

October 5, 2009
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Notice Concerning Issuance of New Shares, Sale of Treasury Shares and Secondary Offering of Shares

Mazda Motor Corporation (“Mazda”) resolved, at a meeting of the board of directors held today, the issuance of new shares, the sale of treasury shares and the secondary offering of shares of Mazda, as set forth below:

I. Purpose of this Finance

Mazda’s operating environment has continued to be uncertain due to a decline in automobile demand and the yen’s appreciation since the global financial crisis in last fall, although a sign of economic recovery is shown in some areas. Under this situation, Mazda Group is accelerating a conversion to a cost structure which enables Mazda to achieve profit at the operation rate for its domestic factories of 80%. In addition, considering the growing environmental consciousness at the global level, to offer excellent environmental and safe quality is one of the most important challenges.

In Mazda Group, measures such as Cost Innovation initiatives and reduction of fixed cost, which have been implemented since last fiscal year, have brought an achievement, and an inventory adjustment in Dealers in Mazda sales network have also been completed. Mazda will keep building a streamlined and lean management structure, and focus on the achievement of positive operating income and cash flow. In its challenge to reduce CO2 emission, Mazda will redesign new powertrains such as gasoline and diesel engines, as well as introduce lighter next-generation platforms, starting in 2011. Mazda plans to improve by 2015 the average fuel economy of all Mazda vehicles sold globally by 30% (against 2008) through an exhaustive improvement of efficiency.

Through this public offering, Mazda will secure a fund for research and development and capital investment for environment- and safe- responsive vehicles. Mazda will invest the fund with a particular focus on a series of next-generation products based on the improvement of efficiency of internal combustions and the electric device technologies including hybrid technology, as well as pursue enhancement of capital base and further growth.

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II. Issuance of New Shares, Sale of Treasury Shares and Secondary Offering of Shares

1. Issuance of New Shares by way of Offering (Public Offering)

- (1) Class and Number of Shares to be Offered 315,198,000 shares of common stock of Mazda (the “shares”) which are the sum of (i) and (ii) below.
- (i) 303,198,000 new shares to be underwritten by the Underwriters in the Public Offering specified in (4) below.
- (ii) A maximum of 12,000,000 shares which shall be the subject of purchase options to be granted to the Underwriters in connection with the sales to overseas investors as a part of the Public Offering specified in (4) below, for the purchase of the additionally issued shares.
- (2) Method of Determination of the Amount to be Paid The amount to be paid shall be determined on the date of determination of the issue price, etc. (which may be a day in the period from Wednesday, October 14, 2009 to Tuesday, October 20, 2009) (the “Determination Date”) in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association (“JSDA”).
- (3) Amount of Stated Capital and Additional Paid-in Capital to be Increased The amount of stated capital to be increased shall be half of the maximum increased amount of stated capital, as calculated in accordance with the provision of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations with any fraction less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of the additional paid-in capital to be increased shall be the amount obtainable by subtracting the above amount of stated capital to be increased from the relevant maximum amount of stated capital increase.
- (4) Method of Offering The offering shall be a public offering. All of the new shares shall be purchased for sale by Nomura Securities Co., Ltd. (“Nomura Securities”), Daiwa Securities SMBC Co. Ltd. and Goldman Sachs Japan Co. Ltd. (collectively, the “Underwriters”). Joint Lead Managers of the Public Offering shall mean Nomura Securities (the Representative Lead Manager), Daiwa Securities SMBC Co. Ltd. and Goldman Sachs Japan Co. Ltd. Nomura Securities and Daiwa Securities SMBC Co. Ltd. will jointly figure out the demand etc. of shares and distribute them to individual investors and business corporations out of those who can purchase shares. To institutional buyers, the Joint Lead Managers will jointly do so. The issue price with regard to the Public Offering (offer price) shall be determined on the Determination Date, based on the provisional range calculated by multiplying the closing price in regular trading of the shares on the Tokyo Stock Exchange on the Determination Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by 0.90-1.00 (with any fraction less than one yen being rounded down), in accordance with the method stated in

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Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the JSDA, taking into account market demand and other conditions.

