

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

Yes, Mr Chairman, a written question has arrived from Claes-Göran Lyrhem, who represents the Second Swedish National Pension Fund. The question is about the resolution concerning the 2010 incentive programme, which we will be dealing with under point 14 of the agenda.

In addition, we have received advance notice of questions and comments by Ramsay Brufer of Alecta, KG Lindvall of Swedbank Robur and Richard Torgerson of Folksam.

Claes Zettermarck

First, regarding the question from the Second Swedish National Pension Fund, can we deal with it under point 14?

Claes-Göran Lyrhem

Yes.

Claes Zettermarck

Will the speakers be appearing in any particular order?

Secretary

No, not really.

Claes Zettermarck

Who would like to begin?

KG Lindvall

My name is KG Lindvall and I represent Swedbank Robur mutual funds. We own about 30 million Series B shares in Scania.

The reason why I left the Nomination Committee of Scania was that the main shareholder was not prepared to take into account my opinions regarding the evaluation and composition of the Board of Directors – opinions that I believed would be beneficial to all of the company's shareholders. My perception is that the

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

nomination task was not performed entirely in compliance with the Swedish Code of Corporate Governance.

Scania has about 120,000 shareholders, and its Series B shares account for 50 percent of the company's share capital. If the intention of the main shareholder is for the work of the Nomination Committee to also take into account the view of minority shareholders on the composition of the Board, the work of the Nomination Committee must be pursued on the basis of the interests of all shareholders. My hope, after having listened to Professor Winterkorn here at the AGM, is that the main shareholder intends to raise its ambitions for the work of the Nomination Committee in preparation for future general meetings. But I would like to emphasise that this ambition must also include listening to the opinions of minority shareholders.

I would like this statement to be included in the minutes.

Thank you for your attention.

Claes Zettermarck

Thank you very much.

Ramsay Brufer

Thank you, Mr Chairman. My name is Ramsay Brufer and I represent Alecta. I was a member of the previously appointed Nomination Committee and resigned on 19 March this year. Like the preceding speaker, I also believe that Volkswagen was not prepared to listen to and take into account opinions concerning the evaluation and composition of the Board, which is the practice in Sweden. However, I welcome Professor Winterkorn's statement here today about the turbulence that arose in this year's Nomination Committee work – that it was unintentional and that Professor Winterkorn will make a personal effort to ensure that this is avoided in the future. I thus foresee no obstacles to our being able to have good, constructive Nomination Committee work in the future for Scania, its shareholders and all employees. Thank you.

Claes Zettermarck

Is there any comment from Volkswagen in response to these two comments?

No, so let us continue. Richard Torgerson of Folksam, the floor is yours.

Richard Torgerson

My name is Richard Torgerson and I represent Folksam and KPA Pension. I have not been a member of the Nomination Committee. To us, it is important that the companies we invest in take responsibility for sustainability issues such as the environment, human rights and combating corruption. Our perception is that Scania maintains a high level of such work. Based on this, I have a question to the President and CEO concerning product and production strategy. How has Scania integrated sustainability aspects into its production?

Leif Östling

As you know, this is no new issue for us but we began with this as early as 1975. If you look at energy consumption per unit produced, it has steadily declined over the years. We have also worked quite a lot with recycling of waste heat and shavings of various kinds. We recycle everything that we can at this company. This is a never-ending process; there is always more to do. This also applies at our service workshops around the world, where we also work a lot with sustainability. This occurs primarily by training our employees so they understand what sustainability is and that they keep it in mind and are always economical about their own energy use. We can also examine another aspect of the sustainability concept – the absence of accidents – since that is also part of this issue. It is important that employees enjoy working at the company and have a high attendance level. We have also set up our own emergency rooms, where we have physicians and nurses available immediately for everyone who needs quick assistance in getting health care, but also for preventive purposes. These knowledgeable physicians and nurses are at production units but also in our service organisation all over the world, and give lectures to employees on how we can perform our jobs in such a way that no one is injured. Here the only rule is zero tolerance.

