Consolidated Financial Results for the First Half of FY2000

(April 1, 2000 through September 30, 2000)

November 17, 2000

Mazda Motor Corporation

Code No: 7261 Listed in : Tokyo, Osaka, Nagoya, Fukuoka, Kyoto and Sapporo Stock Exchanges
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Meeting of the Board of Directors for Consolidated Account Settlement: November 17, 2000

1. Consolidated Financial Highlights (April 1, 2000 through September 30, 2000)

(1) Consolidated Financial Results

(in Japanese yen rounded to millions, except amounts per share)

	Sales	Operating (Loss)/Income	Ordinary (Loss)/Income
	million yen	million yen	million yen
FY2000 1st. Half	1,006,112	(4,707)	(16,666)
FY1999	2,161,572	25,111	6,188

	Net (Loss)/Income	Net (Loss)/Income per Share	Net (Loss)/Income per Share (Diluted)
	million yen	yen	yen
FY2000 1st. Half	(9,594)	(7.85)	—
FY1999	26,155	21.39	—

Notes:

① Equity in income of unconsolidated subsidiaries and affiliates accounted for by the equity method: FY2000 1st. half 2,126 million yen; FY1999 2,016 million yen

② Net gains/losses from valuation of derivative instruments: - million yen

③ Accounting policy changes: None

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio	Equity per Share
	million yen	million yen	%	Yen
FY2000 1st. Half	1,354,674	177,813	13.1	145.45
FY1999	1,469,533	245,709	16.7	200.98

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Ending Cash & Cash Equivalents
	million yen	million yen	million yen	million yen
FY2000 1st. Half	22,681	(6,761)	(42,282)	207,966
FY1999	117,959	8,679	(101,438)	233,593

(4) Scope of Consolidation and Equity Method

Consolidated subsidiaries	96 companies
Non-consolidated subsidiaries accounted for by the equity method	39 companies
Affiliates accounted for by the equity method	28 companies

(5) Changes in Scope of Consolidation and Equity Method

Consolidation	(Addition)	5 companies	Equity method	(Addition)	0 companies
	(Exclusion)	4 companies		(Exclusion)	4 companies

2. FY2000 Full Year Consolidated Financial Forecast (April 1, 2000 through March 31, 2001)

	Net Sales	Ordinary (Loss)/Income	Net (Loss)/Income
	million yen	million yen	million yen
Full Year	2,100,000	(42,000)	(49,500)

Reference: Net (loss)/income per share for the full year (40.49) yen

Supplementary Information

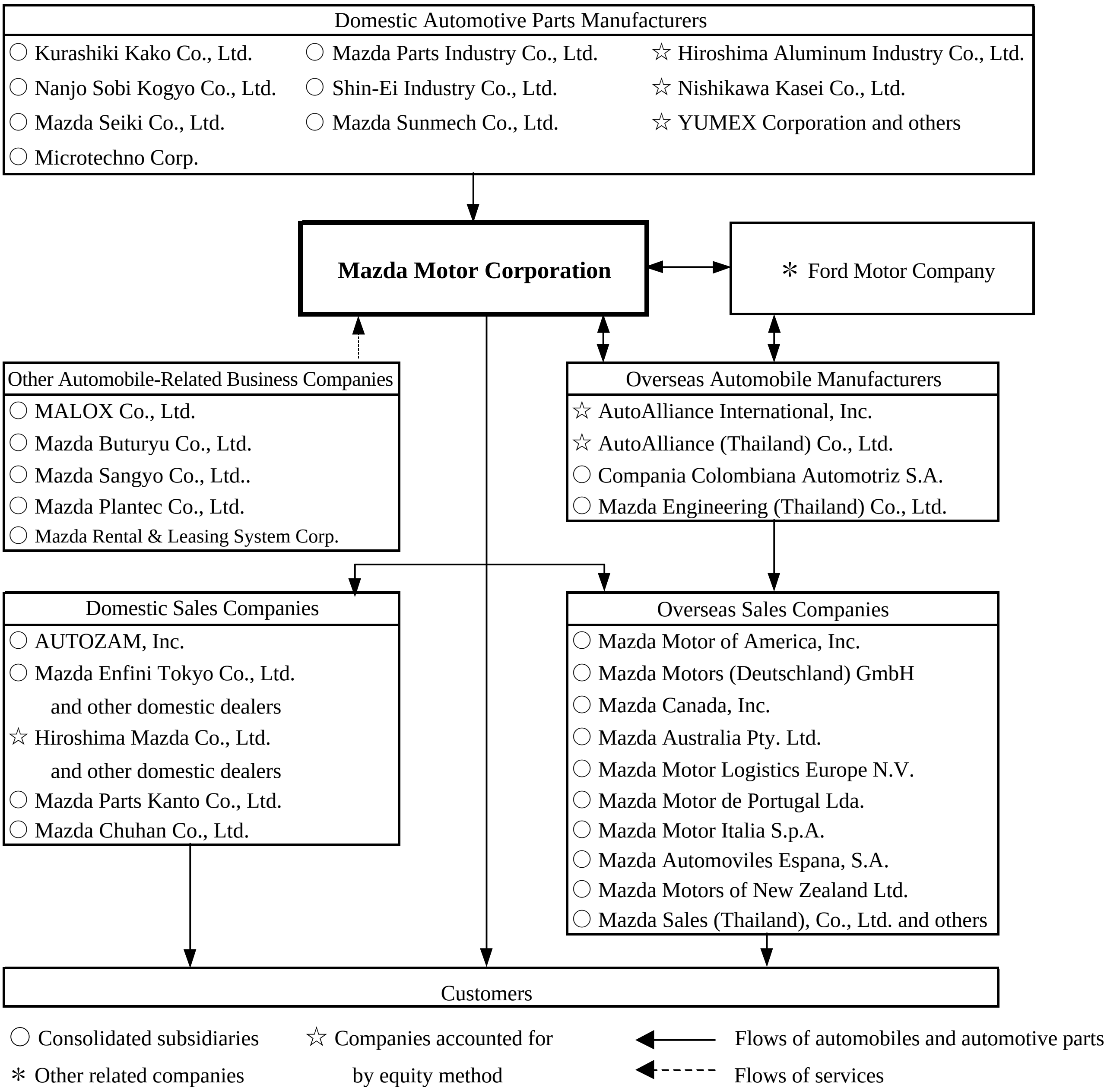
1. Mazda Group of Companies

Mazda group of companies consists of 96 consolidated subsidiaries and 67 equity method-applied companies and is mainly engaged in the manufacturing and sales of automobiles and automotive parts as well as other automobile-related businesses.

