

QUESTIONS AND ANSWERS ETC. *

**ANNUAL GENERAL MEETING OF SCANIA AB (publ),
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Claes Zettermarck

May I ask the Secretary to report whether any written questions have arrived for today's AGM?

Secretary

No written questions have arrived for this AGM.

Claes Zettermarck

So let us determine to what extent there are oral questions from one or more of the shareholders who are here. The way it works is as follows. There are hostesses with microphones. If you just make yourself known, you will get a microphone. I would also like to request that anyone who wants to ask a question clearly state their name, so that we can note it in the minutes. Having said this, the floor is now open.

Gunnar Ek

I represent the Swedish Shareholders' Association and our index fund. First, Mr. Chairman, the company achieved extremely fantastic results last year. Sales of nearly 90 billion kronor and an after-tax profit that is nearly 10 percent of sales. That is almost unparalleled in the Swedish engineering industry. It is also very positive that last year the company introduced a global standard for trucks, so that they are interchangeable even though they are manufactured in South America or in Europe or perhaps somewhere else. That creates sizeable opportunities.

Then I would like to ask some questions. The production units in Falun and Sibbhult, Sweden have been closed down and these operations have been moved here to Södertälje. A lot was written about these shutdowns. I think it may be worthwhile for us shareholders to find out whether things have gone the way you expected. That was one part.

Two years ago, the equity/assets ratio of the company was nearly 30 percent. Equity/assets ratio means what percentage of a company's assets are financed with shareholder equity. Now the ratio is below 20 percent, or more exactly 19.9 percent. Part of the picture is that 47 billion of the 110 billion kronor in assets are customer financing, and there you

* Transcript based on tape recording, which the Secretary has edited slightly for better readability.

can discuss the conditions surrounding the equity/asset ratio. Yet I think that it is worth asking whether you are satisfied with this equity/assets ratio, since on the whole it is very low for an engineering company.

Against that backdrop, I also think it may be worth listening to comments and opinions about Scania's dividend policy. Last year, the company paid a dividend of 5 kronor and also redeemed shares for 7.50 kronor per share. Altogether, a total of 12.50 kronor per share was transported to us shareholders, or 10 billion kronor in all. If you divide this into two years, we can say that we have received 6.25 kronor per share from the company. The company finds itself in an extremely tough period, yet it made a profit in the first quarter. In light of 2008 being the best year ever, how do those of you on the Board of Directors view still keeping a dividend from the company? We can put it this way: A bank expects to receive interest on the money it lends. There are many shareholders who also expect to receive a dividend on the shares they own in the company. In slightly popular terms, they also want a kind of interest on the money they have put into the company. Now the Board is proposing to halve the dividend. Why are you doing that? Why don't you want to cancel the dividend completely? There are many people who have discussed this in the media, and I believe that if the company wished that we shareholders wouldn't take any dividend at all – in order to create fine opportunities for the company during the coming perhaps difficult years – I believe many of them would support that. I believe it is worthwhile to start a genuine discussion concerning this issue.

Then the Chairman of our company, Martin Winterkorn, made it known that Scania will remain listed on the stock exchange. Its head office will remain here and its corporate culture will be left untouched. He said some additional things. I think this is very valuable to us 130,000 shareholders. But I would still like to hear: What is the significance of what was stated in the media yesterday, that Porsche – which is now the largest owner of Volkswagen – wants to merge with Volkswagen? What significance does this have for our company, our Scania? Will this mean any drastic events in the future?

Then, Mr. Chairman, buses and coaches are a splendid business. Last year Scania sold 7,277 buses and coaches. Why didn't the company do even better? Although we are very large and skilful in this field, why didn't we do better? Public transport is expanding quite incredibly. Everyone talks about using public transport. Yet we don't sell more than 7,300 buses and coaches. Shouldn't it be possible to at least double this and perhaps sell substantially more than that?

Then, when you arrived, many of you received an issue of the magazine *Aktiespararna*, which is published by the Swedish Shareholders' Association. It contains a long interview with Leif Östling. Read it, and you

will gain even more exciting insights into this fantastic CEO's way of thinking and living.

Then my last question, Mr. Chairman. Leif Östling touched a little upon the company's suppliers, its sub-contractors. There are many sub-contractors who are on the brink of bankruptcy today. How will Scania manage if one or another of these suppliers goes bankrupt? There are not so many alternatives. You have to buy from them. It takes a long time to change suppliers. What risks are associated with this? Does our company have to provide them with sizeable assistance?

Mr. Chairman, I remain impressed by our company, Thank you.