A part of the shares may be sold to overseas investors in overseas market such as Europe (but excluding the United States and Canada). In connection with such sales, Mazda shall grant the Underwriters an option to purchase the additionally issued shares mentioned in (1) (ii) above.

- (5) Consideration to be paid to the Underwriters Mazda shall not pay any underwriting fees to the Underwriters. Instead, the aggregate amount of the difference between (a) the issue price in the Public Offering (offer price) and (b) the amount to be paid to Mazda by the Underwriters shall be taken by the Underwriters.
- (6) Subscription Period The subscription period shall be from the next business day after the Determination Date to the second business day following the Determination Date.
- (7) Payment Date The payment date shall be a day in the period from Wednesday, October 21, 2009 to Tuesday, October 27, 2009, provided, however, that such day shall be the fifth business day following the Determination Date.
- (8) Subscription Unit 1,000 shares
- (9) The amount to be paid, the amount of stated capital and additional paid-in capital to be increased, and any other matters necessary for issuance of new shares by the Public Offering shall be determined at the discretion of the Representative Director, President and CEO of Mazda.
- (10) The Public Offering shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan.

2. Secondary Offering of Shares by way of Sale of Treasury Shares (Secondary Offering by way of Underwriting)

- (1) Class and Number of Shares to be Sold 96,802,000 shares of common stock of Mazda.
- (2) Method of Determination of the Amount to be Paid The amount to be paid shall be determined on the Determination Date, in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by JSDA; provided however, that such amount to be paid shall be the same as the amount to be paid in respect of the Public Offering.
- (3) Method of Secondary Offering The offering shall be a secondary offering. All of the shares shall be purchased for sale by the Underwriters. The Joint Lead Managers of the Secondary Offering by way of Underwriting shall mean Nomura Securities (the Representative Lead Manager), Daiwa Securities SMBC Co. Ltd. and Goldman Sachs Japan Co. Ltd. Nomura Securities and Daiwa Securities

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SMBC Co. Ltd. will jointly figure out the demand etc. of shares and distribute them to individual investors and business corporations out of those who can purchase shares. To institutional buyers, the Joint Lead Managers will jointly do so. The selling price shall be determined on the Determination Date, based on the provisional range calculated by multiplying the closing price in regular trading of the shares on the Tokyo Stock Exchange on the Determination Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by 0.90-1.00 (with any fraction less than one yen being rounded down), in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the JSDA, taking into account market demand and other conditions; provided, however, that the selling price shall be the same as the issue price in respect of the Public Offering (offer price).

Consideration to be paid to the Underwriters of Secondary Offering shall be the aggregate amount of the difference between (a) the selling price and (b) the amount to be paid to Mazda by the Underwriters.

- (4) Subscription Period The subscription period shall be from the next business day after the Determination Date to the second business day following the Determination Date; provided, however, that such subscription period shall be the same as the subscription period in respect of the Public Offering.
- (5) Payment Date The payment date shall be a day in the period from Wednesday, October 21, 2009 to Tuesday, October 27, 2009, provided, however, that such day shall be the fifth business day following the Determination Date; provided further that such payment date shall be the same as the payment date in respect of the Public Offering.
- (6) Delivery Date The delivery date shall be a day in the period from Thursday, October 22, 2009 to Wednesday, October 28, 2009; provided, however, that such day shall be the day immediately following the payment date mentioned in (5) above.
- (7) Subscription Unit 1,000 shares
- (8) The amount to be paid, the selling price, and any other matters necessary for the Secondary Offering of Shares by way of Sale of Treasury Shares shall be determined at the discretion of the Representative Director, President and CEO of Mazda.
- (9) The Secondary Offering by way of Underwriting shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan.

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3. Secondary Offering of Shares (Secondary Offering by way of Over-Allotment) (See 1. of “For Reference” attached hereto)

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|---|---|
| (1) Class and Number of Shares to be Sold | 48,000,000 shares of common stock of Mazda.

