Consolidated Financial Results for FY2002

(April 1, 2002 through March 31, 2003)

May 12, 2003

Mazda Motor Corporation

Code No: 7261 Listed in : Tokyo, Osaka, Nagoya, Fukuoka and Sapporo Stock Exchanges
Headquartered in: Hiroshima-prefecture
(URL http://www.mazda.co.jp)
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Meeting of the Board of Directors for Consolidated Account Settlement: May 12, 2003
Adoption of the United States Generally Accepted Accounting Principles: Not Adopted

1. Consolidated Financial Highlights (April 1, 2002 through March 31, 2003)

(1) Consolidated Financial Results

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

	Sales		Operating Income/(Loss)		Ordinary Income/(Loss)	
	million yen	%	million yen	%	million yen	%
FY2002	2,364,512	12.9	50,656	77.4	40,710	111.8
FY2001	2,094,914	3.9	28,553	-	19,221	-

	Net Income/(Loss)		Net Income/(Loss) per Share	Net Income/(Loss) per Share (Diluted)	Return on Equity	Ordinary Income to Total Assets	Ordinary Income to Sales
	million yen	%	yen	yen	%	%	%
FY2002	24,134	173.3	19.80	18.37	13.2	2.3	1.7
FY2001	8,830	-	7.23	-	5.3	1.1	0.9

Notes: ① Equity in net income of unconsolidated subsidiaries and affiliates accounted for by the equity method: FY2002 7,674 million yen; FY2001 6,303 million yen
② Average no. of shares of common stock issued (on a consolidated basis): FY2002 1,219,049,835 shares; FY2001 1,221,749,932 shares
③ Accounting change: Yes.
④ Changes in sales, operating income, ordinary income, and net income from the previous period are shown in percentage.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio	Equity per Share
	million yen	million yen	%	Yen
FY2002	1,754,017	194,071	11.1	159.22
FY2001	1,734,895	172,837	10.0	141.52

Notes: No. of shares of common stock issued as of year end (on a consolidated basis): FY2002 1,218,848,947 shares; FY2001 1,221,266,429 shares

(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
FY2002	89,668	(42,614)	(2,074)	274,722
FY2001	91,512	(60,889)	(97,629)	229,444

(4) Scope of Consolidation and Equity Method

Consolidated subsidiaries	65 companies
Unconsolidated subsidiaries accounted for by the equity method	0 companies
Affiliates accounted for by the equity method	15 companies

(5) Changes in Scope of Consolidation and Equity Method

Consolidation	(Addition)	1 company	Equity method	(Addition)	1 company
	(Exclusion)	19 companies		(Exclusion)	2 companies

2. FY2003 Consolidated Financial Forecast (April 1, 2003 through March 31, 2004)

	Net Sales	Ordinary Income/(Loss)	Net Income/(Loss)
	million yen	million yen	million yen
Full Year	2,420,000	57,000	30,000

Reference: Net income per share for the full year 24.61 yen

The financial projection is the judgment 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. For further information on the above financial projection, please refer to page 6 of Supplementary Information.

Supplementary Information

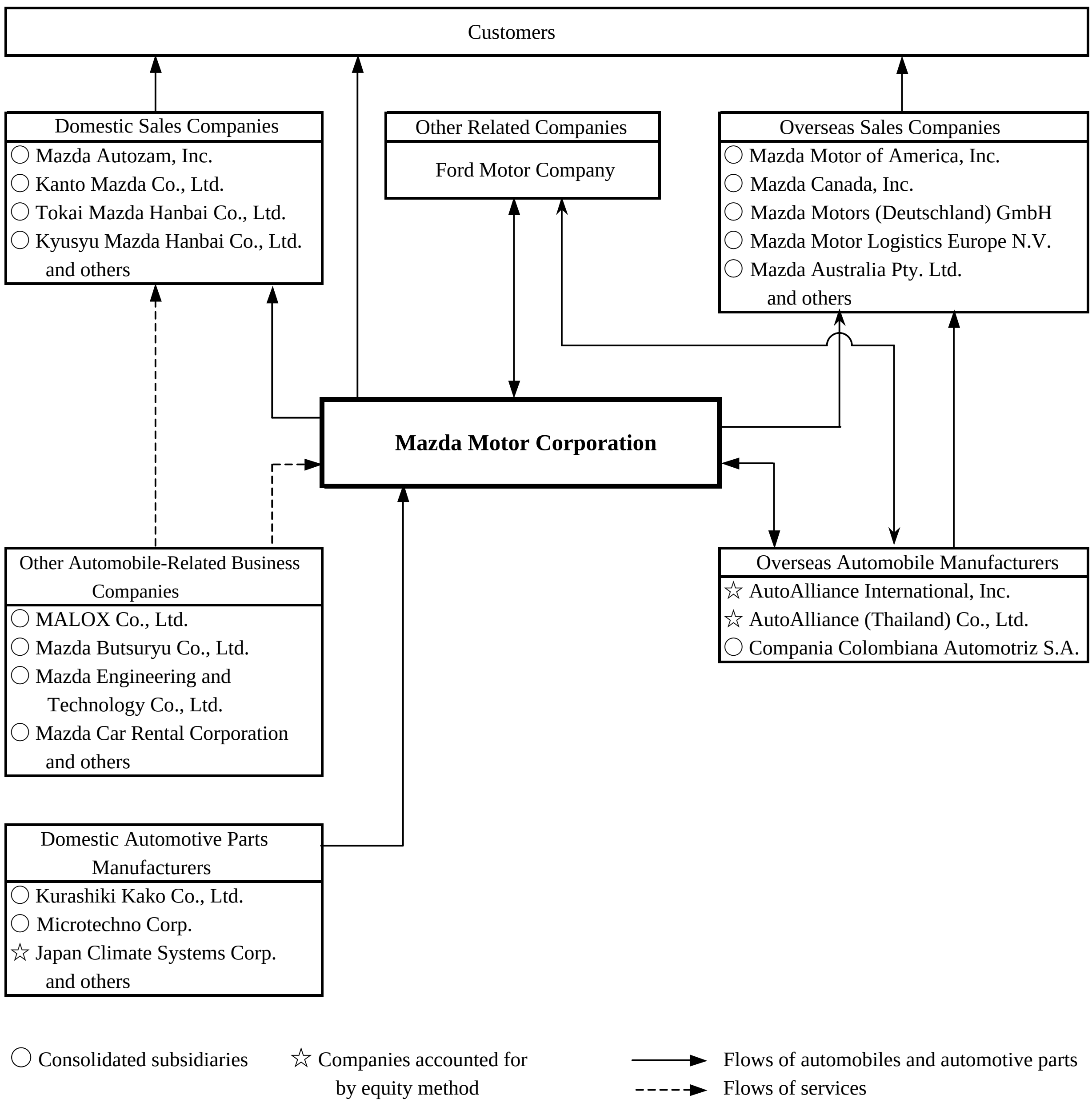
1. Mazda Group of Companies

Mazda group of companies consists of Mazda Motor Corporation, 65 consolidated subsidiaries and 15 equity method-applied companies and is mainly engaged in the manufacturing and sales of automobiles and automotive parts as well as in other automobile-related businesses.

In Japan, Mazda Motor Corporation manufactures automobiles. Mazda Motor Corporation, 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 customers by our sales companies. In Japan, Mazda Autozam, Inc., Kanto Mazda 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 the group's business:



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

2. Management Policy

1) Our Corporate Vision, Mission and Values

At Mazda Motor Corporation, our corporate vision is as follows: "To create new value, excite and delight our customers through the best automotive products and services." We believe that achieving this vision will lead to increased shareholder value and enhance the value of association with the corporation for our employees, our suppliers, the communities in which we operate, and other stakeholders.

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 have two underlying values:

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

b) We positively support actions to improve the environment, safety and society in general.

Guided by these values, we expect to 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. Our intent is to provide our stockholders with dividends on a stable basis. Our policy on earnings retained in the company is to utilize the financial resources to enhance our business competitiveness, e.g., capital investments in facilities and equipment and investments in research and development.

3) Our Mid-Term Plan

Mazda continues to focus on four strategic business pillars----Growth, Reform and Restructuring, Synergies with Ford, and People Development. FY 2002 was the first year of product-led growth. Summarized below are the major areas of emphasis and accomplishment made during FY2002

a) Business growth

Product Initiatives -- In April this Fiscal Year, Mazda started a full-scale domestic communications campaign using a new message, "Zoom-Zoom," which captures the emotion of motion one experienced as a child. Following introduction in Japan, this message is now in use in all major markets worldwide, communicating the Fun-to-Drive spirit of the Mazda brand and Mazda vehicles.

