President, Mazda Chuhan Co., Ltd.

Nobuhiko Watabe
In charge of Operations in China; General Manager, China Business Div.; CEO, Mazda Motor (China) Co., Ltd.

Raita Nishiyama
President, Kanto Mazda Co., Ltd.

Ikuo Maeda
General Manager, Design Div.

Hidenori Kawakami
General Manager, ASEAN Powertrain Production Preparation Office; President and CEO, Mazda Powertrain Manufacturing (Thailand) Co., Ltd.

Tetsuya Fujimoto
In charge of Financial Services; General Manager, Financial Services Div.

Hiroshi Inoue
In charge of New Emerging Market Operation (excepting Latin America)

Makoto Yoshihara
In charge of Secretariat, General & Legal Affairs, Compliance and Risk Management; General Manager, Office of General & Legal Affairs

Yasuhiro Aoyama
General Manager, Global Sales & Marketing Div.

* denotes the executive officers who also hold the post of director

Eleven-Year Summary of Consolidated Financial Statements

Mazda Motor Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen											Thousands of U.S. dollars*1
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	**2014**
For the year*2:												
Net sales	**¥2,692,238**	¥2,205,270	¥2,033,058	¥2,325,689	¥2,163,949	¥2,535,902	¥3,475,789	¥3,247,485	¥2,919,823	¥2,695,564	¥2,916,130	**$26,138,233**
Domestic	**655,716**	588,042	560,216	541,490	574,982	620,336	880,132	887,327	887,662	845,620	846,231	**6,366,175**
Overseas	**2,036,522**	1,617,228	1,472,842	1,784,199	1,588,967	1,915,566	2,595,657	2,360,158	2,032,161	1,849,944	2,069,899	**19,772,058**
North America	**834,803**	651,165	575,633	631,327	574,640	697,600	1,015,315	1,017,874	843,988	761,684	936,718	**8,104,883**
Europe	**534,937**	347,918	347,346	427,398	477,337	653,382	888,555	789,135	668,941	634,233	659,813	**5,193,563**
Other areas	**666,782**	618,145	549,863	725,474	536,990	564,584	691,787	553,149	519,232	454,027	473,368	**6,473,612**
Cost of sales	**1,993,643**	1,729,296	1,662,592	1,863,678	1,710,699	2,021,851	2,485,905	2,322,644	2,110,934	1,972,574	2,165,160	**19,355,757**
Selling, general and administrative expenses	**516,474**	422,038	409,184	438,176	443,792	542,432	827,737	766,309	685,454	640,043	680,796	**5,014,311**
Operating income/(loss)	**182,121**	53,936	(38,718)	23,835	9,458	(28,381)	162,147	158,532	123,435	82,947	70,174	**1,768,165**
Income/(loss) before income taxes	**97,409**	39,101	(55,262)	16,081	(7,265)	(51,339)	143,117	118,450	117,468	73,847	54,072	**945,718**
Net income/(loss)	**135,699**	34,304	(107,733)	(60,042)	(6,478)	(71,489)	91,835	73,744	66,711	45,772	33,901	**1,317,466**
Capital expenditures*3	**133,216**	77,190	78,040	44,722	29,837	81,838	75,518	79,641	72,070	67,881	45,644	**1,293,359**
Depreciation and amortization*4	**57,656**	59,954	68,791	71,576	76,428	84,043	74,217	47,045	45,805	40,036	37,900	**559,767**
Research and development costs	**99,363**	89,930	91,716	90,961	85,206	95,967	114,400	107,553	95,730	90,841	87,807	**964,689**
Free cash flow*5	**16,322**	8,746	(79,415)	1,627	67,394	(129,244)	10,209	20,995	33,611	35,900	49,128	**158,466**
At the year-end:												
Total assets	**¥2,246,036**	¥1,978,567	¥1,915,943	¥1,771,767	¥1,947,769	¥1,800,981	¥1,985,566	¥1,907,752	¥1,788,659	¥1,767,846	¥1,795,573	**$21,806,175**
Net assets*6	**676,837**	513,226	474,429	430,539	509,815	414,731	554,154	479,882	407,208	275,841	230,937	**6,571,233**
Interest-bearing debt	**742,735**	718,983	778,085	693,000	722,128	753,355	504,979	474,684	455,409	528,145	630,360	**7,211,019**
Net interest-bearing debt	**262,981**	274,108	300,778	370,151	375,825	532,631	281,085	232,179	246,751	313,506	358,129	**2,553,214**
Average number of shares outstanding (in thousands)	**2,989,149**	2,989,171	1,863,949	1,770,198	1,519,652	1,371,456	1,408,368	1,402,315	1,294,533	1,216,245	1,217,692	
Number of employees	**40,892**	37,745	37,617	38,117	38,987	39,852	39,364	38,004	36,626	35,680	35,627	
	Yen											U.S. dollars*1
Amounts per share of common stock:												
Net income/(loss)*7	**¥ 45.40**	¥ 11.48	¥ (57.80)	¥ (33.92)	¥ (4.26)	¥ (52.13)	¥ 65.21	¥ 52.59	¥ 51.53	¥ 37.63	¥ 27.84	**$0.44**
Cash dividends applicable to the year*8	**1.00**	—	—	—	3.00	3.00	6.00	6.00	5.00	3.00	2.00	**0.01**
Net assets*9	**221.04**	166.04	156.85	242.24	286.92	314.98	391.82	336.45	284.28	220.22	182.91	**2.15**
	%											
Operating income ratio	**6.8%**	2.4%	(1.9)%	1.0 %	0.4 %	(1.1)%	4.7%	4.9%	4.2%	3.1%	2.4%	
Return on equity (ROE)*10	**23.5**	7.1	(24.0)	(12.8)	(1.4)	(14.8)	17.9	16.9	20.0	18.7	16.3	
Equity ratio*10	**29.4*11**	25.1	24.5	24.2	26.1	22.9	27.8	24.8	22.3	15.1	12.4	

Notes: 1. The translation of the Japanese yen amounts into U.S. dollars is presented solely for the convenience of readers outside of Japan, using the prevailing exchange rate on March 31, 2014, of ¥103 to US$1.
2. Results information for the March 2004 and 2011 fiscal years include 15-month results for certain overseas subsidiaries that changed their fiscal year-end.
3. Capital expenditures are calculated on an accrual basis.
4. Amortization expenses are not included for the March 2007 fiscal year and preceding fiscal years.
5. Free cash flow represents the sum of net cash flows from operating activities and from investing activities.
6. Prior-year amounts have been reclassified to conform to figures for the March 2007 fiscal year and subsequent fiscal years presentation to include minority interests.
7. The computations of net income/(loss) per share of common stock are based on the average number of shares outstanding during each fiscal year.
8. Cash dividends per share represent actual amounts applicable to the respective years.
9. The amounts of net assets used in the calculation of net assets per share exclude minority interests (and, from the March 2007 fiscal year, stock acquisition rights).
10. The amounts of net assets exclude minority interests (and, from the March 2007 fiscal year, stock acquisition rights).
11. Percentage after consideration of the equity credit attributes of the subordinated loan is 31.0%.

Management Review and Analysis

March 2014 Fiscal Year Review of Operations

(Operating Environment)

The mood in the Mazda Group's operating environment in the March 2014 fiscal year was guardedly hopeful; although the outlook for the economies of emerging countries was uncertain, overall the global economy continued to make a gradual recovery. The U.S. economy continued its gradual improvement, and signs of recovery were also seen in the European economy. The Japanese economy was on the way to a solid recovery as the result of fiscal and monetary policies implemented by the government and the Bank of Japan, and last-minute demand was seen prior to a recent hike in consumption tax. Under these circumstances, while steadily implementing the key initiatives of its "Structural Reform Plan," the Mazda Group pressed forward with the global expansion of sales of vehicles with its new-generation technology, SKYACTIV, and strove to improve its earning structure.

(Global Sales Volume)

In total, global sales volume for the fiscal year ended March 31, 2014, was 1,331,000 units, up 7.8% year on year. The Mazda CX-5 and the Mazda6 (Japanese name: Mazda Atenza) drove global sales, and sales were also strong of the Mazda3 (Japanese name: Mazda Axela) newly introduced during the period.

By market, Japan's domestic sales volume was 244,000 units, up 12.6% year on year, as orders for the new Axela far exceeded the target, and sales of the Atenza and CX-5 remained strong. Sales volume in North America was 391,000 units, up 4.9% year on year, with increased volume in the United States on strong sales of the Mazda6 and CX-5 and record sales in Mexico. In Europe, although total demand remained on par with the previous fiscal year, sales in Germany, Russia, and the United Kingdom were strong. As a result, sales volume was 207,000 units, up 20.5% year on year. In China, the locally manufactured CX-5 drove sales, which were up 12.5% year on year at 196,000 units. In other markets, although sales remained strong in Australia, they declined in Thailand, where demand was sluggish, and sales volume was 293,000 units, down 2.0% year on year.

In addition, consolidated wholesales rose 5.8%, to 1,115,000 units.

(Net Sales)

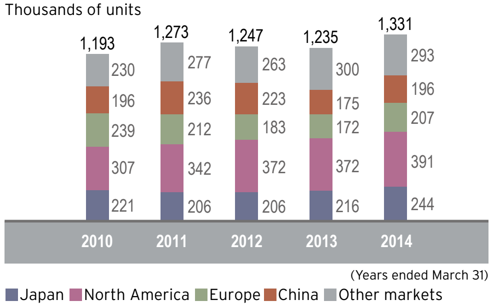
Net sales amounted to ¥2,692.2 billion, an increase of ¥487.0 billion, or 22.1%, over the previous fiscal year, owing to increasing sales of SKYACTIV-equipped models in global markets. The breakdown of consolidated net sales was an 11.5% increase for domestic sales, to ¥655.7 billion, and a 25.9% increase for overseas sales, to ¥2,036.5 billion.

By product, vehicle sales increased ¥426.9 billion (24.3%), to ¥2,180.7 billion, on improvements in sales volume and the product mix. Sales of knockdown parts for overseas production increased ¥14.5 billion (25.8%), to ¥70.4 billion, on an increase in shipments to China. Sales of parts increased ¥16.8 billion (8.8%), to ¥206.5 billion, and other sales were ¥28.8 billion (14.0%) higher, at ¥234.6 billion.

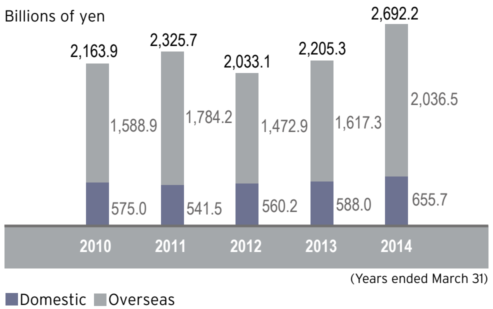
(Operating Income)

Operating income amounted to ¥182.1 billion, an increase of ¥128.2 billion (237.7%) over the previous fiscal year. Marketing expenses

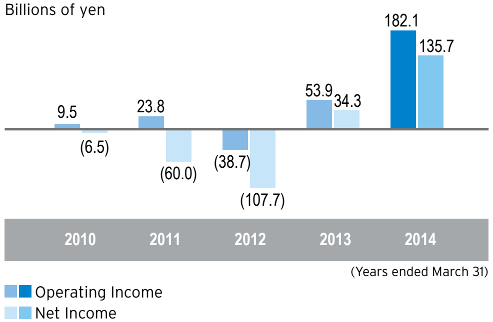
Sales Trend by Major Markets



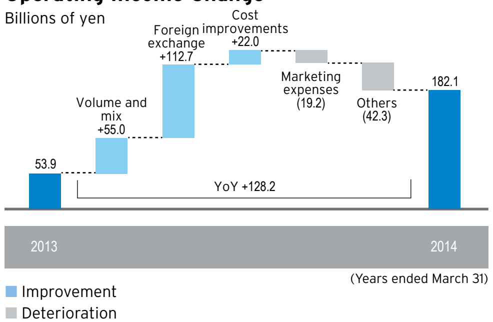
Net Sales



Operating Income (Loss) / Net Income (Loss)



Operating Income Change



increased ¥19.2 billion due to such factors as strengthened sales promotion activities, and other fixed costs increased ¥42.3 billion due to growth investment for the future, such as R&D cost and the Mexico Plant launch cost. Despite these factors, operating income showed a significant improvement over the previous fiscal year due to the sales volume and product mix improvement of ¥55.0 billion from an increase in sales of SKYACTIV-equipped models, a cost improvement of ¥22.0 billion due to the promotion of Monotsukuri Innovation, and ¥112.7 billion from the effect of fluctuating foreign exchange rates.

