

Section 86.1 Information for Canadian Shareholders of TriMas Corporation and Additional Information for Québec Income Tax Filers

On June 30, 2015, TriMas Corporation completed a reorganization in which it spun-off its subsidiary Horizon Global Corporation. If you received your Horizon Global Corporation common shares in this reorganization, this summary contains important Canadian tax information that may be relevant to you.¹

Where a Canadian shareholder of share(s) of a foreign company (“distributing company”) receives a distribution of shares (“spin-off shares”) as a result of the distributing company’s eligible corporate reorganization (“spin-off”), section 86.1 of the federal Canadian *Income Tax Act* may permit such a spin-off share distribution to pass to the shareholder on a rollover (i.e., tax-deferred) basis, provided the shareholder complies with certain filing requirements specified in section 86.1.

This memo provides a basic overview of the filing requirements pursuant to section 86.1 as they may apply to the June 30, 2015 **TriMas Corporation** (“TRS”) spin-off of **Horizon Global Corporation** (“Spinco”), which has been approved by the Canada Revenue Agency as eligible for Canadian tax purposes. Additional information for Québec income tax filers is provided in a separate section below.

PLEASE NOTE THAT THIS MEMO PROVIDES ONLY A BASIC OVERVIEW OF THE FILING REQUIREMENTS AND OFFERS NO ACCOUNTING OR TAX GUIDANCE, AS A TAX ADVISOR SHOULD BE CONSULTED FOR THOSE PURPOSES.

A Summary of the Spin-Off

TRS’s June 30, 2015 (“Distribution Date”) transactions affecting the Canadian shareholders involved:

- On the Distribution Date, 100% of Spinco common shares were distributed, through a pro-rata distribution, to holders of TRS Common Shares (“common shareholder”) (“Spin-off”). Each TRS common shareholder received two (2) Spinco common share for every five (5) TRS common shares owned at the close of business on June 25, 2015.
- The distribution agent will not be distributing any fractional shares in connection with the spin-off, rather fractional shares will be aggregated into whole shares to which they will be sold in the open market at prevailing market prices. TRS shareholders, who would have otherwise received a fractional share, will be entitled to the aggregate cash proceeds of the sale (net of brokerage fees and other costs) on a pro-rata basis.

¹ Certain taxpayer are not affected by the filing requirements pursuant to 86.1 (i.e. non-residents of Canada, shareholders that held GHC shares in an RRSP, RRIF, TFSA or other Canadian tax-exempt plan).

Basic Overview - Section 86.1 Election Requirements

In order for the spin-off shares on an eligible distribution to pass to the shareholder on a rollover basis, paragraph 86.1(2)(f) of the *Income Tax Act* requires the shareholder to provide the following documentation and information to the Canada Revenue Agency (“CRA”):

1. A letter addressed to the CRA stating that the taxpayer wishes section 86.1 of the *Income Tax Act* to apply to the distribution (the taxpayer must use a letter as there is currently no prescribed form for this specific election);
2. The letter must be filed with the taxpayer’s income tax return within the prescribed filing time for the taxation year in which the distribution took place (late filings may be accepted, but penalties may apply);
3. The letter must state the following information about the shares of the distributing company (“original shares”) the taxpayer owned **immediately before** the distribution of the spin-off shares to the shareholder:
 - i. The number of the original shares owned;
 - ii. The aggregate adjusted cost base of all the original shares to the taxpayer (i.e. the price the shareholder paid on acquisition of the TRS common shares);
 - iii. The aggregate fair market value of the original shares (see section “Determining the Fair Market Value of the Shares” below);
4. The letter must state the following information about the spin-off and original shares the taxpayer owned **immediately after** the distribution:
 - i. The number of the original shares owned;
 - ii. The aggregate fair market value of the original shares (see section “Determining the Fair Market Value of the Shares” below);
 - iii. The number of the spin-off shares received;
 - iv. The aggregate fair market value of the spin-off shares (see section “Determining the Fair Market Value of the Shares” below).

For greater certainty, the original and spin-off shares are the TRS common shares and Spinco common shares, respectively.

Determining the Cost of the Shares

The cost of the original shares is determined by the allocation of the tax basis between a TRS common share and Spinco common share based on their relative fair market value immediately after the distribution of the Spinco common shares. The fair market value determination is not prescribed or defined under the *Income Tax Act*. The approach taken by TRS is based on the fair market values of the averages of the high and low trading prices of TRS common shares and Spinco common shares on trading after the Distribution, July 1, 2015. The averages of the high and low trading prices of a TRS common share and Spinco common share were \$24.41 and \$14.54, respectively.

See below for the tax basis allocation percentage:

	No. of Shares after Distribution	Fair Market Value	Total Fair Market Value	Tax Basis Allocation (%)
TRS	100	\$24.41	\$2,441.0	80.76%
Spinco	40	\$14.54	\$581.6	19.24%

Additional Information for Québec Income Tax Filers

Québec income tax filers who wish to take advantage of the section 86.1 rollover for the TRS distribution for both, the federal and Québec tax purposes, should enclose, in their Québec income tax returns, a copy of the section 86.1 election letter addressed to the CRA and also a separate letter addressed to Revenu Québec explaining that the enclosed copy of the letter to the CRA is in compliance with subsection 578.1(f) of the Québec *Taxation Act* and sets out the information required by subsection 578.3(2) of the Québec *Taxation Act*. Québec filers should additionally enclose a copy of the CRA letter which confirms the eligibility of the June 30, 2015 Spin-Off.