

## NOTE 17 Provisions for pensions and similar commitments

The Group's employees, former employees and their survivors may be included in both defined-contribution and defined-benefit plans related to post-employment compensation. The plans include retirement pensions, survivor pensions, health care and severance pay.

The commitment that is recognised in the balance sheet stems from the defined-benefit plans. The largest plans are found in Sweden, Great Britain and Brazil, among other countries. The plans are safeguarded via re-insured provisions in the balance sheet, foundations and funds. Calculations are performed according to the "projected unit credit method", using the assumptions presented in the table below, also taking into account any revocability.

In the case of some of the Group's defined-benefit multi-employer plans, sufficient information cannot be obtained to calculate Scania's share in these plans. They have thus been accounted for as defined-contribution. In Scania's case, this applies to the Dutch fund Pensioenfond Metaal en Techniek, which is administered via MN Services, and Bedrijfstakpensioenfond Metalektro, which is administered via PVF Achmea, as well as the portion of the Swedish ITP occupational pension plan that is administered via the retirement insurance company Alecta. Most of the Swedish plan for salaried employees (the collectively agreed ITP plan), however, is accounted for by provisions in the balance sheet, safeguarded

by credit insurance from the mutual insurance company Försäkringsbolaget Pensionsgaranti (FPG), and are administered by a Swedish multi-employer institution, the Pension Registration Institute (PRI).

Premiums to Alecta amounted to SEK 56 m. (33 and 64, respectively). A surplus or deficit at Alecta may mean a refund to the Group or lower or higher future premiums. At year-end 2009, Alecta's surplus, in the form of a collective consolidation level, amounted to 141 (112 and 152, respectively) percent. The collective consolidation level consists of the market value of Alecta's assets as a percentage of its insurance obligations calculated according to Alecta's actuarial assumptions.

In the Dutch plans, both companies and employees contribute to the plan. The companies' premiums to MN Services amounted to SEK 28 m. (25 and 24, respectively) and to PVF Achmea SEK 50 m. (52 and 48, respectively). The consolidation level amounted to 101 percent (86 and 148, respectively) for MN Services. PVF Achmea had an A+/Negative rating from Standard & Poors for 2009 (A+ rating for 2008, and the consolidation level was 133 percent for 2007). PVF Achmea did not disclose its consolidation level for 2009 and 2008.

Scania's forecasted disbursement of pensions related to defined-benefit plans, both funded and unfunded, is SEK 231 m. for 2010 (253 for 2009 and 198 for 2008, respectively).

Expenses for pensions and other defined-benefit obligations recognised in the income statement	Expenses related to pension obligations			Expenses related to health care benefits			Expenses related to other obligations		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Current service expenses	-264	-170	-131	-6	-6	-4	-3	-3	-3
Interest expenses	-250	-205	-173	-31	-28	-29	-6	-6	-4
Expected return on plan assets	62	65	58	-	-	-	6	5	5
Past service expenses	-5	-29	-	-	-	-	0	-	-
Net gains (+) and losses (-) due to curtailments and settlements	4	2	2	-	-	-	-	-	-
Curtailment in the valuation of net assets	6	-4	-10	-	-	-	-	-	-
<b>Total expense for defined-benefit obligations recognised in the income statement</b>	<b>-447</b>	<b>-341</b>	<b>-254</b>	<b>-37</b>	<b>-34</b>	<b>-33</b>	<b>-3</b>	<b>-4</b>	<b>-2</b>

For defined-contribution plans, Scania makes continuous payments to public authorities and independent organisations, which thus take over obligations towards employees. The Group's expenses for defined-contribution plans amounted to SEK 565 m. (437 and 479, respectively) during 2009.

Pension expenses and other defined-benefit payments are found in the income statement under the headings "Cost of goods sold", SEK 193 m. (143 and 88, respectively) and "Selling expenses", SEK 76 m. (67 and 58, respectively). The interest portion of pension expenses, along with the return on plan assets, is found under "Financial interest income" and "Financial interest expenses".