(Income before Income Taxes, Net Income)

Income before income taxes amounted to ¥97.4 billion, an increase of ¥58.3 billion, or 149.1%, compared with the previous fiscal year, due to such factors as a foreign exchange loss of ¥42.2 billion and a reserve for loss from business of affiliates of ¥36.6 billion.

Net income amounted to ¥135.7 billion, an increase of ¥101.4 billion (295.6%) over the previous fiscal year, due to such factors as the recording of ¥40.1 billion in deferred tax assets at an overseas consolidated subsidiary. Net income per share was ¥45.40, up from the previous fiscal year's ¥11.48.

(Segment Information)

In Japan, net sales amounted to ¥2,263.3 billion, an increase of ¥369.7 billion, or 19.5%, over the previous fiscal year, and operating income amounted to ¥173.5 billion, an increase of ¥65.1 billion (60.1%). The main factors contributing to the increase were the improvements in the sales volume, product mix and, costs as well as the effect of fluctuating foreign exchange rates.

In North America, net sales amounted to ¥843.6 billion, an increase of ¥193.7 billion (29.8%), and operating income amounted to ¥1.3 billion, following the recording of a segment loss of ¥48.9 billion in the previous fiscal year. Despite the Mexico Plant launch cost, the main factor contributing to the increase was U.S. subsidiary profitability, brought about by the improved sales volume and product mix and the effect of fluctuating foreign exchange rates.

In Europe, net sales amounted to ¥540.5 billion, an increase of ¥185.8 billion (52.4%), and operating income amounted to ¥8.5 billion, an increase of ¥5.3 billion (171.2%). The main factor contributing to the increase was the improvement in the sales volume and product mix.

In other areas, net sales amounted to ¥414.2 billion, a decrease of ¥4.5 billion (1.1%), and operating income amounted to ¥5.8 billion, a decrease of ¥11.0 billion (65.5%). One of the main factors contributing to the decrease was the fall in sales in Thailand, where demand was stagnant.

(Financial Position)

Total assets as of March 31, 2014, were ¥2,246.0 billion, for a ¥267.5 billion increase from the end of the previous fiscal year on growth in cash and time deposits, inventories, and tangible fixed assets. The increase in tangible fixed assets was due to investment in the new Mexico Plant and a new transmission plant in Thailand to reinforce business in emerging countries and establish a global production footprint.

Sales by Segment* Billions of yen

(Years ended March 31)	2010	2011	2012	2013	**2014**
Japan	1,867.2	1,999.5	1,745.0	1,893.6	**2,263.3**
North America	572.1	631.0	571.6	650.0	**843.6**
Europe	488.7	438.2	360.4	354.8	**540.5**
Other markets	225.2	310.4	294.2	418.7	**414.2**
Adjustment	(989.3)	(1,053.4)	(938.1)	(1,111.8)	**(1,369.4)**
Consolidated	2,163.9	2,325.7	2,033.1	2,205.3	**2,692.2**

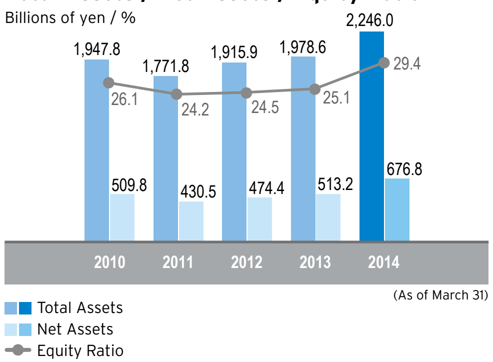
* Net sales by geographic area based on reportable segments

Operating Income (Loss) by Segment* Billions of yen

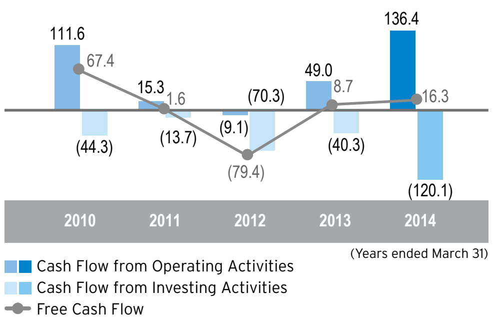
(Years ended March 31)	2010	2011	2012	2013	**2014**
Japan	30.8	32.6	(18.4)	108.4	**173.5**
North America	(19.3)	(31.7)	(40.3)	(48.9)	**1.3**
Europe	3.5	7.9	5.6	3.1	**8.5**
Other markets	5.4	12.8	10.1	16.8	**5.8**
Adjustment	(10.9)	2.2	4.3	(25.5)	**(7.0)**
Consolidated	9.5	23.8	(38.7)	53.9	**182.1**

* Operating income by geographic area based on reportable segments

Total Assets / Net Assets / Equity Ratio
Billions of yen / %



Cash Flows
Billions of yen



Total liabilities amounted to ¥1,569.2 billion, an increase of ¥103.9 billion compared with the end of the previous fiscal year, mainly reflecting an increase in trade notes and accounts payable as well as an increase in interest-bearing debt, which increased by ¥23.8 billion from the previous fiscal year. After deducting ¥479.8 billion in cash and cash equivalents at end of period from interest-bearing debt, net interest-bearing debt totaled ¥263.0 billion, a decrease of ¥11.1 billion from the end of the previous fiscal year. The net debt-to-equity ratio improved 15.4 percentage points, to 39.8% (32.8% after the recognition of the equity credit attributes of the subordinated loans).

Net assets amounted to ¥676.8 billion, an increase of ¥163.6 billion compared with the end of the previous fiscal year, due mainly to ¥135.7 billion of net income. The equity ratio increased by 4.3 percentage points from the end of the previous fiscal year, to 29.4%. (31.0% after the recognition of the equity credit attributes of the subordinated loans).

(Cash Flows)

Net cash provided by operating activities was ¥136.4 billion, reflecting such components as income before income taxes of ¥97.4 billion, depreciation and amortization of ¥57.7 billion, and income taxes paid of ¥14.7 billion. (In the previous fiscal year, net cash provided by operating activities had amounted to ¥49.0 billion.) Net cash used in investing activities was ¥120.1 billion, mainly reflecting capital expenditure for the acquisition of tangible fixed assets, such as facility investments in the new Mexico Plant, of ¥110.8 billion. (In the previous fiscal year, net cash used in investing activities had amounted to ¥40.3 billion.)

As a result, consolidated free cash flow (the total net cash flow from operating activities and investing activities) was positive in the amount of ¥16.3 billion. (For the previous fiscal year, consolidated free cash flow had been positive in the amount of ¥8.7 billion.) Despite making ongoing growth investments for the future, a positive free cash flow is being maintained.

Net cash provided by financing activities was ¥10.5 billion, mainly reflecting proceeds from long-term loans payable of ¥116.0 billion partially offset by repayment of long-term loans payable and redemption of bonds. (For the previous fiscal year, net cash used in financing activities had amounted to ¥57.2 billion.)

(Consolidation of Shares and Change in Number of Shares per Share Unit)

At the 148th Ordinary General Meeting of Shareholders held on June 24, 2014, proposals were approved relating to the consolidation of shares (at a rate of one share for every five shares) and a change in the number of shares per share unit (changed from 1,000 shares to 100 shares). The consolidation of shares took place on August 1, 2014. Due to the consolidation of shares, the total number of shares issued became 599,875,479 shares.

(Basic Dividend Policy, Dividends for March 2014 and March 2015 Fiscal Years)

Mazda's policy regarding the stock dividend is to determine the amount of dividend payments, taking into account such factors as the current fiscal year's financial results, business environment, and financial condition. Mazda is striving to realize stable shareholder returns and their future steady increase.

With regard to the dividend for the fiscal year ended March 31, 2014, we resumed dividend payments for the first time in four fiscal years, a dividend of ¥1 per share. For the fiscal year ending March 31, 2015, our current forecast for dividends is ¥10 per share (after consideration of share consolidation with a ratio of five shares to one share). When converted to the amount before share consolidation, the current forecast for dividends is ¥2 per share.

Mazda will be utilizing its internal reserves to invest in such areas as plant and equipment and for R&D expenses to enhance its competitiveness.

Forecast for the March 2015 Fiscal Year

Billions of yen

(Years ended March 31)	2014	2015 (Forecast)	Difference
Net sales	2,692.2	2,900.0	207.8
Operating income	182.1	210.0	27.9
Ordinary income	97.4	200.0	102.6
Net income	135.7	160.0	24.3
(Exchange assumptions)			
US$/Yen	100	100	
€/Yen	134	135	

Forecast for Global Sales Volume

Thousands of units

(Years ended March 31)	2014	2015 (Forecast)	Difference
Japan	244	230	(14)
North America	391	440	49
Europe	207	220	13
China	196	230	34
Other markets	293	300	7
Total	1,331	1,420	89

Forecast for March 2015 Fiscal Year

With regard to the future outlook, although the U.S. and European economies are expected to continue their gradual improvement, there is concern about the effect of the recent consumption tax hike in Japan, and the outlook for the economies of emerging countries are expected to remain unclear. Under such circumstances, the Mazda Group will accelerate its Structural Reform Plan by, for example, improving its earnings structure and restructuring its global production footprint.The global sales volume for the March 2015 fiscal year is projected to be 1,420,000 units, up 6.7% year on year. By market, the sales volume projections are: 230,000 units in Japan (down 5.6% year on year); 440,000 units in North America (up 12.7%); 220,000 units in Europe (up 6.4%); 230,000 units in China (up 17.1%); and 300,000 units (up 2.2%) in other markets.

With regard to consolidated financial performance for the March 2015 fiscal year, sales revenue is projected at ¥2,900 billion (up 7.7% year on year). Operating income and net income are projected at ¥210.0 billion (up 15.3%) and ¥160.0 billion (up 17.9%), respectively. The exchange rate assumptions are ¥100 to the U.S. dollar and ¥135 to the Euro.

Business Risks

Significant risks that could affect the Mazda Group's business results and financial position include those listed below.

This list, however, shows the main risks anticipated at the end of the fiscal year under review and does not represent a comprehensive list of all the risks faced by the Group. The forward-looking statements in this section are based on the judgments of the Group as of the end of the fiscal year under review.

1. Economic Conditions Impacting the Mazda Group

Selling its products in Japan and other parts of the world, including in North America, Europe, and Asia, the Group is greatly impacted by economic trends and fluctuations in demand in each of its markets. Therefore, the Group's business results and financial position could be adversely affected by, for example, an economic downturn, recession, changes in demand structure, declining demand, and intensifying price competition in its main markets.

2. Exchange Rates, Especially the Dollar-Yen and Euro-Yen Rates

The Group exports products from Japan to other parts of the world and consequently its business results and financial position are exposed to the effects of fluctuations in exchange rates. An appreciation of the yen, particularly against the U.S. dollar and Euro, could lower the Group's profitability and ability to compete on price. In addition, as overseas assets and liabilities denominated in local currencies are translated into yen, there could be an adverse effect on shareholders' equity through foreign currency translation adjustments due to exchange rate fluctuations.

The Group uses forward-exchange contracts and other instruments in some of its export transactions to minimize the impact of short-term exchange rate risk. However, a weakening of the yen could result in opportunity losses.

3. Alliances and Joint Ventures

The Group is performing or examining joint activities with other companies under technology alliances, joint ventures, and in other forms with respect to the development, production, and sales of products. These joint activities are designed to optimize resources, facilitate their prioritization, and generate synergies. However, in the event of a disagreement over management, financial, or other matters between the parties involved, or in the event that the expected results were not produced due to such factors as changes to or terminations of alliances and joint ventures, the Group's business results and financial position could be adversely affected. In addition, unintended changes to or terminations of alliances and joint ventures could have an adverse effect on the Group's business results and financial position.

4. Statutory Regulations Covering the Environment

In addition to being subject to environmental regulations pertaining to fuel consumption and exhaust emissions, automobile safety, and the pollutant emission levels from manufacturing plants, the Group's operations in each country where it does business are also subject to various statutory regulations, such as labor regulations. Going forward, the Group's business results and financial position could be adversely affected by the increased costs associated with more stringent statutory regulations.

5. Market Competitiveness

The Group competes with a large number of companies in automobile markets in all parts of the world. Maintaining and enhancing the Group's ability to compete in these markets, which includes maintaining and developing

Mazda brand value, is crucial to ensuring growth. Consequently, the Group is implementing a range of initiatives to boost its competitiveness in product development, manufacturing, sales, and other areas. However, the Group's business results and financial position could be affected in the event that it fails to launch appealing products at opportune times, due to a failure to accurately ascertain market trends or as a result of issues related to technological capabilities and manufacturing. The same holds true if the Group fails to take effective steps to respond to customer values or changes thereof, including declines in market share or product prices, through its dealership network or sales methods.