The number of shares to be sold mentioned above is the maximum number of shares to be sold. The above number may be decreased, or the Secondary Offering by way of Over-Allotment may be cancelled entirely, depending on market demand and other conditions. The number of shares to be sold shall be determined on the Determination Date, taking into account market demand and other conditions. |
| (2) Seller | Nomura Securities |
| (3) Selling Price | Undetermined (The selling price shall be determined on the Determination Date; provided, however, that such selling price shall be the same as the selling price for the Secondary Offering by way of Underwriting.) |
| (4) Method of Secondary Offering | Taking into account market demand and other conditions for the Public Offering and the Secondary Offering by way of Underwriting, Nomura Securities will undertake a secondary offering of shares (up to 48,000,000) that it will borrow from certain shareholder(s) of Mazda. |
| (5) Subscription Period | The subscription period shall be the same as the subscription period in respect of the Secondary Offering by way of Underwriting. |
| (6) Delivery Date | The delivery date shall be the same as the delivery date in respect of the Secondary Offering by way of Underwriting. |
| (7) Subscription Unit | 1,000 shares |
| (8) The selling price and any other matters necessary for the Secondary Offering by way of Over-Allotment shall be determined at the discretion of the Representative Director, President and CEO of Mazda. | |
| (9) The Secondary Offering by way of Over-Allotment shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan. | |

4. Issuance of New Shares by way of Third-Party Allotment (See 1. of “For Reference” attached hereto)

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|---|--|
| (1) Class and Number of Shares to be Offered | 48,000,000 shares of common stock of Mazda. |
| (2) Method of Determination for the Amount to be Paid | The amount to be paid shall be determined on the Determination Date; provided, however, that such amount to be paid shall be the same as the amount to be paid in respect of the Public Offering. |
| (3) Amount of Stated Capital and Additional Paid-in Capital to be | The amount of stated capital to be increased shall be half of the maximum increased amount of stated capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations with any fraction less than one yen resulting from the |

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- Increased calculation being rounded up to the nearest yen. The amount of the additional paid-in capital to be increased shall be the amount obtainable by subtracting the above amount of stated capital to be increased from the relevant maximum amount of stated capital increase.
- (4) Allottee Nomura Securities
 - (5) Subscription Period (Subscription Date) Wednesday, November 11, 2009
 - (6) Payment Date Thursday, November 12, 2009
 - (7) Subscription Unit 1,000 shares
 - (8) Shares not subscribed within the subscription period (Subscription Date) mentioned in (5) above shall not be issued.
 - (9) The amount to be paid, the amount of stated capital and additional paid-in capital to be increased and any other matters necessary for the issuance of new shares by way of the third-party allotment shall be determined at the discretion of the Representative Director, President and CEO of Mazda.
 - (10) The issuance of new shares by way of third-party allotment shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan.

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[For Reference]

1. Secondary Offering by way of Over-Allotment and other matters

The Secondary Offering by way of Over-Allotment as mentioned in “II. 3. Secondary Offering of Shares (Secondary Offering by way of Over-Allotment)” above, is a secondary offering to be made in relation to (a) the Public Offering mentioned in “II. 1. Issuance of New Shares by way of Offering (Public Offering)” and (b) the Secondary Offering by way of Underwriting mentioned in “II. 2. Secondary Offering of Shares by way of Sale of Treasury Shares (Secondary Offering by way of Underwriting)” for shares of common stock of Mazda, in a number not exceeding 48,000,000 shares, that will be borrowed by Nomura Securities, the Representative Lead Manager of the offering and the secondary offerings, from certain shareholder(s) of Mazda, taking into account market demand for the offerings mentioned in (a) and (b) above and other conditions. The number of shares to be offered in the Secondary Offering by way of Over-Allotment is scheduled to be 48,000,000 shares; however, this is the maximum number of shares to be sold, and such number may be decreased, or the Secondary Offering by way of Over-Allotment may be cancelled entirely, depending on market demand and other conditions.

