

May 9, 2008

To Whom It May Concern:

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### Purchase of own shares and issuance of subscription rights for new shares as stock option

This is to notify you, as detailed below, that at the board meeting held on May 9, 2008, Mazda decided to submit a bill for the purchase of its own shares and a bill for the issuance of subscription rights for new shares as stock options to certain directors, executive officers and employees of Mazda and certain directors of consolidated companies in accordance with the company law article 156, 165, 238 and 239, at our 142<sup>nd</sup> Ordinary General Meeting of Shareholders to be held on June 25, 2008.

#### I. Purchasing of own shares in accordance with company law article 156 and 165

1. Class of shares to be purchased: Common shares of the company
2. Total number of shares to be purchased: Up to 1,400,000 shares
3. Total amount to be paid for the share purchase: Up to ¥ 900 million
4. Period of purchasing shares: From June 26, 2008 to June 25, 2009

#### II. Issuance of subscription rights for new shares as stock option

##### 1. Grounds for granting of rights upon especially favorable terms

We would like to increase Mazda's corporate value by improving the motivation and morale of directors and employees with regard to their job performance and by carrying out continuous management reform through the qualification of subscription rights for new shares to certain directors, executive officers and employees of Mazda and certain directors of consolidated companies. The subscription rights for new shares are granted to Mazda directors as stock options and deemed as compensation.

##### 2. Cost for receiving subscription rights for new shares

N/A

##### 3. Grant date of the subscription rights for new shares

Grant date of the subscription rights for new shares will be defined in the future BOD.

##### 4. Issuance of subscription rights for new shares

###### (1) Class and number of shares intended for subscription rights for new shares

Common shares of the company, up to 2,300,000 shares

If Mazda splits its shares up or down, the number of shares intended for subscription rights for new shares will be adjusted using the following formula, provided that such adjustment shall be made only to the number of shares intended for subscription rights for new shares, which have not yet been exercised. Any amount less than one yen arising from the adjustment shall be rounded down.

Adjusted no. of shares = No. of shares before adjustment × Ratio of split-up or split-down

Upon merger or demerger, or when a company becomes a wholly owned subsidiary of Mazda through share exchange, Mazda can adjust the number of shares that it deems necessary if the Rights are successional.

###### (2) Total number of subscription rights for new shares to be issued

Up to 2,300 subscription rights for new shares (Up to 100 shares for directors)

(1,000 common shares per subscription right for new shares shall be granted upon exercise of a subscription right for new shares, provided that the adjustment same as the above (1) shall be made if the adjustment of number described in the above (1) has been made.)

(3) Amount to be paid for exercising subscription rights for new shares

The total amount to be paid for a subscription right is price per share times the number of shares to be purchased. The amount payable per share shall be the highest of the below.

- ① 1.05 times the monthly average of the closing prices of Mazda's share for regular transactions on the Tokyo Stock Exchange (excluding days in which trading is not carried out) during the month prior to the month of issue of subscription rights for new shares with all figures less than one yen rounded up.
- ② The closing price of Mazda's share for regular transaction on the Tokyo Stock Exchange on the date on which a subscription right for new shares is issued.
- ③ When Mazda purchases its own shares between June 26, 2008 to the date on which a subscription right for new shares is issued, the figure of total amount paid for the share purchase divided by the total number of shares purchased with all figures less than one yen rounded up.

If Mazda splits its share up or down after the issue of subscription rights for new shares, the payable amount will be adjusted using the following formula with all figures less than one yen rounded up.

$$\text{Payable price after adjustment} = \text{Payable price before adjustment} \times \frac{1}{\text{Ratio of split-up or split-down}}$$

If Mazda issues new shares at a price below the current quotation (excluding the issue of shares accompanied with the exercise of subscription rights for new share), the payable amount shall be adjusted using the following formula with all figures less than one yen rounded up.

$$\text{Payable price after adjustment} = \text{Payable price before adjustment} \times \frac{\text{No. of outstanding shares} + \frac{\text{No. of shares newly issued} \times \text{Price payable per share}}{\text{Share price before new issuance}}}{\text{No. of outstanding shares} + \text{No. of increased shares due to new issue}}$$

Upon merger or demerger, or when a company becomes a wholly owned subsidiary of Mazda through share exchange, Mazda can adjust the number of shares that it deems necessary if the Rights are successional.

(4) Period during which subscription rights for new shares are exercisable

From July 1, 2010 to June 30, 2013

(5) Conditions for the exercise of subscription rights for new shares

- ① A person granted subscription rights for new shares ("Right Holder") may exercise said rights even if he/she loses his/her position in the company in such cases as retirement from his/her director position, employee's mandatory retirement from the company or his/her retirement from the company at the company's cause. However, he/she retiring from the company at his/her own cause may not exercise said rights.
- ② Should Right Holder die, his/her inheritor may receive the subscription rights for future shares by inheritance provided, however, that it is subject to the conditions stipulated in the agreement defined in ④.
- ③ It is not permitted to transfer the right to a third party, to put said right under any pledge or lien, or to dispose of it in any manner.
- ④ Other conditions shall be subjected to the agreement to be made between the Right Holder and Mazda based on resolutions to be made at the shareholders' meeting and the board meeting.

(6) Capital fund / reserve increase with stock issuance by exercising the rights for new shares

- ① The capital fund increase as a result of the exercise of subscription rights for new share shall be an amount equal to one half (1/2) of the maximum share capital increase to be calculated according to Corporate Accounting Regulations clause 1 of article 40, any fraction less than one Japanese yen resulting from such calculation to be rounded up.

- ② The capital reserve increase as a result of the exercise of subscription rights for new share shall be the amount obtained by deducting the capital fund increase amount set forth in ① of this Condition (6), from the maximum share capital increase set forth in ①.
- (7) Circumstances and conditions of extinguishment of subscription rights for new shares
- ① Mazda may obtain and extinguish subscription rights for new shares free of charge when the agreement of merger that Mazda will be a defunct company is approved or when the approval for the bill regarding share exchange agreement or transfer of shares that Mazda will be a 100% subsidiary is approved at the shareholders' meeting.
  - ② Mazda may obtain and extinguish subscription rights for new shares free of charge in such case as Right Holder may have not exercised the right for the reason that the conditions defined in (5)① and ④ were not filled before the exercise of his/her right.
- (8) Restriction of transfer of subscription rights for new shares  
It is required to obtain approval from BOD for the transfer of subscription rights for new shares.
- (9) Subscription rights for new shares when Mazda is restructured  
When it is approved in Mazda shareholders meeting and BOD that Mazda will be restructured and become a defunct or subsidiary company (merger, absorption, split, stock swap, stock transfer), Mazda may grant rights for new shares of the existing company to Right Holders according to the conditions set forth in the restructure agreement / plan.
- (10) Fraction of rights for new shares  
Rights for new shares less than one stock are rounded down.
- (11) Other detail of subscription rights issuance for new shares  
Other detail of rights for new shares will be defined together with application guidelines in the future BOD to approve subscription rights issuance for new shares.