

Certain tax considerations in Sweden

The following is a summary of certain Swedish tax rules of relevance to Haldex's distribution of the shares in Concentric and the listing thereof, applicable to individuals and limited liability companies tax resident in Sweden (unless otherwise stated). The summary is based on the legislation currently in force and is intended as general information only. The summary does not address shares held by partnerships or shares held as current assets in business operations. Moreover, the summary does not address the specific rules on tax-exempt capital gains (including non-deductibility for capital losses) or dividends in the corporate sector that may be applicable when shares are considered to be held for business purposes (näringsbetingade andelar). Special tax rules apply to certain categories of shareholders, including, for example, mutual funds, investment companies and insurance companies. The tax treatment of each individual shareholder depends on such holder's particular circumstances. Each shareholder should therefore consult a tax advisor for information on the specific implications that may arise in an individual case, including the applicability and effect of foreign rules and tax treaties.

The distribution of Concentric shares

The distribution of shares in Concentric is being made in accordance with the so-called Lex ASEA rules, with the result that no immediate taxation will arise in Sweden. The Swedish Tax Agency has confirmed that the distribution will be tax-exempt in Sweden under the Lex ASEA rules. The tax basis of the Haldex shares that confer entitlement to participate in the distribution will therefore be allocated between these shares and the Concentric shares received. The allocation of the tax basis will be based on the change in the value of the Haldex shares arising as a result of the distribution of the Concentric shares. Haldex will request general guidelines from the Swedish Tax Agency as regards the allocation of the tax basis. Information on the guidelines from the Swedish Tax Agency will be made available on the websites of Haldex, Concentric and the Swedish Tax Agency as soon as possible after the distribution.¹⁾

Individuals

Dividend taxation

For individuals, dividends on listed shares are normally taxed as income from capital at a rate of 30 percent. A preliminary tax of 30 percent is generally withheld on dividends paid to individuals resident in Sweden. The preliminary tax is withheld by Euroclear Sweden or, regarding nominee-registered shares, by the Swedish nominee.

Capital gains taxation

Upon the sale or other disposition of listed shares, a taxable capital gain or deductible capital loss may arise. Capital gains are taxed as income from capital at a rate of 30 percent. The capital gain or loss is normally calculated as the difference between the sales proceeds, after deducting sales costs, and the tax basis. The tax basis for all shares of the same class and type is calculated together in accordance with the average cost method. Upon the sale of listed shares, the tax basis may alternatively be determined according to the standard method as 20 percent of the sales proceeds after deducting sales costs.

Capital losses on listed shares are fully deductible against taxable capital gains on shares and on other listed equity-related securities realized in the same year, except for units in investment funds which consist solely of Swedish receivables (räntefonder). Up to 70 percent of capital losses on shares that cannot be offset in this way are deductible against other capital income. If there is a net loss in the capital income category, a tax reduction is allowed against municipal and national income tax, as well as against real estate tax and municipal real estate charges. A tax reduction of 30 percent is allowed on the portion of such net loss that does not exceed SEK 100,000 and of 21 percent on any remaining loss. Such net loss cannot be carried forward to future fiscal years.

Limited liability companies

Dividend and capital gains taxation

For a limited liability company, all income, including taxable dividends and capital gains, is taxed as business income at a rate of 26.3 percent. Capital gains and capital losses are calculated in the same manner as set forth above with respect to individuals.

Deductible capital losses on shares may only be deducted against taxable capital gains on shares and other equity-related securities. Such capital losses may also, if certain requirements are fulfilled, be offset against such capital gains in a company within the same group, provided that the requirements for exchanging group contributions are met. A capital loss that could not be utilized during a given fiscal year may be carried forward and be offset against taxable capital gains on shares and other equity-related securities during subsequent fiscal years, without limitation in time.

¹⁾ www.haldex.com, www.concentricab.com and www.skatteverket.se.

Specific tax considerations for shareholders who are not tax resident in Sweden

Dividend taxation

For shareholders not tax resident in Sweden that receive dividends on shares held in a Swedish limited liability company, a Swedish withholding tax is normally payable.

The withholding tax rate is 30 percent. The tax rate, however, is generally reduced for shareholders resident in other jurisdictions under applicable tax treaties between Sweden and certain other countries for the avoidance of double taxation. The majority of Sweden's tax treaties enable a reduction of the Swedish tax to the tax rate stipulated in the treaty directly at the payment of dividends, provided that necessary information is available in relation to the person entitled to such dividends. In Sweden, normally Euroclear Sweden or, in the case of nominee-registered shares, the nominee, carries out the deduction of withholding tax.

If a 30 percent withholding tax is deducted from a payment to a person entitled to be taxed at a lower rate, or in case too much withholding tax has otherwise been withheld, a refund can be claimed from the Swedish Tax Agency prior to the expiry of the fifth calendar year following the dividend distribution.

Since Haldex's distribution of the shares in Concentric will be made in accordance with the Lex ASEA rules, no Swedish withholding tax will be payable on the distribution. However, the distribution may have tax consequences in the shareholder's country of residence.

Capital gains taxation

Shareholders not tax resident in Sweden, and who are not carrying on business operations from a permanent establishment in Sweden, are generally not liable for Swedish capital gains taxation on the disposal of shares. Such holders may, nevertheless, be subject to tax in their country of residence. However, individuals who are not tax resident in Sweden may be subject to Swedish tax on capital gains from the sale of shares, if they have been resident or permanently lived in Sweden at any time during the calendar year of such sale or during any of the ten preceding calendar years. The applicability of this rule may, nevertheless, in many cases be limited by tax treaties between Sweden and certain other countries.