Under the "Zoom-Zoom" message, we continue to introduce new and exciting products.

- Atenza/Mazda6 -- In May 2002 we launched in Japan a new midsize car, the Mazda Atenza, with three body styles. Atenza fully embodies our brand DNA of Stylish, Insightful and Spirited. Mazda6, as the Atenza is known outside Japan, went on sale in early June in Europe and December 2002 in North America. In addition, in Europe the Mazda6 was also available with a MZR-CD common rail diesel engine from autumn 2002. Since introduction, the car has won more than 40 international awards.

- Demio/Mazda2 -- In August in Japan, we introduced a completely redesigned Demio. The Demio is offered in three lifestyle versions to suit different target customers. The vehicle is also produced at

Ford's facility in Valencia, Spain and was introduced to the European market in March 2003 as the Mazda2.

- MPV -- During the fiscal year we introduced a freshened MPV with new 2.3 liter MZR, 3.0 liter V6 and diesel engines.

- RX-8 -- In early 2003, Mazda started production of the all-new RX-8 with a new-generation rotary engine, "RENESIS", which fully expresses the Mazda brand. The RX-8 was introduced to the Japanese market in April and to overseas markets after this summer.

Internet Progress -- Mazda's initiatives in Internet marketing is continuing. Mazda enhanced its "Web Tune Factory" homepage, which allows customers to order their own original, built-to-order vehicle through the Internet. Sales of Roadsters using the new homepage started in September 2002 and Demio can also be ordered on this Internet facility from April 2003.

China -- As a fast-growing market with a rapidly developing automotive industry, China is increasingly important for Mazda. Following the introduction of Premacy last fiscal year, production of the Mazda 323 (known as the Familia in Japan) started at FAW Hainan Motor Co., Ltd in July 2002. Production of the Mazda6 at a FAW Car Co. Ltd. production facility in Changchun started in January 2003.

In an effort to respond to increasing demand in the future, Mazda is working to expand its dealer network and increase the number of exclusive dealers in China. Mazda plans to raise the number of dealers to 100 this year, up from 48 in December 2002.

ABC Cost Reduction -- Mazda announced a new cost reduction initiative, "Achieve Best Cost" or "ABC" in May 2002. With this initiative, Mazda is accelerating vehicle cost reductions in order to make available to our customers products that offer superior value. .

b) Reform and Restructuring

Distribution Network Strengthening -- We continued to implement initiatives to strengthen our distribution networks in Japan. As part of this action, Mazda converted up to 133 billion yen of subordinated debt to equity. (Part of the conversion will be completed early FY2003.) In Europe, Mazda acquired a 50 % share of our distribution company in Austria. Mazda now controls more than 80 % of total European sales.

Plant capacity realignment -- To further strengthen our competitiveness, we announced plans to re-balance production capacity in Japan. We plan to close our oldest assembly facility, F Plant, and re-open our Ujina Number 2 Plant, which will result in an additional 110,000 units of capacity. This is required to support our Millennium Plan growth targets.

c) Synergies with Ford Group

World-wide Production Synergies -- Production of Mazda6 for the North American market commenced in October 2002 at AutoAlliance International, Inc., Mazda's joint venture assembly plant with Ford in Michigan. The production of Mazda2 at Ford's plant in Valencia, Spain started in January 2003.

A facelift of Mazda's one-ton pickup was launched, in Rayong, Thailand, at Mazda's joint venture assembly plant with Ford, AutoAlliance Thailand Co., Ltd., in July 2002.

Mazda2 is Mazda's first model engineered and built in Europe.

Product Development -- Mazda and Ford continue to share engineering and development costs as well as key technologies on a variety of product programs.

d) Success of "People"

Personnel Development -- Mazda launched in April 2002 a new personnel development program, "Leading Mazda 21." The program aims to foster a new generation of Mazda leaders who can take a global view of the company's business. We also conducted in June the third round of the Mazda Business Leader Development program.

4) Our Challenges

The near-term external environment is expected to remain difficult in Japan and globally. The uncertain global economic outlook is adversely affecting consumer confidence and consumer buying patterns.

In the automotive industry, competition will continue to be fierce worldwide. We expect our competitors to continue to aggressively introduce new products, many with enhanced value, and to maintain high levels of marketing expense.

Mazda has made tremendous progress over the past several years in restructuring and reforming the company. We have delivered thus far on the commitments that we made in our Millennium Plan. We will intensify our efforts to enable Mazda to compete successfully and profitably in this increasingly competitive, changing and uncertain environment.

Fiscal Year 2003 will be the second year of product-led growth for Mazda. We will launch the Mazda RX-8 in Japan in April 2003 and from this summer in overseas markets. Later this year, we will launch our all-new C car.

We will continue to focus on improving further our cost structure and reducing our net debt, while continuing to provide for a competitive flow of exciting, new products.

We will continue to promote our strategic relationship with Ford. Mazda and Ford will continue to cooperate effectively on vehicle development and other projects that mutually benefit both companies.

Mazda is operating in a tough environment against world-class competitors. We are confident, however, of driving the company forward to sustained, profitable growth under the four pillars of the Millennium Plan. We will continue to deliver our commitments in the future.

5) Basic Philosophy of Corporate Governance and Implementation of Related Measures

Mazda is actively implementing various measures to enhance corporate governance.

In addition to bodies prescribed by law such as the general meeting of stockholders, board of directors and board of corporate auditors, an executive committee has been established as an advisory body that assists the president with decision-making. Executive committee meetings are held to propose and debate important company-wide policies and measures and to report on information necessary for business management.

In June 2002, along with slimming down the board of directors, we introduced the executive officer system. By promoting the separation of execution and management, the effectiveness of the board of directors as a supervisory body has been enhanced. And by overhauling the board's administration, debate has been enhanced and decision-making has been speeded up. In these ways we are working to further improve management efficiency.

Mazda established a Management Advisory Committee composed of prominent individuals from industry and academia as well as Mazda's directors in December 2002. The committee, which held its first meeting in February of this year, is scheduled to meet four times a year. The company will get a wide range of opinions from a broad, global perspective from the committee members, who possess unsurpassed specialized knowledge and insight in their fields of expertise. Their opinions will be reflected in Mazda's management policies and enhance transparency.

By avoiding holding the general meeting of shareholders on the same date as other companies, and by making timely disclosures to shareholders and investors through proactive investor relation activities, Mazda will continue to actively implement various measures to enhance corporate governance.

The company currently has two outside auditors. There are no business dealings or other interests between the company and these auditors.

3. Financial Results, Position and Projection

1) Financial Results and Position

External Environment -- During fiscal year 2002, the Japanese economy continued to stagnate with little domestic growth. The global economic outlook remained uncertain reflecting the volatile political environment. Signs of economic recovery in the U.S have not materialized as predicted and Europe continues to weaken lead by less-than-robust growth in Germany.

In Japan, automotive sales, including micro-mini vehicles, totaled 5.86 million units, up 0.8% from the previous fiscal term. In the U.S., industry sales during calendar year 2002 were 16.62 million units, down 1.8% from the previous year, while industry sales in Western Europe during the same period were 16.52 million units, down 3.2%

Volume Results -- Turning to Mazda's performance in the fiscal year, our retail sales in the Japanese market totaled 270,000 units, up 0.6% compared with the last fiscal year, reflecting successful introduction of new models offset by lower sales of certain existing models. Our registered vehicle share in the domestic market was 5.6%, down 0.1% from the prior fiscal year. Our total share, including micro-mini vehicles, was 4.6%, unchanged from the prior fiscal year.

Mazda's retail sales and market shares in major overseas markets were mixed. In the U.S., Mazda's retail sales were down 4.2% to 258,000 units compared to the last fiscal year. Market share was 1.6%, unchanged from the prior fiscal year. In Western Europe retail sales were up 11.5% to 170,000 units and market share was up 0.1 points to 1.0%.

Consolidated wholesales in the fiscal year totaled 1,017,000 units, up 69,000 units or 7.2% from the last fiscal year.