Claes Zettermarck

Thank you very much. So if I counted correctly, we had six questions, and I wonder: Does the CEO want to answer one or more of these? They dealt with Falun and Sibbhult, the equity/assets ratio, buses and coaches, the company's suppliers and then I don't know who may want to answer the question about dividend policy. The question about Porsche and Volkswagen is perhaps not exactly a question for this AGM, but the question can naturally be asked, and we will see if there is any answer to it.

Leif Östling

Mr. Chairman, may I suggest that we make a small change in the order of the questions. I will answer that questions about Falun and Sibbhult, buses and coaches and suppliers, and then I suggest that Staffan Bohman answer the questions about the equity/assets ratio and the dividend. As you know, Staffan Bohman is Vice Chairman of the Board as well as Chairman of our Audit Committee.

Claes Zettermarck

Well, then we'll do that.

Staffan Bohman

Gunnar Ek, you are a knowledgeable person and highly familiar with the company. Actually, in your question you almost summarised the deliberations of the Board, but I can certainly still provide an account of them. All of you have received a fair amount of background music in the form of Leif Östling's earlier address, including the slides about 2008 results and first quarter results that were shown and the video that was shown as an introduction. But I still intend to say that it is important that the Board is proposing 2.50 kronor per share, totalling 2 billion kronor. This should be compared precisely to the figure that Gunnar Ek mentioned, after-tax earnings – or net income – of nearly 9 billion. So by definition, 7 billion kronor remains in the company. Scania doesn't have a dividend policy in

the sense that we distribute a certain fixed percentage amount, but as you can read on page 46 of the printed Annual Report, in the section on the dividend, it says that over the past five years, an average of 50 percent of net income has been distributed to the shareholders. As Gunnar Ek very correctly pointed out, 2008 was the best earnings year so far in the company's history. So in isolation, this was an argument for at least keeping the dividend at the 5 kronor level. When those of us on the Board had our discussion about the dividend early in February, our experiences from the fourth quarter were very clear to us. We also had a glimpse at this year, although it was fraught with great uncertainty, indicating that it will be a difficult year. So it was obvious to the Board that it had to attach great importance to preserving financial stability and a sound balance sheet. Now Gunnar Ek says that the equity/assets ratio is on the low side. It's correct that this ratio is lower than it was twelve months earlier, but at that time you almost had to regard the company as overcapitalised. At that point, our actual vehicle operations were completely debt-free. There was even a net cash position. In this situation, if you do exactly as Gunnar Ek does and look at the balance sheet in its constituent parts, vehicle operations including service on one side and the customer finance part on the other side, you see that in our vehicle operations we have a fully satisfactory equity/assets ratio. As indicated in the figures you have all seen, we also have good cash-generating capacity in the company, even in these difficult times. So to summarise, the Board weighed different arguments against each other and arrived at the view that in good conscience, we could propose a dividend of 2.50 kronor per share, which is half as much as the year before, despite our fine earnings in 2008. This is being done in light of the need to safeguard financial stability. And that is what the Board is proposing.

Claes Zettermarck

Thank you very much.

Gunnar Ek

One little comment on this question: Should this be interpreted as meaning that you are somewhat optimistic about the future, since you admittedly are proposed cutting the dividend in half, but are still paying a dividend? A little in contrast to what Leif Östling was saying before, that he sees no light at the end of the tunnel. Perhaps he was being a little metaphoric, but the alternative would have been an even larger decrease in the dividend or a cancelled dividend. Offsetting this, naturally, is that both major shareholder Volkswagen and of course many smaller shareholders are expecting to receive a return on their money. Many retired people need to receive a small extra sum to ease what is perhaps a difficult financial situation. In the long term, it is still the long-term survival of the company, the company's potential for continuing to do research and development, that is crucial.

Staffan Bohman

When the Board deliberates on this type of issue, we naturally weigh the rights of large and small shareholders in exactly the same way. When it comes to our market assessment, we on the Board naturally have no other assessment than the one that Leif Östling has presented. But I want to say very clearly that when we discussed the dividend proposal, there were a couple of scenarios presented by the Scania Executive Board concerning possible trends during 2009. There was also an alternative that is rather exactly the one that we now foresee for 2009, in other words a rather gloomy scenario, but in which the company manages to stay “in the black”, as they say, and with a positive cash flow despite the weak volume trend. This is what has been the basis of our assessment since early February. As you could see from the first quarter report, nothing has actually happened that has changed that picture. Instead, our deliberations from early February remain in place.

Claes Zettermarck

Mr Pötsch, the floor is yours.

