

To Whom It May Concern

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**Mazda Motor Corporation**

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Occurrence of a matter which has an impact on the financial result

Although Mazda Motor Corporation has been continuously endeavoring to improve and enhance its internal control, a recent internal investigation has revealed that transactions which constitute violations of internal rules were engaged in by relevant individuals of Mazda's Domestic Business Division and its dealers, and Mazda incurs additional income taxes bearing. We hereby report the outline of the matter as follows:

1. Outline of Transactions

Mazda bears a part of the expenses incurred for sales promotion activities conducted by its dealers, such as, newspaper ads, leaflets, exhibitions, etc. Recent internal investigation has revealed considerable number of acts that constitute violations of internal rules in such transactions, that is, payments for purposes other than those that were approved at MC and a lack of evidential documents on which payments were made. Mazda has learned that, during these transactions, there were problems in terms of internal control and income tax filing and asked outside organizations to investigate the matter in addition to our internal investigation, to ensure all necessary investigations were carried out. As a result of the investigations, it was reported by the outside organizations that such payments were made as sales promotion expenses but constituted violations of internal rules. The investigations have not revealed any vicious illegal acts, such as personal embezzlement of expenses or creation of underground funds.

2. Impacts on the Consolidated and the Unconsolidated Financial Statements

While the payments were made as sales promotion expenses at dealers, the documentation was either inappropriate or partially incomplete and under such circumstances, such expenses are not deductible for the purpose of income tax filing. As a result, Mazda has recognized the expected additional taxes for the past fiscal years of 3.2 billion yen as prior year income taxes in the consolidated and the unconsolidated financial statements of income for the year ended March 31, 2007.

3. Countermeasures in the future

Mazda realizes that these transactions were ascribed to a lack of understanding of internal rules as well as a lack of compliance awareness among the relevant individuals of its Domestic Business Division and its dealers and it is necessary to further enhance its internal control. Based on this recognition, Mazda is committed to urgently establish appropriate systems to prevent the re-occurrence of inappropriate transactions.