Financial Results -- Turning to financial results, consolidated sales revenue was ¥2,364.5 billion, up ¥269.6 billion or 12.9% from the previous fiscal term. Operating income was ¥50.6 billion, up ¥22.1 billion or 77.4%. This significantly improved performance reflected higher sales revenue primarily due to the impact of the new models introduced in FY2002. Cost reductions in various areas of Mazda's business and a weaker yen against the euro, partially offset by product enhancement expense and marketing expenses related to the introduction of new models, were additional factors. Ordinary income was ¥40.7 billion, up ¥21.5 billion or 111.8%. Net income was ¥24.1 billion, up ¥15.3 billion and more than two-and-a-half times higher than a year ago.

Consolidated cash flow (operating and investing activities) was 47.0 billion yen. Consolidated net debt (the balance of interest-bearing debt minus cash and cash equivalents) was 403.5 billion yen, 53.4 billion yen or 11.7% lower than at March 31, 2002.

In July, Mazda completed a long-term, ¥38.0 billion syndicated bank borrowing, and in September Mazda announced a ¥60.0 billion offering of convertible bonds that was completed in October.

Turning to dividends, we are declaring a year-end dividend of 2 yen per share for this fiscal year.

2) Financial Projection

Our projection of financial results for Fiscal Year 2003, which assume a yen to U.S. Dollar exchange rate of 115 and a yen to Euro exchange rate of 125, is as follows[1]:

Consolidated

Wholesales	1,053 thousand units	(up 3.5% compared to the prior year)
Sales revenue	2,420.0 billion	(up 2.3% compared to the prior year)
Ordinary income	57.0 billion	(up 40.0% compared to the prior year)
Net income	30.0 billion	(up 24.3% compared to the prior year)
Cash flow (operating and investing)	40.0 billion	

Unconsolidated

Wholesales	880 thousand units	(up 1.0% compared to the prior year)
Sales revenue	1,590.0 billion	(up 3.4% compared to the prior year)
Ordinary income	16.0 billion	(down 34.9% compared to the prior year)
Net income	5.0 billion	

[1] The 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 Operations

For the Years Ended March 31, 2003 and 2002

(in millions of yen)

		FY2002 (Apr. 2002 - Mar. 2003)	FY2001 (Apr. 2001 - Mar. 2002)	Increase/ (Decrease)
Net sales	1	**2,364,512**	2,094,914	269,598
Costs of sales	2	**1,725,058**	1,551,410	173,648
Gross profit on sales	3	**639,454**	543,504	95,950
Selling, general and administrative expenses	4	**588,798**	514,951	73,847
Operating income/(loss)	5	**50,656**	28,553	22,103
Non-operating income				
Interest and dividend income	6	**1,907**	2,601	(694)
Equity in net income of unconsolidated subsidiaries and affiliates	7	**7,674**	6,303	1,371
Other	8	**6,739**	12,178	(5,439)
Total	9	**16,320**	21,082	(4,762)
Non-operating expenses				
Interest expense	10	**16,927**	22,678	(5,751)
Other	11	**9,339**	7,736	1,603
Total	12	**26,266**	30,414	(4,148)
Ordinary income/(loss)	13	**40,710**	19,221	21,489
Extraordinary profits				
Profit on sale of tangible fixed assets	14	**654**	1,781	(1,127)
Profit on sale of investment securities	15	**3,197**	2,575	622
Reversal of reserve for loss on restructuring of subsidiaries and affiliates	16	**—**	1,280	(1,280)
Other	17	**584**	890	(306)
Total	18	**4,435**	6,526	(2,091)
Extraordinary losses				
Loss on retirement and sale of tangible fixed assets	19	**5,615**	4,753	862
Loss on sale of investment securities	20	**1,485**	279	1,206
Valuation loss on investment securities	21	**607**	1,685	(1,078)
Valuation loss on investments	22	**2,553**	—	2,553
Accrual for directors' and corporate auditors' retirement benefits	23	**—**	572	(572)
Loss on restructuring of subsidiaries and affiliates	24	**683**	1,495	(812)
Investment valuation allowance	25	**50**	514	(464)
Provision of allowance for business restructuring	26	**2,695**	—	2,695
Other	27	**3,323**	941	2,382
Total	28	**17,011**	10,239	6,772
Income/(loss) before income taxes	29	**28,134**	15,508	12,626
Income taxes				
Current	30	**7,450**	9,048	(1,598)
Deferred	31	**(4,364)**	(5,016)	652
Minority interests of consolidated subsidiaries	32	**914**	2,646	(1,732)
Net income/(loss)	33	**24,134**	8,830	15,304

(2) Consolidated Balance Sheet
As of March 31, 2003 and 2002

(in millions of yen)

		FY2002 (Mar. 31, 2003)	FY2001 (Mar. 31, 2002)	Increase/ (Decrease)
ASSETS				
Current Assets:				
Cash and time deposits	1	**278,072**	228,679	49,393
Trade notes and accounts receivable	2	**132,443**	113,199	19,244
Inventories	3	**237,663**	257,073	(19,410)
Deferred taxes	4	**54,398**	80,403	(26,005)
Other	5	**49,621**	50,685	(1,064)
Allowance for doubtful receivables	6	**(6,448)**	(4,896)	(1,552)
Total current assets	7	**745,749**	725,143	20,606
Fixed Assets:				
Tangible fixed assets:				
Buildings and structures	8	**147,041**	152,630	(5,589)
Machinery and vehicles	9	**153,460**	145,400	8,060
Land	10	**437,335**	441,150	(3,815)
Construction in progress	11	**20,387**	30,781	(10,394)
Other	12	**35,275**	47,328	(12,053)
Total tangible fixed assets	13	**793,498**	817,289	(23,791)
Intangible fixed assets	14	**18,835**	17,985	850
Investments and other fixed assets				
Investment securities	15	**47,275**	46,371	904
Long-term loans receivable	16	**23,073**	28,009	(4,936)
Deferred taxes	17	**121,310**	92,983	28,327
Other	18	**27,020**	32,136	(5,116)
Allowance for doubtful receivables	19	**(21,937)**	(23,484)	1,547
Investment valuation allowance	20	**(812)**	(1,552)	740
Total investments and other fixed assets	21	**195,929**	174,463	21,466
Total fixed assets	22	**1,008,262**	1,009,737	(1,475)
Deferred assets	23	**6**	15	(9)
Total Assets	24	**1,754,017**	1,734,895	19,122

(in millions of yen)

		FY2002 (Mar. 31, 2003)	FY2001 (Mar. 31, 2002)	Increase/ (Decrease)
LIABILITIES				
Current Liabilities:				
Trade notes and accounts payable	1	**241,097**	257,510	(16,413)
Short-term loans payable	2	**214,637**	271,926	(57,289)
Long-term loans payable due within one year	3	**71,412**	40,099	31,313
Bonds due within one year	4	**35,046**	25,000	10,046
Other accounts payable	5	**140,559**	129,581	10,978
Accrued expenses	6	**142,271**	129,747	12,524
Reserve for warranty expenses	7	**18,361**	15,364	2,997
Reserve for loss on restructuring of subsidiaries and affiliates	8	**1,695**	4,272	(2,577)
Reserve for loss on business restructuring	9	**2,695**	—	2,695
Other	10	**42,892**	46,547	(3,655)
Total current liabilities	11	**910,665**	920,046	(9,381)
Fixed Liabilities				
Bonds	12	**100,400**	136,900	(36,500)
Bonds with stock acquisition rights	13	**60,000**	—	60,000
Long-term loans payable	14	**196,710**	212,393	(15,683)
Deferred tax liability related to land revaluation	15	**90,832**	93,971	(3,139)
Employees' and executive officers' severance and retirement benefits	16	**182,900**	174,630	8,270
Directors' and corporate auditors retirement benefits	17	**1,275**	1,482	(207)
Liabilities from application of equity method	18	**1,529**	5,550	(4,021)
Other	19	**9,160**	9,031	129
Total fixed liabilities	20	**642,806**	633,957	8,849
Total Liabilities	21	**1,553,471**	1,554,003	(532)
Minority Interests in Consolidated Subsidiaries	22	**6,475**	8,055	(1,580)
SHAREHOLDERS' EQUITY				
Common stock	23	**120,078**	120,078	—
Capital surplus	24	**104,216**	104,216	—
Retained earnings/(deficit)	25	**(107,742)**	(128,565)	20,823
Land revaluation	26	**129,938**	125,326	4,612
Net unrealized loss on available-for-sale securities	27	**(193)**	(28)	(165)
Foreign currency translation adjustments	28	**(51,314)**	(47,878)	(3,436)
Treasury stock	29	**(912)**	(312)	(600)
Total shareholders' equity	30	**194,071**	172,837	21,234
Total Liabilities and Shareholders' Equity	31	**1,754,017**	1,734,895	19,122