In Japan, Mazda Motor Corporation manufactures automobiles; Kurashiki Kako Co., Ltd. and other companies manufacture automotive parts. In overseas, AutoAlliance International, Inc. and other companies manufacture automobiles and automotive parts. The automobiles and automotive parts manufactured by our group of companies are sold to our customers by our sales companies. In Japan, AUTOZAM, Inc., Mazda Enfini Tokyo Co., Ltd. and other companies sell our automobiles and automotive parts to customers. To certain corporate customers, Mazda Motor Corporation directly sells our automobiles. In overseas, Mazda Motor of America, Inc., Mazda Motors (Deutschland) GmbH and other companies sell our automobiles and automotive parts to customers.

In addition, Mazda Motor Corporation, having an equity relationship with Ford Motor Company, has expanded its relationship with Ford to a strategic cooperative relationship on a global scale.

The following diagram approximately illustrates the roles of Mazda Motor Corporation and its main related companies in conducting our business:



Note: None of the consolidated subsidiaries is listed at a stock exchange in Japan.

2. Management Policy

1) Our Corporate Vision, Mission and Value

At Mazda Motor Corporation, our corporate vision is as follows: “To create new value, excite and delight customers through the best automotive products and services.” We believe that achieving this vision will lead to increased shareholder value. We also believe that it will increase the value of association with the corporation to the team of our employees.

Based on this vision, our corporate mission is as follows: “With passion, pride and speed, we actively communicate with our customers to deliver insightful automotive products and services that exceed their expectations.”

Under this mission, we work hard to create the following three types of values:

a) We value integrity, customer focus, creativity, efficient and nimble actions and respect highly motivated people and team spirit.

b) We positively support environmental matters, safety and society.

c) Guided by these values, we provide superior rewards to all people associated with Mazda.

2) Our Policy on Distribution of Earnings

Our policy on distribution of earnings is to declare dividends by carefully considering each fiscal year’s financial results and business environment. We work hard to provide our stockholders with dividends on a stable basis. Also, our policy on earnings retained in the company is to utilize the financial resources in order to enhance our business competitiveness, e.g., capital investments in facilities and equipment and investments in research and development.

3) Our Challenges

Japan's economy is expected to continue its weak recovery. Global economic performance is expected to be relatively strong, although the largest economy, the U.S., should experience slower growth.

The competitive environment in the automotive industry will only become more intense as competitors aggressively introduce new products in major markets worldwide. Social and governmental pressures will increase on vehicle manufacturers to design and produce vehicles that are environmentally friendly and fuel efficient, without sacrificing the performance that customers worldwide have come to expect and demand.

Exports from Japan will continue to be under pressure because of the strong yen, particularly to Europe in the near term.

Mazda has made tremendous progress over the past several years in restructuring and reforming the company. A global brand strategy and supporting product philosophy have been implemented. Exciting new products have been launched, with recent products incorporating Mazda's brand "DNA" performing strongly in the market place. Distribution has been strengthened, particularly in Japan. The cost structure has been improved and net debt reduced significantly. Exchange rate exposure has been reduced through production in Thailand, increased production in the U.S., and a higher level of imported parts for use in Japan production. Subsidiary reform has progressed faster than planned. The local supply based has been strengthened through increased ties with large Japanese and overseas suppliers, as well as capacity rationalization. Innovative personnel policies have been implemented in Japan to fully harness the capabilities of all our employees. And the global partnership with Ford has deepened.

Nonetheless, more is required to ensure Mazda will be a strong, successful, and profitable competitor in the years ahead.

To that end, a comprehensive plan has been developed to address the issues and challenges facing Mazda. This includes actions to clarify and strengthen Mazda's role in the Ford group, accelerated and additional restructuring initiatives, substantial growth between now and FY2004, and further plans to improve the performance and motivation of our workforce.

Over the next four years, Mazda plans to introduce a large number of new and freshened models and derivatives that fully embody our brand DNA. We will further strengthen our distribution worldwide and launch new initiatives to improve customer satisfaction at a pace that exceeds competition. We also will aggressively use the internet in all areas of our business.

Our restructuring actions include realigning our capacity in Japan, establishing local production in Europe with Ford, further increasing our imported parts into Japan, and reducing our indirect personnel by 18% by the end of the fiscal term. As we reduce our levels of indirect employees, we will eliminate management layers, cut out bureaucracy, and improve our response time. At the same time, we will implement soon a number of new personnel policies to strengthen the motivation and performance of our employees and make Mazda a preferred employer for the best and brightest people available.

Mazda is an indispensable part of the Ford group. We, with Ford, are taking steps to strengthen our long-standing and global relationship. Mazda is a distinctive, global, Japanese brand, unlike any other in the Ford group. Our efforts to strengthen the Mazda brand identity and fully deliver the Mazda DNA in all of our new products will attract new and incremental customers to the Ford group.

Mazda has been designated the global center of excellence for engineering large I4 engines for the Ford group. We also will be the global center of excellence for developing front-wheel-drive, mid-sized vehicle architectures for Ford. Mazda will continue to be a full partner with Ford in technology development. And we are deepening our cooperation in other areas of the business such as distribution, logistics, and e-business.

A number of the actions we plan to take are difficult, but in the judgment of management, necessary to ensure the future success of the Company. The restructuring actions will have an adverse impact on profits in the present fiscal year, but they will leave the Company better positioned to compete next year and the years beyond.

3. Financial Results and Projection

1) Financial Results*[1]

During the First Half of the fiscal year (April 1 through September 30, 2000), the Japanese economy showed signs of a self-sustaining recovery, thanks to the government's economic stimulus packages. The rate of growth, however, remained low. In the United States, economic expansion continued, although evidence emerged that a slowdown has begun in response to the Federal Reserve's tight monetary policy actions. Growth in Europe's economy continued, while in Asia, most countries remained on the path of recovery.

In the First Half, automotive sales in Japan, including micro-mini vehicles, totaled 2.82 million units, up 1.4% compared with the same period a year ago. The growth reflected in part the impact of new products introduced by Japan's car makers. Vehicle exports, at 2.26 million units, increased by 6.8%, as North America and Asian markets continued to be robust.

Industry sales continued at strong levels in our major overseas markets, with sales up 6% in the U.S. and up 3% in Europe in the first half of the calendar year. Industry sales in Germany, however, Mazda's largest market in Europe, were down 10.2%.

In the First Half, Mazda focused on initiatives to further improve customer satisfaction worldwide, consistent with our vision "To create new value, excite and delight our customers through the best automotive products and service." We also continued to promote intensely and on a consistent basis in all areas of our business our brand strategy of "New Ideas That Stir Your Emotions." This included new initiatives in the domestic and major overseas markets to better align the sales and service experiences at the dealership level with our brand strategy.

On the environmental front, Mazda was awarded the ISO 14001 (commonly known as the environmental ISO) certification for our Head Office in Hiroshima, the Hiroshima Plant, and the Miyoshi Office. With this, we have successfully obtained this certification for all of our domestic production bases.