In connection with the Secondary Offering by way of Over-Allotment, the board of directors of Mazda has resolved, at the meeting held on Monday, October 5, 2009, that Mazda will issue 48,000,000 shares of common stock of Mazda to Nomura Securities by way of third-party allotment (the “Capital Increase by way of Third-Party Allotment”), with the payment date set to be Thursday, November 12, 2009, in order for Nomura Securities to obtain the number of shares necessary to return the shares of common stock of Mazda that will have been borrowed by Nomura Securities from certain shareholder(s) of Mazda, as mentioned above (the “Borrowed Shares”).

Nomura Securities may also purchase shares of common stock of Mazda (the “Syndicate Cover Transactions”) on the Tokyo Stock Exchange, up to the number of shares to be offered in the Secondary Offering by way of Over-Allotment, for the purpose of returning the Borrowed Shares. Such Syndicate Cover Transactions would be made during the period from (a) the day immediately following the last day of the subscription period for the Public Offering, the Secondary Offering by way of Underwriting and the Public Offering by way of Over-Allotment to (b) Thursday, November 5, 2009 (the “Syndicate Cover Transaction Period”). All of the shares of common stock of Mazda purchased by Nomura Securities during the Syndicate Cover Transaction Period will be used to return the Borrowed Shares. During the Syndicate Cover Transaction Period, Nomura Securities may decide not to conduct any Syndicate Cover Transaction or may decide to terminate the Syndicate Cover Transactions before the number of shares purchased reaches the number of shares offered in the Secondary Offering by way of Over-Allotment.

Nomura Securities may conduct stabilizing transactions along with the Public Offering, the Secondary Offering by way of Underwriting and the Secondary Offering by way of Over-Allotment. The shares of common stock of Mazda purchased through such stabilizing transactions may be used, in whole or in part, to return the Borrowed Shares.

With respect to the number of shares obtained by deducting (a) the number of shares purchased through stabilization transactions and Syndicate Cover Transactions that are to be used to return the Borrowed Shares from (b) the number of shares to be offered in the Secondary Offering by way of Over-Allotment (the “Number of Shares to be Purchased”), Nomura Securities will accept the allotment under the Capital Increase

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by way of Third-Party Allotment and will purchase an equivalent number of shares of common stock of Mazda. As a result, a part or all of the shares to be issued under the Capital Increase by way of Third-Party Allotment may not be subscribed for, which may result in a decrease in the determined number of shares to be issued under the Capital Increase by way of Third-Party Allotment, or in the cancellation of the issuance, due to forfeiture.

In the event that Nomura Securities accepts the allotment under the Capital Increase by way of the Third-Party Allotment, it will make payment for the Number of Shares to be Purchased with the fund obtained from the Secondary Offering by way of Over-Allotment.

Whether or not the Secondary Offering by way of Over-Allotment is to be conducted, as well as the number of shares to be sold in the event the Secondary Offering by way of Over-Allotment is to be conducted, will be determined on the Determination Date. If the Secondary Offering by way of Over-Allotment is cancelled entirely, Nomura Securities will not borrow shares of common stock of Mazda mentioned above. Accordingly, no new shares will be issued under the Capital Increase by way of Third-Party Allotment due to forfeiture, since Nomura Securities will not accept the allotment and will not subscribe for shares under the Capital Increase by way of Third-Party Allotment. Further, no Syndicate Cover Transactions on the Tokyo Stock Exchange will be made.

The Syndicate Cover Transactions and the stabilizing transactions will be made by Nomura Securities upon consultations on the policy with Daiwa Securities SMBC Co. Ltd. and Goldman Sachs Japan Co. Ltd.

2. Change in the number of outstanding shares as a result of this capital increase by Public Offering and Capital Increase by way of Third-Party Allotment

Total number of outstanding shares at present:

1,418,509,399 shares (as of September 30, 2009)

Increase in number of shares as a result of the capital increase by public offering:

315,198,000 shares (Note 1)

Total number of outstanding shares after the capital increase by public offering:

1,733,707,399 shares (Note 1)

Increase in number of shares as a result of the capital increase by way of third-party allotment:

48,000,000 shares (Note 2)

Total number of outstanding shares after the capital increase by way of third-party allotment:

1,781,707,399 shares (Note 2)

- Notes:
1. These figures are based on the assumption that the Underwriters exercise all of the options set forth in (1) (ii) in “II. 1. Issuance of New Shares by way of Offering (Public Offering)” above.
 2. These figures are based on the assumption that the shares to be offered in “II. 4. Issuance of New Shares by way of Third-Party Allotment” are all subscribed by Nomura Securities and issued.