(3) Consolidated Statement of Capital Surplus and Retained Earnings

For the Years Ended March 31, 2003 and 2002

(in millions of yen)

		FY2002 **(Apr. 2002 - Mar. 2003)**	FY2001 (Apr. 2001 - Mar. 2002)
CAPITAL SURPLUS			
Balance at the beginning of the period	1	**104,216**	104,216
Increases due to:			
Treasury stock transactions	2	**52**	-
Decreases due to:			
Exclusion of consolidated subsidiaries and companies accounted for by the equity method	3	**52**	-
Balance at the end of the period	4	**104,216**	104,216
RETAINED EARNINGS			
Balance at the beginning of the period	5	**(128,565)**	(136,639)
Increases due to:			
Net income	6	**24,134**	8,830
Decreases due to:			
Dividends	7	**2,442**	-
Reversal of land revaluation	8	**858**	756
Exclusion of consolidated subsidiaries and companies accounted for by the equity method	9	**11**	-
Balance at the end of the period	10	**(107,742)**	(128,565)

(4) Consolidated Statement of Cash Flows

For the Years Ended March 31, 2003 and 2002

(in millions of yen)

		FY2002 (Apr. 2002 - Mar. 2003)	FY2001 (Apr. 2001 - Mar. 2002)
Cash flows from operating activities:			
Income/(loss) before income taxes	1	**28,134**	**15,508**
Adjustments to reconcile income/(loss) before income taxes to net cash provided by operating activities:			
Depreciation and amortization	2	**36,989**	**44,890**
Allowance for doubtful receivables	3	**3,117**	**3,064**
Investment valuation allowance	4	**(10)**	**996**
Reserve for warranty expenses	5	**3,032**	**30**
Reserve for loss on guarantees of loans	6	—	—
Reserve for loss on business restructuring	6	**2,695**	—
Reserve for retirement allowances	7	—	—
Employees' and executive officers' severance and retirement benefits	7	**8,600**	**1,681**
Interest and dividend income	8	**(1,907)**	**(2,601)**
Interest expense	9	**16,927**	**22,678**
Equity in net income of unconsolidated subsidiaries and affiliates	10	**(7,674)**	**(6,303)**
Loss/(gain) on sale of fixed assets	11	**4,961**	**2,972**
Loss/(gain) on sale of investment securities	12	**(1,712)**	**(2,296)**
Loss on restructuring of subsidiaries and affiliates	13	**683**	**1,495**
Decrease/(increase) in trade notes and accounts receivable	14	**(17,437)**	**14,462**
Decrease/(increase) in inventories	15	**11,896**	**28,779**
Increase/(decrease) in trade notes and accounts payable	16	**(14,903)**	**13,031**
Accrued severance pay for early retirement	17	—	—
Increase/(decrease) in other current liabilities	17	**28,112**	**12,836**
Other	18	**9,814**	**12,834**
Subtotal	19	**111,317**	**164,056**
Interest and dividends received	20	**2,463**	**3,945**
Interest paid	21	**(16,781)**	**(22,983)**
Severance pay for early retirement paid	22	—	**(45,232)**
Income taxes paid	23	**(7,331)**	**(8,274)**
Net cash provided by operating activities	24	**89,668**	**91,512**
Cash flows from investing activities:			
Purchase of investment securities	25	**(3,254)**	**(1,557)**
Sale of investment securities	26	**2,325**	**3,978**
Purchase of investments in subsidiaries affecting scope of consolidation	27	—	**(1,075)**
Sale of investments in subsidiaries affecting scope of consolidation	28	**5,790**	**(110)**
Acquisition of distribution rights		—	—
Acquisition of tangible fixed assets	29	**(62,431)**	**(71,712)**
Proceeds from sale of tangible fixed assets	30	**25,696**	**15,875**
Decrease/(increase) in short-term loans receivable	31	**80**	—
Long-term loans made	32	**(122)**	**(4,181)**
Collections of long-term loans receivable	33	**1,150**	**1,030**
Other	34	**(11,848)**	**(3,137)**
Net cash used in investing activities	35	**(42,614)**	**(60,889)**
Cash flows from financing activities:			
Increase/(decrease) in short-term loans payable	36	**(50,815)**	**(80,584)**
Proceeds from long-term loans payable	37	**70,323**	**20,984**
Repayment of long-term loans payable	38	**(51,597)**	**(37,111)**
Proceeds from issuance of bonds	39	**60,600**	**30,000**
Redemption of bonds	40	**(27,054)**	**(30,000)**
Cash dividends paid	41	**(2,442)**	—
Other	42	**(1,089)**	**(918)**
Net cash used in financing activities	43	**(2,074)**	**(97,629)**
Effects of exchange rate fluctuations on cash and cash equivalents	44	**298**	**2,411**
Net increase/(decrease) in cash and cash equivalents	45	**45,278**	**(64,595)**
Cash and cash equivalents at beginning of the period	46	**229,444**	**292,615**
Increase in cash and cash equivalents due to newly consolidated subsidiaries	47	—	**1,424**
Cash and cash equivalents at end of the period	48	**274,722**	**229,444**

Notes to Consolidated Financial Statements

1. Consolidation Scope and Application of Equity Method

1) Consolidated Subsidiaries 65

Overseas	15	Mazda Motor of America, Inc., Mazda Motors (Deutchland) GmbH and 13 others
Domestic	50	27 dealers and 23 others

2) Equity Method-Applied Companies 15

Overseas	3	AutoAlliance International, Inc., AutoAlliance (Thailand) Co., Ltd. and Mazda Austria GmbH
Domestic	12	4 dealers, 3 automotive parts sales companies and 5 others

2. Changes in Consolidation Scope and Application of Equity Method

1) Consolidated Subsidiaries

Newly added:	1	
Domestic	1	Mazda Car Rental Corporation (established by the business separation of Mazda Rental & Leasing System Corporation)
Excluded:	19	
Overseas	1	Mazda Engineering (Thailand) Co., Ltd. (sold)
Domestic	18	Mazda Parts Industry Co., Ltd. (sold), 16 domestic dealers (merged) and Mazda Rental & Leasing System Corporation (sold after business separation)

2) Equity Method-Applied Companies

Newly added:	1	
Overseas	1	Mazda Austria GmbH
Excluded:	2	
Domestic	2	Hiroshima Mazda Co., Ltd. and Autozam Kumamoto Co., Ltd. (sold)

3. Accounting Periods of Consolidated Subsidiaries

The consolidated balance sheet date is March 31. Among the consolidated subsidiaries, 15 companies (including Mazda Motor of America, Inc.) have a balance sheet date different from the consolidated balance sheet date, all of which are December 31.

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

4. Accounting Policies

1) Valuation Standards and Methods of Significant Assets

a) Securities

Available-for-sale securities

With available fair value:	Recorded at fair value estimated based on quoted market prices on the balance sheet date, with unrealized gains and losses excluded from income and reported in a separate component of shareholders' equity net of tax. The bases of cost are on a historical cost basis based on a moving average method.
Without available fair value:	Recorded at cost on a historical cost basis mainly on a moving average method

b) Derivative instruments: Fair value method

c) Inventories — Mainly a historical cost basis based on an average method

2) Depreciation and Amortization Methods of Significant Fixed Assets

a) Tangible Fixed Assets

Mainly straight-line method. Useful lives and residual values are estimated by a method equivalent to the provisions of the Corporate Tax Law.

b) Intangible Fixed Assets

Straight-line method with periods of useful life estimated by a method equivalent to the provisions of the Corporate Tax Law. Software for internal use is amortized on a straight-line basis over the period of internal use, i.e., 5 years.

