



*Press release*

*Trelleborg, June 26, 2007*

## **Information relating to ongoing competition investigation of subsidiaries**

Subsequent to the Board meeting in Trelleborg AB, the following updated information pertaining to the ongoing competition investigation of subsidiaries is submitted:

As announced in a press release from Trelleborg on May 3, in May 2007, the Justice Department in the US and the competition authorities in the European Union initiated investigations relating to an alleged cartel for certain types of marine hoses used to transport oil. The competition authorities in Japan and the UK have also initiated investigations. The investigations encompass several international companies, including one of Trelleborg's French subsidiaries, Trelleborg Industrie SAS. The two senior executives at Trelleborg Industrie SAS who were arrested while in the US are still in the US and have restrictions on their freedom.

As Trelleborg has also reported on since August 2005, one of the Group's subsidiaries in the US has been the subject of an investigation by the US Justice Department with regard to a cartel for certain types of marine fenders. Over the course of the investigation, the former President of the company has admitted complicity in criminal cartel activities. In accordance with the Group's policy, his employment has been terminated and he has left the company. As a result of the investigation, the concerned subsidiary is temporarily suspended as a supplier to the US public sector.

Trelleborg is assisting the authorities in the US and European Union in their investigations on a continuous basis and also continues to take appropriate actions and investigations in respect of these issues.

Trelleborg takes a very serious view of infringements of competition legislation and already has a very clear and well-communicated set of rules and regulations to ensure conformity to applicable competition laws. However, as a result of these events, the Board and management have also decided to significantly reinforce the existing action program with the aim of further increasing knowledge of prevailing competition legislation and to strengthen the Group's internal processes and control system.

Against the background of the content of the material to which the authorities have access, and based on privileged consultations with Trelleborg's legal representatives, it can be expected that the authorities' investigations of the US subsidiary, a manufacturer of marine equipment including certain types of fenders, and of the French subsidiary, whose operation to a limited extent comprises the manufacture of certain types of marine hoses to the oil industry may lead to members of the group incurring cost.

The operations targeted by the investigation account for a small part of the Trelleborg Group and have combined annual sales of slightly more than SEK 300 M. It is at present unclear when any improper behaviour was commenced but if irregularities have been ongoing over an extended period, this is expected to increase the level of possible costs for Trelleborg.



In the current phase of the investigations, it is impossible to accurately assess the final financial impact. However, based mainly on the assessment of Trelleborg's external legal representatives, it can be assumed that the ongoing investigations may lead to the Group incurring significant costs of a nonrecurring nature in gradual stages during 2007 and 2008. Currently, all estimations of the possible financial impact involve considerable uncertainty, but the potential combined financial impact could reach amounts that correspond to a predominant proportion of the Group's pre-tax profits for 2006.

In addition, expenses for the ongoing investigations and the adopted action program are estimated to amount to between approximately SEK 75 M and SEK 100 M during 2007 and 2008. The bulk of these expenses are external expenses for investigations in progress and provisions will be posted in the interim accounts for the first six months of 2007. Costs for the adopted action program will be expensed as they arise.

As long as the authorities' investigations continue, Trelleborg has decided to further refrain from commenting on its progress or results.

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**Trelleborg** is a global industrial group whose leading positions are based on advanced polymer technology and in-depth applications know-how. Trelleborg develops high-performance solutions that seal, damp and protect in demanding industrial environments. The Trelleborg Group has annual sales of approximately SEK 27 billion, with about 23,000 employees in 40 countries. The Group comprises four business areas: Trelleborg Engineered Systems, Trelleborg Automotive, Trelleborg Sealing Solutions and Trelleborg Wheel Systems. The Trelleborg share has been listed on the Stockholm Stock Exchange since 1964 and is listed on the OMX Nordic List, large cap.  
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