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Mazda Motor Corporation  
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Notice of Introduction of Compensation  
in the Form of Stock Options (Stock Acquisition Rights)

At today's meeting of its board of directors, the company passed a resolution to submit a proposal at its 150<sup>th</sup> Ordinary General Meeting of Shareholders on June 28, 2016, to introduce compensation in the form of stock options for its directors (excluding outside directors) and specifying the details of the system as described below:

1. Purpose of introducing compensation in the form of stock options (stock acquisition rights)

The compensation of the company's directors (excluding outside directors) consists of basic compensation and performance-based compensation. In order to share the risks and benefits of stock price fluctuations with stockholders and to further enhance the desire to contribute to boosting share prices and enhancing corporate value over the medium and long term, the company will introduce compensation in the form of stock options (stock acquisition rights) for directors (excluding outside directors).

2. Description of the stock acquisition rights in the form of stock options

By resolution of the 141st Ordinary General Meeting of Shareholders held on June 26, 2007, the annual compensation for directors (excluding outside directors) is payable within the limit of ¥1.2 billion (excluding the employee salaries of employee-directors). Stock acquisition rights in the form of stock options will be allocated within this limit as follows:

(1) Class and number of shares underlying the stock acquisition rights

The class of shares underlying the stock acquisition rights shall be shares of the company's common stock, and the number of shares underlying the stock acquisition rights (hereinafter "number of shares granted") shall be 100 shares. If, however, on or after the date of the shareholders' resolution adopting the proposal (hereinafter "resolution date") the company conducts a share split (including an allotment without consideration of shares of Mazda's common stock, the same shall apply to all references to the share split herein) or share consolidation, the number of shares granted shall be adjusted using the following formula, rounding down any fraction of less than one share resulting from such adjustment.

No. of shares granted after adjustment = No. of shares granted before adjustment x Ratio of share split or consolidation

In addition to the above, in the case of any event that makes it necessary to adjust the number of shares acquired, including a merger or company split on or after the resolution date, the company may make an appropriate adjustment to the number of shares granted within a reasonable limit.

(2) Total number of stock acquisition rights

The maximum number of stock acquisition rights to be allotted to all directors (excluding outside directors) within one year of the date of the ordinary general meeting of shareholders each fiscal year is 2,000.

(3) Amount to be paid for stock acquisition rights

The amount to be paid for each stock acquisition right shall be determined by the board of directors based on the fair value of the stock acquisition right at the time of its allotment as calculated using a fair calculation method such as the Black-Scholes Model.

(4) Value of assets to be contributed upon exercise of stock acquisition rights

The value of the assets to be contributed upon exercise of stock acquisition rights shall be obtained by multiplying the amount to be paid upon the exercise of the stock acquisition rights (which will be 1 yen per share) by the number of shares granted.

(5) Period of time during which stock acquisition rights can be exercised

The period of time during which stock acquisition rights can be exercised shall be determined by the board of directors but shall not exceed thirty years from the day following the allotment of the stock acquisition rights.

(6) Restriction on acquisition of stock acquisition rights by transfer

The acquisition of stock acquisition rights by transfer must be approved by a resolution of the board of directors.

(7) Conditions for the exercise of stock acquisition rights

Those to whom stock acquisition rights are allotted may exercise those rights until the day following the day they cease to hold any of the following positions at the company: director, executive officer or Audit & Supervisory Board Member. Other conditions for the exercise of stock acquisition rights shall be set by the board of directors.

Note: Following the conclusion of the shareholders' meeting, the company plans to issue the same stock acquisition rights to its executive officers