3) Standards for Recognition of Reserves

a) 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.

b) Reserve for loss on restructuring of subsidiaries and affiliates

Reserve for loss on restructuring of subsidiaries and affiliates provides for losses related to restructuring of subsidiaries and affiliates. The amount is estimated in light of the financial positions and other conditions of the subsidiaries and affiliates.

c) Reserve for loss on business restructuring

Reserve for loss on business restructuring provides for losses related to the closure of a plant in accordance with Mazda’s business restructuring plan. The amount, estimated in a reasonable manner, for such losses is recognized

d) Employees’ and executive officers’ severance and retirement benefits

Employees’ and executive officers’ severance and retirement benefits provide for the costs of severance and retirement benefits to employees and executive officers. For employees’ severance and retirement benefits, the amount estimated to have been incurred as of the end of the current year is recognized based on the estimated amount of liabilities for severance and retirement benefits and the estimated fair value of the pension plan assets at the end of the current fiscal year. The recognition of prior service cost is deferred on a straight-line basis over a period equal to or less than the average remaining service period of employees at the time such cost is incurred (mainly 12 years). The recognition of actuarial differences is also deferred on a straight-line basis over a period equal to or less than the average remaining service period of employees at the time such gains or losses are realized (mainly 13 years). The amortization of net gains or losses starts from the fiscal year immediately following the year in which such gains or losses are realized. For executive officers’ retirement benefits, the liability is provided for the amount that would be required if all eligible executive officers retired at the balance sheet date.

e) Directors’ and corporate auditors’ retirement benefits

Directors’ and corporate auditors’ retirement benefits provide for the payment of retirement benefits to directors and corporate auditors. The equivalent of the amount that would be required by the internal corporate policy if all the directors and corporate auditors retired at the end of the current year is recognized.

f) 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 at an ordinary risk, the amount is estimated based on the past default ratio. For receivables at a high risk and receivables from debtors under bankruptcy proceedings, the amount is estimated based on the financial standing of the debtor.

g) 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) Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate on the year end; gains and losses in foreign currency translation are included in the income of the current period. Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the rates on the year ends of the subsidiaries' accounting periods except for shareholders' equity accounts, which are translated at the historical rates. Income statements of consolidated overseas subsidiaries are translated at average rates of the subsidiaries' accounting periods, with the translation differences prorated and included in the shareholders' equity as foreign currency translation adjustments and minority interests.

6) 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.

7) 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 contracts that 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.

8) Accounting for consumption tax

Tax-excluding method

5. Valuation of Assets and Liabilities of Consolidated Subsidiaries

The assets and liabilities of consolidated subsidiaries acquired through business combinations are carried at fair value.

6. Amortization of Goodwill

Goodwill is amortized on a straight-line basis over a period (primarily 5 years) during which each investment is expected to generate benefits.

7. Appropriation of Retained Earnings

The appropriation of retained earnings is reflected in the consolidated statement of capital surplus and retained earnings when such appropriation is made by resolution of the shareholders.

8. 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 short-term, highly liquid investments with maturities of three months or less at the time of acquisition that present insignificant risk of changes in value.

Accounting Changes

1. Depreciation method of tangible fixed assets

Until the year ended March 31, 2002, Mazda Motor Corporation (the "Company") accounted for the depreciation of tangible fixed assets on a declining-balance basis equivalent to the provisions of the Corporate Tax Law, except for buildings (excluding fixtures) acquired on or after April 1, 1998 and tools that are accounted for on a straight-line basis. Commencing in the year ended March 31, 2003, however, the Company has changed its depreciation method of fixed assets from a declining-balance basis to a straight-line basis.

This change was made in order to improve the matching of the timing to recognize revenues and expenses in consideration of recent changes in the Company's business environment. Progresses made in the concentration of production and the common utilization of same production facilities for different models have facilitated the stable use of production facilities; as a result, the recovery of investments can be expected equally over the periods of useful lives.

The effects of this change for the year ended March 31, 2003 were to decrease depreciation expense by 12,856 million yen, to increase operating income by 11,014 million yen, and to increase ordinary income and income before income taxes by 11,114 million yen.

2. Treasury Stock and Reduction of Legal Reserves

Commencing in the year ended March 31, 2003, Financial Accounting Standard No.1, "Accounting Standard for Treasury Stock and Reduction of Legal Reserves", has been adopted. The effects of adopting the new standard were immaterial.

3. Consolidated Balance Sheet and Consolidated Statement of Capital Surplus and Retained Earnings

For the year ended March 31, 2003, consolidated balance sheet and consolidated statement of capital surplus and retained earnings were prepared in accordance with regulations concerning consolidated financial statements as amended.

4. Information on Amounts Per Share of Common Stock

Commencing in the year ended March 31, 2003, "Accounting Standard for Net Profit Per Share" (Financial Accounting Standard No. 2) and "Guidance for Appropriation of Accounting Standards for Net Profit Per Share" (Guidance of Financial Accounting Standard No. 4) has been adopted. The effects of adopting the new standard are disclosed in the Information on Amounts Per Share section of the notes to the consolidated financial statements.

Additional Information

Real Estate Trust Contract

In September of 1999, the Company entered into a real estate trust contract. The beneficial ownership of property was transferred to a third party, and the real estate was leased back to the Company. The real estate includes an educational facility, a research and development facility, distribution centers, and stores of domestic dealers. In addition, the Company entered a "*Tokumei Kumiai*" agreement with, and made an investment in the transferee. The balance of the investment of 1,162 million yen is included in the Other category of the Investment and Other Fixed Assets.

Footnotes

	FY2002 (Apr. 2002 - Mar. 2003)	FY2001 (Apr. 2001 - Mar. 2002)
	(in millions of yen)	

Consolidated Balance Sheet

	FY2002	FY2001
1. Accumulated depreciation on tangible fixed assets	1,106,313	1,149,750

2. In accordance with the Law to Partially Revise the Land Revaluation Law (Law No. 19, enacted on March 31, 2001), land owned by Mazda for business uses was revalued. The unrealized gains on the revaluation are included in the shareholders' equity as "Land Revaluation" for the amount net of deferred taxes.
The deferred taxes on the unrealized gains are included in the liabilities as "Deferred Tax Liability Related to Land Revaluation".

Timing of revaluation: As of March 31, 2001
Method of revaluation:
The fair value of land is 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 amount of difference between the aggregate fair value of the revalued land as of the end of this period and that at the time of revaluation as stipulated in Article 10 of the Land Revaluation Law is 37,454 million yen.

	FY2002	FY2001
3. Assets offered as collateral and collateralized loans		
Assets offered as collateral	488,900	481,911
Collateralized loans	309,323	345,430
4. Contingent liabilities for guarantee and similar agreements	57,293	59,231
5. Notes and other receivables discounted		
Discounted notes receivable	893	1,400
Endorsed notes receivable	-	-
Factoring of receivables with recourse	6,322	11,864

Consolidated Statement of Operations

	FY2002	FY2001
The aggregate amounts of research and development expenses	87,800	94,964

Consolidated Statement of Cash Flows

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

	FY2002	FY2001
Cash and time deposits	278,072	228,679
Time deposits with original maturities of 3 months or longer	(5,208)	(601)
Short-term investments in securities with an original maturity of 3 months or less	1,858	1,366
Cash and cash equivalents	274,722	229,444

Leases

	FY2002 (Apr. 2002 - Mar. 2003)	FY2001 (Apr. 2001 - Mar. 2002)
		(in millions of yen

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

	FY2002 (Apr. 2002 - Mar. 2003)	FY2001 (Apr. 2001 - Mar. 2002)
(Lessees)		
1) Equivalent of acquisition costs	143,471	141,399
Equivalent of accumulated depreciation	81,921	77,127
Equivalent of net book value as of balance sheet date	61,550	64,272
2) Future minimum lease payments as of balance sheet date	65,301	69,130
(due within 1 year)	(20,301)	(19,953)
3) Lease fees paid for this fiscal year	22,342	23,733
Equivalent of depreciation	18,638	19,388
Equivalent of interest	2,671	3,070

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 a difference between total lease fees and acquisition costs of the leased assets. This amount is allocated to each fiscal period by interest method.

	FY2002 (Apr. 2002 - Mar. 2003)	FY2001 (Apr. 2001 - Mar. 2002)
(Lessors)		
1) Acquisition costs	-	5,945
Accumulated depreciation	-	4,199
Net book value as of balance sheet date	-	1,746
2) Future minimum lease payments to be received as of balance sheet date	-	2,443
(due within 1 year)	-	(975)
3) Lease fees received for this fiscal year	489	1,193
Depreciation	-	601
Equivalent of interest	-	86

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

2. Operating lease transactions

	FY2002 (Apr. 2002 - Mar. 2003)	FY2001 (Apr. 2001 - Mar. 2002)
(Lessees)		
Future minimum lease payments as of balance sheet date	48,025	50,460
(due within 1 year)	(6,888)	(6,420)
(Lessors)		
Future minimum lease payments to be received as of balance sheet date	46	10,006
(due within 1 year)	(13)	(4,414)

Fair Value Information of Securities

FY2002 (As of March 31, 2003)

1. Held-to-maturity debt securities that have a market value

None.