## NOT 17 Provisions for pensions and similar commitments, continued

Expenses for pensions and other defined-benefit obligations recognised in other comprehensive income	Expenses related to pension obligations			Expenses related to health care benefits			Expenses related to other obligations		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Experience-based adjustments in pension liability	-119	-292	-228	-20	48	1	-2	10	4
Experience-based adjustments in plan assets	58	-146	-13	1	-	-	2	-3	-5
Effects of changes in actuarial assumptions	-21	-229	-31	-	-	-	-1	-	-
Net actuarial gains (+) and losses (-) for the year	-82	-667	-272	-19	48	1	-1	7	-1
Special payroll tax related to actuarial gains and losses	-8	-134	-58	-	-	-	-	-	-
Curtailment in valuation of net assets	26	121	14	-	-	-	-	-	-
<b>Total expense/revenue for defined-benefit obligations recognised in other comprehensive income</b>	<b>-64</b>	<b>-680</b>	<b>-316</b>	<b>-19</b>	<b>48</b>	<b>1</b>	<b>-1</b>	<b>7</b>	<b>-1</b>

The accumulated amount of actuarial losses in Other comprehensive income was SEK 1,934 m. (1,850 and 1,223, respectively) before taxes.

Recognised as provision for pensions in the balance sheet	Pension obligations			Obligations related to health care			Other obligations		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Present value of defined-benefit obligations, wholly or partly funded	1,676	1,526	1,450	353	-	-	47	33	46
Present value of defined-benefit obligations, unfunded	4,338	4,084	3,311	-	248	316	34	37	32
Present value of defined-benefit obligations	6,014	5,610	4,761	353	248	316	81	70	78
Fair value of plan assets	-1,471	-1,363	-1,277	-2	0	0	-69	-49	-54
Net assets not fully valued due to curtailment rule	35	53	142	-	-	-	-	-	-
<b>Recognised in the balance sheet</b>	<b>4,578</b>	<b>4,300</b>	<b>3,626</b>	<b>351</b>	<b>248</b>	<b>316</b>	<b>12</b>	<b>21</b>	<b>24</b>
- of which, pension liability recognised under the heading "Provisions for pensions"	4,620	4,352	3,665	351	248	316	12	21	24
- of which, pension asset recognised under the heading "Other long-term receivables"	-42	-52	-39	-	-	-	-	-	-

Assumptions applied in actuarial calculation	Sweden (pension)			Great Britain (pension)			Brazil (health care)			Other countries (pension etc.)		
	2009	2008	2007	2009	2008	2007	2009	2008	2007	2009	2008	2007
Discount rate (%)	4.0	4.0	4.5	5.7	6.1	6.0	11.3	11.0	9.2	3.0-11.3	2.3-6.7	2.9-5.3
Expected return on plan assets (%)	-	-	-	6.4	5.4	6.8	11.7	10.8	11.4	3.7-11.7	3.7-6.7	3.7-6.0
Expected wage and salary increase (%)	3.0	3.0	3.0	0.0	0.0	0.0	-	-	-	1.5-8.7	1.5-4.5	2.0-13.0
Change in health care costs (%)	-	-	-	-	-	-	7.6	7.1	7.1	-	-	-
Employee turnover (%)	5.0	5.0	5.0	0.0	0.0	0.0	2.1	2.0	2.1	2.0-18.0	2.0-12.0	2.0-13.0
Expected remaining years of service	20.2	21.9	21.5	11.0	7.0	8.0	14.5	16.8	15.1	2.3-29.0	1.0-22.1	4.5-22.9
Expected increase in pension (inflation) (%)	2.0	2.0	2.0	3.5	2.7	3.3	-	-	-	0.8-2.0	0.8-2.3	0.8-2.3

Expected return in each country and category of plan assets is calculated taking into account historic return and management's estimate of future developments. These figures in the above tables have then been combined into a total expected return for Great Britain, Brazil and "Other countries" in the Scania Group, taking into account that no changes in investment strategies are planned. The

categories of plan assets in question in the Scania Group are "Shares and participations", "Other interest-bearing securities", "Properties" and "Bank deposits" etc.

Starting in 2005, the plan in Great Britain has been closed to new beneficiaries and additional vesting. As a result, liability is not affected by future salary increases and any employee turnover.

