

Proposal concerning the 2009 incentive programme

The Board of Directors proposes that the AGM approve the following:

Background

Since 1997, one component of Scania's compensation to executive officers as well as to other key officials of the company has been variable remuneration in the form of a two-part incentive programme.

The outcome of the first part (Part 1) of the incentive programme has been calculated as a percentage of cash salary depending on Residual Net Income (RNI) and the level of the position. RNI has been defined as Scania's net income according to the annual accounts minus a cost of equity. The maximum possible remuneration has been set at between 45 and 150 percent of the participants' annual fixed cash salary, depending on their position. In 2008, Part 1 of the incentive programme covered 125 individuals.

Since 1997, a second part (Part 2) of the incentive programme for executive officers has also existed at Scania. Part 2 also covers certain other key employees of the company. Until 2005, the outcome was paid in cash.

The outcomes of Part 2 were dependent on a positive change in RNI between the preceding year and the year in question. The possible maximum remuneration was set at between 35 and 80 percent of the participants' annual fixed cash salary. In 2008, Part 2 of the incentive programme covered 125 individuals.

In 2008 the AGM decided that 50 percent of the combined outcome of Part 1 and Part 2 shall be paid in cash as salary the year after the year when earned and that the remaining 50 percent shall be determined as a cash amount that, after subtracting for applicable tax, shall be used for the purchase of Scania B shares through a third party designated by the company, on a day determined by the company. Payment for the purchase of Scania B shares shall occur with one third of the amount per year being paid over a three-year period, and each third shall be locked in custody for one year from the respective acquisition. The payments will be made on the condition that the participant is employed in the Scania Group at the close of the calendar year preceded by the year the respective payment is made or that employment has ended through agreed retirement.

Proposal

The Board of Directors makes the assessment that it is advantageous for the company to continue applying a profitability-based, long-term two part incentive programme in 2009, so that executive officers and certain other key employees of the company can be retained and recruited under market-related conditions.

The Board of Directors therefore proposes an incentive programme in 2009 that encompasses a maximum of 150 officers, mainly in accordance with the following conditions and guidelines:

- a) The outcome of Part 1 of the incentive programme is determined as a cash amount calculated as a percentage of the annual fixed cash salary depending on position. The percentage shall depend on the RNI and be decided by the Board's Remuneration Committee. RNI is calculated as Scania's net income according to the annual accounts minus a cost of equity, as decided by the Board's Remuneration Committee. The maximum outcome of Part 1 shall be determined at between 45 and 150 percent of the participants' annual fixed cash salary, depending on their position.
- b) The outcome of Part 2 of the incentive programme is determined as a cash amount calculated as a percentage of annual fixed cash salary depending on position. The percentage shall depend on a positive change in RNI between the preceding year and the year in question and be set by the Board's Remuneration Committee. RNI shall be calculated as set out in a) above. The highest possible cash amount for the outcome of Part 2 shall be determined at between 35 and 80 percent of participants' annual fixed cash salary, depending on their position.
- c) Of the combined outcome of Part 1 and Part 2, 50 percent shall be paid in cash as salary the year after the year when earned.
- d) Of the combined outcome of Part 1 and Part 2, the remaining 50 percent shall be determined as a cash amount that, after subtracting applicable tax, shall be used for the purchase of Scania B shares through a third party designated by the company, on a day determined by the company. However, this cash amount shall be rounded off to an amount that, after subtracting for applicable tax, is equivalent to the next lower whole number of Scania B shares on the purchase date. If the cash amount, after subtracting for income tax, should mean that fewer than 10 Scania B shares can be obtained, the amount shall instead be disbursed in cash. The payments will be made on the condition that the participant is employed in the Scania Group at the close of the calendar year or that employment has ended through agreed retirement.
- e) The participants shall not have the right of disposal over the Scania B shares that have been purchased as set out in d) above during a period of one year from the date of purchase.
- f) Participants shall, however, have the right of disposal over the return on the Scania B shares purchased as set out in d) above.
- g) The Board is authorised to decide that the portion of the outcome which, as set out in d) above shall be used for the purchase of shares or, as set out in i) below, is utilised for a pension, shall instead be paid in cash to all or some participants, if on the payment date there is a risk that participants are regarded as possessing insider information or there is some other circumstance that makes payment as set out in d) above or i) below difficult or impossible. In addition, the Board is also authorised, in whole or part, to waive the requirement under e) above.
- h) The outcomes of the President and CEO from Part 1 and Part 2 may, in whole or part, be used for a pension according to a pension obligation, secured by depositing a gross amount without deduction of tax in a special pension fund, endowment insurance or equivalent provision for pension.

i) As an alternative, participants shall be entitled to choose to instead utilise a portion of the combined outcome of Part 1 and Part 2 as set out in d) above that shall be used to purchase shares for a pension according to a pension obligation, secured through endowment insurance. The insurance company will initially invest the outcome in Scania B shares. Provided that the participants are employed by the Scania Group or their employment has ended through agreed retirement, this endowment insurance will be released to the participants, with one third being paid each year during a three-year period. After this, the participants may choose to change the investment profile of the endowment insurance. Except for changing the investment profile, participants shall not be entitled to transfer, pledge or otherwise divest the insurance. Participants shall, before the date when the outcome as set out in d) above shall be paid, decide whether they will choose the pension alternative, otherwise disbursement will occur as set out in d) above.

Cost

The cost of Part 1 and Part 2 of the incentive programme shall be recognised in the accounts in the year that funds are disbursed and may not exceed SEK 350,000,000, including mandatory payroll fees and transaction costs.

Dilution and purchases of the company's own shares

The proposal does not imply any dilution or any acquisition by Scania of its own shares.