



## Information concerning redemption of shares in Haldex AB



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This document does not constitute an offer but contains information with respect to the proposal by the Board of Directors of Haldex AB on a mandatory redemption procedure. The purpose of this document is to provide the shareholders of Haldex with information in relation to the Annual General Meeting on June 8, 2011, which is proposed to resolve on the mandatory redemption procedure.

The Board of Directors' complete proposal, which includes resolutions on a share split, a reduction of the share capital and a bonus issue, is available at the company and on the company website, [www.haldex.com](http://www.haldex.com), from May 18, 2011 and will be sent to shareholders upon request.

This document is a translation of the Swedish version. In the event of any discrepancies between this translation and the Swedish version, the Swedish version shall prevail.

# The redemption procedure in brief

- Each Haldex share will be divided into two shares (referred to as share split), of which one will be a redemption share
- Each redemption share will automatically be redeemed for SEK 30 in cash
- Redemption occurs automatically, meaning that no action is required by the shareholder
- The record date for the share split and the right to receive a redemption share is estimated to occur on 4 July 2011 and payment of the redemption amount is expected to take place on or around 28 July 2011
- Those who wish to receive the proceeds before the completion of the redemption procedure may sell their redemption shares on NASDAQ OMX Stockholm during the trading period, which is expected to occur 6 July – 20 July 2011

## Time schedule<sup>1)</sup>

Date	
<b>8 June</b>	<b>Annual General Meeting of Haldex</b> <b>Last day for trading in the Haldex share including right to cash dividend of SEK 3 per share and last day for trading in the Haldex share including right to distribution of Concentric AB (Lex Asea).</b>
9 June	First day for trading in the Haldex share excluding right to cash dividend of SEK 3 per share and first day for trading in the Haldex share excluding right to distribution of Concentric AB (Lex Asea).
13 June	Record date for cash dividend and distribution of Concentric AB (Lex Asea). <sup>2)</sup>
16 June	Payment of cash dividend of SEK 3 per share and distribution of Concentric AB is effectuated.
29 June	Last day for trading in the Haldex share including the right to receive redemption shares.
30 June	First day of trading in the Haldex share excluding the right to receive redemption shares.
4 July	Record date for share split and right to receive redemption shares.
5 July	Euroclear records the redemption shares on the shareholders' securities accounts (VP accounts).
6 July	Euroclear notifies shareholders regarding the changed holding. First day of trading in redemption shares on NASDAQ OMX Stockholm.
20 July	Last day of trading in redemption shares on NASDAQ OMX Stockholm.
25 July	Record date for the redemption amount (shareholders holding redemption shares on this date will receive the redemption amount).
28 July	Redemption amount of SEK 30 per share is paid to holders of redemption shares. Euroclear confirms payment to shareholders through separate notification.

<sup>1)</sup> Note that all dates are indicative as the time schedule is conditioned on the registration of the Annual General Meeting's decisions with respect to the mandatory redemption procedure with the Swedish Companies Registration Office at certain points of time. Haldex will inform about any changes to the dates provided in this brochure on their homepage ([www.haldex.com](http://www.haldex.com)).

<sup>2)</sup> The Board of Directors has proposed that the Annual General Meeting resolves that the Board of Directors shall be authorised to determine the record date for the dividend of the shares in Concentric AB. However, the Board of Directors' intention is to set the record date to 13 June 2011, in which case the shares in Concentric AB are intended to be distributed by Euroclear Sweden AB on 16 June 2011.