2. Available-for-sale securities that have a market value

(in millions of yen)

Securities with ending balances that exceed the historical acquisition costs	Acquisition cost	Balance sheet amount	Unrealized gain/loss
a) Stocks	122	182	60
b) Bonds			
Corporate bonds	-	-	-
Others	12	14	2
c) Others	1,929	1,929	-
Sub-total	2,063	2,125	62
Securities with ending balances that do not exceed the historical acquisition costs	Acquisition cost	Balance sheet amount	Unrealized gain/loss
a) Stocks	844	680	(164)
b) Bonds			
Corporate bonds	-	-	-
Others	-	-	-
c) Others	-	-	-
Sub-total	844	680	(164)
Total	2,907	2,805	(102)

3. Available-for-sale securities that have been sold during this fiscal year

(in millions of yen)

Amount sold	Gain	Loss
1,738	37	608

4. Securities that are not valued at fair value

(in millions of yen)

	Balance sheet amount
a) Held-to-maturity debt securities	-
b) Available-for-sale securities	
Unlisted stocks (excluding those traded over-the-counter)	12,490

5. Redemption schedule (after the balance sheet date) of available-for-sale securities that have a maturity

(in millions of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Debt securities				
Corporate bonds	-	-	-	-
Others	4	76	-	-
Total	4	76	-	-

Fair Value Information of Securities

FY2001 (As of March 31, 2002)

1. Held-to-maturity debt securities that have a market value

None.

2. Available-for-sale securities that have a market value

(in millions of yen)

Securities with ending balances that exceed the historical acquisition costs	Acquisition cost	Balance sheet amount	Unrealized gain/loss
a) Stocks	1,753	1,902	149
b) Bonds			
Corporate bonds	-	-	-
Others	14	16	2
c) Others	1,366	1,366	-
Sub-total	3,133	3,284	151
Securities with ending balances that do not exceed the historical acquisition costs	Acquisition cost	Balance sheet amount	Unrealized gain/loss
a) Stocks	271	214	(57)
b) Bonds			
Corporate bonds	1	1	-
Others	-	-	-
c) Others	-	-	-
Sub-total	272	215	(57)
Total	3,405	3,499	94

3. Available-for-sale securities that have been sold during this fiscal year

(in millions of yen)

Amount sold	Gain	Loss
1,435	868	3

4. Securities that are not valued at fair value

(in millions of yen)

	Balance sheet amount
a) Held-to-maturity debt securities	-
b) Available-for-sale securities	
Unlisted stocks (excluding those traded over-the-counter)	9,027

5. Redemption schedule (after the balance sheet date) of available-for-sale securities that have a maturity

(in millions of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Debt securities				
Corporate bonds	-	1	-	-
Others	17	120	-	-
Total	17	121	-	-

Derivative Transactions

The following tables summarize fair value information of derivative transactions for which hedge accounting has not been applied:

1. Currency-related transactions

(in millions of yen)

	FY2002 (March 31, 2003)				FY2001 (March 31, 2002)			
Forward foreign exchange contracts:	Contract amount	Over 1 year	Estimated fair value	Unrealized gain/(loss)	Contract amount	Over 1 year	Estimated fair value	Unrealized gain/(loss)
Sell:								
U.S. dollar	1,160	-	1,134	26	756	-	763	(7)
Canadian dollar	620	-	656	(36)	649	-	653	(4)
Australian dollar	1,695	-	1,797	(102)	1,003	-	1,035	(32)
Euro	3,641	-	3,844	(203)	3,735	-	3,755	(20)
Sterling pound	4,222	-	4,190	32	-	-	-	-
Swiss franc	1,428	-	1,520	(92)	779	-	802	(23)
Buy:								
Australian dollar	3,002	-	2,864	(138)	-	-	-	-
Total	15,768	-	16,005	(513)	6,922	-	7,008	(86)

Notes: 1) Fair values at the end of each accounting period are estimated based on prevailing forward exchange rates at that date.
2) Derivative contracts that are accounted for by hedge accounting are excluded.

2. Interest rate-related transactions

(in millions of yen)

	FY2002 (March 31, 2003)				FY2001 (March 31, 2002)			
Interest rate swap contracts:	Contract amount	Over 1 year	Estimated fair value	Unrealized gain/(loss)	Contract amount	Over 1 year	Estimated fair value	Unrealized gain/(loss)
Receive/floating and pay/fixed	-	-	-	-	300	-	(5)	(5)
Total	-	-	-	-	300	-	(5)	(5)

Notes: 1) Fair values at the end of each accounting period are estimated based on information provided by financial institutions engaged in the contracts and other sources.
2) Derivative contracts that are accounted for by hedge accounting are excluded.

Employees' Severance and Retirement Benefits

FY2002 (March 31, 2003)

1. Overview of Employees' Severance and Retirement Benefits

Mazda Motor Corporation and its domestic consolidated subsidiaries have various combinations of employer-sponsored pension plans and/or severance pay plans, all of which are defined benefit plans. In addition, certain overseas consolidated subsidiaries have defined benefit plans and/or defined contribution plans.

2. Liability for Severance and Retirement Benefits (as of March 31, 2003)

(in millions of yen)

	FY2002 (March 31, 2003)
Projected benefit obligation	(544,579)
Fair value of pension plan assets	215,202
Subtotal	(329,377)
Unrecognized:	
Transition obligation	-
Actuarial differences	143,870
Prior service cost	2,624
Total	(182,883)
Prepaid pension cost	17
Liability for severance and retirement benefits	(182,900)

Notes:
1) The above amounts include those ascribed to the portions of certain employer-sponsored pension plans that partially substitute the national pension plan.
2) Certain consolidated subsidiaries estimate their liability for severance and retirement benefits by a "simplified" method.

3. Severance and Retirement Benefit Expenses (from April 1, 2002 to March 31, 2003)

(in millions of yen)

	FY2002 (April 2002-March 2003)
Service costs--benefits earned during the year	17,042
Interest cost on projected benefit obligation	15,129
Expected return on pension plan assets	(9,556)
Amortization of actuarial differences	8,472
Amortization of prior service costs	270
Severance and retirement benefit expenses	31,357

Notes:
1) Employees' contributions to employer-sponsored pension plans are excluded from the expenses.
2) The severance and retirement benefit expenses of those consolidated subsidiaries using the "simplified" method of estimation are included in the service costs.

4. Assumptions

	FY2002 (April 2002-March 2003)
Inter-period allocation method for estimated severance and retirement benefits	Allocated proportionally based on years worked
Discount rate	Primarily 3.0%
Expected return on pension plan assets	Primarily 4.0%
Amortization period of prior service cost	Primarily 12 years
Amortization period of actuarial differences	Primarily 13 years

Employees' Severance and Retirement Benefits

FY2001 (March 31, 2002)

1. Overview of Employees' Severance and Retirement Benefits

Mazda Motor Corporation and its domestic consolidated subsidiaries have various combinations of employer-sponsored pension plans and/or severance pay plans, all of which are defined benefit plans. In addition, certain overseas consolidated subsidiaries have defined benefit plans and/or defined contribution plans.

2. Liability for Severance and Retirement Benefits (as of March 31, 2002)

(in millions of yen)

	FY2001 (March 31, 2002)
Projected benefit obligation	(530,731)
Fair value of pension plan assets	249,765
Subtotal	(280,966)
Unrecognized:	
Transition obligation	-
Actuarial differences	103,717
Prior service cost	2,683
Total	(174,566)
Prepaid pension cost	64
Liability for severance and retirement benefits	(174,630)

Notes:
1) The above amounts include those ascribed to the portions of certain employer-sponsored pension plans that partially substitute the national pension plan.
2) Certain consolidated subsidiaries estimate their liability for severance and retirement benefits by a "simplified" method.

3. Severance and Retirement Benefit Expenses (from April 1, 2001 to March 31, 2002)

(in millions of yen)

	FY2001 (April 2001-March 2002)
Service costs--benefits earned during the year	15,087
Interest cost on projected benefit obligation	15,767
Expected return on pension plan assets	(13,541)
Net transition obligation	-
Amortization of actuarial differences	3,355
Amortization of prior service costs	333
Severance and retirement benefit expenses	21,001

Notes:
1) Employees' contributions to employer-sponsored pension plans are excluded from the expenses.
2) The severance and retirement benefit expenses of those consolidated subsidiaries using the "simplified" method of estimation are included in the service costs.

