



*Innovative Vehicle Technology*

## **PRESS RELEASE**

### **Haldex to divest Traction Systems Division to BorgWarner, Inc.**

*Stockholm, Sweden, December 17, 2010*

- **The Board of Directors of Haldex has decided to divest its Traction Systems division (“Traction”) to BorgWarner Inc (“BorgWarner”)**
- **The purchase price amounts to SEK 1 425 m on a cash and debt free basis**
- **The price corresponds to nearly 14 times historic earnings and provides maximum value for Haldex shareholders**

Haldex AB (“Haldex”) has signed an agreement with BorgWarner Inc. (“BorgWarner”), a global vehicle supplier, to divest its division Traction Systems. The purchase price, which will be paid in cash, is SEK 1,425 m on a cash and debt free basis. The transaction is conditional on approval from competition authorities.

On July 16 of this year Haldex announced plans to reorganize its divisions into three separate listed companies. However, the Board of Directors believe that this divestment will provide superior value to the shareholders of Haldex than the proposed listing of Traction. BorgWarner provides a strategic fit with Traction and is a financially strong and experienced owner with the resources to accelerate its growth in the all wheel drive and torque transfer market.

“After the announcement of the reorganisation, we received strong interest in Traction from a number of potential buyers. This process has culminated in this transaction, which we believe provides maximum value to Haldex shareholders. At nearly 14 times historic earnings this price reflects the quality of Traction’s business and the future earnings potential with the new owner”, says Joakim Olsson, CEO of Haldex.

“Under Haldex’ ownership, Traction has developed strongly and is now acknowledged as a technology leader in its field. There is a great strategic fit with BorgWarner which will enable us to bring our vehicle solutions to an even wider group of customers”, says Ulf Ahlén, Head of Traction Systems.

Haldex sales excluding Traction for the first nine months 2010 is estimated to SEK 4,292 m and an operating profit excluding Traction to SEK 244<sup>1</sup> m. The transaction is estimated to result in a capital gain of approximately SEK 1,100 m.

The process to reorganize CVS and Hydraulics into separate listed companies' proceeds as planned.

<sup>1</sup> Excluding restructuring costs, nonrecurring items and amortization of acquisition-related surplus values.

Traction Systems is a leading player in the market for all wheel drive systems for passenger vehicles. Its customers include Volkswagen (including Audi, Skoda, Seat, Lamborghini, Bugatti), Volvo, Land Rover and GM. The production facilities are located in Landskrona (Sweden), Irapuato (Mexico) and Szentlőrinc (Hungary). As per September 30, 2010 Traction had 329 employees. During the first nine months in 2010 Traction Systems' sales amounted to SEK 909 m and the operating profit to SEK 87 m. During the last twelve months to September 30, 2010, sales amounted to SEK 1,158 m and operating profit to SEK 104 m.

#### *About BorgWarner*

BorgWarner Inc. (NYSE:BWA) is a product leader in highly engineered components and systems for vehicle powertrain applications worldwide.

BorgWarner has approximately 16,000 employees worldwide.

The company operates manufacturing and technical facilities in 60 locations in 18 countries. Customers include Volkswagen/Audi, Ford, Toyota, Renault/Nissan, General Motors, Hyundai/Kia, Daimler, Chrysler, Fiat, BMW, Honda, Deere & Company, PSA, and MAN.

Lazard is financial advisor and Mannheimer Swartling legal advisor to Haldex on the transaction.

Haldex AB will hold a conference call today at 10.00 CET.

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*Haldex ([www.haldex.com](http://www.haldex.com)) headquartered in Stockholm, Sweden, is a provider of proprietary and innovative solutions to the global vehicle industry, with focus on products in vehicles that enhance safety, environment and vehicle dynamics. Haldex is listed on the Nasdaq OMX Stockholm Stock Exchange and had net sales of nearly 5.5 billion SEK in 2009. The number of employees amounts to about 4,000.*

*Haldex discloses the information in this press release according to the Swedish Securities Market Act and/or the Swedish Financial Trading Act. The information was provided for public release on Thursday December 17,*

2010.