In the Japanese market, the restructuring of our subsidiary companies continued to make good progress. Our domestic dealers improved their operating efficiency and profitability substantially compared with the year ago period.

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*[1] The consolidated financial information of the prior year's first half is unaudited.

Mazda accelerated the use and integration of the internet as a business tool to improve our operating efficiency and to understand and communicate better with our customers. In Japan, for example, our homepage provides price estimates for new cars and offers a search service for used cars. Our Purchasing activity held for the first time an internet "auction" for several commodities, achieving impressive cost savings. Mazda created an e-Business Enabling Office to lead and coordinate our Corporate internet strategy and, importantly, to liaise closely with our partner, Ford Motor Company, on fast-changing developments in the world of e-business.

We continued to work domestically, as well as in the U.S., Europe, and other overseas markets, to strengthen our distribution capabilities.

At AutoAlliance Thailand, our joint venture assembly plant with Ford, cumulative production of compact pickup trucks assembled in the facility surpassed 100,000 units, and the venture became the leading vehicle exporter from Thailand in May, July and August.

Several significant new products were introduced in the First Half of the year. We launched a full model change of the medium-heavy truck, "Titan". It offers a modern cabin as well as a comfortable driving environment, improved carrying capacity, and ease of loading and unloading. Primarily directed at the Japanese market, the "Titan" represents a major commitment by Mazda to the commercial vehicle segment and substantially strengthened our competitiveness in that part of the market.

In addition, we made major changes to the "Millenia", a high-grade sports sedan, and to the "Roadster", the world's best-selling, two-seat, roadster. Both products received exterior and interior freshenings, as well as improved driving performance. New models also were added to the "MPV" and "Demio" carlines. Regarding the latter, we started sales of a 1.3-engine model that meets emissions standards to reduce exhaust emissions by 50%. Sales also were initiated of a "Demio" CNG-fueled car.

In the First Half, Mazda launched a major initiative, called Mazda Business Leadership Development, involving initially over 10,000 of our employees in Japan. This is a comprehensive training and communication program with the objective of bringing a deeper level of understanding and knowledge to our employees of the challenges facing the company, the business structure and fundamentals of Mazda, and the need for change. It also is a forum to capture the energy, creativity, and ideas of our workforce to improve our bottom line through revenue opportunities and operating efficiencies.

Mazda's sales in the Japanese market in the First Half totaled 166,638 units, up 2% compared with the same period a year ago, reflecting mainly continued robust sales of the “MPV” minivan. Our share of registered vehicles in the domestic market was 6.8%, down 0.2 points from a year ago. Our total share, including micro-mini vehicle, was 5.4%, also down 0.2 points.

Export sales totaled 246,819 units, down 2.8% from the same period of the previous fiscal term. A slowdown in exports to North America and Europe were offset partially by higher exports to Middle East, Africa, Asia and Oceania. Combined domestic and export sales totaled 413,457 units, down 0.9%.

Turning to financial results in the First Half, consolidated sales revenue was ¥1,006.1 billion, down 7.5% from the same period of the previous fiscal term. Net loss was ¥9.5 billion. This was ¥22.7 billion lower than the same period in the previous fiscal term, more than explained by a stronger yen, lower volumes, and higher sales of assets and investment securities at the parent company in the First Half of a year ago. Continued progress on cost reductions and improved subsidiary performance in Japan were partial offsets.

Cash flow was a positive ¥15.9 billion, reflecting management’s continued drive to reduce net debt. Consolidated net debt declined 2.9% compared with March 31, 2000, to ¥521.4 billion.

Unconsolidated sales revenue totaled ¥662.8 billion, down 9.8% from the same period in the previous fiscal term. Net loss was ¥12.7 billion, down ¥16.5 billion. The decline was caused by the same factors that adversely impacted consolidated results.

Cash flow was ¥13.6 billion.

No interim dividends will be declared in the First Half. We offer sincere apologies to our shareholders, and we ask for their understanding in this matter.

2) Financial Projection

As mentioned above, economic conditions globally are generally positive, although the Japanese economy remains sluggish. The yen continues to be stronger than we believe economic fundamentals dictate, particularly versus the Euro and other European currencies. The competitive challenges we face are severe.

To position the company for future success, a mid-term plan has been developed that includes major restructuring actions in the present fiscal year. Those actions, combined with a stronger yen and lower volumes than projected in May 2000, are expected to unfavorably impact our earnings in FY2000, despite continued progress on subsidiary reform and improved operating efficiencies and cost reductions company-wide.

Under these conditions, our projection of financial results for FY2000 (the period from April 1, 2000 to March 31, 2001) is as follows*[2]:

Consolidated:		
Sales volume	1,009 thousand units	(down 0.3% compared to the prior year)
Sales revenue	¥2,100.0 billion	(down 2.8% compared to the prior year)
Ordinary loss	¥42.0 billion	—
Net loss	¥49.5 billion	—
Cash flow	Positive ¥30.0 billion	
Non-consolidated		
Sales volume	859 thousand units	(down 2.3% compared to the prior year)
Sales revenue	¥1,360.0 billion	(down 7.2% compared to the prior year)
Ordinary loss	¥52.0 billion	—
Net loss	¥57.0 billion	—
Cash flow	Positive ¥2.5 billion	

The above projections reflect a yen exchange rate versus the U.S. dollar of ¥107.6 and ¥96.6 versus the Euro. Given our projected net loss for the full year, we do not plan to declare a final dividend for this fiscal year.

*[2] This financial projection is the judgement of our management based on the information presently available. By nature, such financial projection is subject to uncertainty and a risk. Therefore, we advise against making an investment decision by solely relying on this projection. Variables that could affect the actual financial results include, but are not limited to, economic environments related to our business areas and fluctuations in yen-to-dollar and other exchange rates.