4. Assumptions

	FY2001 (April 2001-March 2002)
Inter-period allocation method for estimated severance and retirement benefits	Allocated proportionally based on years worked
Discount rate	Primarily 3.0%
Expected return on pension plan assets	Primarily 5.5%
Amortization period of prior service cost	Primarily 12 years
Amortization period of actuarial differences	Primarily 13 years

Income Taxes

1. Deferred tax assets and liabilities reflect the estimated tax effects of 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 at March 31, 2003 and 2002 were as follows:

(in millions of yen)

	FY2002 (March 31, 2003)	FY2001 (March 31, 2002)
Deferred tax assets		
Allowance for doubtful receivables	9,095	9,056
Employees' severance and retirement benefits	69,443	67,153
Accrued bonuses and other reserves	19,882	17,362
Inventory valuation	2,998	3,477
Valuation loss on investment securities, etc.	2,180	642
Recognition of deferred taxes on net operating losses of consolidated subsidiaries and equity method-applied companies	9,205	-
Net operating loss carryforwards	23,438	50,590
Other	64,646	62,436
Total gross deferred tax assets	200,887	210,716
Less: valuation allowance	(14,532)	(24,530)
Net deferred tax assets	186,355	186,186
Deferred tax liabilities		
Reserves under Special Taxation Measures Law	(6,253)	(6,940)
Other	(4,396)	(5,977)
Deferred tax liabilities	(10,649)	(12,917)
Net deferred tax assets	175,706	173,269
Deferred tax liability related to land revaluation		
Deferred tax liability related to land revaluation	(90,832)	(93,971)

The net deferred tax assets and deferred tax liability related to land revaluation are included in the following accounts in the consolidated balance sheet:

	FY2002	FY2001
Current assets--Deferred taxes	54,398	80,403
Fixed assets--Deferred taxes	121,310	92,983
Current liabilities--Other	(2)	(23)
Fixed liabilities--Other	-	(94)
Fixed liabilities--Deferred tax liability related to land revaluation	(90,832)	(93,971)

2. The effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2003 and 2002 differ from the statutory tax rate for the following reasons:

	FY2002 (March 31, 2003)	FY2001 (March 31, 2002)
Statutory tax rate	41.7 %	41.7 %
Equity in net income of unconsolidated subsidiaries and affiliated companies	(11.4)	(17.0)
Recognition of deferred taxes on net operating losses of consolidated subsidiaries and equity method-applied companies	(32.7)	-
Valuation allowances	(3.6)	(34.3)
Reversal of unrealized profits from intercompany transactions	9.9	19.4
Elimination of dividend income from overseas consolidated subsidiaries	0.9	7.1
Taxes on retained earnings of subsidiaries in which investments were sold during the period	(2.2)	6.8
Change in statutory tax rate	8.7	-
Other	(0.3)	2.3
Effective tax rate	11.0	26.0

3. For the year ended March 31, 2002, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was 41.7%. For the year ended March 31, 2003, however, the statutory tax rate was changed due to an enacted change in tax laws. As a result, for those temporary differences expected to reverse on or before March 31, 2004, the statutory tax rate applied remained at 41.7%; however, for those temporary differences expected to reverse on or after April 1, 2004, the statutory tax rate was changed from 41.7% to 40.4%. The effect of this change in the statutory tax rate was to decrease deferred tax assets (net of deferred tax liabilities) by 2,456 million yen as of March 31, 2003 and to increase income tax expense for the year ended March 31, 2003 by the same amount. In addition, as of March 31, 2003, deferred tax liability related to land revaluation decreased by 2,930 million yen and land revaluation increased by the same amount due to the change in the statutory tax rate.

Segment Information

1. Information by Industry Segment

Mazda Motor Corporation and its consolidated subsidiaries are primarily engaged in the manufacture and sale of passenger and commercial vehicles. Net sales, operating income (loss) and assets related to this industry have exceeded 90% of the respective consolidated amounts. Accordingly, information by industry segment is not shown.

2. Information by Geographic Areas

(in millions of yen)

FY2002 (Year ended March 31, 2003)	Japan	North America	Europe	Other areas	Total	Elimination or corporate	Consolidated
Net sales:							
Outside Customers	1,110,796	825,569	313,843	114,304	2,364,512	-	2,364,512
Inter-area	634,994	16,012	7,785	230	659,021	(659,021)	-
Total	1,745,790	841,581	321,628	114,534	3,023,533	(659,021)	2,364,512
Costs and expenses	1,705,835	835,124	316,140	110,167	2,967,266	(653,410)	2,313,856
Operating income (loss)	39,955	6,457	5,488	4,367	56,267	(5,611)	50,656
Total identifiable assets	1,556,306	190,720	118,044	26,437	1,891,507	(137,490)	1,754,017

Notes:

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

2) As discussed in the Accounting Change of the Notes to the Consolidated Financial Statements, commencing in the year ended March 31, 2003, the depreciation method of tangible fixed assets has been changed. The effect of this change to the Japanese segment is to decrease operating expenses by 11,014 million yen and to increase operating income by the same amount.

(in millions of yen)

FY2001 (Year ended March 31, 2002)	Japan	North America	Europe	Other areas	Total	Elimination or corporate	Consolidated
Net sales:							
Outside Customers	1,071,430	739,896	191,005	92,583	2,094,914	-	2,094,914
Inter-area	547,334	28,473	212	11	576,030	(576,030)	-
Total	1,618,764	768,369	191,217	92,594	2,670,944	(576,030)	2,094,914
Costs and expenses	1,594,198	760,210	190,245	89,272	2,633,925	(567,564)	2,066,361
Operating income (loss)	24,566	8,159	972	3,322	37,019	(8,466)	28,553
Total identifiable assets	1,555,771	223,528	82,990	28,741	1,891,030	(156,135)	1,734,895

Notes:

1) Method of segmentation and principal countries or regions belonging to each segment
   a) Method: Segmentation by geographic adjacency
   b) 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

FY2002

(Year ended March 31, 2003) (in millions of yen)

	North America	Europe	Other areas	Total
Overseas sales	845,241	368,045	332,955	1,546,241
Consolidated sales	-	-	-	2,364,512
Percentage of overseas sales to consolidated sales	35.7%	15.6%	14.1%	65.4%

FY2001

(Year ended March 31, 2002) (in millions of yen)

	North America	Europe	Other areas	Total
Overseas sales	776,889	228,120	278,855	1,283,864
Consolidated sales	-	-	-	2,094,914
Percentage of overseas sales to consolidated sales	37.1%	10.9%	13.3%	61.3%

Notes:

1) Overseas sales include exports by Mazda Motor Corporation and its domestic consolidated subsidiaries as well as sales (other than exports to Japan) by overseas consolidated subsidiaries.

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

Related Party Transactions

FY2002 (Year ended March 31, 2003)

1. Directors and Major Individual Stockholders

Party Type	Director	Director
Party Name	Kazuhide Watanabe	Takashi Yamanouchi
Line of Business	Representative Director and Chairman of the Board, Mazda Motor Corporation Chairman, The Mazda Foundation	Director and Senior Managing Executive Officer, Mazda Motor Corporation Chairman, Mazda Health Insurance Society
% of Voting Stock Held	0.0% (direct)	0.0% (direct)
Detail of Transaction	Mazda Motor Corp. donated funds to The Mazda Foundation.	Mazda Motor Corp. subcontracted legally-required and other physical examination services for the employees to Mazda Health Insurance Society.
Transaction amount	50 million yen	124 million yen
Account Title	-	-
Ending Balance	-	-

Notes:
1) These transactions are so-called related party transactions for a third party.

2. Subsidiaries and Other Similar Parties

Party Type	Affiliate
Party Name	AutoAlliance International, Inc. (AAI)
Address	Flat Rock, Michigan, USA
Capital	US$760,000 thousand
Line of Business	Manufacturing and sales of automobiles
% of Voting Stock Held	50.0% (direct)
Concurrent board appointment	1 person
Business relation	AAI manufactures and sells Mazda-brand products.
Nature of Relation	
Detail of Transaction	Mazda Motor Corp. issued letters of undertaking to AAI's creditors for its loans.
Transaction amount	44,857 million yen
Account Title	-
Ending Balance	-

Note:
Letters of undertaking are issued by taking the financial positions and other conditions of the guarantee companies into consideration.

