

The board of directors' proposal regarding (A) a long-term incentive program and (B) hedging arrangements in respect thereof (items 15 A – B on the agenda)

A. *Implementing the Program*

The board of directors of Haldex Aktiebolag (publ) ("**Haldex**" or the "**Company**") proposes that the annual general meeting 2016 resolves on the implementation of an incentive program ("**LTI 2016**" or the "**Program**"), essentially on the same principles as the incentive program LTI 2015 which was implemented in accordance with a resolution by the annual general meeting 2015.

The board of directors' overall assessment is that LTI 2016 creates a uniform and sustainable system for variable remuneration within the Haldex group (the "**Group**") and will motivate long-term creation of value by aligning the interests of the employees with those of the shareholders.

Purpose and main features

LTI 2016 aims to:

- create a program for variable pay that will contribute to the ability of Haldex to retain and recruit key employees and that will ensure that Haldex's remuneration levels are competitive in the relevant market;
- stimulate and motivate the employees to make efforts which will strengthen the Company in a long-term perspective; and
- create a long-term engagement in the Company by the employees and to align their interests with those of the shareholders through deferred variable remuneration in the form of shares.

In brief, LTI 2016 means that if certain performance targets (the "**Performance Targets**") are achieved during the financial year 2016 (the "**Performance Year**") the participants in LTI 2016 (the "**Participants**") are awarded a variable remuneration in the beginning of 2017 (the "**Performance Amount**"), of which 60 per cent (the "**Cash Amount**") will be awarded in cash and 40 per cent (the "**Share Amount**") will be awarded in the form of employee stock options which are conditional, non-transferable deferred rights (the "**Performance Rights**") to receive one ordinary share in Haldex for each Performance Right, automatically during 2020 and free of charge (a "**Performance Share**").

The term of LTI 2016 is four years, with vesting during the Performance Year. After the expiry of the Performance Year, allotment of any Performance Amount will occur. Settlement of any Cash Amount is expected to occur during the spring 2017.

Subsequent to the allotment of any Share Amount, Performance Rights will be awarded the Participant followed by a deferral period of three years (the “**Lock-up Period**”), before final transfer of Performance Shares to the Participant is expected to occur during 2020, after the annual general meeting 2020 and before the end of June 2020.

Deferred variable remuneration under the LTI 2016 will not be pensionable income.

Participants

The Program will be open to approximately 24 Participants employed within the Group, including the CEO.

Participants that during the term of LTI 2016 give or receive notice to leave or leave the Group due to any other reason will not, as a general rule, have the right to receive Performance Shares. Participants who enter leave of absence, parental leave, sick leave or similar during the Performance Year and remain employed have the right to receive Performance Shares, subject to individual adjustments of the terms and conditions. Participants who have received allotment of Performance Rights and after the allotment enter leave of absence, parental leave, sick leave or similar and remain employed or retire have the right to receive Performance Shares. The board of directors may decide to deviate from the distinctions above both in general or in individual cases.

The board of directors shall be authorised to establish the detailed terms and conditions for the Program. The board of directors may, in that regard, make necessary adjustments to satisfy certain regulations or market conditions.

Participation in the Program presupposes that such participation is legally possible in the various jurisdictions concerned and that the administrative costs and financial efforts are reasonable in the opinion of the board of directors.

Performance Targets and Performance Amount

The allotment of any Performance Amount is subject to the fulfilment of the Performance Targets during the Performance Year. The Performance Targets consists of the following key figures of the Group;

- 1/3 weighting: the Operating Income Margin; calculated as Operating Income divided by Net Sales, as reported in Haldex's year-end report for 2016. The Operating Income Margin should be adjusted for any abnormal business

procedures, capital gains or losses from structural changes such as divestitures and acquisitions;

- 1/3 weighting: the Operating Cash Flow; calculated excluding financial items and taxes as in Haldex's internal cash flow statement, except any abnormal business procedures; and
- 1/3 weighting: warranty cost in relation to net sales, expressed in per cent.

For some Participants, the Performance Target also consists of functional targets. For these Participants, the group key figures above constitute 60 per cent of the total possible outcome and the functional targets constitute 40 per cent of the total possible outcome.

Since 2016 a threshold level also applies, which means that if the total warranty cost exceeds a certain fixed amount, no Performance Amount will be paid out to any Participant in LTI 2016.