4. Consolidated Financial Statements

(1) Consolidated Statement of Income

Six months ended September 30, 2000
With comparative figures for the fiscal year 1999 ended March 31, 2000

(in millions of yen)

		FY2000 1st. Half (Apr. 2000 - Sep. 2000)	FY1999 (Apr. 1999 - Mar. 2000)
Sales	1	**1,006,112**	2,161,572
Costs of sales	2	**780,109**	1,628,814
Gross profit on sales	3	**226,003**	532,758
Selling, general and administrative expenses	4	**230,710**	507,647
Operating (loss)/income	5	**(4,707)**	25,111
Non-operating income			
Interest and dividend income	6	**1,592**	3,994
Profit on sale of marketable securities	7	**—**	1,518
Equity in income of unconsolidated subsidiaries and affiliates	8	**2,126**	2,016
Other	9	**7,079**	16,935
Total	10	**10,797**	24,463
Non-operating expenses			
Interest expense	11	**13,267**	28,698
Amortization of unrecognized net retirement benefit obligation at transition	12	**5,059**	—
Other	13	**4,430**	14,688
Total	14	**22,756**	43,386
Ordinary (loss)/income	15	**(16,666)**	6,188
Extraordinary profits			
Profit on sale of tangible fixed assets	16	**396**	29,821
Profit on sale of investment securities	17	**3,534**	13,660
Other	18	**643**	565
Total	19	**4,573**	44,046
Extraordinary losses			
Loss on retirement of tangible fixed assets	20	**2,507**	6,518
Prior service costs related to the pension plan	21	**—**	3,064
Loss on sale of investment securities	22	**3,841**	4,866
Devaluation of investment securities	23	**1,569**	696
Loss on restructuring of subsidiaries and affiliates	24	**316**	6,523
Investment valuation allowance	25	**—**	657
Other	26	**374**	5,232
Total	27	**8,607**	27,556
(Loss)/Income before income taxes	28	**(20,700)**	22,678
Income taxes (Corporation, inhabitant and enterprise):			
Current	29	**12,706**	9,888
Deferred	30	**(23,656)**	(12,453)
Minority interests of consolidated subsidiaries	31	**(Add) 156**	(Add) 912
Net (loss)/income	32	**(9,594)**	26,155

(2) Consolidated Balance Sheet

September 30, 2000

With comparative figures for March 31, 2000

(in millions of yen)

		FY2000 1st. Half (Sep. 30, 2000)	FY1999 (Mar. 31, 2000)	Increase/ (Decrease)
ASSETS				
Current Assets:				
Cash and time deposits	1	**210,430**	236,746	(26,316)
Trade notes and accounts receivable	2	**129,858**	160,044	(30,186)
Marketable securities	3	**7**	19,663	(19,656)
Inventories	4	**186,976**	179,982	6,994
Deferred tax assets	5	**42,494**	35,520	6,974
Other	6	**35,603**	42,843	(7,240)
Bad debt reserve	7	**(8,742)**	(8,546)	(196)
Total current assets	8	**596,626**	666,252	(69,626)
Fixed Assets:				
Tangible fixed assets:				
Buildings and structures	9	**161,984**	167,901	(5,917)
Machinery and vehicles	10	**130,700**	138,394	(7,694)
Land	11	**230,311**	233,324	(3,013)
Construction in progress	12	**32,028**	27,119	4,909
Other	13	**48,317**	49,571	(1,254)
Total tangible fixed assets	14	**603,340**	616,309	(12,969)
Intangible fixed assets:	15	**10,884**	11,196	(312)
Investments and other fixed assets:				
Investment securities	16	**48,617**	44,590	4,027
Long-term loans receivable	17	**27,495**	27,080	415
Deferred tax assets	18	**50,861**	33,747	17,114
Other	19	**36,633**	36,667	(34)
Bad debt reserve	20	**(18,080)**	(23,515)	5,435
Investment valuation allowance	21	**(1,787)**	(4,827)	3,040
Total investments and other fixed assets	22	**143,739**	113,742	29,997
Total fixed assets	23	**757,963**	741,247	16,716
Deferred assets	24	**85**	46	39
Foreign currency translation adjustments	25	—	61,988	(61,988)
Total Assets	26	**1,354,674**	1,469,533	(114,859)

(in millions of yen)

		FY2000 1st. Half (Sep. 30, 2000)	FY1999 (Mar. 31, 2000)	Increase/ (Decrease)
LIABILITIES				
Current Liabilities:				
Trade notes and accounts payable	1	**157,074**	195,835	(38,761)
Short-term loans payable	2	**404,013**	405,405	(1,392)
Bonds due within one year	3	**25,000**	55,000	(30,000)
Accrued expenses	4	**78,726**	61,185	17,541
Reserve for employees' bonuses	5	**25,381**	24,028	1,353
Reserve for warranty expenses	6	**18,820**	19,968	(1,148)
Other	7	**105,978**	86,624	19,354
Total current liabilities	8	**814,992**	848,045	(33,053)
Fixed Liabilities				
Bonds	9	**111,900**	111,900	—
Long-term loans payable	10	**188,464**	198,305	(9,841)
Reserve for retirement allowances	11	—	33,353	(33,353)
Reserve for retirement benefits	12	**36,688**	—	36,688
Other	13	**18,042**	20,559	(2,517)
Total fixed liabilities	14	**355,094**	364,117	(9,023)
Total Liabilities	15	**1,170,086**	1,212,162	(42,076)
Minority Interests	16	**6,775**	11,662	(4,887)
SHAREHOLDERS' EQUITY				
Capital stock	17	**120,078**	120,078	—
Legal capital surplus	18	**104,216**	104,216	—
Retained earnings	19	**9,374**	21,415	(12,041)
Foreign currency translation adjustments	20	**(55,854)**	—	(55,854)
Treasury stock	21	**(1)**	(0)	(1)
Total shareholders' equity	22	**177,813**	245,709	(67,896)
Total Liabilities and Shareholders' Equity	23	**1,354,674**	1,469,533	(114,859)

(3) Consolidated Statement of Retained Earnings

Six months ended September 30, 2000

With comparative figures for the fiscal year 1999 ended March 31, 2000

(in millions of yen)

		FY2000 1st. Half (Apr. 2000 - Sep. 2000)	FY1999 (Apr. 1999 - Mar. 2000)
Balance at the beginning of the period	1	**21,415**	153,622
Adjustments for cumulative tax effects from prior periods	2	**—**	25,174
Decreases due to:			
Dividends	3	**2,445**	4,889
Bonuses to directors and statutory auditors	4	**2**	7
Inclusion of new consolidated subsidiaries and equity method-applied companies into the scope of consolidation	5	—	178,640
Total	6	**2,447**	183,537
Net (loss)/income	7	**(9,594)**	26,155
Balance at the end of the period	8	**9,374**	21,415

(4) Consolidated Statement of Cash Flows

Six months ended September 30, 2000

With comparative figures for the fiscal year 1999 ended March 31, 2000

(in millions of yen)