6. Procurement of Materials and Components

The Group relies on numerous suppliers outside the Group for the procurement of materials and components. For that reason, the Group may face difficulties in procuring the necessary level of materials and components for volume production, due to supply constraints or reduced logistics functions in the event of these suppliers being affected by a disaster, due to tight supply balances, or due to changes to and breaches of supply contracts. Should the Group be unable to absorb the effects of any increases in the prices of the materials being procured by the Company—for example, by making internal efforts to boost productivity or passing on price rises to customers—or should procured materials and components be of insufficient quality, the possibility exists of a deterioration in output or higher costs, which could adversely affect the Group's business results and financial position.

7. International Business Activities

In addition to Japan, the Group sells its products and carries out business activities in markets in all parts of the world, including the United States and Europe, as well as developing and emerging markets overseas. In these international markets, the Group is subject to the following potential risks, which could affect the Group's business results and financial position if manifested:

- Adverse political and economic developments
- Impediments arising from changes in laws and regulations
- Import/export regulations, such as tariffs, detrimental taxes and other regulations
- Difficulties in attracting and securing personnel
- Undeveloped infrastructure
- Strikes and other labor disputes
- Terrorist incidents, war, disease, and other factors leading to social disorder

8. Protection of Intellectual Property

In order to maintain competitiveness, the Group is working to accumulate and protect technologies and expertise that help it to develop unique products. At the same time, the Group is taking steps to prevent the infringement of third-party intellectual property rights. Nonetheless, should differences in recognition or opinion lead to a disputed infringement of third-party intellectual property rights that results in the Group being forced to halt the production and sale of products, or needing to pay damages, this could also adversely affect the Group's business results and financial position.

The Group's intellectual property is not subject to complete protection in certain regions. In the event that third parties use the Group's intellectual property rights on an unauthorized basis to produce similar products, the Group may have to pay substantial expenses for litigation, or experience a decline in sales due to an inability to offer unique products. This could adversely affect the Group's business results and financial position.

9. Product Quality

While striving to improve the quality of its products to meet the requirements of the market, the Group also does its utmost to ensure the safety of its products. However, should a defect develop in a product due to unforeseen circumstances or a large-scale recall occur, this could adversely affect the Group's business results and financial position due to such factors as the incurring of significant costs, the Group's diminished brand image, and loss of market trust.

10. Natural Disasters and Accidents

In addition to measures to protect its manufacturing sites and other important facilities against fire and earthquakes, the Group has concluded natural disaster insurance contracts and taken other steps to minimize the financial risk of such events. However, the ability of the Group to supply products may be severely disrupted in the event of a major natural disaster, such as an earthquake, typhoon, or flood, or fire or other accident, which could adversely affect the Group's business results and financial position.

11. Financial Accounting

Including the financial accounting factors set out below, the Group's operating results and financial position could be affected by financial accounting assessment of its assets and liabilities as well as changes in or new applications of accounting standards.

(i) Deferred Tax Assets

Provided on deductible temporary differences, deferred tax assets are recorded by assessing the likelihood of recovery based on expectations of future taxable income. However, the amount of deferred tax assets could be reduced by, for example, the recording of valuation allowances against deferred tax assets in the event that they are judged to be unrecoverable due to a deterioration in business conditions or in the event of tax reforms that include changes in tax rates. This could adversely affect the Group's business results and financial position.

(ii) Impairment of Long-Lived Assets

With regard to long-lived assets, should the carrying amount be considered to be unrecoverable due, for example, to a deterioration in business conditions, an impairment loss against the carrying value of assets will be recorded. This could adversely affect the Group's business results and financial position.

(iii) Retirement Benefits

Liability for retirement benefits changes in accordance with trends in retirement benefit obligations and pension assets. However, in the event of changes being made to the actuarial prerequisites or of a deterioration in fair value of plan assets caused by lower returns, the Group's business results and financial position could be adversely affected.

12. Changes in Financing Procurement Environment and Interest Rate Fluctuations

In addition to loans from banks, the Group has been raising funds by issuing its shares and bonds. However, in the event of turmoil in financial market tax reforms, institutional changes being made to government-affiliated financial organizations, or the downgrading of the Group's credit rating, the Group's business results and financial position could be adversely affected due to such factors as the increased funding costs and the difficulties associated with raising money for the amount of funds required. Moreover, factoring in the effect of interest rate changes on the Group's interest-bearing debt, were the costs of financing to increase due to a rise in interest rates, the Group's business results and financial position could also be adversely affected. In the event that any deterioration in the Group's financial standing were to infringe the financial covenants of some of the loans and lead to the forfeiture of the benefit of time, the Group's business results and financial position could be adversely affected.

13. Compliance and Reputation

Commencing with information security efforts to protect personal information and confidential information, the Group has taken preventive measures regarding compliance, such as compliance with the law. In addition, in the event of a compliance-related incident being detected, the Group has a rapid response system in place to prevent any impact on the Group's social credibility and reputation. However, the Group cannot guarantee that there is no possibility of a legal violation occurring in the future. Should there be evidence of an illegal act or should the rapidity and content of the response prove insufficient, the Group's social credibility and reputation could be harmed, and the Group's business results and financial position could be adversely affected.

14 Forecasts

The Group announced its Structural Reform Plan in February 2012 to strengthen its Framework for Medium- and Long-Term Initiatives in order to respond to the harsh external environment and ensure future growth. Since the announcement of the plan, the Group has promoted structural reforms by using the SKYACTIV TECHNOLOGY as leverage. However, in the event of external environment changes that differ greatly from assumptions or progress not being made according to plan, the expected outcome would not be realized and the Group's business results and financial position could be adversely affected.

Consolidated Balance Sheets

Mazda Motor Corporation and Consolidated Subsidiaries
March 31, 2014 and 2013

ASSETS	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars (Note 1) 2014
Current assets:			
Cash and cash equivalents	¥ 479,754	¥ 444,875	$ 4,657,806
Trade notes and accounts receivable (Note 4)	180,544	171,770	1,752,854
Inventories (Notes 6 and 9)	323,677	265,687	3,142,495
Deferred tax assets (Note 14)	54,897	59,999	532,981
Other current assets	94,503	86,148	917,505
Allowance for doubtful receivables	(848)	(1,002)	(8,233)
Total current assets	1,132,527	1,027,477	10,995,408
Property, plant and equipment:			
Land (Note 7)	411,886	409,926	3,998,893
Buildings and structures	463,998	445,008	4,504,835
Machinery and equipment	833,434	807,450	8,091,592
Tools, furniture and fixtures	173,508	161,169	1,684,544
Leased property	9,983	13,231	96,922
Construction in progress	53,040	54,307	514,951
	1,945,849	1,891,091	18,891,737
Accumulated depreciation	(1,079,892)	(1,106,700)	(10,484,388)
Net property, plant and equipment (Notes 8 and 9)	865,957	784,391	8,407,349
Intangible assets	22,826	20,457	221,612
Investments and other assets:			
Investment securities:			
Affiliated companies	136,890	110,994	1,329,029
Other (Note 4)	11,462	9,812	111,282
Long-term loans receivable (Note 4)	6,551	5,552	63,602
Asset for retirement benefits (Note 10)	2,046	—	19,864
Deferred tax assets (Note 14)	54,189	5,155	526,107
Other investments and other assets	16,777	19,311	162,883
Allowance for doubtful receivables	(2,940)	(4,058)	(28,544)
Investment valuation allowance	(249)	(524)	(2,417)
Total investments and other assets	224,726	146,242	2,181,806
Total assets	¥ 2,246,036	¥ 1,978,567	$ 21,806,175

LIABILITIES AND NET ASSETS	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars (Note 1) 2014
Current liabilities:			
Short-term debt (Notes 4 and 9)	¥ 105,283	¥ 97,833	$ 1,022,165
Long-term debt due within one year (Notes 4 and 9)	109,715	104,270	1,065,194
Trade notes and accounts payable (Note 4)	331,678	279,642	3,220,175
Accrued income taxes	3,476	11,454	33,748
Accrued expenses (Note 4)	194,250	167,852	1,885,922
Reserve for warranty expenses	32,080	28,626	311,456
Other current liabilities (Note 14)	35,591	69,235	345,544
Total current liabilities	812,073	758,912	7,884,204
Long-term liabilities:			
Long-term debt due after one year (Notes 4 and 9)	527,737	516,880	5,123,660
Deferred tax liability related to land revaluation (Note 7)	75,195	75,209	730,049
Employees' severance and retirement benefits (Note 10)	–	69,790	–
Liability for retirement benefits (Note 10)	70,149	—	681,058
Reserve for loss from business of affiliates	44,249	6,957	429,602
Reserve for environmental measures	1,584	1,577	15,379
Other long-term liabilities (Note 14)	38,212	36,016	370,990
Total long-term liabilities	757,126	706,429	7,350,738
Contingent liabilities (Note 11)			
Net assets:			
Capital and retained earnings:			
Common stock (Notes 12 and 19)	258,957	258,957	2,514,146
Authorized: 6,000,000,000 shares			
Issued: 2,999,377,399 shares in 2014 and 2013			
Capital surplus (Note 12)	242,649	242,649	2,355,816
Retained earnings	89,424	(46,299)	868,194
Treasury stock (10,241,243 shares in 2014 and 10,211,948 shares in 2013)	(2,204)	(2,192)	(21,398)
Total capital and retained earnings	588,826	453,115	5,716,758
Accumulated other comprehensive income/(loss):			
Net unrealized gain/(loss) on available-for-sale securities	1,152	409	11,184
Deferred gains/(losses) on hedges	(1,223)	(15,064)	(11,874)
Land revaluation (Note 7)	135,541	135,565	1,315,932
Foreign currency translation adjustments	(55,586)	(72,200)	(539,670)
Pension adjustments recognized by foreign consolidated subsidiaries	–	(5,513)	–
Accumulated adjustments for retirement benefit	(7,988)	—	(77,553)
Total accumulated other comprehensive income	71,896	43,197	698,019
Stock acquisition rights	–	6	–
Net assets attributable to shareholders of Mazda Motor Corporation	660,722	496,318	6,414,777
Minority interests in consolidated subsidiaries	16,115	16,908	156,456
Total net assets	676,837	513,226	6,571,233
Total liabilities and net assets	¥2,246,036	¥1,978,567	$21,806,175

See accompanying notes.

Consolidated Statements of Income and Comprehensive Income

Mazda Motor Corporation and Consolidated Subsidiaries
Years ended March 31, 2014 and 2013

Consolidated Statements of Income

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Net sales	¥2,692,238	¥2,205,270	$26,138,233
Cost and expenses:			
Cost of sales	1,993,643	1,729,296	19,355,757
Selling, general and administrative expenses	516,474	422,038	5,014,311
	2,510,117	2,151,334	24,370,068
Operating income	182,121	53,936	1,768,165
Other income/(expenses):			
Interest and dividend income	2,846	2,948	27,631
Interest expense	(12,975)	(14,062)	(125,971)
Equity in net income of affiliated companies	9,677	10,090	93,951
Other, net (Note 13)	(84,260)	(13,811)	(818,058)
	(84,712)	(14,835)	(822,447)
Income before income taxes	97,409	39,101	945,718
Income taxes (Note 14)**:**			
Current	15,655	16,231	151,990
Deferred	(51,745)	(11,606)	(502,379)
	(36,090)	4,625	(350,389)
Income before minority interests	133,499	34,476	1,296,107
Minority interests in consolidated subsidiaries	(2,200)	172	(21,359)
Net income	¥ 135,699	¥ 34,304	$ 1,317,466

	Yen		U.S. dollars (Note 1)
Amounts per share of common stock:			
Net income/(loss) (Note 2)			
Basic	¥45.40	¥11.48	$0.44
Cash dividends applicable to the year	1.00	—	0.01

See accompanying notes.

Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Income before minority interests	¥133,499	¥34,476	$1,296,107
Other comprehensive income/(loss):			
Net unrealized gain/(loss) on available-for-sale securities	751	542	7,291
Deferred gains/(losses) on hedges	13,689	(11,366)	132,903
Foreign currency translation adjustments	1,206	(4,497)	11,709
Pension adjustments recognized by foreign consolidated subsidiaries	–	(1,080)	–
Adjustments for retirement benefit	1,369	—	13,291
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	16,825	10,337	163,349
Total other comprehensive income/(loss)	33,840	(6,064)	328,543
Comprehensive income	¥167,339	¥28,412	$1,624,650
Comprehensive income/(loss) attributable to:			
Shareholders of Mazda Motor Corporation	168,266	26,891	1,633,650
Minority shareholders	(927)	1,521	(9,000)

Consolidated Statements of Changes in Net Assets

Mazda Motor Corporation and Consolidated Subsidiaries
Years ended March 31, 2014 and 2013

	Millions of yen													
	Net assets attributable to shareholders of Mazda Motor Corporation													
	Capital and retained earnings					Accumulated other comprehensive income/(loss)								
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges	Land revaluation	Foreign currency translation adjustments	Pension adjustments recognized by foreign consolidated subsidiaries	Accumulated adjustments for retirement benefit	Stock acquisition rights	Minority interests in consolidated subsidiaries	Total net assets
April 1, 2012	¥258,957	¥242,649	¥(88,715)	¥(2,190)	¥410,701	¥(160)	¥ (3,529)	¥143,108	¥(76,833)	¥(4,433)	¥ —	¥ 259	¥ 5,316	¥474,429
Increase/(decrease)														
Net income	—	—	34,304	—	34,304	—	—	—	—	—	—	—	—	34,304
Purchase of treasury stock	—	—	—	(2)	(2)	—	—	—	—	—	—	—	—	(2)
Land revaluation	—	—	7,543	—	7,543	—	—	—	—	—	—	—	—	7,543
Change of consolidation scope	—	—	569	—	569	—	—	—	—	—	—	—	—	569
Changes in items other than capital and retained earnings, net	—	—	—	—	—	569	(11,535)	(7,543)	4,633	(1,080)	—	(253)	11,592	(3,617)
Total changes during the fiscal year	—	—	42,416	(2)	42,414	569	(11,535)	(7,543)	4,633	(1,080)	—	(253)	11,592	38,797
April 1, 2013	¥258,957	¥242,649	¥(46,299)	¥(2,192)	¥453,115	¥ 409	¥(15,064)	¥135,565	¥(72,200)	¥(5,513)	¥ —	¥ 6	¥16,908	¥513,226
Increase/(decrease)														
Net income	–	–	**135,699**	–	**135,699**	–	–	–	–	–	–	–	–	**135,699**
Purchase of treasury stock	–	–	–	**(12)**	**(12)**	–	–	–	–	–	–	–	–	**(12)**
Land revaluation	–	–	**24**	–	**24**	–	–	–	–	–	–	–	–	**24**
Change of consolidation scope	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Changes in items other than capital and retained earnings, net	–	–	–	–	–	**743**	**13,841**	**(24)**	**16,614**	**5,513**	**(7,988)**	**(6)**	**(793)**	**27,900**
Total changes during the fiscal year	–	–	**135,723**	**(12)**	**135,711**	**743**	**13,841**	**(24)**	**16,614**	**5,513**	**(7,988)**	**(6)**	**(793)**	**163,611**
March 31, 2014	**¥258,957**	**¥242,649**	**¥89,424**	**¥(2,204)**	**¥588,826**	**¥1,152**	**¥(1,223)**	**¥135,541**	**¥(55,586)**	**¥ –**	**¥(7,988)**	**¥ –**	**¥16,115**	**¥676,837**

	Thousands of U.S. dollars (Note 1)													
	Net assets attributable to shareholders of Mazda Motor Corporation													
	Capital and retained earnings					Accumulated other comprehensive income/(loss)								
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges	Land revaluation	Foreign currency translation adjustments	Pension adjustments recognized by foreign consolidated subsidiaries	Accumulated adjustments for retirement benefit	Stock acquisition rights	Minority interests in consolidated subsidiaries	Total net assets
April 1, 2013	$2,514,146	$2,355,816	$(449,505)	$(21,282)	$4,399,175	$ 3,970	$(146,253)	$1,316,165	$(700,971)	$(53,524)	$ —	$ 58	$164,155	$4,982,775
Increase/(decrease)														
Net income	–	–	**1,317,466**	–	**1,317,466**	–	–	–	–	–	–	–	–	**1,317,466**
Purchase of treasury stock	–	–	–	**(116)**	**(116)**	–	–	–	–	–	–	–	–	**(116)**
Land revaluation	–	–	**233**	–	**233**	–	–	–	–	–	–	–	–	**233**
Change of consolidation scope	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Changes in items other than capital and retained earnings, net	–	–	–	–	–	**7,214**	**134,379**	**(233)**	**161,301**	**53,524**	**(77,553)**	**(58)**	**(7,699)**	**270,875**
Total changes during the fiscal year	–	–	**1,317,699**	**(116)**	**1,317,583**	**7,214**	**134,379**	**(233)**	**161,301**	**53,524**	**(77,553)**	**(58)**	**(7,699)**	**1,588,458**
March 31, 2014	**$2,514,146**	**$2,355,816**	**$ 868,194**	**$(21,398)**	**$5,716,758**	**$11,184**	**$ (11,874)**	**$1,315,932**	**$(539,670)**	**$ –**	**$(77,553)**	**$ –**	**$156,456**	**$6,571,233**

See accompanying notes.

Consolidated Statements of Cash Flows

Mazda Motor Corporation and Consolidated Subsidiaries
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Cash flows from operating activities:			
Income before income taxes	¥ 97,409	¥39,101	$ 945,718
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:			
Depreciation and amortization	57,656	59,954	559,767
Loss on impairment of fixed assets	2,754	2,795	26,738
Allowance for doubtful receivables	(1,364)	113	(13,243)
Reserve for warranty expenses	3,454	(4,552)	33,534
Employees' severance and retirement benefits	–	(5,739)	–
Reserve for loss from business of affiliates	37,292	(714)	362,058
Reserve for environmental measures	8	60	78
Increase/(decrease) in liability for retirement benefits	(1,546)	—	(15,010)
Interest and dividend income	(2,846)	(2,948)	(27,631)
Interest expense	12,975	14,062	125,971
Equity in net loss/(income) of affiliated companies	(9,677)	(10,090)	(93,951)
Loss on sale/disposition of property, plant and equipment, net	4,107	2,721	39,874
Loss/(gain) on sale of investment securities, net	–	(329)	–
Gain on sale of investments in affiliates	–	(9,574)	–
Government subsidy	–	(2,746)	–
Decrease/(increase) in trade notes and accounts receivable	(1,416)	(4,532)	(13,748)
Decrease/(increase) in inventories	(47,058)	(37,187)	(456,874)
Increase/(decrease) in trade notes and accounts payable	48,068	33,994	466,680
Increase/(decrease) in other current liabilities	10,006	21,716	97,146
Other	(48,572)	(20,686)	(471,573)
Subtotal	161,250	75,419	1,565,534
Interest and dividends received	3,149	3,075	30,573
Interest paid	(13,324)	(13,678)	(129,359)
Income taxes paid	(14,696)	(15,783)	(142,680)
Net cash provided by/(used in) operating activities	¥136,379	¥49,033	$1,324,068

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Cash flows from investing activities:			
Decrease/(increase) in time deposits	¥ 11	¥ (70)	$ 107
Purchase of investment securities	(1,823)	(5,097)	(17,699)
Proceeds from sales and redemption of investment securities	152	1,166	1,476
Acquisition of property, plant and equipment	(110,830)	(69,899)	(1,076,019)
Proceeds from sale of property, plant and equipment	1,841	16,065	17,874
Proceeds from government subsidy	–	2,746	–
Acquisition of intangible assets	(8,263)	(6,110)	(80,223)
Decrease/(increase) in short-term loans receivable	4	1,317	39
Long-term loans receivable made	(1,235)	(467)	(11,990)
Collections of long-term loans receivable	274	345	2,660
Sale of investments in subsidiaries affecting scope of consolidation	–	19,804	–
Other	(188)	(87)	(1,827)
Net cash provided by/(used in) investing activities	(120,057)	(40,287)	(1,165,602)
Cash flows from financing activities:			
Increase/(decrease) in short-term debt	(1,100)	25,683	(10,680)
Proceeds from long-term debt	116,048	2,680	1,126,680
Repayment of long-term debt	(104,594)	(94,727)	(1,015,476)
Proceeds from stock issuance to minority shareholders	356	9,364	3,456
Cash dividends paid to the minority shareholders of consolidated subsidiaries	(215)	(15)	(2,087)
Treasury stock transactions	(12)	(2)	(116)
Other	–	(164)	–
Net cash provided by/(used in) financing activities	10,483	(57,181)	101,777
Effect of exchange rate fluctuations on cash and cash equivalents	8,074	15,041	78,388
Net increase/(decrease) in cash and cash equivalents	34,879	(33,394)	338,631
Cash and cash equivalents at beginning of the year	444,875	477,307	4,319,175
Increase in cash and cash equivalents due to change of scope of consolidation	–	962	–
Cash and cash equivalents at end of the year	¥479,754	¥444,875	$4,657,806

Notes to Consolidated Financial Statements

Mazda Motor Corporation and Consolidated Subsidiaries

1 BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Mazda Motor Corporation (the "Company") and its consolidated subsidiaries (together, the "Group") have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS").

For the convenience of readers outside Japan, the accompanying consolidated financial statements have been reformatted and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law of Japan. Certain supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2014, which was ¥103 to U.S. $1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2 SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The accompanying consolidated financial statements include the Company and its significant companies, over which the Company has power of control through majority voting rights or existence of certain conditions evidencing control by the Company. Investments in affiliates, over which the Company has the ability to exercise significant influence over operating and financial policies of the investees, are accounted for by the equity method.

The consolidated financial statements include the Company and 59 subsidiaries (56 in the year ended March 31, 2013). In addition, 15 affiliates (15 in the year ended March 31, 2013) are accounted for by the equity method.

The consolidated year-end balance sheet date is March 31. Among the consolidated subsidiaries, 15 companies (14 at March 31, 2013) have a year-end balance sheet date of December 31, which is different from the consolidated balance sheet date. In preparing the consolidated financial statements, for 7 of the 15 companies, the financial statements of these companies with the December 31 year-end balance sheet date are used. However, adjustments necessary in consolidation are made for material transactions that have occurred between the balance sheet date of these subsidiaries and the consolidated year-end balance sheet date. For the other 8 companies, special purpose financial statements that are prepared for consolidation as of the consolidated balance sheet date are used to supplement the companies' statutory financial statements.

The difference between acquisition cost and net assets acquired is shown as consolidation goodwill and amortized on a straight-line basis over a period (primarily 5 years) during which each investment is expected to generate benefits.

Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the fiscal year-end; gains and losses in foreign currency translation are included in the income of the current period.

Balance sheets of consolidated foreign subsidiaries are translated into Japanese yen at the rates on the subsidiaries' balance sheet dates except for net assets accounts, which are translated at historical rates. Income statements of consolidated foreign subsidiaries are translated at average rates during the subsidiaries' accounting periods, with the translation differences prorated and included in the net assets as foreign currency translation adjustments and minority interests in consolidated subsidiaries.

Cash and cash equivalents

The Group considers all highly liquid investments with maturities of three months or less at the time of acquisition to be cash equivalents.

Securities

Securities are classified as (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, and (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

The Group does not have trading securities or held-to-maturity debt securities. Equity securities issued by subsidiaries and affiliated companies which, based on the applicable materiality provisions of Japanese GAAP, are not consolidated or accounted for using the equity method are stated at moving-average cost. Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of accumulated other comprehensive income within net assets. Realized gains and losses on the sale of such securities are computed using moving-average cost. Available-for-sale securities without available fair market values are stated mainly at moving-average cost.

If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies and available-for-sale securities declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as a loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method and available-for-sale securities is not readily available, such securities should be written down to net asset value with a corresponding charge to income in the event net asset value declines significantly. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

Inventories
Inventories are stated at the lower of cost (determined principally by the average method), or net realizable value.

Property, plant and equipment (except for leased property)
Property, plant and equipment are stated principally at cost. Depreciation is computed mainly using the straight-line method over the estimated useful lives of the assets with a residual value at the end of useful lives to be a memorandum value.

Intangible assets (except for leased property)
Intangible assets are amortized by the straight-line method over the estimated useful lives of the assets.

For the Company and its consolidated domestic subsidiaries (together the “Domestic Companies”), useful lives are estimated principally by a method equivalent to the provisions of the Corporate Tax Code of Japan. Software for internal use is amortized on a straight-line basis over the period of internal use, i.e., 5 years.

Leased property
Finance leases are capitalized in the balance sheet. Depreciation or amortization expense is recognized on a straight-line basis over the lease period.

For leases with a guaranteed minimum residual value, the contracted residual value is considered to be the residual value for financial accounting purposes. For other leases, the residual value is zero.

Allowance for doubtful receivables
Allowance for doubtful receivables provides for the losses from bad debt. The amount estimated to be uncollectible is recognized. For receivables of ordinary risk, the amount is estimated based on the past default ratio.

For receivables of high risk and receivables from debtors under bankruptcy proceedings, the amount is estimated based on the financial standing of the debtor.

Investment valuation allowance
Investment valuation allowance provides for losses from investments. The amount is estimated in light of the financial standings of the investee companies.

Reserve for warranty expenses
In order to match the recognition of after-sales expenses to product (vehicle) sales revenues, an amount estimated based on product warranty provisions and actual costs incurred in the past, taking future prospects into consideration, is recognized.