In order for any allotment of the Performance Amount to occur, the starting point for the at least one of the two Performance Target (the "**Starting Point**") must be exceeded and for maximum allotment of the Performance Amount to occur, the outperform target for both Performance Targets (the "**Outperform Target**") must be satisfied. The Starting Point and the Outperform Target (creating the "**Target Range**") for each Performance Target will be set by the board of directors and will be disclosed by Haldex no later than in the annual report for the financial year 2019. Should the outcome fall within the Target Range, a proportional allotment of the Performance Amount will be made.

The maximum Performance Amount is dependent on the Participant's gross annual fixed salary during 2016 (the "**Base Salary**"). The maximum Performance Amount at Outperform Target is limited to 70 per cent of the Base Salary for the CEO and other senior executives, 60-50 per cent of the Base Salary for other Participants.

The total Share Amount for Participants in LTI 2016 is limited to not more than SEK 9.6 million.

Performance Rights

The Share Amount is converted into a number of Performance Rights, rounded off to the nearest whole number, by dividing of the Share Amount with the volume-weighted average price paid per ordinary share in Haldex at Nasdaq Stockholm during six months from the first trading day of September 2016 to the last trading day of February 2017 (the "**Translation Rate**"), however, not lower than SEK 31.55 per share (the "**Floor Price**"). The board of

directors has the right to, in connection with certain corporate events, inter alia in case of a share split or a reverse share split, resolve on an adjustment of the Floor Price in accordance with general principles on the equity market for recalculation in such events.

A Performance Right does not constitute a security or a financial instrument and will not be registered on any securities account with any central securities depository. Participants do not have the right to pledge, sell, transfer or in any other way dispose of the Performance Rights.

A Performance Right does not carry any right to dividends or other shareholders' rights during the duration of the Performance Right. However, holders of Performance Rights shall receive dividend compensation on the underlying Performance Share during the Lock-up Period in the form of a cash amount.

The number of Performance Rights can be recalculated in case of a bonus issue, new issue of shares, conversion of convertible instruments, share split or reverse share split and in certain other cases in accordance with general principles on the equity market for recalculation in such events.

Allotment of Performance Shares

Each Performance Right held by a Participant bestows a conditional right to automatically and free of charge receive allotment of one Performance Share in 2020.

The total number of Performance Shares that may be allotted to the Participants shall not exceed 305,293, which equals the quotient of (a) the highest aggregate Share Amount for all Participants divided by (b) the Floor Price.

Delivery of any Performance Shares shall be conditional on the fulfilment of the Performance Targets and the Participant being employed within the Group throughout the Lock-up Period. In addition, in order for any allotment of Performance Shares to occur, the Participants' outcome of LTI 2016 shall be reasonable in the opinion of the board of directors with regard to the financial situation of the Company, the employer and/or the Group. The board of directors shall prior to and in close proximity to each allotment of Performance Shares evaluate whether and to which extent the stated conditions are fulfilled.

If not all the conditions are fulfilled, the board of directors has the right, at its own discretion, to unilaterally change the terms and conditions for LTI 2016 as the board of directors deems appropriate and in this context for example in whole or in part declare outstanding Performance Rights forfeited, meaning that fewer or no Performance Shares at all will be transferred to the Participant. A decision of such change shall be publicly announced no later than in connection with Haldex's first financial report following the decision.

Hedging

The board of directors proposes that the annual general meeting, as the main alternative (item B.1 below) resolves (i) to authorise the board of directors to resolve on acquisitions of own shares on a regulated market, and (ii) to transfer own shares free of charge to Participants.

Since the Program, in principle, is not expected to give rise to any initial social security payments for the Group, the board of directors has decided not to propose to the annual general meeting 2016 to resolve on transfers of own common shares on a regulated market in order to cover such costs. Prior to the transfers of shares to Participants, the board of directors intends to propose to the annual general meeting 2019 and/or 2020 that transfers be made of own shares on a regulated market in order to cover above mentioned costs.

Should the majority required under item B.1 below not be reached, the board of directors proposes that Haldex shall be able to enter into an equity swap agreement with a third party (item B.2 below).

Estimated costs

The estimated maximum costs of LTI 2016 amounts to SEK 11.9 million.