		FY2000 1st. Half (Apr. 2000 - Sep. 2000)	FY1999 (Apr. 1999 - Mar. 2000)
Cash flows from operating activities:			
(Loss)/Income before income taxes	1	**(20,700)**	22,678
Adjustments to reconcile (loss)/income before income taxes to net cash provided by operating activities:			
Depreciation	2	**24,274**	51,800
Increase/(Decrease) in bad debt reserve	3	**(5,239)**	6,986
Increase/(Decrease) in investment valuation allowance	4	**(3,040)**	657
Increase/(Decrease) in reserve for warranty expenses	5	**(1,148)**	15,013
Increase/(Decrease) in reserve for retirement allowances	6	**(33,353)**	(35)
Increase in reserve for retirement benefits	7	**36,688**	-
Interest and dividend income	8	**(1,592)**	(3,994)
Interest expense	9	**13,267**	28,698
Equity in income of unconsolidated subsidiaries and affiliates	10	**(2,126)**	(2,016)
(Gain)/Loss on sale of fixed assets	11	**2,111**	(23,303)
(Gain)/Loss on sale of investment securities	12	**307**	(8,794)
Loss on restructuring of subsidiaries and affiliates	13	**316**	6,523
(Increase)/Decrease in accounts receivable	14	**23,248**	17,037
(Increase)/Decrease in inventory	15	**(5,372)**	(15,782)
Increase/(Decrease) in accounts payable	16	**(35,040)**	11,779
Other	17	**43,941**	36,025
Subtotal	18	**36,542**	143,272
Interest received and dividends received	19	**2,405**	5,326
Interest paid	20	**(12,793)**	(29,010)
Income taxes paid	21	**(3,473)**	(1,629)
Net cash provided by operating activities	22	**22,681**	117,959
Cash flows from investing activities:			
Sale of marketable securities	23	**1,393**	21,268
Purchase of investment securities	24	**(1,263)**	(17,073)
Sale of investment securities	25	**10,110**	19,024
Sale of investments in subsidiaries affecting scope of consolidation	26	**660**	(11,245)
Acquisition of tangible fixed assets	27	**(26,443)**	(52,109)
Proceeds from sale of tangible fixed assets	28	**9,073**	67,299
(Increase)/Decrease in short-term loans receivable	29	**985**	(2,568)
Long-term loans made	30	**(2,877)**	(12,393)
Collections of long-term loans receivable	31	**981**	5,253
Other	32	**620**	(8,777)
Net cash (used in)/provided by investing activities	33	**(6,761)**	8,679
Cash flows from financing activities:			
Increase/(decrease) in short-term loans payable	34	**(3,506)**	(162,772)
Proceeds from long-term loans payable	35	**36,209**	182,379
Repayment of long-term loans payable	36	**(42,341)**	(105,674)
Proceeds from issuance of bonds	37	**-**	20,000
Redemption of bonds	38	**(30,000)**	(30,000)
Payment of dividends	39	**(2,445)**	(4,889)
Other	40	**(199)**	(482)
Net cash used in financing activities	41	**(42,282)**	(101,438)
Effects of exchange rate fluctuations on cash and cash equivalents	42	**(450)**	(1,871)
Net increase/(decrease) in cash and cash equivalents	43	**(26,812)**	23,329
Cash and cash equivalents at beginning of the period	44	**233,593**	152,761
Increases in cash and cash equivalents due to expansion of consolidation scope	45	**1,185**	57,502
Cash and cash equivalents at end of the period	46	**207,966**	233,593

Notes to FY2000 First Half Consolidated Financial Statements

1. **Consolidation Scope and Application of Equity Method**

1) Consolidated Subsidiaries	96	
Overseas	13	Mazda Motor of America, Inc., Mazda Motors (Deutchland) GmbH and 11 others
Domestic	83	58 dealers and 25 others
2) Equity Method-Applied Companies	67	
Overseas	2	AutoAlliance International, Inc. and AutoAlliance (Thailand) Co., Ltd.
Domestic	65	35 AUTOZAM distributors, 16 automotive parts distributors, 5 dealers and 9 others

2. **Changes in Consolidation Scope and Application of Equity Method**

1) Consolidated Subsidiaries		
Newly added:	5	
Overseas	2	Mazda Automoviles Espana S.A. and Mazda Motor Italia S.p.A.
Domestic	3	Tokai Mazda Co., Ltd., Shin Gifu Mazda Co., Ltd. and the other
Excluded:	4	
Domestic	4	Mitsuba Kogyo Corp., Yamaguchi Daikyo Co., Ltd. and 2 others (sold, merged or liquidated)
2) Equity Method-Applied Companies		
Excluded:	4	
Domestic	4	1 reclassified into consolidated subsidiary category and 3 sold or merged

3. **Accounting Periods of Consolidated Subsidiaries**

The first-half consolidated balance sheet date is September 30. Among the consolidated subsidiaries, 14 companies (including Mazda Motor of America, Inc.) have a first-half balance sheet date different from the first-half consolidated balance sheet date, all of which are June 30.

In preparing the first-half consolidated financial statements, the first-half financial statements of each of these companies were used. However, adjustments necessary in consolidation were made for material transactions that occurred between the first-half balance sheet date of the above 14 companies and the first-half consolidated balance sheet date.

4. Accounting Policies

1) Valuation Standards and Methods of Assets

a) Securities

Other securities:	Mainly a historical cost basis based on moving average method
b) Derivative instruments:	Fair value method
c) Inventories	Mainly a historical cost basis based on average method

2) Depreciation and Amortization Methods of Significant Fixed Assets

a) Tangible Fixed Assets

Mainly declining balance method per corporate tax law, except for buildings (excluding fixtures) acquired on or after April 1, 1998 and tools that are accounted for by straight-line method

b) Intangible Fixed Assets

Mainly straight-line method for the period of internal benefits (5 years)

3) Standards for Recognition of Reserves

a) Reserve for Employees' Bonuses

Reserve for employees' bonuses provides for the payment of bonuses to employees. The amount estimated to be charged in the current first half is recognized.

b) Reserve for warranty expenses

Reserve for warranty expenses provides for after-sales expenses of products (vehicles). The amount is estimated per product warranty provisions and actual costs incurred in the past, taking future prospects into consideration.

c) Reserve for retirement benefits

Reserve for retirement benefits provides for the costs of retirement benefits to employees. The amount estimated to be incurred as of the end of the first half is recognized based on the amount of liabilities for retirement benefits and the estimated fair value of the pension plan assets at the end of this full year period. The unrecognized net obligation at transition of 152,445 million yen is amortized on a straight-line basis over 15 years.

d) Bad debt reserve

1) Receivables at an ordinary risk:	Based on the past default ratio
2) Receivables at a high risk and receivables from debtors under bankruptcy proceedings:	Based on the financial standings of the debtor

e) 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.

4) Accounting Policies of Foreign Consolidated Subsidiaries

Among the foreign consolidated subsidiaries, Compania Colombiana Automotriz S.A. prepares its financial statements based on the accounting principles generally accepted in Colombia to reflect adjustments for the country's inflationary economy and changing prices.

5) Accounting for Leases

Lease transactions other than those finance leases with an unconditional title transfer clause are accounted for by the method equivalent to rental transactions.