Reserve for loss from business of affiliates
Reserve for loss from business of affiliates provides for losses from affiliates’ businesses. The amount of loss estimated to be incurred by the Company is recognized.

Reserve for environmental measures
Reserve for environmental measures provides for expenditure aimed at environmental measures. The amount of future expenditure estimated as of the end of the current fiscal year is recognized.

Employees’ severance and retirement benefits
The Group provides various types of post-employment benefit plans, including lump-sum plans, defined benefit pension plans, and defined contribution pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service, and certain other factors.

In calculating the retirement benefit obligations, the method of attributing expected benefit to the accounting period is principally based on a straight-line basis.

Past service costs are recognized in expenses in equal amounts mainly over 12 years, which is within the average of the estimated remaining service periods of employees, and actuarial gains and losses are recognized in expenses using the straight-line basis mainly over 13 years, which is within the average of the estimated remaining service periods, commencing with the following period.

Income taxes
Income taxes are comprised of corporation, enterprise, and inhabitants taxes. Deferred tax assets and liabilities are recognized to reflect the estimated tax effects attributable to temporary differences and carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates that will be in effect when the temporary differences are expected to reverse. The measurement of deferred tax assets is reduced by a valuation allowance, if necessary, by the amount of any tax benefits that are not expected to be realized.

The Company and its wholly owned domestic subsidiaries elect to file a consolidated corporate tax return as a consolidation group.

Research and development costs

Research and development costs are charged to income when incurred. For the years ended March 31, 2014 and 2013, research and development costs were ¥99,363 million ($964,689 thousand) and ¥89,930 million, respectively.

Derivatives and hedge accounting

Derivative financial instruments are mainly stated at fair value, and changes in the fair value are recognized as gains or losses unless derivative financial instruments are used for hedging purposes and meet criteria for hedge accounting.

If derivative financial instruments are used as hedges and meet certain hedging criteria, recognition of gains or losses resulting from changes in the fair value of derivative financial instruments is deferred until the related losses or gains on the hedged items are recognized.

Also, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

Amounts per share of common stock

The computations of net income or loss per share of common stock are based on the average number of shares outstanding during each fiscal year. Diluted net income per share of common stock is computed based on the average number of shares outstanding during each fiscal year after giving effect to the diluting potential of common stock to be issued upon the exercise of stock acquisition rights and stock options.

For the years ended March 31, 2014 and 2013, only information on net income per share of common stock is provided without information on diluted net income per share of common stock to reflect the diluting effect, because there were no dilutive potential common stocks for the year ended March 31, 2014 and there were no dilutive potential common stocks that have dilutive effects for the year ended March 31, 2013.

Cash dividends per share represent amounts applicable for the respective years on an accrual basis.

Reclassifications

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to this year's presentation.

3 ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNTING CHANGES

(Changes in accounting policies)

Effective from the year ended March 31, 2014, the Domestic Companies have applied the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan ("ASBJ") Statement No.26, May 17, 2012 (hereinafter, the "Statement No.26")) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25, May 17, 2012 (hereinafter, the "Guidance No.25")) except the article 35 of the Statement No.26 and the article 67 of the Guidance No.25. As a result, actuarial gains and losses and past service costs that are yet to be recognized have been recognized and the difference between retirement benefit obligations and plan assets has been recognized as a liability for retirement benefits. When pension assets exceed the retirement benefit obligations, its difference has been recognized as an asset for retirement benefits.

In accordance with the article 37 of the Statement No.26, the effect of the change in accounting policies arising from initial application has been recognized in accumulated adjustments for retirement benefit in accumulated other comprehensive income.

As a result of the application, an asset for retirement benefits in the amount of ¥2,046 million ($19,864 thousand) and a liability for retirement benefits in the amount of ¥70,149 million ($681,058 thousand) have been recognized, accumulated other comprehensive income has decreased by ¥3,844 million ($37,320 thousand), and minority interests in consolidated subsidiaries has decreased by ¥105 million ($1,019 thousand), at the end of the current fiscal year.

Along with the adoption of the new standards, the presentation of "Pension adjustments recognized by foreign consolidated subsidiaries" in Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, and Consolidated Statements of Changes in Net Assets for previous fiscal year has been changed to "Accumulated adjustments for retirement benefit" in Consolidated Balance Sheets and Consolidated Statements of Changes in Net Assets, and "Adjustments for retirement benefit" in Consolidated Statements of Comprehensive Income, respectively, from the fiscal year ended March 31, 2014.

(Accounting standards issued but not yet effective)

– Accounting Standard for Retirement Benefits (ASBJ Statement No.26, May 17, 2012)

–Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25, May 17, 2012)

(1) Summary

Under the amended rule, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss would be recognized within the net assets section, after adjustment for tax effects, and the deficit or surplus would be recognized as a liability or asset without any adjustments. For determining the method of attributing expected benefit to periods, the Standard now allows to choose benefit formula basis, as well as straight-line basis. Method for determination of discount rate has also been amended.

(2) Effective dates
Amendments relating to determination of retirement benefit obligations and current service costs are effective from the beginning of years ending on or after March 31, 2015.

(3) Effect of application of the standard
As a result of the application, it is estimated that beginning balance of retained earnings will increase by ¥2,874 million ($27,903 thousand) and operating income and income before income taxes will increase by ¥648 million ($6,291 thousand) for the year ending March 31, 2015.

4 FINANCIAL INSTRUMENTS

Qualitative information on financial instruments

Policies for using financial instruments
The Group finances cash mainly through bank loans and the issuance of bonds, in light of planned capital investment. Temporary surplus funds are managed through investments in low-risk assets. Short-term operating funds are financed mainly through bank loans and commercial paper. Our policies on derivative instruments are to use them to hedge risks, as discussed below, and not to conduct speculative transactions.

Details of financial instruments and the exposures to risk
Trade notes and accounts receivable, while mostly due within one year, are subject to customers' credit risks. Accounts receivable denominated in foreign currencies are subject to the risk of fluctuations in foreign currency exchange rates; such risk is hedged, in principle, by netting the foreign-currency-denominated accounts receivable against accounts payable, and applying foreign exchange forward contracts on the resulting net position.

Short-term investments consist mainly of certificates of deposit and other highly-liquid short-term investments. Investment securities consist mainly of stocks of our business partner companies and are subject to the risk of market price fluctuations and other factors. Long-term loans receivable are provided mainly to our business partner companies.

Trade notes and accounts payable, as well as other accounts payable, are due within one year. Of these payables, those denominated in foreign currencies are subject to the risk of fluctuations in foreign exchange rates. However, the balance of such payables denominated in major currencies is constantly less than that of the accounts receivable denominated in the same foreign currency. For minor currencies where this does not apply, such payables are hedged, as necessary, through foreign exchange forward contracts, considering the transaction amounts and the degree of risk of foreign exchange rate fluctuation.

Loans payable, bonds payable, and finance lease obligations are mainly intended for financing cash required for capital investment. The longest time to maturity of these liabilities is 58 years and 4 months from March 31, 2014. Of these liabilities, those of the variable-interest-rate type are subject to the risk of interest rate fluctuations; part of them is hedged through derivative transactions (interest rate swaps).

Derivative instruments consist of foreign exchange forward contracts and interest rate swaps. For details on derivative instruments, refer to "Derivatives and hedge accounting" under Note 2, "Significant Accounting Policies", and Note 15, "Derivative Financial Instruments and Hedging Transactions".

Policies and processes for managing the risk

Management of credit risks (i.e., risks associated to the default of counterparties)
The Group manages credit risks, in compliance with internal control rules and procedures.

The due dates and the balances of trade notes, accounts receivable, and loans receivable from major counterparties are monitored and managed, in order to detect early and mitigate the risk of doubtful receivables.

Short-term investments are limited mainly to time deposits and certificates of deposit of banks approved by the Finance Officer. As such, the credit risks of these short-term investments are considered to be minimal.

Derivative transactions are executed only with banks with high credit ratings, in order to mitigate counterparty risk.

For both short-term investments and derivatives, the credit risks of counterparty financial institutions are reviewed on a quarterly basis.

The amount of maximum risk as of March 31, 2014 is represented by the balance sheet amount of financial assets exposed to credit risks.

Management of market risks (i.e., risks associated to fluctuations in foreign exchange rates and interest rates)
The Company and some of its consolidated subsidiaries hedge the risk of foreign exchange rate fluctuation on foreign-currency-denominated receivables and payables, using foreign exchange forward contracts, on a monthly and individual currency basis. Foreign exchange forward contracts are executed as necessary, up to six months ahead at longest, on foreign-currency-denominated receivables and payables that are expected to arise with certainty as a result of forecasted export and import transactions.

The Company and some of its consolidated subsidiaries use interest rate swaps in order to reduce the risk of interest rate fluctuation on loans payable.

For details on management of derivative transactions, refer to Note 15, "Derivative Financial Instruments and Hedging Transactions".

As regards short-term investments and investment securities, their fair values as well as the financial standing of their issuing entities are monitored on a regular basis. Ownership of available-for-sale securities are reviewed on a continuous basis.

Management of liquidity risks related to financing (i.e., risks of non-performance of payments on their due dates)
The liquidity risks of the Group are managed mainly through the preparation and update of the cash schedule by the Treasury Department.

Fair values of financial instruments

As of March 31, 2014 and 2013, the carrying values on the consolidated balance sheet, the fair values, and the differences between these amounts, respectively, of financial instruments were as follows. Financial instruments for which fair value is deemed highly difficult to measure are excluded from the following table.

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2014	Carrying values	Fair values	Difference	Carrying values	Fair values	Difference
Assets:						
1) Trade notes and accounts receivable	¥ 180,544			$ 1,752,854		
Allowance for doubtful receivables (*1)	(175)			(1,699)		
Trade notes and accounts receivable, net	180,369	¥ 180,369	¥ —	1,751,155	$ 1,751,155	$ —
2) Investment securities						
Available-for-sale securities	9,141	9,141	—	88,748	88,748	—
3) Long-term loans receivable (*2)	6,829			66,301		
Allowance for doubtful receivables (*3)	(2,509)			(24,359)		
Long-term loans receivable, net	4,320	4,320	—	41,942	41,942	—
Total	¥ 193,830	¥ 193,830	¥ —	$ 1,881,845	$ 1,881,845	$ —
Liabilities:						
1) Trade notes and accounts payable	¥ 331,678	¥ 331,678	¥ —	$ 3,220,175	$ 3,220,175	$ —
2) Other accounts payable	38,469	38,469	—	373,485	373,485	—
3) Short-term loans payable	105,283	105,283	—	1,022,165	1,022,165	—
4) Long-term debt	637,452	654,766	17,314	6,188,854	6,356,951	168,097
Total	¥1,112,882	¥1,130,196	¥17,314	$10,804,679	$10,972,776	$168,097
Derivative instruments: (*4)						
1) Hedge accounting not applied	¥ (1,046)	¥ (1,046)	¥ —	$ (10,155)	$ (10,155)	$ —
2) Hedge accounting applied	(1,903)	(1,903)	—	(18,476)	(18,476)	—
Total	¥ (2,949)	¥ (2,949)	¥ —	$ (28,631)	$ (28,631)	$ —

	Millions of yen		
As of March 31, 2013	Carrying values	Fair values	Difference
Assets:			
1) Trade notes and accounts receivable	¥ 171,770		
Allowance for doubtful receivables (*1)	(208)		
Trade notes and accounts receivable, net	¥ 171,562	¥ 171,560	¥ (2)
2) Investment securities			
Available-for-sale securities	6,884	6,884	—
3) Long-term loans receivable (*2)	5,750		
Allowance for doubtful receivables (*3)	(2,561)		
Long-term loans receivable, net	3,189	3,189	—
Total	¥ 181,635	¥ 181,633	¥ (2)
Liabilities:			
1) Trade notes and accounts payable	¥ 279,642	¥ 279,642	¥ —
2) Other accounts payable	22,146	22,146	—
3) Short-term loans payable	97,833	97,833	—
4) Long-term debt	621,150	636,170	15,020
Total	¥1,020,771	¥1,035,791	¥15,020
Derivative instruments: (*4)			
1) Hedge accounting not applied	¥ (15,940)	¥ (15,940)	¥ —
2) Hedge accounting applied	(24,025)	(24,025)	—
Total	¥ (39,965)	¥ (39,965)	¥ —

(*1) Allowance for doubtful receivables, which is recognized on the basis of each individual accounts receivable, is deducted.
(*2) Long-term loans receivable includes those due within one year, which are included in “other current assets” on the consolidated balance sheets.
(*3) Allowance for doubtful receivables, which is recognized on the basis of each individual long-term loans receivable, is deducted.
(*4) Receivables and payables resulting from derivative transactions are offset against each other and presented on a net basis; when a net liability results, the net amount is shown in ( ).