Looking at resource efficiency, it got a little worse during 2009, but this is related to the fact that we had very low production at our plants. We have to keep our plants running even when their production is low. This cannot be optimal, since we have been over-dimensioned in relation to what we have produced, but this will be corrected and we will be even better later in 2010 and in 2011 and 2012. There is a high level of awareness, but we can always do much more. This issue is always a major focus on our agenda.

Claes Zettermarck

Thank you very much. Are there any other questions? Let me also say that there are hostesses with microphones available, so you don't need to come all the way up to the front. We have a question there.

Günther Mårder

Thank you for this opportunity to speak, Mr Chairman. My name is Günther Mårder and I represent the Swedish Shareholders' Association and the Topp Sverige mutual fund. When we look back at Scania's latest year, it is impressive to see how the management of the company has succeeded in sharply cutting costs, but that the company nevertheless appears to stand well equipped for the turnaround that we have now seen during the first quarter of 2010. These are savings that have been made in a creative way and that I think are a role model in the industry. I have faith in Scania's ability to emerge from this crisis stronger than many other companies. But I have a series of questions that I intend to test on the President and CEO, and I would like to begin by looking at the strong trend that we saw during the first quarter. The primary driving force during that period, above all, was incredibly strong growth in Brazil. But if we look at order bookings for western Europe during the quarter, we could see that it was 5,635 units. Meanwhile deliveries were 3,650 units. We can read about this on pages 1 and 2 of the quarterly report. This leads to my question, whether this difference that we are seeing between production and order bookings can be attributed to difficulties in adjusting the production network to the rapid inflow

of orders that have come in, or is it because customers that submitted orders in the first quarter did so for delivery later during the year? That is my first question.

Leif Östling

Well, you answered your question yourself. When customers submit orders, there is always a delivery time. Some of the orders submitted during the first quarter will be delivered during the second and third quarter. That is how it works in this industry. If you submit a large order for, say, 500 units, you want deliveries during the subsequent two or three quarters.

Günther Mårder

I think that is reassuring, but if we go further and look at western Europe, the situation seems to be fairly unsettled, perhaps increasing the risk that we will have order cancellations. Is there any concern that you will see orders being withdrawn or cancelled in the near future?

Leif Östling

We have not seen any of this yet. What is happening now in Greece affects us very little, because the Greek truck market is 90 percent used vehicles and 10 percent new vehicles. It is also a very small market. Greece affects us extremely marginally. Looking ahead, we will have to see how things develop. The fiscal situation in a number of other countries is difficult to assess now. I usually say that there are others who are much better experts on this than I am. However, we learned a lot in 2009 when it comes to quickly adjusting to different demand situations, both when demand goes up and down. Today this is very fresh in our memory. Things will be a little different when we move four or five years into the future. People have an incredible ability to quickly forget tough times, and they enter good times and believe that there can only be good times ahead, that there will never be tough times again. I usually say that there are always rainy summers after a number of good ones.

Günther Mårder

Scania's quick adjustment has really been impressive. I hope that you, Leif Östling – as President and CEO – will disseminate this knowledge, especially to the youngest employees, so that it remains in the company. In your address, you also mentioned that customers are very pressed and heavily indebted. This leads me to believe that the orders now being submitted for new vehicles contain a lower degree of specifications or less extra technical equipment, one might say. Is this something you are seeing in Scania's order bookings?

Leif Östling

Yes, to some extent, but it has more to do with geographic diversity. Fifty percent of our orders are coming from countries outside Europe. Outside Europe, as a rule customers request lower specifications. That is why I think it is a sign of the company's strength that, even given the somewhat leaner product mix that we have, it has shown an operating margin of nearly 13 percent. You should know that high-spec products which are very profitable, are primarily bought by customers in Europe, and then in the well-developed countries of Europe.