## Background and reasons

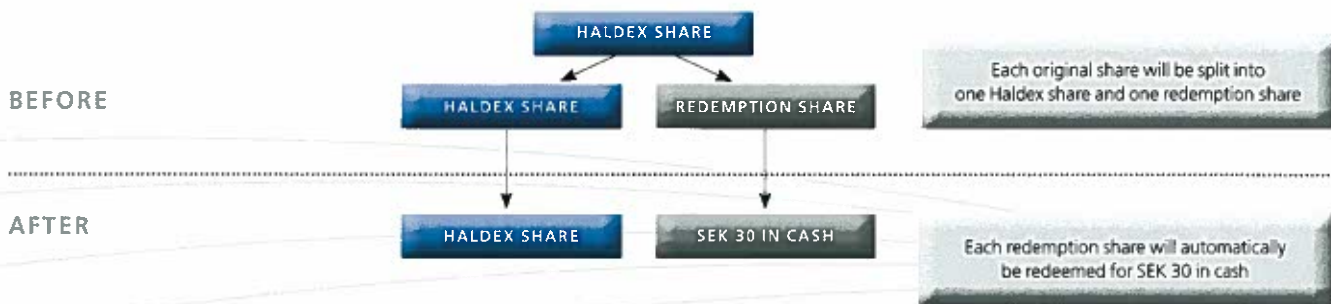
The Board of Haldex has proposed that the 2011 Annual General Meeting resolves on a cash dividend of SEK 3 per Haldex share as well as a distribution of the shares in the wholly owned subsidiary Concentric AB pursuant to the Lex Asea rules. In light of the group's strong cash flow and balance sheet after the sale of the Traction Systems Division, the Board of Haldex has also proposed that the Annual General Meeting resolves on a mandatory redemption of shares.

Together with the proposed cash dividend of SEK 3 per share, the mandatory redemption procedure will result in total distribution to the shareholders of SEK 1,459 million, corresponding to SEK 33 per share. No action is required by the shareholder as the redemption will take place automatically.

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## Outline of the redemption procedure

The outline is based on the assumption that the payment of the cash dividend of SEK 3 per Haldex share and the distribution of shares in Concentric AB according to the Lex Asea rules have already taken place.



### EXAMPLE

You are registered as the holder of 500 Haldex shares.

When the redemption procedure commences, each Haldex share will be divided into two shares, of which one will be designated as a redemption share. You will then hold 500 Haldex shares, plus 500 redemption shares worth SEK 30 each. The value of your Haldex shares will drop by an equivalent amount.

Haldex will then redeem your 500 redemption shares for a redemption amount of SEK 30 per each redemption share, SEK 15,000. This will take place without requiring any action from you as a shareholder. After the completion of the redemption procedure, you will then have the same number of Haldex shares as before the redemption procedure (500) and will have received SEK 15,000 in cash.

*This example does not take into account any tax effects that may arise in connection with the redemption procedure, see also under "Tax considerations in Sweden" and "Questions and answers". If you are not a tax resident of Sweden, it could prove beneficial from a tax perspective to sell your redemption shares rather than allowing them to be redeemed. The redemption shares are expected to be listed on NASDAQ OMX Stockholm during the period from 6 July to 20 July 2011 inclusive, during which time you as a shareholder will have the opportunity to sell your redemption shares.*

# Detailed description of the redemption procedure

## Share split and redemption

Those who are registered as shareholders in Haldex on the record date for the share split and the right to receive redemption shares (estimated to occur on 4 July 2011) will for each share receive a new share as well as a so-called redemption share for each Haldex share they hold. Each redemption share will automatically be redeemed for SEK 30 in cash through a mandatory redemption procedure.

## Last day for trading including the right to receive redemption shares

The last day for trading in the Haldex share including the right to receive redemption shares is estimated to occur on 29 June 2011. As of 30 June 2011, Haldex shares will be traded excluding the right to receive redemption shares.

## Record date

The record date with Euroclear for the share split and right to receive redemption shares is estimated to occur on 4 July 2011, after which the redemption shares will be booked into each shareholder's VP account (securities account). Directly registered shareholders will then be sent a securities note showing the number of redemption shares that have been received.

## Trading in redemption shares

Trading in redemption shares on NASDAQ OMX Stockholm is expected to take place during the period from 6 July to 20 July 2011 inclusive. Banks and other securities institutions with the requisite permits will be available to assist with the purchase and sale of redemption shares.

