SSANGYONG

Press Release

Feb. 14, 2013 (Thursday)

Ssangyong Motor Company to Increase Paid-In Capital by KRW 80 Billion to Secure Investment Funds ; Mahindra intends to invest

- Ssangyong Motor to issue 14,545,455 shares through third-party allotment and increase paid-in capital by 11.9%; listing of shares scheduled for June 7, 2013
- **Company expects capital increase to improve its financial structure, facilitate new product development and strengthen competitiveness**
- **Majority shareholder, India's Mahindra &Mahindra Ltd., says this direct investment reflects its strong support for Ssangyong Motor and underscores its resolve for an early turnaround of the company**

Ssangyong Motor (CEO Lee Yoo-il; www.smotor.com), an affiliate of the US$15.9 billion Mahindra Group, announced that a Board of Directors' meeting on Thursday, February 14th had approved a paid-in capital increase of KRW 80 billion to raise investment funds.

The company will issue 14,545,455 new shares through third-party allotment, increasing the company's paid-in capital by 11.9% (current shares stands at 122,674,641). The issue price will be KRW 5,500 per share with payment expected on May 22, 2013 and listing expected on June 7, 2013.

The Board resolution will result in a capital increase from the current KRW 613.4 billion to 686.1 billion. With the debt to equity ratio going down and liquidity increasing, the company's financial strength is expected to improve significantly.

In particular, the willingness expressed by Mahindra to participate in the increase in the paid-in capital, carries great significance as it addresses any concerns about the major shareholder's future investment plans and shows its strong commitment to provide continuous support as well as its determination to achieve an early turnaround of Ssangyong Motor Company.

Ssangyong will use the funds from this capital increase to invest in new product developments such as small CUV models.

Dr. Pawan Goenka, Chairman of the Ssangyong Motor board, said, "This paid-in capital increase reflects Mahindra's strong commitment to support Ssangyong Motor in its efforts to achieve an early turnaround."

Dr. Goenka, who is President of Mumbai-based Mahindra's Automotive and Farm Equipment Sectors, added, "By expanding investment in Ssangyong and creating tangible synergy in various areas such as sales, product development and sourcing, we will continue to increase our global competitiveness."

Lee Yoo-il, CEO of Ssangyong Motor, commented, "With the recent decision on paid-in capital increase, we will be able to secure the necessary investment funds and at the same time, strengthen the financial soundness of the company". He added, "Furthermore, as we carry out the investments in new models including a small CUV, our product development will also gain momentum."

Mahindra invested a total of KRW 522.5 billion in March 2011 (new paid-in capital increase of KRW 427.1 billion and 95.4 billion in corporate bonds) to acquire 70% of the equity in Ssangyong Motor Company, and it approved an investment plan worth KRW 295.8 billion at the first Board Meeting held in February 2012; a plan, which includes the development of new engines and a small CUV project.

Meanwhile, in November 2010, before concluding the main contract to finalize the M&A, Ssangyong Motor Workers' Union, Ssangyong Motor management and Mahindra concluded the Tripartite Agreement, the essence of which is mainly to ensure employment stability and long-term investment in Ssangyong Motor, and the recent decision to increase the paid-in capital was discussed and confirmed during the last tripartite meeting to review the implementation on the Tripartite Agreement in December 2012 before it was submitted to the Board and finally approved.

###