



**Press release**

**TRADING UPDATE FOURTH QUARTER 2007**

**Zeewolde, the Netherlands, January 25<sup>th</sup>, 2008 – Spyker Cars N.V. (“Spyker” or the “Company”), manufacturer of exclusive premium sports cars, announces its trading update for the fourth quarter of 2007.**

Q4 2007 Key Developments:

- Investment agreement reached with a wholly owned subsidiary of Snoras Bank of Vilnius, Lithuania (“Snoras”) on December 21, 2007, resulting in a two-tier deal for a total amount of € 34.500.000 (as per the second closing of the transaction on January 21, 2008), consisting of:
  - The issue of a total number of 4,643,750 shares A to Snoras at € 4 each;
  - A loan in the amount of € 6,340,000 granted to Spyker, secured by collateral. Part of this loan was used to redeem the Friesland Bank completely and the bank guarantee issued on behalf of Strongwind in favor of Friesland Bank was returned;
  - A 7% convertible loan in the amount € 9,560,000 under the terms of which the loan may be converted (in whole or in part) into 2,390,000 shares at € 4 each during a term of 3 years;
  - Conversion of the existing shareholders loans in the total amount of € 14,000,000 into shares A at a price of € 4 per share (Mubadala 2.5 million shares A, Helvetia 750,000 shares A and Milestone 250,000 shares A);
  - Transfer of the priority share to Snoras.
  
- After the closing of the Snoras transaction on 21 January 2008, the share interest of the majority shareholders of the Company is divided as follows:

Snoras:	4,643,750 shares	(29.8%)
Mubadala:	3,545,654 shares	(22.8%)
Strongwind:	1,896,250 shares	(12.2%)
Helvetia:	1,455,711 shares	(9.3%)



- Mr. Hans Hugenholtz resigned as interim CEO as per 21 December 2007 and took up his position in the Supervisory Board. Victor Muller was re-appointed as CEO as per 21 December 2007.
- On 21 January last, an Extraordinary Shareholders Meeting was held to amend the articles of association of the Company in order to increase the authorized share capital and to appoint the following three new members to the Supervisory Board: Mr. Antonov, Mr. Apockinas and Mr. Bondars. Mr. Liebrechts, Mr. Mulder and Mr. Arab resigned as member of the Supervisory Board as per 21 January 2008.
- On 28 December 2007, the Enterprise Chamber of the Court of Appeal ("Ondernemingskamer") of Amsterdam ruled in favor of Spyker in proceedings initiated by the Netherlands Authority for the Financial Markets ("AFM") in which AFM challenged Spyker's Financial Accounts 2006. As a consequence, Spyker does not have to restate its 2006 Financial Accounts. The Enterprise Chamber confirmed that Spyker's 2006 Financial Accounts provided a true and fair view in all material aspects in accordance with IFRS, as adopted by the European Union.
- Production in Q4 2007 was still very much hampered (and virtually came to a stand still) by the lack of financial means, which only became available to the Company effective 21 December 2007. As a result the Company produced 2 sports cars, whilst 9 cars were 90% ready but could not be finished due to a lack of parts. These will be finished in Q1 2008. The Company sold and delivered 4 new sports cars in Q4 2007. As a consequence the car business was not profitable in Q4 2007.
- Spyker's GT2 participation in professional motor sport events remains important for the Spyker brand because of the direct impact it has on its road cars being accepted as high performance sports cars. With the F1 team sold, Spyker will again focus on the development of GT2's potential. In November 2007 Spyker participated successfully in the last race of the Le Mans Series at Interlagos, Sao Paulo, Brazil, coming in 4<sup>th</sup> (Spyker factory team) and 7<sup>th</sup> (privateer Speedy Racing Team).
- Purchase Price Allocation: On 10 October 2007, Spyker published the results of its final Purchase Price Allocation ("PPA") in connection with the acquisition of the Midland Formula 1 Team in September 2006. The final PPA showed some differences with the provisional PPA, as incorporated in the Annual Accounts 2006 and led to a negative operating result change of



€ 3,099,000. The difference between the provisional PPA, as included in the annual accounts 2006, and the final PPA will be properly disclosed in the annual accounts 2007. As a standard practice, the company will, along with the envisaged changes to its business strategy, also reassess the carrying value of its non current and current assets for any impairment forming a regular part of the year end closing process.