## Payment of redemption amount

The redemption amount of SEK 30 in cash for each redemption share is expected to be paid on or around 28 July 2011. A condition for the receipt of the redemption amount is that you hold redemption shares on the record date for payment of the redemption amount, which is esti-

mated to occur on 25 July 2011. The redemption amount will be paid via Euroclear to the yield account linked to the shareholder's securities account. A securities note will be sent as a confirmation of payment.

In connection with the payment of the redemption amount, the redemption shares registered on the shareholder's securities account will be removed. A separate securities note in this respect will not be sent.

## Nominee accounts

Shareholdings that are registered in the name of a nominee will be handled according to each nominee's routines and notifications for the number of redemption shares that have been received will also be handled according to the routines of each nominee.

## Foreign shareholders

Shareholders who are not resident or domiciled in Sweden for tax purposes who take part in the redemption procedure and have shares redeemed are liable for payment of Swedish withholding tax, see also under "Tax considerations in Sweden". Such shareholders will therefore be charged with withholding tax in connection with payment of the redemption proceeds. Shareholders who are not resident or domiciled in Sweden for tax purposes should note that part of the redemption proceeds may be withheld to cover the withholding tax.

## Conditions for completion of the redemption procedure

The completion of the mandatory redemption procedure is conditional upon the 2011 Annual General Meeting resolving on changes of the articles of association, a share split, reduction of the share capital and a bonus issue as well as on the registration of the Annual General Meeting's resolutions by the Swedish Companies Registration Office.

## Questions

Question about the redemption procedure will be answered by telephone on +46 - (0)480 - 404 117. See also "Questions and answers" on page 6 of this brochure.



# Tax considerations in Sweden

Below is a summary of certain Swedish tax regulations of relevance for shareholders in Haldex in connection with the redemption procedure. The summary is based on the applicable legislation and practice currently in force, and is intended only as general information for holders of shares in Haldex who have unlimited tax liability in Sweden, unless otherwise indicated. The summary does not cover situations in which securities are held as current assets in business operations or are held by partnerships. Neither does it deal with the special rules applying to certain categories of companies nor the rules on tax-exempt capital gains (including non-deductible capital losses) and dividends on shares held for business purposes in the corporate sector. Furthermore, it does not address the special rules that may apply to shares in companies that were previously closely held companies or to shares acquired on the basis of such holdings. For shareholders with limited tax liability in Sweden, the tax consequences will be affected by regulations in the shareholder's country of residence and in tax treaties between Sweden and other countries. The tax treatment of each individual shareholder will depend on the shareholder's specific circumstances. In view of this, all shareholders should consult a tax adviser for information about the tax consequences that can arise in the individual case.

## Tax considerations for shareholders in Sweden

### Receipt of Redemption Shares

The receipt of redemption shares in connection with the split of each Haldex share as such will not give rise to any taxation. Instead,

the acquisition cost of the original shares in Haldex immediately prior to the share split will be allocated between the redemption shares and the original shares in Haldex. The allocation will be based on the market values of the redemption shares and the original shares in connection with the share split and the detachment of redemption shares. Haldex intends to seek general advice from the Swedish Tax Agency regarding how this allocation should be made.<sup>1)</sup>

### Redemption and Disposal of Redemption Shares

The redemption of shares and disposal of redemption shares, for example through a sale in the market, give rise to capital gains taxation. A capital gain or capital loss is calculated as the difference between the payment received, after deduction of any sales costs, and the tax base of the shares redeemed or sold. The payment received for shares redeemed is the redemption proceeds. For redemption shares that are sold in the market, the payment received is the sales proceed.

The tax base for redemption shares received in connection with the share split is calculated according to the allocation of the acquisition cost described above under the heading "Receipt of redemption shares". For redemption shares acquired in the market, the tax base is the actual acquisition cost of the shares. The tax base for all shares of the same class and type are added together and calculated collectively in accordance with the average method. It should be noted that the redemption shares are no longer considered to be of the same class

and type as the ordinary shares in Haldex. For shares that are quoted on a market, the tax base may be alternatively determined as 20% of the net sales proceeds in accordance with the standard method.