Hans Dieter Pötsch (based on the interpreter’s translation from German)

I would like to speak quite briefly regarding the question about what has been written and discussed in the press about possible effects on Scania of a potential merger between Porsche and Volkswagen. I am referring indirectly to what representatives of the Porsche/Piëch family stated yesterday in a press release. This press release is only available in German, and I would thus like to quite briefly deal with two things it says.

The family has said they are in favour of an integration within the vehicle group, but considering what the press has stated, I would also like to say that one cannot interpret integration and merger as the same thing at all.

We can also read in this press release that the family has stated that there are 10 brands that have business operations, and that they will continue to work towards maintaining the independence of all these brands. This of course means, considering what the management of Volkswagen has said previously and what Chairman Winterkorn said here today, that the same thing applies to Scania – that the intention is to preserve this independence.

Claes Zettermarck

Thank you very much.

Claes Zettermarck

Now the President and CEO had a number of questions to answer as well. The floor is yours.

Leif Östling

If I dare make a small comment on what Gunnar Ek discussed, it is certainly a hint as to what he thinks the dividend level might be in 2010. We'll certainly have to think about that.

As for Falun and Sibbhult, as you know, that restructuring was done during a very strenuous period in 2006, 2007 and 2008. It was also done in such a way that substantial portions of the operations in Falun and Sibbhult were taken over by a number of sub-contractors after the move to Södertälje. In the end, I believe there were 150-200 people who didn't want to move to Södertälje. Everyone had an offer to continue working either in Södertälje or Oskarshamn or Luleå, but for various reasons, some people could not move. Instead they chose to leave the company. Then the ongoing economic crisis has naturally affected the suppliers we now have in Falun and Sibbhult. We naturally have a responsibility to help them in the difficult period we are in the midst of today.

As for suppliers generally, in all important areas we have two suppliers of the same type of component. We ourselves normally own the tools that they manufacture our components with. This means that we can rather easily shift the volume to other suppliers if one stops functioning. We have a degree of risk-spreading, if we can put it that way. If an accident should affect both suppliers, we can also move the tools over to a new supplier. Per-Olov Svedlund and his people at Global Purchasing are in a tough period today. Sometimes I wonder if they are more corporate crisis consultants than purchasers. They respond to a lot of emergency calls and do a lot of work to help suppliers. So far, it has worked out well. Meanwhile we can note that today we also have opportunities, when there is so much capacity in the industry, to actually find good bargains both in terms of product quality and price. We didn't see that a couple of years ago. There is potential for a satisfactory trend ahead, and we have good opportunities to implement some changes on the supplier side which we wanted to do a few years ago. Now we will take advantage of the chance to get even better products, even more reliable deliveries and a better price.

We sold 7,277 buses and coaches in 2008. This actually makes us number two after Mercedes. They sell four times as many, nearly 30,000. A number of years ago we were at 5th or 6th place. We have carried out a restructuring of our bus and coach operations. We moved **bodybuilding** from Katrineholm to Poland and to some extent also St. Petersburg, Russia. We have enjoyed a very good trend when it comes to our buses and coaches. And of course, given a few years, we can certainly increase our sales to 15,000 buses and coaches.

Claes Zettermarck

Now those questions are answered. Is there anyone else who has a question?

Gunnar Tjellström

My name is Gunnar Tjellström. I have a question about Euro 5 and Euro 6. Have I misunderstood, or is it true that Euro 5 emission standards only apply in the EU and that it is a voluntary commitment by Scania to always use them? Or are they compulsory in Brazil and China and India too? And when does Euro 6 start?

Leif Östling

I'll answer that question directly. These are regulations that apply in the EU countries. Right now, Euro 5 is in force. There are also many countries outside Europe that have historical roots in Europe – such as Latin American countries, southern Africa, Australia, New Zealand, as well as in Asia – that turn these regulations into their own local regulations. It is important that we can not only meet the regulations in Europe, but also outside Europe. The regulations affect Russia with a certain time lag. Euro 6 rules will go into effect in 2013 in Europe.

Claes Zettermarck

Thank you very much.

Kerstin Fagerholm Söderberg

I have two questions. I see in the brochure *Scania Value* that Scania has received a large loan from the European Investment Bank and now I would like to hear briefly what conditions are associated with this loan.

At the entrance we all also received a proposal from the union – a request or appeal from the union – that we shareholders should lower the dividend from 2.50 to 2 kronor per share and in that case it could enable all employees to keep their pay intact and still secure their jobs during this temporary crisis. What about that calculation? Is it true?
Thank you.

Claes Zettermarck

Who would like to answer these questions?