The calculation of the estimated costs has been made based on the following assumptions: (i) an average market price of the Haldex common share of SEK 63.10, (ii) dividend of SEK 0 is paid by Haldex each year during the Program and (iii) an assessment of future volatility in respect of the Haldex common share. In total, this can lead to maximum costs for the Program of approximately SEK 9.6 million, excluding social security costs. The costs for social security charges are calculated to approximately SEK 2.3 million assuming an annual share price increase of 10 per cent during the Lock-up Period. If the average share price increases from SEK 63.10 with 10 per cent until the implementation of the Program the effect on costs would only be marginal as the number of Performance Rights would be reduced correspondingly. Also in case of a decrease in the average share price the effect on costs would be marginal. The expected annual costs, including social security charges, correspond to slightly more than 1 per cent of Haldex's total employee costs.

Preparation of the Program

The proposal for LTI 2016 has been prepared by the board of directors and discussed with major shareholders.

Previous incentive programs in Haldex

The annual general meeting 2013 resolved to implement the long term incentive program LTI 2013, essentially on the same principles as the above proposed LTI 2016. In LTI 2013,

12 participants (as of 31 December 2015) are entitled to receive not more than 50,420 performance shares during the first half of 2017.

The annual general meeting 2014 resolved to implement the long term incentive program LTI 2014, essentially on the same principles as the above proposed LTI 2016. In LTI 2014, 20 participants (as of 31 December 2015) are entitled to receive not more than 28,386 performance shares during the first half of 2018.

The annual general meeting 2015 resolved to implement the long term incentive program LTI 2015, essentially on the same principles as the above proposed LTI 2016. Due to financial circumstances in 2015, no outcome was allotted for LTI 2015.

Besides LTI 2013 and LTI 2014, there are currently no other ongoing long-term share-related incentive programs in Haldex.

B. Hedging arrangements in respect of the Program

B.1 Acquisitions and transfers of own shares

(i) Authorisation for the board of directors to resolve on acquisitions of own shares

The board of directors proposes that the annual general meeting authorises the board to resolve on acquisitions of own shares on one or several occasions during the period up to the annual general meeting 2017 in accordance with the following:

- acquisitions of own shares shall be made on Nasdaq Stockholm;
- no more than 305,293 own shares may be acquired; and
- acquisitions of own shares shall be made in cash and at a price within the applicable stock market share price range at the time of the acquisition.

The reasons for the proposed authorisation to acquire own shares is to secure delivery to Participants of shares in accordance with LTI 2016 and to enable transfers of shares on a regulated market to cover costs associated with the Program.

(ii) Resolution on transfers of own shares to Participants in LTI 2016

The board of directors proposes that the annual general meeting resolves on transfers of own shares in accordance with the following.

- the maximum number of shares that may be transferred shall be 305,293;

- entitled to receive the shares shall, with deviation from the shareholders' preferential rights, be the Participants in LTI 2016, with right for each of the Participants to receive no more than the maximum number of shares allowed under the terms and conditions for LTI 2016;
- the Participants' right to receive shares are conditional upon the fulfilment of all of the conditions set up in LTI 2016;
- the shares shall be transferred within the time period set out in the terms and conditions of LTI 2016;
- the shares shall be transferred free of charge; and
- the number of shares that may be transferred to the Participants in LTI 2016 may be recalculated due to bonus issue, share split, rights issue and similar events in accordance with the terms and conditions of LTI 2016.

The reason for the proposed transfers and for the deviation from the shareholders' preferential rights is to enable delivery of shares to Participants in LTI 2016.

B.2 Equity swap agreement with a third party

Should the majority required under item B.1 above not be reached, the board of directors proposes that the annual general meeting resolves that the expected financial exposure of the Program shall be hedged by Haldex being able to enter into an equity swap agreement with a third party on terms in accordance with market practice, whereby the third party in its own name shall be entitled to acquire and transfer shares in Haldex to the Participants.

Conditions

The annual general meeting's resolution on the implementation of the Program according to item A above is conditional upon the meeting either resolving in accordance with the board of directors' proposal under item B.1 above or in accordance with the board of directors' proposal under item B.2 above.

Statement by the board of directors

Consistent with the proposal to authorise the board of directors to resolve on acquisitions of own shares under item B.1 above, the board of directors has issued a statement pursuant to chapter 19, section 22 of the Swedish Companies Act, which is to be part of this proposal.

Majority requirements

The annual general meeting's resolution regarding the Program according to item A. above requires a simple majority among the votes cast. A valid resolution under item B.1 above requires that shareholders representing not less than nine-tenths of the votes cast as well as of the shares represented at the meeting approve the resolution. A valid resolution under item B.2 above requires a simple majority among the votes cast.

Landskrona in March 2016

Haldex Aktiebolag (publ)

The board of directors

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