The financial instruments in the following table are excluded from “Assets 2) Investment securities” in the above tables because measuring the fair value of these instruments is deemed highly difficult: market prices of these instruments are not available and future cash flows from these instruments are not contracted.

	Millions of yen		Thousands of U.S. dollars
	Carrying values		Carrying values
As of March 31	2014	2013	2014
Available-for-sale securities:			
Non-listed equity securities	¥ 2,321	¥ 2,928	$ 22,534
Investment in securities of affiliated companies	136,890	110,994	1,329,029
Total	¥139,211	¥113,922	$1,351,563

Basis of measuring fair value of financial instruments

The fair values of some financial instruments are based on market prices. When market prices are unavailable, the fair values are based on reasonably estimated values. The estimated values may vary depending on the assumptions and variables used in the estimation.

Assets

1) Trade notes and accounts receivable

The fair values of these receivables are calculated by grouping the receivables according to their time to maturity, and then by discounting the amount of those receivables by group to present values. The discount rates used in computing the present values reflect the time to maturity as well as credit risk.

2) Investment securities

As for listed stocks included in investment securities, their quoted prices on the stock exchange are used as their fair values.

For notes on securities by classification, refer to "Securities" under Note 2, "Significant Accounting Policies", and Note 5, "Securities".

3) Long-term loans receivable

Long-term loans receivable consist of variable interest loans. As such, the interest rates on these loans reflect the market rates of interest within short periods of time. Also, the credit standings of borrowers of these loans have not changed significantly since the execution of these loans. Accordingly, the carrying values are used as the fair values of these loans receivable.

For loans receivable at a high risk, the fair value is calculated mainly based on amounts estimated to be collectible through collateral and guarantees.

Liabilities

1) Trade notes and accounts payable, 2) Other accounts payable, and 3) Short-term loans payable

These payables are settled within short periods of time. Hence, their carrying values approximate their fair values. Accordingly, carrying values are used as the fair values of these payables.

4) Long-term debt

a) Bonds payable

The fair value of bonds issued by the Group is based on the market price where such a price is available. Otherwise, the sum of the present value of principal and interest payments is used as the fair value of bonds payable. The discount rates used in computing the present value reflect the time to maturity of the bonds as well as credit risk.

b) Long-term loans payable and c) Lease obligations

The fair value of these liabilities is calculated by the sum of the principal and interest payments discounted to present value, using the imputed interest rate that would be required to newly execute a similar borrowing or lease transaction.

For some long-term loans payable with variable interest rates, interest rate swaps are used as a hedge against interest rate fluctuations. When such interest rate swaps meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the long-term loans payable. In such cases, the resulting net interest on the long-term loans payable is used in calculating the present value.

Derivative instruments

Refer to Note 15, "Derivative Financial Instruments and Hedging Transactions".

Scheduled amounts of receivables were as follows:

	Millions of yen				Thousands of U.S. dollars			
As of March 31, 2014	Within 1 year	Over 1 year, within 5 years	Over 5 years, within 10 years	Over 10 years	Within 1 year	Over 1 year, within 5 years	Over 5 years, within 10 years	Over 10 years
Trade notes and accounts receivable	¥180,544	¥ —	¥ —	¥ —	$1,752,854	$ —	$ —	$ —
Long-term loans receivable	278	5,632	582	337	2,699	54,680	5,650	3,272
Total	¥180,822	¥5,632	¥582	¥337	$1,755,553	$54,680	$5,650	$3,272

	Millions of yen			
As of March 31, 2013	Within 1 year	Over 1 year, within 5 years	Over 5 years, within 10 years	Over 10 years
Trade notes and accounts receivable	¥171,576	¥ 194	¥ —	¥ —
Long-term loans receivable	198	4,532	636	385
Total	¥171,774	¥4,726	¥636	¥385

For the schedule of repayment of long-term debt after the consolidated balance sheet date, refer to Note 9, "Short-Term Debt and Long-Term Debt".

5 SECURITIES

The Group had no trading or held-to-maturity debt securities at March 31, 2014 and 2013.

Available-for-sale securities with market values as of March 31, 2014 and 2013 were as follows:

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2014	Acquisition costs	Carrying values	Difference	Acquisition costs	Carrying values	Difference
Stocks	¥5,093	¥6,556	¥1,463	$49,447	$63,650	$14,203
Other	2,329	2,585	256	22,612	25,097	2,485
Total	¥7,422	¥9,141	¥1,719	$72,059	$88,747	$16,688

	Millions of yen		
As of March 31, 2013	Acquisition costs	Carrying values	Difference
Stocks	¥4,477	¥4,976	¥499
Other	1,787	1,908	121
Total	¥6,264	¥6,884	¥620

6 INVENTORIES

Inventories as of March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	2014	2013	2014
Finished products	¥232,021	¥204,189	$2,252,631
Work in process	80,875	51,276	785,194
Raw materials and supplies	10,781	10,222	104,670
Total	¥323,677	¥265,687	$3,142,495

7 LAND REVALUATION

As of March 31, 2001, in accordance with the Law to Partially Revise the Land Revaluation Law (Law No.19, enacted on March 31, 2001), land owned by the Company for business use was revalued. The unrealized gains on the revaluation are included in net assets as “Land revaluation”, net of deferred taxes. The deferred taxes on the unrealized gains are included in liabilities as “Deferred tax liability related to land revaluation”.

The fair value of land was determined based on official notice prices that are assessed and published by the Commissioner of the National Tax Administration, as stipulated in Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Article 119 of 1998 Cabinet Order, promulgated on March 31, 1998). Reasonable adjustments, including those for the timing of assessment, are made to the official notice prices.

The amounts of decrease in the aggregate fair value of the revalued land as of March 31, 2014 and 2013 from that at the time of revaluation, as stipulated in Article 10 of the Land Revaluation Law, were ¥98,990 million ($961,068 thousand) and ¥96,596 million, respectively.

8 IMPAIRMENT OF LONG-LIVED ASSETS

Details of impairment losses of long-lived assets for the years ended March 31, 2014 and 2013 were as follows:

<For the year ended March 31, 2014>			Millions of yen	Thousands of U.S. dollars
Purpose of use	Location	Type of assets	2014	2014
Idle assets (Sales facilities)	Osaka Prefecture, Japan, etc.	Buildings and structures, Land, etc.	¥ 239	$ 2,320
Idle assets (Production facilities)	Hiroshima Prefecture, Japan, etc.	Buildings and structures, Machinery and equipment, etc.	2,040	19,806
Assets for selling	Ehime Prefecture, Japan, etc.	Buildings and structures, Land	475	4,612
Total			¥2,754	$26,738

<For the year ended March 31, 2013>			Millions of yen
Purpose of use	Location	Type of assets	2013
Idle assets (Sales facilities)	Aichi Prefecture, Japan, etc.	Buildings and structures, Land, etc.	¥1,826
Idle assets (Production facilities)	Hiroshima Prefecture, Japan, etc.	Buildings and structures, Machinery and equipment, etc.	969
Total			¥2,795

For the purpose of reviewing for impairment, the Group has principally grouped its long-lived assets into asset groups by company; however, idle assets, assets for rent, and assets for selling are individually reviewed for impairment. The recoverable amounts of these assets were measured at their net realizable value.

9 SHORT-TERM DEBT AND LONG-TERM DEBT

Short-term debt as of March 31, 2014 and 2013 consisted of loans, principally from banks with interest averaging 1.39% and 1.04% for the respective years.

Long-term debt as of March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
As of March 31	2014	2013	2014
Domestic unsecured bonds due serially 2014 through 2016 at rate of 0.35% to 1.87% per annum	¥ 40,550(*)	¥ 50,650	$ 393,689
Loans principally from banks, maturing through 2072:			
Secured loans	81,004	93,605	786,447
Unsecured loans	510,938	471,028	4,960,563
Lease obligations, maturing through 2021	4,960	5,867	48,155
Sub total	637,452	621,150	6,188,854
Amount due within one year	(109,715)	(104,270)	(1,065,194)
Total	¥ 527,737	¥ 516,880	$ 5,123,660

(*) As of March 31, 2014, certain of these unsecured bonds amounting to ¥550 million ($5,340 thousand) are bank-guaranteed under the condition that assets are pledged to the bank as collateral by the issuer of the bonds.

The annual interest rates applicable to long-term loans and lease obligations outstanding averaged 1.29% and 1.95%, respectively, for obligations due within one year and 1.89% and 2.01%, respectively, for obligations due after one year at March 31, 2014.

The annual interest rates applicable to long-term loans and lease obligations outstanding averaged 1.62% and 2.26%, respectively, for obligations due within one year and 1.91% and 2.17%, respectively, for obligations due after one year at March 31, 2013.

As is customary in Japan, general agreements with banks include provisions that security and guarantees will be provided if requested by banks. Banks have the right to offset cash deposited with them against any debt or obligation that becomes due and, in the case of default or certain other specified events, against all debts payable to banks.

The annual maturities of long-term debt at March 31, 2014 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2015	¥109,715	$1,065,194
2016	93,267	905,505
2017	133,808	1,299,107
2018	85,603	831,097
2019	90,614	879,748
Thereafter	124,445	1,208,203
Total	¥637,452	$6,188,854

The assets pledged as collateral for short-term debt of ¥30,412 million ($295,262 thousand) and ¥36,631 million, and long-term debt of ¥81,554 million ($791,786 thousand) and ¥94,255 million at March 31, 2014 and 2013, respectively, were as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	2014	2013	2014
Property, plant and equipment, at net book value	¥396,511	¥406,154	$3,849,621
Inventories	70,739	72,538	686,786
Other	63,247	91,150	614,049
Total	¥530,497	¥569,842	$5,150,456

10 EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

The Group has contributory defined contribution plans and defined benefit plans, and non-contributory defined benefit plans. For the accounting policies for retirement benefits, refer to Note 2, "Employees' severance and retirement benefits".

(1) Detailed notes relating to defined benefit plan for the year ended March 31, 2013

The liability for severance and retirement benefits as of March 31, 2013 consisted of the following:

	Millions of yen
	2013
Retirement benefit obligations	¥ 300,322
Plan assets	(210,382)
Actuarial gains and losses that are yet to be recognized	(30,620)
Past service costs that are yet to be recognized	9,400
Prepaid pension cost	1,070
Liability for severance and retirement benefits	¥ 69,790

The profits and losses related to retirement benefits for the year ended March 31, 2013 were as follows:

For the years ended March 31	Millions of yen 2013
Service cost	¥10,530
Interest cost	5,477
Expected return on plan assets	(3,517)
Net actuarial loss amortization	8,798
Past service costs amortization	(2,570)
Severance and retirement benefit expenses	¥18,718

Note: For the year ended March 31, 2013, the discount rate was primarily 1.4% and the rate of expected return on plan assets was primarily 1.5%.
For the year ended March 31, 2013, accrued pension costs related to defined contribution plans was charged to income as ¥2,332 million. This cost is not included in the above.

(2) Detailed notes relating to defined benefit plan for the year ended March 31, 2014

Reconciliations of beginning and ending balances of the retirement benefit obligations and the plan assets for the year ended March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Movements in retirement benefit obligations:		
Balance at beginning of year	¥300,322	$2,915,748
Service cost	10,417	101,136
Interest cost	4,694	45,573
Actuarial gains/(losses)	6,819	66,204
Benefits paid	(16,311)	(158,359)
Past service costs	(7,456)	(72,388)
Other	3,134	30,427
Balance at end of year	¥301,619	$2,928,341

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Movements in plan assets:		
Balance at beginning of year	¥210,382	$2,042,544
Expected return on plan assets	4,157	40,359
Actuarial gains/(losses)	13,442	130,505
Contributions paid by the employer	17,011	165,155
Benefits paid	(12,671)	(123,019)
Other	1,195	11,602
Balance at end of year	¥233,516	$2,267,146

The reconciliation of the retirement benefit obligations and plan assets to the liability and asset for retirement benefits recognized in the consolidated balance sheets of March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Funded retirement benefit obligations	¥ 288,762	$ 2,803,515
Plan assets	(233,516)	(2,267,146)
Subtotal	55,246	536,369
Unfunded retirement benefit obligations	12,857	124,825
Total net liability (asset) for retirement benefits recognized in consolidated balance sheets	68,103	661,194
Liability for retirement benefits	70,149	681,058
Asset for retirement benefits	(2,046)	(19,864)
Total net liability (asset) for retirement benefits recognized in consolidated balance sheets	¥ 68,103	$ 661,194

The profits and losses related to retirement benefits for the year ended March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Service cost	¥10,417	$101,136
Interest cost	4,694	45,573
Expected return on plan assets	(4,157)	(40,359)
Net actuarial loss amortization	8,413	81,680
Past service costs amortization	(2,637)	(25,602)
Other	770	7,476
Severance and retirement benefit expenses	¥17,500	$169,904

Note: For the year ended March 31, 2014, accrued pension costs related to defined contribution plans were charged to income as ¥3,397 million ($32,981 thousand). This cost is not included in the above.