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3. Change in the number of treasury shares as a result of this sale of treasury shares

Number of treasury shares at present:	106,926,606 shares (as of September 30, 2009)
Number of shares to be sold:	96,802,000 shares
Number of treasury shares after the sale:	10,124,606 shares

4. Use of proceeds to be raised

(1) Use of proceeds to be raised this time

Out of proceeds from the public offering of new shares, sale of the treasury shares and Capital Increase by way of Third-Party Allotment of shares which will be up to 95,879,000,000 yen in total, 60,000,000,000 yen is planned to be used for research and development of environment- and safe- responsive vehicles, and the remainder for capital investment.

Research and development costs at Mazda group for three years ending March 31, 2012 is expected to be totaled to 292 billion yen as of October 5, 2009. Investment for environment- and safety- related development, such as investment for a series of next-generation products based on the improvement of efficiency of internal combustion and investment for development of the electric device technologies including hybrid technology, will be funded with a particular focus.

In addition, the capital investment plan for the above period amounts to 150 billion yen, which will be used for the production capacity and research and development facility aiming for an early introduction of the series of the next-generation products and electric device technologies referred to above.

The following sets forth a plan to develop important facilities in Mazda group as of October 5, 2009; provided however that Investment amount already paid is as of June 30, 2009.

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(Millions of yen)

Company	Business Establishment (Location)	Facility	Investment amount (scheduled)		Fund raise scheme	Commencem ent	Completion (scheduled)	Purpose
			Total	Paid				
Mazda	Headquarter facility, Hofu facility, etc. (Minami-ku, Hiroshima-city, Hiroshima, etc.)	Manufacturing facility for automobile and parts	106,800	6,290	Private fund, debt, debenture and capital increase, etc.	After April 2009	By March 2012	Investment mainly in facility for environmental and security responsive car
	Headquarter, Mazda R&D center Yokohama, etc. (Minami-ku, Hiroshima-city, Hiroshima, etc.)	Research and Development facility, etc.	13,100	1,089	same as above	same as above	same as above	Environmental- related research facility, etc.
	Distribution center, hospital, etc. (Nishi-ku, Sakai-city, Osaka, etc.)	Sales and distribution, welfare facility, etc.	12,500	138	Private fund, debt and debenture, etc.	same as above	same as above	Renewal of facility, etc.
Consolidated Subsidiaries	-	Manufacturing facility for automobile and parts, etc.	17,600	1,131	Private fund and debt, etc.	same as above	same as above	same as above

(2) Change in the use of proceeds raised last time

Not applicable.

(3) Expected impact on business results

Mazda believes that by investing the proceeds on its business from which more profitability and growth potential can be expected, this will contribute the enhancement of financial solidity as well as the improvement of results of operation.

5. Profit distribution to shareholders, etc.

(1) Basic policy concerning profit distribution

Mazda's policy to determine dividends is to take into account factors including results of operation and management environment for each period, and to seek stable dividends and steady enhancement thereof.

Distribution of surplus at year-end is determined at a meeting of shareholders, while distribution of interim dividends is determined by the board of directors. Articles of incorporation of Mazda provide that interim dividends may be made to shareholders (or pledgees) as of September 30 of each year pursuant to a resolution of Mazda's board of directors.

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(2) Concept of determination of dividends

As set forth in “(1) Basic policy concerning profit distribution” above.

(3) Use of retained earnings

Mazda will use the retained earnings for capital expenditure and investment for research and development, etc. to strengthen its competitive edge.