Present value of defined-benefit commitments changed during the year as follows:	Liabilities related to pension obligations			Liabilities related to health care benefits			Liabilities related to other obligations		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Present value of defined-benefit obligations, 1 January	5,610	4,761	4,220	248	316	261	70	78	91
Present value of reclassified obligations, 1 January <sup>1</sup>	-	-11	118	-	-1	-	-	-3	-19
Current service expenses	264	170	131	6	6	4	3	3	3
Interest expenses	250	205	173	31	28	29	6	6	4
Payments made by pension plan participants	1	1	1	-	-	-	-	-	-
Net actuarial gains and losses for the year	123	519	259	20	-48	-1	3	-10	-3
Exchange rate differences	-16	110	19	74	-37	39	7	1	6
Disbursements of pension payments	-219	-172	-154	-26	-16	-16	-8	-5	-4
Past service expenses	5	29	-	-	-	-	0	-	-
Gains and losses due to net settlements for the year	-4	-2	-6	-	-	-	-	-	-
<b>Present value of defined-benefit obligations, 31 December</b>	<b>6,014</b>	<b>5,610</b>	<b>4,761</b>	<b>353</b>	<b>248</b>	<b>316</b>	<b>81</b>	<b>70</b>	<b>78</b>

1 2007: a reclassification of a defined-contribution plan to a defined-benefit plan in the Netherlands.

Fair value of plan assets changed as follows during the year:	Plan assets related to pension obligations			Plan assets related to health care benefits			Plan assets related to other obligations		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Fair value of plan assets, 1 January	1,363	1,277	1,100	-	-	-	49	54	48
Fair value of plan assets related to reclassified obligations <sup>2</sup>	3	-	112	-	-	-	-	-	-
Expected return on plan assets	62	65	58	-	-	-	6	5	5
Net actuarial gains and losses for the year	41	-148	-13	1	-	-	2	-3	-4
Exchange rate differences	-17	124	11	0	-	-	14	-6	7
Payments to pension plan	68	77	46	27	-	-	-	-	-
Payments made by pension plan participants	10	11	8	-	16	-	-	-	-
Disbursements of pension payments	-59	-43	-41	-26	-16	-	-2	-1	-2
Gains and losses due to net settlements for the year	-	-	-4	-	-	-	-	-	-
<b>Fair value of plan assets, 31 December</b>	<b>1,471</b>	<b>1,363</b>	<b>1,277</b>	<b>2</b>	<b>0</b>	<b>-</b>	<b>69</b>	<b>49</b>	<b>54</b>

2 2007: a reclassification of a defined-contribution plan to a defined-benefit plan in the Netherlands.

Plan assets consist mainly of shares and interest-bearing securities with the following fair value on closing day:	2009 SEK m.	2008 SEK m.	2007 SEK m.	2009 %	2008 %	2007 %
Miscellaneous shares and participations, not Scania	455	397	475	29.5	28.1	35.7
Miscellaneous interest-bearing securities, not Scania	618	587	628	40.1	41.5	47.2
Properties leased to Scania companies	32	83	66	2.1	5.9	5.0
Investment properties	141	90	71	9.1	6.4	5.3
Bank deposits etc.	296	255	91	19.2	18.1	6.8
<b>Total</b>	<b>1,542</b>	<b>1,412</b>	<b>1,331</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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Actual return	Plan assets related to pension obligations			Plan assets related to health care benefits			Plan assets related to other obligations		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Actual return on plan assets	120	-81	45	1	-	-	8	2	1

Sensitivity analysis concerning 1% change in health care expenses on:	1% decrease		1% increase	
	2009	2008	2009	2008
Sum of cost for employment in current year and interest expense	0	-4	12	4
Sum of present value of the defined-benefit obligation	-65	0	26	61

Multi-year summary recognised in balance sheet	2009	2008	2007	2006	2005
Present value of defined-benefit obligations	6,448	5,928	5,155	4,572	4,433
Fair value of plan assets	-1,542	-1,412	-1,331	-1,148	-1,095
Deficit	4,906	4,516	3,824	3,424	3,338
Net assets not valued in full due to curtailment rule	35	53	142	144	81
Recognised in balance sheet	4,941	4,569	3,966	3,568	3,419

Multi-year summary of expenses in other comprehensive income	2009	2008	2007	2006	2005
Experience-based adjustments in pension liability	-141	-234	-223	-55	-39
Experience-based adjustments in plan assets	61	-149	-18	22	54
Effects of changes in actuarial assumptions	-22	-229	-31	-19	-773
Net actuarial gains (+) and losses (-) for the year	-102	-612	-272	-52	-758
Special payroll tax related to actuarial gains and losses	-8	-134	-58	-	-
Curtailment in value of net assets	26	121	14	-16	-12
Total expense/income for defined-benefit payments recognised in other comprehensive income	-84	-625	-316	-68	-770