For private individuals, capital gains are taxed in the capital income category at a tax rate of 30%. Capital losses on listed shares are fully deductible against taxable capital gains in the same year on shares and other listed securities that are taxed as shares except for shares in investment funds that contain only Swedish receivables (so-called interest funds). Capital losses that cannot be offset in this manner are 70% deductible against other income from capital.

If an overall deficit arises in the capital income category, a reduction is granted from national and municipal income tax as well as property tax and municipal property charges. A tax reduction of 30% is permitted for the portion of the deficit that does not exceed SEK 100,000 and 21% for the remaining portion. Deficits cannot be carried forward to later fiscal years.

In the case of limited liability companies, capital gains on shares that are not held for business purposes are taxed as income from business operations at a tax rate of 26.3%. Deductible capital losses on shares and other securities that are taxed as shares may normally be offset only against taxable capital gains on shares and other securities that are taxed as shares. Under certain circumstances, however, such capital losses may be offset against capital gains within a corporate group if group contributions are permitted among

<sup>1)</sup> The Swedish Tax Agency's general advice will be published on Haldex's website ([www.haldex.com](http://www.haldex.com)) and on the Swedish Tax Agency's website ([www.skatteverket.se](http://www.skatteverket.se)).



the companies. Capital losses that cannot be utilised during a certain year may be carried forward and utilised against eligible capital gains in subsequent fiscal years.

### Certain tax considerations for shareholders with limited tax liability in Sweden

For shareholders with limited tax liability in Sweden, the redemption of shares is taxed as dividends, which means that Swedish withholding tax is levied on the redemption proceeds. The withholding tax rate is 30%, but is generally reduced under treaties between Sweden and other countries. The withholding tax is normally deducted by Euroclear Sweden AB or, in the case of nominee-registered shares, by the nominee. Withholding tax is levied regardless of whether the

redemption shares have been received through the share split or acquired in the market. However, a shareholder may reclaim that part of the withholding tax that is attributable to the acquisition cost of the shares, or, provided that the shares are listed, 20% of the redemption proceeds, by filing an application to the Swedish Tax Agency. The acquisition cost is normally allocated between the redemption shares and ordinary shares as described in the example under the heading "Receipt of Redemption Shares". A claim for a refund must be filed in writing to the Swedish Tax Agency before the end of the fifth calendar year after the date of payment.

Shareholders who have limited tax liability in Sweden and do not conduct business from a permanent establishment in Sweden are normally not taxed in Sweden for capital

gains arising on the disposal of shares. However, such shareholders can be subject to taxation in their country of residence. According to a special rule, private individuals with limited tax liability in Sweden may be subject to capital gains taxation in Sweden on the disposal of Swedish shares if they have had their permanent home or habitual abode in Sweden at any time during the calendar year in which the disposal takes place or during the ten calendar years preceding the year of the disposal. However, in many cases the applicability of this rule is limited by tax treaties between Sweden and other countries.

*It should be noted that no Swedish withholding tax is payable if the redemption shares are sold in the market.*

#### EXAMPLE

##### **Allocation of the Acquisition Cost (hereafter called "the tax base").**

*Please note that the example is based only on assumptions.*

Assume that the average tax base for a Haldex share immediately prior to the share split is SEK 60, that the Haldex share is quoted at SEK 100 per share, and that one redemption share is quoted at SEK 30 after the share split.

Of the average tax base for the Haldex share, 30% (30/100) should thus be allocated to the redemption shares.

In this example, this means that the tax base for each redemption share should be SEK 18 per share (= 30% x SEK 60). The tax base for each Haldex share, after detachment of redemption shares, should thus be SEK 42 (= SEK 60 – SEK 18).

The taxable capital gain on the redemption of one share would then be SEK 12 (= SEK 30 – SEK 18).

The exact allocation will be determined by the Swedish Tax Agency through general advice.



# Questions and answers

## 1. What does a share split and an automatic redemption of shares mean?

Given that the Annual General Meeting of Haldex decides on a share split and mandatory redemption procedure according to the proposal by the Board of Directors, each Haldex share will be divided into two shares, of which one is a redemption share that will be redeemed automatically for SEK 30 per share, without any required action from the shareholders.