3) Subsidiaries of Other Affiliates

Party Type	Subsidiary of a company classified as other affiliates
Party Name	Primus Financial Services Inc.
Address	Chuo-Ku, Osaka
Capital	2,600 million yen
Line of Business	Automotive related finance and lease services
% of Voting Stock Held	-
Concurrent board appointment	1 person
Business relation	Mazda's receivables are transferred (sold) to Primus.
Nature of Relation	
Detail of Transaction	Mazda's receivables are transferred (sold) to Primus.
Transaction amount	310,739 million yen
Account Title	Other accounts receivable
Ending Balance	3,850 million yen

Notes:
1) The transaction amount and ending balance do not include consumption taxes.
2) The terms of the transaction as well as the policy to determine the terms of the transaction are determined in a manner equivalent to those for a transaction with an unrelated third party by taking market interest rates into consideration.

Related Party Transactions

3) Subsidiaries of Other Affiliates (Continued from the previous page)

Party Type	Subsidiary of a company classified as other affiliates
Party Name	FLP Canada
Address	Saint John, New Brunswick, Canada
Capital	2,925,987 (in thousands of Canadian dollars)
Line of Business	Ownership and financing of global automotive ventures
% of Voting Stock Held	-
Concurrent board appointment	-
Business relation	FLP Canada purchased Mazda's bonds with stock acquisition rights
Nature of Relation	
Detail of Transaction	FLP Canada purchased Mazda's bonds with stock acquisition rights
Transaction amount	20,000 million yen
Account Title	Bonds with stock acquisition rights
Ending Balance	20,000 million yen

Information on Amounts Per Share of Common Stock

FY2002 (Year ended March 31, 2003)

Net assets per share of common stock	159.22	yen
Net income per share of common stock:		
Basic	19.80	
Diluted	18.37	

Commencing in the year ended March 31, 2003, "Accounting Standard for Net Profit Per Share" (Financial Accounting Standard No. 2) and "Guidance for Appropriation of Accounting Standards for Net Profit Per Share" (Guidance of Financial Accounting Standard No. 4) have been adopted.

Information on amounts per share of common stock of the year ended March 31, 2003 as calculated in accordance with the method effective until the prior year is as follows:

Net assets per share of common stock	159.20	yen
Net income per share of common stock:		
Basic	19.78	
Diluted	18.35	

Notes:
Bases of calculation of net income (basic and diluted) per share of common stock are as follows:

Net income as reported in the consolidated statement of operations	24,134	million yen
Net income on common stock	24,134	
Average number of shares of common stock outstanding	1,219,050	thousand shares
Adjustments made on net income	-	million yen

Increase in the number of shares of common stock used in calculating net income per share of common stock, diluted:

Convertible bonds type-bonds with stock acquisition rights	196,078	thousand shares
Increase in the number of shares of common stock	196,078	

Numbers of potential shares of common stock that are excluded from the calculation of net income per share of common stock, diluted, due to a lack of dilution effects:

By the method to purchase treasury stock in accordance with the resolution of the 135th general meeting of the shareholders on June 26, 2001.

Number of shares of common stock	1,195,000 shares
Type of potential shares of stock	Common stock
Exercise period	From July 1, 2003 to June 30, 2006
Exercise conditions	The ending quoted price of Mazda's common shares at Tokyo Stock Exchange on the day before the exercise must be 500 yen or higher. Other conditions are in accordance with the resolutions of the general meeting of the shareholders and the board of directors as well as the contracts between Mazda and its members of the board of directors, officers and employees.

By the method to purchase treasury stock in accordance with the resolution of the 136th general meeting of the shareholders on June 25, 2002.

Number of shares of common stock	1,976,000 shares
Type of potential shares of stock	Common stock
Exercise period	From July 1, 2004 to June 30, 2007
Exercise conditions	The ending quoted price of Mazda's common shares at Tokyo Stock Exchange on the day before the exercise must be 500 yen or higher. Other conditions are in accordance with the resolutions of the general meeting of the shareholders and the board of directors as well as the contracts between Mazda and its members of the board of directors, officers and employees.

FY2001 (Year ended March 31, 2002)

Net assets per share of common stock	141.52	yen
Net income per share of common stock:		
Basic	7.23	

Information on net income per share of common stock, diluted, is omitted due to the following reasons: 1) no convertible bonds are issued and 2) stock options granted to Mazda's directors and employees have not reached the exercise period.

5. Production and Sales Information

1. Production Volume

Type	FY 2002 (April 2002 to March 2003)	FY 2001 (April 2001 to March 2002)	Increase/ (Decrease)
	units	units	units
Passenger cars	719,259	661,274	57,985
Trucks	57,423	68,677	(11,254)
Vehicles Total	776,682	729,951	46,731

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):

	FY2002	FY2001	Increase/ (Decrease)
AutoAlliance International, Inc.	47,603 units	46,705 units	898 units
AutoAlliance (Thailand) Co., Ltd.	31,857 units	27,129 units	4,728 units

2. Sales Volume and Revenue

Type	FY 2002 (April 2002 to March 2003)		FY 2001 (April 2001 to March 2002)		Increase/ (Decrease)	
	Volume	Revenue	Volume	Revenue	Volume	Revenue
	units	million yen	units	million yen	units	million yen
Vehicles	1,017,130	1,735,428	948,442	1,483,159	68,688	252,269
Knockdown Parts (Overseas)	—	74,617	—	59,650	—	14,967
Parts	—	147,697	—	147,950	—	(253)
Others	—	406,770	—	404,155	—	2,615
Total	—	2,364,512	—	2,094,914	—	269,598

＜Sales Volume by Market＞

Type	FY 2002 (April 2002 to March 2003)	FY 2001 (April 2001 to March 2002)	Increase/ Decrease
	units	units	units
Japan	293,700	288,213	5,487
North America	347,911	346,943	968
Europe	200,859	150,406	50,453
Others	174,660	162,880	11,780
Overseas Total	723,430	660,229	63,201
Total	1,017,130	948,442	68,688

FY2002 Financial Summary (Consolidated)

May 12, 2003

Mazda Motor Corporation

(in 100 millions of yen)
(in thousands of units)
(Upper left: Ratio on sales)

		No.	FY2001 (Apr.01-Mar.02)	%	FY2002 (Apr.02-Mar.03)	%	FY2003 (Apr.03-Mar.04) Projection	%
	Domestic	1	8,110	(11.1)	8,183	0.9	8,350	2.0
	Overseas	2	12,839	16.3	15,462	20.4	15,850	2.5
Net sales		3	20,949	3.9	23,645	12.9	24,200	2.3
Operating income/(loss)		4	1.4% 285	-	2.1% 506	77.4	2.7% 650	28.3
Ordinary income/(loss)		5	0.9% 192	-	1.7% 407	111.8	2.4% 570	40.0
Income/(loss) before tax		6	0.7% 155	-	1.2% 281	81.4	2.0% 490	74.2
Net income/(loss)		7	0.4% 88	-	1.0% 241	173.3	1.2% 300	24.3
Operating income/(loss) by geographic area	Japan	8	245		399			
	North America	9	82		65			
	Europe	10	10		55			
	Other	11	33		43			
Operating Profit Change								
	Volume & Mix	12			48		319	
	Exchange Rate & Net Pricing	13			197		(40)	
	Product Enrichment	14			(263)		(308)	
	Cost Reduction	15			516		500	
	Marketing Expense	16			(197)		(62)	
	Fixed Costs & Other	17			(80)		(265)	
	Total	18			221		144	
Exchange rate		19	125 Yen/US$ 110 Yen/EUR		122 Yen/US$ 121 Yen/EUR		115 Yen/US$ 125 Yen/EUR	
Capital investment		20	566		440		550	
Depreciation and amortization		21	448		369		360	
R & D cost		22	949		878		910	
Total assets		23	17,348		17,540			
Net worth		24	1,728		1,940			
Financial debts		25	6,863		6,782		6,217	
Net financial debts		26	4,569		4,035		3,707	
Cash flow		27	306		470		400	
Performance of operation		28			Sales: Increase Net Income: Increase		Sales: Increase Net Income: Increase	
	Domestic	29	288	(13.7)	294	1.9	299	1.6
	North America	30	347	15.8	348	0.3	335	(3.6)
	Europe	31	150	(14.3)	201	33.5	239	18.9
	Other	32	163	5.0	174	7.2	180	3.1
	Overseas	33	660	4.8	723	9.6	754	4.3
Sales volume		34	948	(1.6)	1,017	7.2	1,053	3.5
Number of Employees (excluding dispatchees)		35	37,824		36,184			