The breakdown of items of adjustments for retirement benefit (before tax) recognized in other comprehensive income for the year ended March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Past service costs	¥ 15	$ 146
Actuarial differences	2,240	21,748
Other	(3)	(29)
Total	¥2,252	$21,865

The breakdown of items of adjustments for retirement benefit (before tax) recognized in accumulated other comprehensive income as of March 31, 2014 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Past service costs that are yet to be recognized	¥ 14,228	$ 138,136
Actuarial gains and losses that are yet to be recognized	(22,476)	(218,214)
Other	10	97
Total	¥ (8,238)	$ (79,981)

The breakdown of plan assets by major category as of March 31, 2014 were as follows:

	2014
Bonds	40%
Equity securities	27%
General accounts of the life insurance companies	18%
Other	15%
Total	100%

The major items of actuarial assumptions as of March 31, 2014 were as follows:

	2014
Discount rate	Primarily 1.3%
Long-term expected rate of return	Primarily 1.5%

(Additional information)

Effective from April 1, 2014, the Company and its certain subsidiaries are going to change the content of a part of their funded defined benefit pension plans to cash balance plan.

In connection with this change, according to "Accounting Treatment for Transfer between Retirement Benefit Plans" (ASBJ Guidance No.1 issued on January 31, 2002) and "Practical Solution on Accounting Treatment for Transfer between Retirement Benefit Plans" (ASBJ Practical Issues Task Force (PITF) No.2 issued on February 7, 2007), the retirement benefit obligations for the year ended March 31, 2014 decreased by ¥7,057 million ($68,515 thousand) and the same amount of past service costs was incurred.

11 CONTINGENT LIABILITIES

Contingent liabilities as of March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	2014	2013	2014
Guarantees of loans and similar agreements	¥14,728	¥18,110	$142,990

12 NET ASSETS

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Corporate Law ("the Law"), in cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve, must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets. Legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit or could be capitalized by a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, all additional paid-in capital and legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

Cash dividends charged to retained earnings during the fiscal year are year-end cash dividends for the preceding fiscal year and interim cash dividends for the current fiscal year. At the annual shareholders' meeting held on June 24, 2014, the cash dividends shareholders approved amounting to ¥2,989 million ($29,019 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2014. This type of appropriations is recognized in the period in which they are approved by the shareholders.

13 OTHER INCOME / (EXPENSES)

The components of "Other, net" in Other income/(expenses) in the consolidated statements of income for the years ended March 31, 2014 and 2013 were comprised as follows:

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31	2014	2013	2014
Gain on sale of investment in affiliates, net	¥ —	¥ 9,574	$ —
Loss on retirement and sale of property, plant and equipment, net	(4,230)	(2,825)	(41,068)
Rental income	2,910	2,088	28,252
Loss on sale of receivables	(972)	(813)	(9,437)
Loss on impairment of long-lived assets	(2,754)	(2,795)	(26,738)
Foreign exchange gain/(loss)	(42,215)	(19,538)	(409,854)
Government subsidy	—	2,746	—
Subsidy income(*1)	224	—	2,175
Compensation received for the exercise of eminent domain	123	104	1,194
Reserve for loss from business of affiliates(*2)	(36,616)	—	(355,495)
Reserve for environment measures	(8)	(60)	(78)
Business restructuring costs(*3)	—	(1,212)	—
Other	(722)	(1,080)	(7,009)
Total	¥(84,260)	¥(13,811)	$(818,058)

(*1) Restoration and construction subsidy for facilities and equipment of small and medium enterprises in Fukushima prefecture, which was granted to our consolidated subsidiary, affected by the Great East Japan Earthquake.
(*2) Reserve for loss related to the losses of domestic and foreign subsidiaries' and affiliates' businesses.
(*3) Retirement benefits in some foreign consolidated subsidiaries and compensation payments to some dealers to implement structural reforms.

14 INCOME TAXES

The effective tax rate reflected in the consolidated statements of income for the years ended March 31, 2014 and 2013 differs from the statutory tax rate for the following reasons.

For the years ended March 31	2014	2013
Statutory tax rate	37.8 %	37.8%
Valuation allowance	(74.3)	(31.3)
Equity in net income of affiliated companies	(3.8)	(9.7)
Effect of adjustment of gain on sales of stock for subsidiaries and affiliates	—	17.1
Decrease in deferred tax assets at end of year due to the change in tax rate	3.5	—
Other	(0.2)	(2.1)
Effective tax rate	(37.0)%	11.8%

Deferred tax assets and liabilities reflect the estimated tax effects of loss carryforwards and accumulated temporary differences between assets and liabilities for financial accounting purposes and those for tax purposes. The significant components of deferred tax assets and liabilities as of March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	2014	2013	2014
Deferred tax assets:			
Allowance for doubtful receivables	¥ 1,226	¥ 1,528	$ 11,903
Employees' severance and retirement benefits	—	23,417	—
Liability for retirement benefits	24,034	—	233,340
Loss on impairment of long-lived assets	4,539	5,308	44,068
Accrued bonuses and other reserves	33,734	19,226	327,515
Inventory valuation	5,659	6,613	54,942
Valuation loss on investment securities, etc.	1,405	1,399	13,641
Deferred gains/(losses) on hedges	672	9,043	6,524
Net operating loss carryforwards	88,189	119,359	856,204
Other	36,770	46,082	356,990
Total gross deferred tax assets	196,228	231,975	1,905,127
Less valuation allowance	(84,089)	(162,737)	(816,398)
Total deferred tax assets	112,139	69,238	1,088,729
Deferred tax liabilities:			
Asset retirement cost corresponding to asset retirement obligations, and others	(5,841)	(7,050)	(56,709)
Net deferred tax assets	¥106,298	¥ 62,188	$1,032,020

The net deferred tax assets are included in the following accounts in the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
As of March 31	2014	2013	2014
Current assets—Deferred tax assets	¥ 54,897	¥59,999	$ 532,981
Investments and other assets—Deferred tax assets	54,189	5,155	526,107
Current liabilities—Other current liabilities	(59)	(38)	(573)
Long-term liabilities—Other long-term liabilities	(2,729)	(2,928)	(26,495)
Net deferred tax assets	¥106,298	¥62,188	$1,032,020

(Additional Information)
(Adjustment of deferred tax assets and liabilities for enacted changes in tax laws and rates)
On March 31, 2014, "Partial Amendment of the Income Tax Act, etc." (Act No.10, 2014) was enacted into law. As a result of the amendment, special corporate tax for reconstruction will be abolished from the fiscal year commencing on or after April 1, 2014. Based on this amendment, the statutory income tax rates, which the Domestic Companies have utilized for the measurement of deferred tax assets and liabilities for the year ended March 31, 2014, has been changed from the previous 37.8% to 35.4% for the temporary differences expected to be reversed in the year beginning April 1, 2014.

Due to this change in statutory income tax rates, net deferred tax assets decreased by ¥3,494 million ($33,922 thousand) as of March 31, 2014 and deferred income tax expense recognized for the year ended March 31, 2014 increased by ¥3,449 million ($33,485 thousand). Furthermore, deferred gains/(losses) on hedges in accumulated other comprehensive income decreased by ¥45 million ($437 thousand) as of March 31, 2014.

15 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The Group uses forward foreign exchange contracts as derivative financial instruments only for the purpose of mitigating future risks of fluctuations in foreign currency exchange rates. Also, only for the purpose of mitigating future risks of fluctuations in interest rates with respect to borrowings, the Group uses interest rate swap contracts.

Forward foreign exchange contracts are subject to risks of foreign exchange rate changes. Also, interest rate swap contracts are subject to risks of interest rate changes.

Use of derivatives to manage these risks could result in the risk of a counterparty defaulting on a derivative contract. However, the Company believes that the risk of a counterparty defaulting is minimum since the Group uses only highly credible financial institutions as counterparties.

Derivative transactions are conducted in compliance with internal control rules and procedures that prescribe transaction authority. The policies for derivative transactions of the Group are approved by the Company's President or Financial Officer. Transactions are approved in advance by either the Company's Financial Services Division General Manager or Treasury Department General Manager. Based on these approvals, the Treasury Department conducts and books the transactions as well as confirms the balance between the counterparty of the derivatives contract. The operation of the transaction is segregated from its clerical administration, in order to maintain internal check within the Treasury Department, and is audited periodically by the Global Auditing Department. Derivative transactions are reported, upon execution, to the Company's Financial Officer, Financial Services Division General Manager, and Treasury Department General Manager. The consolidated subsidiaries also follow internal control rules and procedures pursuant to those of the Company, obtain approval of the Company, and conduct and manage the transactions according to the approval.

The following summarizes hedging derivative financial instruments used by the Group and items hedged:

Hedging instruments:	Hedged items:
Forward foreign exchange contracts	Foreign currency-denominated transactions planned in the future
Interest rate swap contracts	Interest on borrowings

The following tables summarize fair value information as of March 31, 2014 and 2013 of derivative transactions for which hedge accounting has not been applied:

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2014	Contract amount	Estimated fair value	Difference	Contract amount	Estimated fair value	Difference
Forward foreign exchange contracts:						
Sell:						
U.S. dollar	¥20,682	¥ (921)	¥ (921)	$200,796	$ (8,941)	$ (8,941)
Euro	2,002	(121)	(121)	19,437	(1,175)	(1,175)
Canadian dollar	5,200	80	80	50,485	777	777
Australian dollar	9,725	(260)	(260)	94,417	(2,524)	(2,524)
Sterling pound	955	(73)	(73)	9,272	(709)	(709)
Russian ruble	7,279	282	282	70,670	2,738	2,738
Buy:						
U.S. dollar	355	6	6	3,447	58	58
Australian dollar	1,380	(110)	(110)	13,398	(1,068)	(1,068)
Thai baht	2,468	71	71	23,961	689	689
Total	¥50,046	¥(1,046)	¥(1,046)	$485,883	$(10,155)	$(10,155)

As of March 31, 2013	Millions of yen Contract amount	Estimated fair value	Difference
Forward foreign exchange contracts:			
Sell:			
U.S. dollar	¥ 57,313	¥ (8,925)	¥ (8,925)
Euro	663	(61)	(61)
Canadian dollar	19,676	(2,642)	(2,642)
Australian dollar	27,725	(3,546)	(3,546)
Sterling pound	439	11	11
Russian ruble	13,205	(1,058)	(1,058)
Buy:			
U.S. dollar	3,112	1	1
Australian dollar	4,252	(38)	(38)
Thai baht	2,507	700	700
Japanese yen	4,889	(382)	(382)
Total	¥133,781	¥(15,940)	¥(15,940)

For forward foreign exchange contracts, fair values at year-end are estimated based on prevailing forward exchange rates at that date.

The following tables summarize fair value information as of March 31, 2014 and 2013 of derivative transactions for which hedge accounting has been applied:

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2014	Contract amount	Thereof due after 1 year	Estimated fair value	Contract amount	Thereof due after 1 year	Estimated fair value
Interest rate swaps:						
On long-term loans payable:						
Where certain hedging criteria are met (*1)	¥ 23,500	¥17,900	¥ —	$ 228,155	$173,786	$ —
Forward foreign exchange contracts:						
Sell:						
U.S. dollar	68,084	—	(297)	661,010	—	(2,885)
Euro	39,616	—	(706)	384,621	—	(6,854)
Canadian dollar	24,058	—	380	233,573	—	3,689
Australian dollar	37,540	—	(1,190)	364,466	—	(11,553)
Sterling pound	15,722	—	(354)	152,641	—	(3,437)
Russia ruble	6,207	—	163	60,262	—	1,583
Buy:						
Thai baht	6,853	—	101	66,534	—	981
Total	¥221,580	¥17,900	¥(1,903)	$2,151,262	$173,786	$(18,476)

As of March 31, 2013	Millions of yen Contract amount	Thereof due after 1 year	Estimated fair value
Interest rate swaps:			
On long-term loans payable:			
Where certain hedging criteria are met (*1)	¥ 37,200	¥22,500	¥ —
Forward foreign exchange contracts:			
Sell:			
U.S. dollar	161,839	—	(11,228)
Euro	118,088	—	(4,239)
Canadian dollar	23,904	—	(2,007)
Australian dollar	98,444	—	(5,875)
Sterling pound	13,799	—	(487)
Swiss franc	1,952	—	(131)
Russia ruble	13,613	—	(473)
Buy:			
U.S. dollar	6,998	—	(146)
Thai baht	8,059	—	561
Total	¥483,896	¥22,500	¥(24,025)

(*1) The fair value of these interest rate swaps are, in effect, included in and presented with that of the hedged item long-term loans payable. For details, refer to Note 4, "Financial Instruments."