6) Accounting for Hedging Activities

Full-deferral hedge accounting is mainly applied. However, certain hedging instruments, such as a forward exchange contract designated as hedging a foreign-currency-denominated receivable or payable, are translated into yen at the fixed exchange rate stipulated in the contract. Also, for certain interest swap agreements that qualify for hedge accounting, net interest income (expense) under the swap agreement is accrued (incurred) and is included in determining net income.

7) Accounting for Consumption Taxes

Tax-excluding method

5. Cash and Cash Equivalents in the Consolidated Statement of Cash Flows

Cash and cash equivalents consist of cash on hand, bank deposits that can be readily withdrawn, and those short-term, highly liquid investments with original maturities of three months or less that present insignificant risk of changes in value.

Additional Information

1. Retirement Benefits

Starting this first-half period, Mazda have adopted “Accounting Standards for Retirement Benefits” (The Business Accounting Deliberation Council, June 16, 1998). The effect of this change is to increase retirement benefit expenses by 2,951 million yen and decrease ordinary income and income before income taxes by 4,725 million yen and 2,946 million yen, respectively.

2. Financial Instruments

Starting this first-half period, Mazda have adopted “Accounting Standards for Financial Instruments” (The Business Accounting Deliberation Council, January 22, 1999). In this connection, for those securities held at the beginning of the period, the purposes for which such securities are held are reviewed. As a result of the review, trading securities and those securities to mature within one year are included in current assets as marketable securities; all other securities are included in fixed assets as investment securities.

Those securities classified as “other securities” that have a market value are not recorded at fair value in accordance with the Ministerial Ordinance No. 11-3, promulgated in 2000. As of the end of this first-half period, the amount of other securities on the balance sheet was 5,746 million yen while the fair value amount of these securities was 5,787 million yen. Also, the amounts equivalent to valuation difference, deferred tax liabilities and minority interests were 31 million yen, 17 million yen and negative 7 million yen, respectively.

3. Foreign Currency Transactions

Starting this first-half period, Mazda have adopted “Accounting Standards for Foreign Currency Transactions” (The Business Accounting Deliberation Council, October 22, 1999). The effect of this change on income is not material.

Also, until the prior period, foreign currency translation adjustments were included in the assets section of the balance sheet. Starting this period, however, foreign currency translation adjustments were included in the shareholders’ equity section (55,854 million yen at the end of this first half) and the minority interests section (5,410 million yen at the end of this first half) of the balance sheet.

Footnotes

1. Notes and other receivables discounted

Discounted notes receivable	1,788	million yen
Endorsed notes receivable	37	
Factoring of receivables with recourse	13,652	

2. Accumulated depreciation on tangible fixed assets — 1,187,143 million yen

3. Assets offered as collateral and collateralized loans

Assets offered as collateral	323,995	million yen
Collateralized loans	304,734	

4. Contingent liabilities for guaranty — 11,513 million yen
   Letters of awareness and similar agreements — 48,822

5. Accounting for notes payable and receivable matured on the first-half balance sheet date

   Maturing notes payable and receivable are removed from the corresponding asset and liability accounts on the day the notes are actually settled. Therefore, those notes matured on the first-half balance sheet date are included in the corresponding accounts on the balance sheet as the first-half balance sheet day was a holiday and financial institutions were off.

Notes receivable	1,453	million yen
Notes payable	1,321	

5. Reconciliation of cash and time deposits in the consolidated balance sheet to cash and cash equivalents in the consolidated statement of cash flows

Cash and time deposits	210,430	million yen
Time deposits with original maturities of 3 months or longer	(2,464)	
Cash and cash equivalents	207,966	

6. Leases

Finance lease transactions other than those with an unconditional title transfer clause to lessee

(Lessees)

1) Equivalent of acquisition costs	157,090	million yen
Equivalent of accumulated depreciation	81,287	
Equivalent of net book value at this first-half end	75,803	
2) Balance of lease obligation for future payment at this first-half end	82,630	
(due within 1 year)	(21,033)	
3) Lease fees paid for this first half	13,133	
Equivalent of depreciation	10,892	
Equivalent of interest	2,103	

4) Depreciation of leased assets is calculated at 100% of acquisition costs or up to the contracted residual value for the assets, using the straight-line method over the lease term.

5) Interest included in lease fees is computed as difference between total lease fees and acquisition cost of the leased assets. This amount is allocated to each fiscal period by interest method.

(Lessors)

1) Acquisition costs	6,122	million yen
Accumulated depreciation	3,937	
Net book value	2,185	
2) Balance of future lease payments to be received at this first-half end	3,328	
(due within 1 year)	(820)	
3) Lease fees received for this first half	565	
Depreciation	259	
Equivalent of interest	48	

4) Interest included in lease fees is computed as difference between total lease fees and acquisition cost of the leased assets. This amount is allocated to each fiscal period by interest method.

Operating lease transactions

(Lessees)

Balance of lease obligation for future payment at this first-half end	36,401	million yen
(due within 1 year)	(3,007)	

(Lessors)

Balance of future lease payments to be received at this first-half end	10,312	million yen
(due within 1 year)	(4,676)	

5. Segment Information

1) Information by business segment

No information by business segment is disclosed since businesses other than automobile-related are immaterial.

2) Information by geographic area

FY2000 1st. Half (Apr.'00～Sep.'00) (in millions of yen)

	Japan	North America	Europe	Other areas	Total	Elimination	Consolidation
Sales							
(1)Sales to outside customers	611,510	268,531	90,843	35,228	1,006,112	—	1,006,112
(2)Inter-segment sales	184,713	4,525	324	7	189,569	(189,569)	—
Total	796,223	273,056	91,167	35,235	1,195,681	(189,569)	1,006,112
Operating expense	799,226	275,014	92,958	35,010	1,202,208	(191,389)	1,010,819
Operating income	(3,003)	(1,958)	(1,791)	225	(6,527)	1,820	(4,707)

FY1999 (Apr.'99～Mar.'00) (in millions of yen)

	Japan	North America	Europe	Other areas	Total	Elimination	Consolidation
Sales							
(1)Sales to outside customers	1,311,253	564,985	216,073	69,261	2,161,572	—	2,161,572
(2)Inter-segment sales	447,940	13,127	55	12	461,134	(461,134)	—
Total	1,759,193	578,112	216,128	69,273	2,622,706	(461,134)	2,161,572
Operating expense	1,742,274	577,468	212,831	69,783	2,602,356	(465,895)	2,136,461
Operating income	16,919	644	3,297	(510)	20,350	4,761	25,111

Note: Method of segmentation and principal countries or regions belonging to each segment
1) Method: Segmentation by geographic adjacency
2) Principal countries or regions belonging to each segment
North America: U.S.A. and Canada
Europe: Germany and Belgium
Other areas: Australia and Colombia

3) Overseas sales

FY2000 1st. Half (Apr.'00～Sep.'00) (in millions of yen)

	North America	Europe	Other areas	Total
Ⅰ. Overseas sales	286,955	133,107	131,972	552,034
Ⅱ. Consolidated sales	—	—	—	1,006,112
Ⅲ. Overseas sales ratio	% 28.5	% 13.2	% 13.1	% 54.9

FY1999 (Apr.'99～Mar.'00) (in millions of yen)

	North America	Europe	Other areas	Total
Ⅰ. Overseas sales	627,371	341,386	237,355	1,206,112
Ⅱ. Consolidated sales	—	—	—	2,161,572
Ⅲ. Overseas sales ratio	% 29.0	% 15.8	% 11.0	% 55.8

Notes: 1. Overseas sales refer to the total amount of those portions of the sales of Mazda Motor Corporation and consolidated subsidiaries (both domestic and overseas) that were made in countries and regions other than Japan.