(4) Dividends for past three fiscal years

	FY March 2007	FY March 2008	FY March 2009
Consolidated current net income/loss per share (JPY)	52.59	65.21	-52.13
Dividends per share (JPY) (interim dividends per share included)	6.00 (—)	6.00 (3.00)	3.00 (3.00)
Consolidated actual payout ratio	11.4%	9.2%	—%
Consolidated return on equity	16.9%	17.9%	-14.8%
Consolidated ratio of dividends/net assets	1.9%	1.6%	0.8%

- Notes: 1. The consolidated return on equity is a fraction, the numerator of which is the consolidated current net income at the end of each fiscal year; and the denominator of which is the average of the equity capital at the beginning and the end of the relevant fiscal year.
2. The consolidated ratio of dividends/net assets is a fraction, the numerator of which is the total amount of dividends paid during each fiscal year; and the denominator of which is the consolidated net assets (the average of the total net assets at the beginning and the end of the relevant fiscal year).

6. Other matters

(1) Designation of party to receive distribution

Not applicable.

(2) Information on dilutive shares

Mazda has issued stock options in the form of stock acquisition rights pursuant to the provisions of Articles 280-20 and 280-21 of the former Commercial Code of Japan, and stock options in the form of stock

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acquisition rights pursuant to the provisions of Articles 238 and 239 of the Companies Act of Japan. The content of the stock options above is as follows. The ratio of (a) the remaining number of shares to be issued upon exercise as set forth below to (b) the total number of issued shares after the capital increase is expected to be 0.41%.

*The above figure is the ratio of dilutive shares in the event that all of the shares to be issued upon exercise are issued as new shares.

Granted stock options (as of September 30, 2009)

Resolution of the General Meeting of Shareholders	Resolution of the Board of Directors	Remaining number of new shares to be issued upon exercise	Amount to be paid upon exercise	Amount of stated capital to be increased	Exercise period
June 24, 2005	August 31, 2005	1,503,000 shares	JPY 463	JPY 232	From July 1, 2007 to June 30, 2010
June 27, 2006	August 31, 2006	1,929,000 shares	JPY 776	JPY 388	From July 1, 2008 to June 30, 2011
June 26, 2007	August 31, 2007	1,955,000 shares	JPY 714	JPY 357	From July 1, 2009 to June 30, 2012
June 25, 2008	August 29, 2008	1,984,000 shares	JPY 604	JPY 302	From July 1, 2010 to June 30, 2013

(3) Equity finance for past three years

(i) Equity finance
Not applicable.

(ii) Change in share prices for past three fiscal years and at the most recent time point

(in JPY, other than the price/earnings ratio)

	FY March 2007	FY March 2008	FY March 2009	FY March 2010
Opening	720	657	364	169
High	849	727	672	296
Low	593	325	113	166
Closing	652	353	164	196
Price/earnings ratio	12.40	5.41		

- Notes: 1. The share prices for the FY March 2010 above are the prices as of Friday, October 2, 2009.
2. Price/earnings ratio is a fraction, the numerator of which is the share price (closing price) as of the end of each fiscal year; and the denominator of which is the consolidated current net

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income per share for the relevant fiscal year. Price/earnings ratio for the FY March 2009 is not stated as the consolidated current net loss is recognized.

(4) Lock-up

In connection with the Public Offering and the Secondary Offering by way of Underwriting, Ford Motor Company, a shareholder of Mazda, has agreed with the Joint Lead Managers that, during the period beginning on the Determination Date and ending 180 calendar days thereafter (the “Lock-up Period”), it shall not conduct sale, etc. of shares of Mazda without prior written consent of the Joint Lead Managers.

In addition, Mazda has agreed with the Joint Lead Managers that, during the Lock-up Period, it shall not conduct (i) sale or issuance of shares of common stock of Mazda, (ii) issuance of securities to be converted into or to be exchanged for shares of common stock of Mazda or (iii) issuance of securities to which any right to obtain or receive shares of common stock of Mazda is granted (excluding, among others, the Public Offering, the Secondary Offering by way of Underwriting, the Capital Increase by way of Third-Party Allotment and issuance of new share by way of stock split) without prior written consent of the Joint Lead Managers.

In each case above, the Joint Lead Managers are entitled to cancel this agreement in whole or in part at their discretion during the Lock-up Period.

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