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Decision On Business Rationalization Plan

Mazda has made tremendous progress over the past several years in rationalizing and reforming the company. Nonetheless, more is required to ensure Mazda will be a strong, successful, and profitable competitor in the years ahead. A comprehensive plan has been developed and approved today by the Board of Directors to address the issues and challenges facing the company. This includes production of Mazda vehicles at a Ford facility in Europe, closure of a part of our Hiroshima plant (Ujina Plant No.2) and an early retirement special program for indirect employees. The early retirement special program will be proposed to our Labor Union today.

Specific contents of the Business Rationalization Plan:

1. European production

We plan to produce Mazda vehicles at a Ford facility in Europe as follows for the purpose of locating production near our customers and reducing our exchange exposure.

(1) Carlines	Demio to Europe, 323 5HB to Europe	
(2) Job#1 timing	Demio	Beginning of 2003
	323-5HB	End of 2003 (Under study)
(3) Production volume	Approx. 100,000 units Annually	
	(Current Japan production volume: 60,000 to 80,000)	
(4) Production site	A Ford Facility in Europe	(Location to be announced later)

2. Closure of Ujina Plant No. 2

We will close Ujina Plant No.2 and transfer production of carlines being produced there to other plants of Mazda to improve utilization and production efficiencies of all plants at our company.

(1) Plant to be closed:	Ujina Plant No.2 (Started its operation in 1972, standard capacity: 266, 000 units)
(2) Timing:	September, 2001
(3) Carlines currently being produced:	Demio and Familia
(4) Plants transfer production to:	Ujina Plant No.1 and Hofu Plant No.1
(5) Employees:	To be relocated to other plants
(6) Impact on profit	Recognize loss of about ¥3 billion associated with closure in extraordinary loss in FY2000.

3. Early retirement special program

We plan to implement an early retirement special program to achieve an optimum level of employment recognizing efficiency improvements, expanded utilization of Information Technologies, and the competitive environment.

(1) Total number of people	1,800 people (indirect only)
(2) Eligible employees	Employees who are 40 or older with an experience of indirect positions more than 10 years, and including 350 indirect employees who are 30 or older with more than 5-year-experience Eligible employees are about 10,000.
(3) Application period	Early February, 2001 to the end of February
(4) Retirement timing	March 30, 2001
(5) Impact on profit	We are projecting a special retirement incentive of this program to be about ¥24 billion, which we plan to recognize in extraordinary loss in FY2000.