2. Method of segmentation and principal countries or regions belonging to each segment
(1) Method: Segmentation by geographic adjacency
(2) Principal countries or regions belonging to each segment
North America: U.S.A. and Canada
Europe: Germany and United Kingdom
Other areas: Australia, Thailand and Colombia

6. Production and Sales Information

(1) Production Volume

Type	FY 2000 1st. Half (Apr.2000 to Sep.2000)	FY 1999 (Apr.1999 to Mar.2000)
	units	units
Passenger cars	325,527	726,855
Trucks	40,714	78,036
Vehicles Total	366,241	804,891

Note: Production volume figures do not include those Mazda-brand vehicles produced by the following joint venture assembly plants with Ford (that are accounted for by the equity method):

	FY2000 1st Half	FY1999
AutoAlliance International, Inc.	44,617 units	90,935 units
AutoAlliance (Thailand) Co., Ltd.	13,621 units	24,009 units

(2) Sales Volume and Revenue

Type	FY 2000 1st. Half (Apr.2000 to Sep.2000)		FY1999 (Apr.1999 to Mar.2000)	
	Volume	Revenue	Volume	Revenue
	units	million yen	units	million yen
Vehicles	494,122	673,616	1,012,682	1,430,204
Knockdown Parts	—	32,532	—	59,324
Parts	—	106,206	—	228,816
Other	—	193,758	—	443,226
Total	—	1,006,112	—	2,161,572

＜Sales Volume by Market＞

Vehicles	FY 2000 1st. Half (Apr.2000 to Sep.2000)	FY1999 (Apr.1999 to Mar.2000)
	units	units
Japan	165,748	345,410
North America	147,049	296,637
Europe	100,151	240,756
Other	81,174	129,879
Overseas Total	328,374	667,272
Total	494,122	1,012,682

7. Fair Value Information of Securities

1) Held-to-Maturity Securities That Have a Fair Value

None.

2) Other Securities That Have a Fair Value

Omitted per the Ministerial Ordinance No. 11-3, promulgated in 2000.

3) Significant Securities That Are Not on a Fair Value Basis

(in millions of yen)

	As of September 30, 2000
	First-Half Balance Sheet
Held-to-maturity Securities	-
Other Securities	
Privately-held securities	2,306

8. Contract Amount, Fair Value and Gain/Loss Information of Derivative Instruments

Information as of September 30, 2000:

Mazda and its consolidated subsidiaries utilize foreign currency hedging instruments and interest swap instruments. However, fair value information on these instruments is omitted in accordance with the provisions of the new accounting standards for financial instruments. Refer to Note 4-6) to the first half-year Consolidated Financial Statements.

9. Subsequent Events

On November 17, 2000, Board of Directors of Mazda Motor Corporation (the parent company) made a decision on the following rationalization plan.

1. **Production of Mazda-Brand Vehicles in Europe**

   Mazda will produce certain vehicle models for the European markets at a Ford facility in Europe for the purpose of locating production near our customers and reducing our currency exposure. The vehicle models include the Demio and the 323. The plant location will be announced at a later date. Approximately 60,000 to 80,000 vehicles that are annually produced in Japan will be subject to the plan. Production will commence in calendar year 2003. Annual ongoing volumes of approximately 100,000 are planned.

2. **Closure of Ujina Plant No. 2**

   Mazda will close Ujina Plant No. 2 (with an annual production capacity of 266 thousand units) in September of 2001 in order to improve the utilization and production efficiencies of its domestic plants. Ujina Plant No. 2's production will be transferred to Ujina Plant No. 1 and Hofu Plant No. 1.

   Mazda expects to incur a loss of approximately 3 billion yen in relation to the plant closure; it expects to recognize this amount in the fiscal year 2000 to end March 31, 2001 as an extraordinary loss.

3. **Early Retirement Special Program**

   Mazda will implement a voluntary early retirement special program. The indirect work force of Mazda Motor Corporation (the parent company) subject to certain qualifications is eligible to take advantage of the program. The employees may apply to accept the program from early to late February of 2001 to retire on March 30, 2001 up to the maximum limit of 1,800 employees. This action is being implemented to achieve an optimum level of employment recognizing efficiency improvements, expanded utilization of Information Technology, and the competitive environment.

   Mazda projects the early retirement incentive of this program to be approximately 24 billion yen; it expects to recognize this amount in the fiscal year 2000 to end March 31, 2001 as an extraordinary loss.