- Spyker participated in the Motor Shows of Kuwait and Los Angeles and in the Fort Lauderdale Boat Show in Q4 2007 with, among others, the SSUV.
- In spite of the severe circumstances, Spyker appointed new dealers in Seattle, Saudi Arabia and Singapore.

#### Recent Developments and Outlook:

- Now that Spyker has successfully refinanced its business it is expected that the Company can execute its chosen future business strategy. To that end the planned strengthening of the Spyker Management Team will be completed in Q1 2008. The Management Team will consist of Victor R. Muller (CEO) Wicher Kist (CTO) and three new Management Team members to be appointed.
  - Chief Operating Officer & Chief Commercial Officer: appointment of experienced managers from the automotive industry are imminent;
  - Chief Financial Officer: the search for a new CFO is well underway and an appointment is expected by mid February 2008.
- Production and Sales will rise sharply in Q1 2008 now that the flow of parts resumes. However, it will take into early Q2 2008 until the entire production process is properly functioning as the lead time on some crucial parts may be up to 4 months following ordering which was effected end of Q3 2007.

#### Additional Information on Orders, Production and Sales:

Further to questions raised during the Extraordinary General Shareholders Meeting of 29 September 2007, Spyker will hereinafter set forth detailed information on its Ordering, Production and Sales processes.



### About Ordering and Sales

Spyker has two types of customers: authorised franchised dealers ("Dealers") and end-users ("Consumers").

In the early years when Spyker hardly had a dealer network, the Company sold its cars directly to Consumers. However, for instance in the USA, direct sales by a manufacturer are not allowed and all sales must be channelled and consummated by a Dealer. Outside the USA, sales may be conducted to Consumers directly in many nations. However, it has always been Spyker's goal to provide optimum service to its Consumers which is difficult (and expensive) without a service point on the ground. As a consequence, Spyker has put a lot of emphasis on the rapid expansion of its dealer network and funnelling all sales through local high-end (multi-brand) dealers. As a consequence, currently most of the Company's sales are made through Dealers.

A Dealer enters into a Dealership Agreement with Spyker or its wholly owned regional subsidiary, such as, for instance, Spyker of North America, LLC (San Francisco).

The Dealership Agreement stipulates – among others – that a Dealer shall have a dedicated showroom area, installs a Spyker showroom interior (which the Dealer buys from Spyker) and has at all times a minimum of one Spyker on the showroom floor. Moreover, the Dealer – who acts as an independent third party – used to place an initial 3 to 5 orders for cars to be built and supplied. This so-called "allocation" ensured that the Dealer had pre-assigned production slots which enabled him to sell them on to its customers. This means that Spyker is not responsible financially or legally for any sales that the Dealer makes (or does not make). Spyker has no consignment cars (i.e. cars that the factory owns, but are provided to Dealers and only paid for when sold to a customer). Once a car is sold and delivered to a Dealer, for Spyker that constitutes a final sale. This practice is 100% standard in the automotive industry and the Dealer is entitled to a so-called mark-up which constitutes his profit on the car, minus the costs of sale which takes into account the risk the Dealer takes as a buyer of the product.

In the period up to 2007, the initial Dealer orders as mentioned above were confirmed by the payment of so-called deposits: 10% on a car which was in production (C-line) and 5% on a car still to go in production (D-line).

If a Dealer paid those deposits, Spyker counted those orders in its order book as such. For good order's sake, it was nor is Spyker's responsibility whether or not the Dealer actually has a customer



order against each Dealer order. In practice, a Dealer has one showroom car on the floor which has very commercial specifications and specifies the next car in line based on either the Dealer's own assessment of what is commercially sensible or based on the specifications of its customer if the Dealer has indeed sold that car on prior to it being built.

Spyker's order book over the years has therefore seen a major shift from orders mainly from Consumers to orders almost exclusively from Dealers.

In the past three quarters of 2007, the massive negative publicity has resulted in a few serious effects on Spyker's order book:

- 3 Dealers have shied away from the franchise because of doubts cast over the viability of Spyker as a manufacturer. In those cases Spyker has - although not legally bound but purely on commercial grounds – decided to repay deposits to such Dealers.
- a number of Consumers has decided to cancel their orders (and Spyker repaid their deposits) on the same grounds. Again, on legal grounds, such a cancellation need not be honoured by Spyker and the Company could simply insist on delivery of the car. However, one must not lose sight of the commercial reality of the niche market Spyker operates in. Entering into a legal battle with a Dealer or Consumer will have serious negative fall-out effects on (potential) other (future) Dealers and Consumers. It is a small world and the negative connotation that Spyker would incur as a result of such a battle would outdo the benefit of supplying these cars massively. Additionally, the problem arises that if the Consumer refuses to take delivery, one would need to go to court in say – Mexico – to enforce the contract. The costs involved would be very high and the outcome always uncertain. In its 8 years existence, Spyker has never taken a Consumer or Dealer to court, nor has Spyker ever been taken to court over an order.
- the production of two models, the Spyker C12 LaTurbie (which was to be powered by VW's W12 6.0 litre engine), as well as the C12 Zagato have been suspended indefinitely. Spyker has successfully converted a number of C12 LaTurbie orders to C8 LWB orders, but also lost Consumers who insisted on a 12 cylinder. The Zagato order intake was basically cut short by the negative publicity immediately following its presentation at the Salon D'Automobile in Geneva in March 2007. Spyker had virtually pre-sold almost all of the 24 cars it intended to build. Spyker is currently collaborating with Zagato to investigate



the possible adaptation of the car to the C8 LWB chassis so it would still go in production, but not as a 12 cylinder. The outcome of this investigation is ongoing and looks positive.

The majority of the Dealers and Consumers, however, have remained loyal to Spyker and management has put tremendous efforts in maintaining and restoring confidence. Dealers have encountered a slow-down in demand from their customers, because of the circumstances described above. This resulted in rising inventories with the Dealers in the past months. Again – based purely on commercial considerations – Spyker has agreed with Dealers that the delivery of their next car in line would be delayed to allow them to clear their inventory. To assist the Dealers in doing so, Spyker has come up with incentive programs, a demonstration program (granting an additional mark-up to Dealers that take a car into active use and road register it to be used as a demonstrator) and – most importantly – a leasing arrangement (USA only for the time being). Finally some Dealers have asked for their deposits to be put in an escrow account or to receive a bank guarantee from Spyker to the amount of the deposits paid.

The adverse conditions that Spyker had to operate under also made it much more difficult to appoint new Dealers who would place new orders and pay deposits. Some new Dealers did not wish to commit to a pre-determined number of orders and hence no corresponding deposits were being made pending the refinancing. So with new orders slowing down, models being postponed indefinitely and some Dealers and Consumers shying away, the order book has seen a considerable drop.

These circumstances have forced Spyker to accept that it will – for the time being - not be in a position to create an order book based on deposits paid. As a consequence, the Company will merely report its Production and Sales on a quarterly basis (see hereunder). Moreover, it has become increasingly clear that the publication of the order book is too sensitive from a competition point of view.

#### About Sales

A sale is constituted once a car is invoiced and title is legally transferred to the Dealer or Consumer. This does not mean that the car must be delivered physically to the Dealer or Consumer. Many Consumers decide to leave their car at the factory to collect it at a later stage (combined with a trip through Europe) or use it for events.



### About Production

As stated above, Production is defined as the number of individual cars the Company has produced in any given period of time and includes the production capacity absorbed by cars which are so-called "rebuilt". For instance, a crash car can be used several times for tests if it is rebuilt after every crash test which constitutes a considerable cost saving as compared to using new cars time and time again. The production capacity used in those rebuilds is counted as "Production" which in part explains why the number of cars produced is consistently higher than the number of cars effectively sold. Also prototypes, engineering, pre-production and endurance test vehicles are produced but not sold. Finally, the various factory demonstration cars are produced but not sold until after having served their purpose at a later stage.

### Additional information:

- In March, 2007, Spyker has entered into an equity facility with Trafalgar Capital Specialized Investment Fund. Under the terms of this facility, Spyker may call up to a maximum of € 25 million from Trafalgar by issuing shares. Up until the end of Q4 2007, Spyker has received an amount of about € 4.75 million under the Trafalgar facility.
- The completion accounts regarding the sale of the Formula 1 Team have as yet not been finalized, but this is imminent. As soon as the completion accounts have been finalized, the Company will issue a separate press release with an update on the sale of the team effective 30 September 2007.

### **Note for the press, not for publication**

For further information please contact:

Spyker Cars N.V.

Mr. Victor R. Muller, CEO

Edisonweg 2

3899 AZ Zeewolde, The Netherlands

Tel: +31 (0)36 53 58 787

Fax: +31 (0)36 53 58 780

E-mail: [press@spykercars.com](mailto:press@spykercars.com)