Leif Östling

I can do it. As for the first question about the EIB loan, that loan is for our technical development work and there are a number of requirements for the loan. It is for various development projects that we

are engaged in and is intended, above all, to enable us to develop low-emission engines. These are very expensive projects.

Then as for the dividend. I don't know. I haven't made that calculation, so someone else will have to do that, but I don't know if there is any more from the Board in addition to what Staffan Bohman had to say.

Staffan Bohman

Nothing more from there.

Emilie Westholm

My name is Emilie Westholm and I represent the insurance company Folksam. In Folksam's assessment, Scania has a relatively high level of environmental management. There are relevant policies and the company reports regularly in that field. Scania has been highly successful in managing its most pivotal environmental impacts, for example related to energy use and greenhouse gas emissions. My question to the President and CEO is whether the tougher financial climate will affect the prioritisation of environmental issues, or whether the company will continue working in an equally good way. That was my first question.

My second question concerns equal opportunities for men and women. In an article in the newspaper *Länstidningen i Södertälje* last October, the President and CEO of Scania speaks out about equal opportunities, calling it "a strange debate pursued by the radical feminist wing" and saying that for genetic reasons, so few women apply for technical education and jobs. Then the CEO also says that boys are trained in group dynamic processes at an early stage through various team sports and that he believes this has a major effect on their development. I have two questions regarding this article. The first concerns his conclusion about team sports: What scientific studies is it based on? Second: What added value does this type of statements provide to Scania's shareholders?

Leif Östling

We shouldn't lengthen the debate about what journalists write, and how you are sometimes misquoted. If we look at the matter of team sports and working in teams, actually it is very important. I have been working at Scania for close to 40 years. I have seen very clearly that many very talented managers that we have in our production network and in various areas of the company have almost always engaged in football and ice hockey and other team sports when they were young. In large organisations like this one, there is a great deal of teamwork. You have to understand how a team can work together. Unfortunately it's so unfair when we look at it demographically, that it has mostly been men who

have received this fine training. Today a lot more women are moving ahead and we see how fast things are changing in our company. I think this is a very pleasing development. As for technical development, we have a lot of discussions at Scania. Scania makes a major effort to stimulate children in compulsory school and upward to become interested in technology, because it is a problem not only in Sweden but in quite a lot of countries in Europe that young people are not interested in technology, mathematics, physics and chemistry. This type of subjects is very important to enable them to tackle technological questions and get a technical education. Not only is Scania working with this, but the Confederation of Swedish Enterprise and the Association of Swedish Engineering Industries are also heavily involved. It is important to get young people interested in these subjects. In Sweden about 25 percent go into scientific and technical training programmes generally, and no more than 20 percent of them are girls. More than 80 percent are boys. This is a big problem for us when it comes to recruiting. Why is this so? In our production network, you need to have knowledge, aptitude and an interest in technology for about 80 percent of the jobs. On the development side, it's the same thing. The work is highly technical, and it requires a basic technical education to be able to do a good job there. We also see that our gender allocation largely reflects recruitment to upper secondary schools and institutes of technology. The company is merely a reflection of how our society looks. This is naturally not good; it's highly skewed. But the recruitment base is also highly skewed. However, if we look at business administration, finance and law, there we have a 50/50 allocation, just about an even allocation between the sexes. In these areas it is far easier for us to find competent employees with a business education, with a social science education. In these fields, women have made much more progress. We all have a big shared problem to deal with: first, how to get far more people – young people – and second, far more girls interested in technology and a technical education.

Let me mention what we are doing in Södertälje. We work with summer schools for children, and we have special technology groups for young girls aged 10-13 who visit the company to see what it's like to work with technological issues. All of them are very positive. We also support the Royal Institute of Technology campus in Södertälje. In addition, we have very close collaboration with other institutes of technology and educational institutions, both to awaken an interest in technology and to persuade a larger percentage of women to apply. When I attended Chalmers University of Technology, women made up 3 percent of each class. Today, fortunately, 20 percent of each class consists of women. But that is still far too little. Far too little. Here we have a common task to deal with. A big common task.

Our work with environmental issues will not be affected by the financial crisis.

Emilie Westholm

One little addition. Nearly 30 percent are women at the Royal Institute of Technology, according to the Swedish National Agency for Higher Education.

Leif Östling

That's true if you look at the general situation and include such groups as architects and microbiologists. If you look at where we recruit from – mechanical engineering, design and some from electrical engineering – it's no more than 20 percent. We don't need so many architects or microbiologists. That's my recollection. I've been on the Board of the Royal Institute of Technology for quite a few years.

Claes Zettermarck

I don't see any more people raising their hands, so at this point we will conclude this question period, which was point 10 on the agenda, and continue to point 11.