## 2. As a shareholder, do I need to do anything?

As a shareholder, you are not required to take any action. The share will automatically be split into two shares, of which one is a so called redemption share. Haldex will automatically redeem the redemption shares and you will then receive SEK 30 per share in cash for each redemption share through Euroclear Sweden AB. For shareholders with limited tax liability in Sweden, it may be advantageous from a tax perspective to sell the redemption shares in the market. Trading in redemption shares on NASDAQ OMX Stockholm is expected to take place during the period 6 July to 20 July 2011. Banks and other securities institutions with the requisite permits will be available to assist with the purchase and sale of redemption shares. Note that in order to be entitled to redemption shares, you will have to be registered as a shareholder on the record date on or around 4 July 2011.

## 3. What are my options as a shareholder?

You can await the redemption procedure without taking any action. The redemption shares you receive will then automatically be redeemed for a redemption amount of SEK 30 per share in cash. Alternatively, you can sell your redemption shares if you prefer to do so before the completion of the redemption procedure. Note that a sale of share is commonly associated with certain fees.

## 4. How many shares will I receive?

After completion of the redemption procedure, you will have the same number of shares in Haldex as before the procedure commenced (provided that you do not buy or sell any Haldex shares during this period). All redemption shares that are created will be subject to automatic redemption.

## 5. When is the record date for the receipt of redemption shares?

The record date is estimated to occur on or around 4 July 2011. Those who are registered as shareholders on this date will receive redemption shares. Note that you need to own shares in Haldex as per 29 June 2011 (the last day for trading in the Haldex share including the right to receive redemption shares) in order to be registered as a shareholder on the record date on 4 July 2011. The first day of trading in the Haldex share excluding the right to receive redemption shares is on 30 June 2011.

## 6. When will I receive payment?

The redemption amount of SEK 30 per share in cash is expected to be available on or around 28 July 2011. Note that a condition for the receipt of the redemption amount is that you hold redemption shares on 25 July 2011.

## 7. Why will it be possible to trade redemption shares?

By offering trading in redemption shares, Haldex will enable shareholders who are not tax residents of Sweden to achieve a more advantageous tax situation by selling their redemption shares in the market compared to participation in the redemption procedure. Those who wish to receive the proceeds ahead of the completion of the redemption may sell their redemption shares on NASDAQ OMX Stockholm during the trading period, which is expected to take place during 6 July – 20 July 2011, and may in this way receive cash payments ahead of the completion.

## Tax considerations

The tax treatment of each individual shareholder will depend on the shareholder's specific circumstances. Shareholders should read the entire section "Tax considerations in Sweden" on pages 4–5.

## 8. When will I know exactly how I will be taxed?

The Swedish Tax Agency will issue general advice regarding this matter. As soon as the general advice is issued, it will be made available on Haldex's website ([www.haldex.com](http://www.haldex.com)) and on the Swedish Tax Agency's website ([www.skatteverket.se](http://www.skatteverket.se)).

## 9. For shareholders in Sweden, what are the tax considerations of a share redemption compared to dividends?

Shareholders are required to declare the sale and/or redemption of redemption shares, see also under "Tax considerations in Sweden" on pages 4–5. For a large group of shareholders, such as private individuals in Sweden, redemption of shares is a more effective method for distribution of capital than dividends, since this, in simple terms, allows the shareholders to make a deduction for part of the acquisition cost of the original share. This is also the case if the shareholder chooses to sell the redemption share, see also example on page 5.

## 10. What are the tax considerations for foreign shareholders?

Shareholders who are not tax residents of Sweden and who take part in the redemption procedure and have shares redeemed are liable for payment of Swedish withholding tax, see also under "Tax considerations in Sweden" on pages 4–5. Such shareholders will therefore be charged with withholding tax in connection with payment of the redemption proceeds. However, no withholding tax will be levied if the redemption shares are sold in the market.



[www.haldex.com](http://www.haldex.com)