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Saab Automobile AB to Expand in Key Markets and Receive Capital Infusion

Detroit/Stockholm. Initiatives designed to support the expansion of Saab Automobile AB in some of the world´s key markets were announced today by General Motors Corporation and its subsidiary Adam Opel AB, and the Swedish industrial holding company, Investor AB. GM/Opel and Investor each own 50 percent of the Swedish auto company in a joint-venture agreement. Under a recapitalization agreement reached between GM/Opel and Investor, each will provide Saab Automobile AB with SEK 1.74 billion ($ 262 million), or a total of SEK 3.48 billion ($ 524 million), in new capital during the 1996-1997 time frame.

"This plan is designed to increase sales volume by more than 50 percent over the next five years, by enabling Saab Automobile to introduce several new products, expand in key markets, such as North America, Europe and Japan, and to strengthen Saab´s premium brand identity," said Saab Automobile chairman Louis R. Hughes, who is also President of GM International Operations. The restructuring agreement also calls for Opel to convert to equity an outstanding loan to Saab of about SEK 1.143 billion ($ 172 million). In addition, Investor has agreed to pay GM/Opel $ 125 million (SEK 830 million). Investor will also acquire from Saab Automobile AB a former manufacturing plant located in Malmö, Sweden.

"Investor is renewing its long-term commitment in Saab Automobile," said Investor AB President Claes Dahlbäck. "At the same time, Investor and GM agree that the long-term viability of the company will be enhanced if Saab Automobile continues to develop a closer association with production and marketing expertise found at GM´s worldwide operations."

Under this new agreement, GM/Opel will be given the right to purchase all or a part of Investor´s shares in Saab Automobile AB in the 1999-2000 time frame. Additionally, Investor has obtained the right to sell to GM/Opel up to half of its shares in Saab Automobile in 2000, if GM/Opel has not already exercised its option to buy those shares.

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Louis R. Hughes: "Saab Automobile AB will continue to implement aggressive lean-manufacturing and global product-development initiatives in order to build on the achievements that have already enabled Saab to achieve substantial cost reductions, while maintaining top levels of quality and customer satisfaction. Achievements at Saab to date include a significant financial turnaround since 1990. Also, the Saab 9000 was recently recognized as attaining the most-improved quality by the J.D. Power and Associates ´1996 Initial Quality Study´, and now ranks among the top 10 brands in the U.S. market in terms of quality."

Last week it was announced that Robert W. Hendry has been appointed President and Chief Executive Officer of Saab, effective August 1, 1996, succeeding Keith Butler-Wheelhouse, who is leaving the company in order to pursue another business opportunity.

In connection with the above-mentioned a change will take place at the board level of Saab Automobile. Anders Rydin will become new board member replacing Marcus Wallenberg. Michael Treschow will be new vice chairman.

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