16 LEASES

The amount of future minimum lease payments under non-cancellable operating leases as of March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	2014	2013	2014
Current portion	¥ 3,748	¥ 3,673	$ 36,388
Non-current portion	33,599	36,020	326,204
Total	¥37,347	¥39,693	$362,592

17 SEGMENT INFORMATION

Overview of reportable segments

The reportable segments of the Company consist of business components for which separate financial statements are available. The reportable segments are the subject of periodical review by Board of Directors meetings for the purpose of making decisions on the distribution of corporate resources and evaluating business performance.

The Company is primarily engaged in the manufacture and sale of passenger and commercial vehicles. Businesses in Japan are managed by the Company. Businesses in North America are managed by Mazda Motor of America, Inc. and the Company. And businesses in Europe are managed by Mazda Motor Europe GmbH and the Company. Areas other than Japan, North America and Europe are defined as Other areas. Business deployment in countries in Other areas are managed in an integrated manner by the Company as one management unit. Accordingly, the Company consists of regional segments based on a system of managing production and sale. As such, Japan, North America, Europe, and Other areas are designated as four reportable segments.

Net sales, income or loss, and assets by reportable segments for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen						
	Reportable segments						
For the year ended March 31, 2014	Japan	North America	Europe	Other areas	Total	Adjustment (*1)	Consolidated (*2)
Net sales:							
Outside customers	¥ 925,638	¥832,105	¥529,100	¥405,395	¥2,692,238	¥ —	¥2,692,238
Inter-segment	1,337,632	11,529	11,432	8,794	1,369,387	(1,369,387)	—
Total	2,263,270	843,634	540,532	414,189	4,061,625	(1,369,387)	2,692,238
Segment income/(loss)	173,500	1,324	8,466	5,803	189,093	(6,972)	182,121
Segment assets	1,791,383	406,254	195,196	195,481	2,588,314	(342,278)	2,246,036
Other items:							
Depreciation and amortization	50,543	2,694	3,282	1,109	57,628	—	57,628
Amortization of goodwill	28	—	—	—	28	—	28
Investments in affiliated companies	17,005	42,473	3,748	70,993	134,219	—	134,219
Increase in property, plant and equipment and intangible assets	70,302	54,394	1,519	7,001	133,216	—	133,216

	Thousands of U.S. dollars						
	Reportable segments						
For the year ended March 31, 2014	Japan	North America	Europe	Other areas	Total	Adjustment (*1)	Consolidated (*2)
Net sales:							
Outside customers	$ 8,986,777	$8,078,689	$5,136,893	$3,935,874	$26,138,233	$ —	$26,138,233
Inter-segment	12,986,718	111,932	110,990	85,379	13,295,019	(13,295,019)	—
Total	21,973,495	8,190,621	5,247,883	4,021,253	39,433,252	(13,295,019)	26,138,233
Segment income/(loss)	1,684,466	12,854	82,194	56,340	1,835,854	(67,689)	1,768,165
Segment assets	17,392,068	3,944,214	1,895,107	1,897,874	25,129,263	(3,323,087)	21,806,176
Other items:							
Depreciation and amortization	490,709	26,155	31,864	10,767	559,495	—	559,495
Amortization of goodwill	272	—	—	—	272	—	272
Investments in affiliated companies	165,097	412,359	36,388	689,252	1,303,096	—	1,303,096
Increase in property, plant and equipment and intangible assets	682,544	528,097	14,747	67,971	1,293,359	—	1,293,359

For the year ended March 31, 2013	Millions of yen						
	Reportable segments						
	Japan	North America	Europe	Other areas	Total	Adjustment (*1)	Consolidated (*2)
Net sales:							
Outside customers	¥ 795,919	¥647,382	¥344,434	¥417,535	¥2,205,270	¥ —	¥2,205,270
Inter-segment	1,097,663	2,598	10,348	1,123	1,111,732	(1,111,732)	—
Total	1,893,582	649,980	354,782	418,658	3,317,002	(1,111,732)	2,205,270
Segment income/(loss)	108,389	(48,877)	3,122	16,839	79,473	(25,537)	53,936
Segment assets	1,775,831	309,211	162,047	176,543	2,423,632	(445,065)	1,978,567
Other items:							
Depreciation and amortization	55,899	847	2,220	748	59,714	—	59,714
Amortization of goodwill	14	226	—	—	240	—	240
Investments in affiliated companies	15,573	35,635	2,280	55,558	109,046	—	109,046
Increase in property, plant and equipment and intangible assets	56,043	19,520	633	994	77,190	—	77,190

(*1) Notes on adjustment:
(1) The adjustment on segment income/(loss) are eliminations of inter-segment transactions.
(2) The adjustment on segment assets are mainly eliminations of inter-segment receivables and payables.
(*2) Segment income/(loss) is reconciled with the operating income/(loss) in the consolidated statements of income for the years ended March 31, 2014 and 2013.
Segment assets are reconciled with the total assets in the consolidated balance sheets for the years ended March 31, 2014 and 2013.

Information by geographic areas

The sales information by geographic areas as of March 31, 2014 and 2013 were as follows:

For the years ended March 31	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars 2014
Japan	¥ 655,716	¥ 588,042	$ 6,366,175
North America	834,803	651,165	8,104,883
Europe	534,937	347,918	5,193,563
Other areas	666,782	618,145	6,473,612
Total	¥2,692,238	¥2,205,270	$26,138,233

Sales is categorized into the countries or regions based on the customers' locations.

18 RELATED PARTY TRANSACTIONS

There were no transactions with related parties to be disclosed during the years ended March 31, 2014 and 2013.

19 NOTES TO MATERIAL SUBSEQUENT EVENT

(Consolidation of shares)

At the Company's Board of Directors meeting on February 5, 2014, it resolved to submit a proposal for the consolidation of shares (at a rate of one share for every five shares), a change in the number of shares per share unit (from 1,000 shares to 100 shares), and a change in the total number of shares that may be issued (from 6 billion shares to 1.2 billion shares) to the Company's 148th ordinary general meeting of shareholders held on June 24, 2014. And its proposal was approved at the shareholders' meeting.

1. Purpose of consolidation of shares

Under their "Action Plan for Consolidating Trading Units", Japan's stock exchanges, including the Tokyo Stock Exchange, seek to standardize the stock trading units of listed domestic corporations at 100 shares. As a listed corporation, the Company respects the purport of this plan and is going to change its shares per share unit to 100 shares. The Company is also going to consolidate five shares into one share in order to achieve an investment unit deemed desirable by Japan's stock exchanges (50,000 yen or more and less than 500,000 yen) after the change in the share unit. Through the consolidation of shares, the Company would also like to make its total number of outstanding shares more appropriate relative to its market capitalization in comparison with other corporations in the same industry or of approximately the same size listed on the Tokyo Stock Exchange (first section).

2. Details of consolidation

(i) Class of stock to be consolidated: Common stock

(ii) Consolidation plan and ratio: Consolidates every five shares to one share on August 1, 2014 by the number of shares held by shareholders listed in the Register of Shareholders as of the end of the day on July 31, 2014

(iii) Decrease in number of shares due to consolidation:

Number of outstanding shares before consolidation (as of March 31, 2014)	2,999,377,399 shares
Decrease in number of shares after consolidation	2,399,501,920 shares
Number of outstanding shares after consolidation	599,875,479 shares

Note: "Decrease in number of shares after consolidation" and "Number of outstanding shares after consolidation" are theoretical values calculated based on the number of outstanding shares before consolidation and the consolidation ratio.

(iv) Handling of fractional shares:

If a fraction of less than one share is created due to the consolidation of shares, such fractional shares will be sold together in accordance with Article 235 of the Companies Act, and the proceeds will be distributed to shareholders who held the fractional shares in proportion to the number of fractional shares they held.

3. Scheduled effective date of consolidation of shares

August 1, 2014

4. Impact on net income and net assets per share

Net income and net assets per share for the years ended March 31, 2014 and 2013 assuming that consolidation of shares had been carried out at the beginning of the year ended March 31, 2013 are as follows:

	Yen		U.S. dollars
	2014	2013	2014
Net income per share of common stock	¥ 226.99	¥ 57.38	$ 2.20
Net assets per share of common stock	1,105.21	830.18	10.73

Note: For the years ended March 31, 2014 and 2013, only information on net income per share of common stock is provided without information on diluted net income per share of common stock to reflect the diluting effect, because there were no dilutive potential common stocks for the year ended March 31, 2014 and there were no dilutive potential common stocks that have dilutive effects for the year ended March 31, 2013.

Independent Auditor's Report

KPMG

To the Board of Directors of Mazda Motor Corporation:

We have audited the accompanying consolidated financial statements of Mazda Motor Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2014, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mazda Motor Corporation and its consolidated subsidiaries as at March 31, 2014, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2014 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

June 24, 2014
Hiroshima, Japan

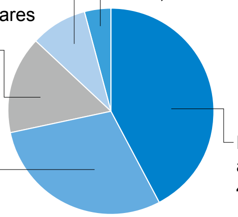
Stock Information

(As of March 31, 2014)

Authorized:	6,000,000,000 shares*
Issued:	2,999,377,399 shares*
Number of shareholders:	117,187
Listing:	Tokyo Stock Exchange, First Section
Code:	7261
Fiscal year-end:	March 31
Transfer agent:	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

* Following the partial revision of the Articles of Incorporation and stock consolidation implemented on August 1, 2014, the total number of authorized shares is 1,200,000,000, and the total number of shares issued 599,875,479.

BREAKDOWN OF SHAREHOLDERS



MAJOR SHAREHOLDERS

Shareholder	No. of shares owned (Thousands)	Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust)	195,951	6.6%
The Master Trust Bank of Japan, Ltd. (Trust)	154,239	5.2%
Sumitomo Mitsui Banking Corporation	64,287	2.2%
Ford Motor Company Account for Mazda Securities	62,313	2.1%
Sumitomo Corporation	53,409	1.8%
Northern Trust Co. (AVFC) Re 15PCT Treaty Account	49,903	1.7%
State Street Bank and Trust Company 505225	44,396	1.5%
Mitsui Sumitomo Insurance Company, Limited	40,683	1.4%
SAJAP	35,525	1.2%
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	31,769	1.1%

Note: Treasury stock of 10,207,325 shares is excluded in the calculation of the ratio.

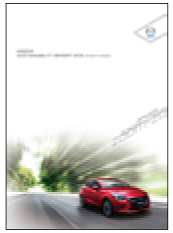
Corporate Data

(As of March 31, 2014)

Name:	Mazda Motor Corporation
Founded:	January 1920
Capital:	¥259.0 billion
Number of employees:	40,892 (consolidated)
Head office:	3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima 730-8670, Japan Phone: +81 (82) 282-1111
Main business lines:	Manufacture and sales of passenger cars and commercial vehicles
Research and development sites:	Head Office, Mazda R&D Center (Yokohama), Mazda North American Operations (USA), Mazda Motor Europe (Germany), China Engineering Support Center (China)
Production sites:	Japan: Hiroshima Plant (Head Office, Ujina), Hofu Plant (Nishinoura, Nakanoseki), Miyoshi Plant Overseas: China, Thailand, Mexico*1, United States*2, Colombia*3, Zimbabwe, South Africa, Ecuador, Taiwan*4, Vietnam*4, Malaysia*5, Russia*5
Sales companies:	Japan: 251, Overseas: 141 (As of December 31, 2013)
Principal products:	Four-wheeled vehicles, gasoline reciprocating engines, diesel engines, rotary engines, automatic and manual transmissions for vehicles

*1. Started operations in January 2014
*2. Ended Mazda6 production in August 2012
*3. Ended Mazda automobile production at end of April 2014
*4. Some models are not produced but assembled locally. (Volume is not disclosed.)
*5. Assembly only. (Volume is not disclosed.)

INTRODUCTION TO OTHER TOOLS



Mazda Sustainability Report 2014
a compilation of Mazda's CSR Activities
http://www.mazda.com/csr/download/
* To be published at the end of September 2014.

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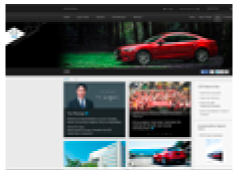
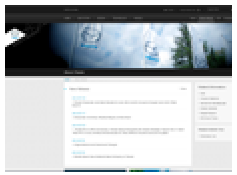


CSR
Includes environmental protection, social contributions, approaches to safety
http://www.mazda.com/csr/



About Mazda
Includes Mazda Vision, Company profile, recruitment information
http://www.mazda.com/about/

FOR REQUESTS AND INQUIRIES

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Mazda Motor Corporation

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