＜Reference for the First Half of FY2000 Consolidated Financial Results＞

Nov. 17, 2000
Mazda Motor Corporation

(in 100 millions of yen) (in thousands of units)		FY1999 1st.HF *1 （Apr.99-Sep.99）		FY2000 1st.HF （Apr.00-Sep.00）		FY1999 （Apr.99-Mar.00）		FY2000 （Apr.00-Mar.01） Projection	
			%		%		%		%
Domestic	1	4,669	–	4,540	(2.7)	9,554	–	10,100	5.7
Overseas	2	6,212	–	5,520	(11.1)	12,061	–	10,900	(9.6)
Net Sales	3	10,881	*2 (9.4)	10,061	(7.5)	21,615	*3 (6.7)	21,000	(2.8)
Operating (loss)/income	4	84	*2 (71.3)	(47)	–	251	*3 (59.9)	(160)	–
Ordinary (loss)/income	5	(31)	–	(166)	–	61	*3 (84.7)	(420)	–
(Loss)/income before tax	6	128	–	(207)	–	226	*3 –	(865)	–
Net (loss)/income	7	132	–	(95)	–	261	*3 1,768.2	(495)	–
Net income by geographic area: Japan – Mazda	8	38		(127)		51		(570)	
Net income by geographic area: Japan – Other		83		87		218		119	
Net income by geographic area: Japan		121		(40)		269		(451)	
Net income by geographic area: North America		37		(19)		73		(22)	
Net income by geographic area: Europe		7		(30)		1		(27)	
Net income by geographic area: Other		(33)		(6)		(82)		5	
Capital investment	9	262		170		488		540	
Depreciation and amortization	10	261		242		518		500	
R & D cost	11	384		396		761		810	
Total assets	12	16,171		13,546		14,695		13,700	
Net worth	13	2,410		1,778		2,457		1,400	
Financial debts	14	8,998		7,293		7,706		7,026	
Net financial debts	15	6,503		5,214		5,370		5,041	
Cash flow *4	16	1,729		159		2,750		300	
Performance of operation	17			Sales to decrease Net income to decrease				Sales to decrease Net income to decrease	
Domestic	18	165	(5.0)	166	0.8	345	2.5	348	0.9
North America	19	141	(1.4)	147	4.6	297	13.8	311	4.7
Europe	20	115	(11.6)	100	(12.9)	241	(10.2)	186	(22.9)
Other	21	60	(32.7)	81	33.4	130	(18.6)	164	26.6
Overseas	22	316	(12.9)	328	3.8	668	(3.0)	661	(1.0)
Sales volume	23	481	(10.3)	494	2.8	1,013	(1.2)	1,009	(0.3)
Retail volume: Share		5.6%		5.4%		5.5%		5.3%	
Retail volume: Domestic	24	155	(1.9)	152	(2.1)	323	2.8	318	(1.6)
Retail volume: USA *5	25	120	(1.3)	125	3.7	244	1.3	260	6.5
Retail volume: Europe *5	26	140	14.1	125	(10.5)	241	1.7	211	(12.3)

Note :
*1 Amounts of FY1999 first half are unaudited.
*2 Ratios of FY1999 first half results to FY1998 first half results in terms of the same consolidation scope.
*3 Ratios of FY1999 results to FY1998 results in terms of the same consolidation scope.
*4 Cash flow of FY1999's first half and full year include debt reduction(￥148.4 billion) from divestiture of equity in subsidiaries.
*5 Retail volumes of USA and Europe are of calendar year basis.

Five Year Financial Summary (Consolidated / Non-Consolidated)

Nov. 17, 2000

Mazda Motor Corporation

Upper left: Non-consolidated

(in 100 millions of yen) (in thousands of units)			FY1996 *1 (Apr.96-Mar.97)		FY1997 *1 (Apr.97-Mar.98)		FY1998 (Apr.98-Mar.99)		FY1999 (Apr.99-Mar.00)		FY2000 (Apr.00-Mar.01) Projection	
Domestic		1	6,736 7,499	(8.3) (8.2)	6,311 7,037	(6.3) (6.2)	6,034 6,702	(4.4) (4.8)	6,514 9,554	8.0 42.6	6,700 10,100	2.9 5.7
Overseas		2	7,531 11,442	6.2 11.6	8,812 13,376	17.0 16.9	8,505 13,868	(3.5) 3.7	8,146 12,061	(4.2) (13.0)	6,900 10,900	(15.3) (9.6)
Sales		3	14,268 18,941	(1.1) 2.8	15,123 20,414	6.0 7.8	14,540 20,570	(3.9) 0.8	14,661 21,615	0.8 5.1	13,600 21,000	(7.2) (2.8)
Operating (loss)/income		4	(53) 0	- -	312 332	- -	556 625	78.2 88.2	130 251	(76.5) (59.8)	(425) (160)	- -
Ordinary (loss)/income		5	139 (87)	- -	259 92	86.7 -	497 469	91.8 409.9	77 61	(84.5) (86.8)	(520) (420)	- -
(Loss)/income before tax		6	61 (164)	- -	115 (55)	87.8 -	305 235	164.6 -	87 226	(71.5) (3.5)	(955) (865)	- -
Net (loss)/income		7	61 (175)	- -	115 (68)	88.4 -	305 387	165.2 -	51 261	(83.2) (32.4)	(570) (495)	- -
Net (loss)/ income by geographic area	Mazda	8	61		115		305		51		(570)	
	Other		(40)		(16)		(93)		218		119	
	Japan		21		99		212		269		(451)	
	North America		(198)		(100)		191		73		(22)	
	Europe		(17)		(31)		26		1		(27)	
	Other		19		(36)		(42)		(82)		5	
Capital investment		9	215 272		341 551		374 434		415 488		460 540	
Depreciation and amortization		10	434 509		380 465		373 485		363 518		360 500	
R & D cost		11	588 600		700 714		828 854		670 761		700 810	
Total assets		12	9,970 14,174		10,148 14,563		10,749 14,790		11,046 14,695		10,800 13,700	
Net worth		13	3,742 3,444		3,857 3,385		4,163 3,779		4,399 2,457		3,800 1,400	
Financial debts		14	3,980 6,994		3,941 7,355		4,233 7,287		4,011 7,706		3,917 7,026	
Net financial debts		15	3,036 5,756		2,699 5,802		3,101 5,759		2,340 5,370		2,338 5,041	
Cash flow		16	771 —		337 —		(401) —		760 2,750	*2	25 300	
Performance of operation		17									Sales to decrease Net income to decrease	
Domestic		18	377 377	(3.5) (3.5)	345 345	(8.5) (8.5)	337 337	(2.4) (2.4)	344 345	2.4 2.5	349 348	1.4 0.9
North America		19	116 256	13.6 30.6	137 250	18.1 (2.2)	119 261	(13.3) 4.1	177 297	48.7 13.8	179 311	1.0 4.7
Europe		20	169 204	1.3 22.2	220 227	30.3 11.4	272 268	23.8 17.9	236 241	(13.4) (10.2)	169 186	(28.2) (22.9)
Other		21	181 178	14.2 12.7	200 193	10.3 7.9	155 159	(22.3) (17.0)	122 130	(21.4) (18.6)	162 164	32.8 26.6
Overseas		22	466 638	9.0 22.5	557 670	19.5 5.0	546 688	(1.9) 2.8	535 668	(2.1) (3.0)	510 661	(4.6) (1.0)
Sales volume		23	843 1,015	3.0 11.3	902 1,015	7.0 (0.0)	883 1,025	(2.1) 1.0	879 1,013	(0.4) (1.2)	859 1,009	(2.3) (0.3)
Retail volume	Share Domestic	24	4.8% 354	(0.7)	5.1% 322	(9.1)	5.4% 314	(2.2)	5.5% 323	2.8	5.3% 318	(1.6)
	USA *3	25	238	(16.0)	222	(6.9)	241	8.4	244	1.3	260	6.5
	Europe *3	26	191	7.0	210	9.8	237	13.1	241	1.7	211	(12.3)

Note: *1 Certain FY1997 and FY1996 information was reclassified for consistency.

*2 Consolidated cash flow of positive ￥275 billion includes debt reduction(￥148.4 billion) from divestiture of equity in subsidiaries.

*3 Retail volumes of USA and Europe are of calendar year basis.