Günther Mårder

These comments lead me to believe that Scania's margins might continue to rise in the future, but we will certainly find out during the coming quarters. Looking ahead, what interests me most is to look at growth. In the Annual Report, page 15, we can read about developments in Asia, and there you write: "To date, Scania has delivered a limited volume to large Asian countries such as China and India, where most transport services are supplied by vehicles of local origin." What is interesting here, I think, is the phrase "to date". This indicates that you will be strengthening your market presence. So I would like to know in what way you want to do this. Is it by growing organically, is it a matter of developing new types of trucks that are better suited to the market, or does it even by acquiring existing market players that you are looking at today?

Leif Östling

To be attractive to our shareholders, we should probably stick to what we are good at: the Scania products we have. So I don't believe that acquiring manufacturers that have a completely different level of technology is anything that is good for our shareholders. In many cases, this has turned out to be very bad. Our approach in the markets you mention, India and China, is based on finding the niches that require trucks and buses that have very high technical specifications and reliability. In these countries, these niches are growing rather fast. Initially not so much, but when customers begin to discover what productivity and reliability mean, these market niches will emerge very rapidly. This is what we have discovered in Russia during the past decade, and that is what I think we will see in China and India. We are already beginning to see the first signs in China. We have also seen this trend in countries like Korea and Taiwan, where we have had a presence since the 1980s, and also in Thailand and Malaysia. I would like to say that we should be in niches that require our products and where, by means of our modular system, we can adapt our products to existing customer requirements. These markets will undoubtedly grow in importance, and as I said earlier, even today in these tough times more than 50 percent of what we are selling is outside of Europe. It is usually about 25 percent.

Günther Mårder

There seems to be fantastic potential. One question connected to your reply: Can you foresee that the Asian market will structurally approach the European and American market, or will there be a remaining structural difference when it comes to the size of vehicles and various technical qualifications?

Leif Östling

There will be a rather big difference, though the difference will decrease over time. There will be no dramatic forward steps, but over time the difference will decrease. Still, during the foreseeable future we will see significantly bigger differences in these markets than we have in the European and North American markets. This is related to the fact that the cost of labour is so high in Europe and the United States compared to what it will be in these countries.

Günther Mårder

My closing question to the President and CEO is related to the presentation that Leif Östling just made. There you mention that we will grow and produce 150,000 vehicles a year at the next peak with about an equally large number of employees. This peak will be reached sometime during 2015-2020. If you succeed in doing this within the framework of the existing workforce, will it require an expansion of production units? Will it involve more outsourcing and delegating of production to sub-contractors?

Leif Östling

There may be assembly plants close to customers. What may conceivably be added is a little additional square metres and personnel. This is related to the fact that large volume is very expensive to transport. In that case, it is cheaper to transport them in parts and assemble them and also find certain local suppliers. We will definitely be investing even more in our engineering and more outsourcing. We will see our own added value gradually decreasing further. Otherwise I would think that we have established a tough target. We will succeed in producing 150,000 vehicles with about the same workforce as today, with about the same number of square metres of premises and a little more sophisticated machinery and mechanical equipment. This is entirely consistent with what we learned during the 90s and the first decade of the 21st century when it comes to our SPS methodology, that is, the Scania Production System. We know it is possible, but it is not possible tomorrow. It is, however, possible to achieve this with 6, 7, 8 or 10 percent improvements every year. In addition, we are introducing the same methodology in our service operations. If we can work with this methodology in our service operations, we know that with about the same service facilities as we have today, we should be able to almost double our output during this period. This is how much can be gained in these operations.

Günther Mårder

It sounds encouraging from a shareholder perspective, and we are crossing our fingers that the existing ambitious targets will be met. Before I end my questions to the President and CEO and turn to the largest shareholder, I would like to express our sincere thanks to Leif Östling and all the employees who have made a fantastic contribution during the year. As shareholders, we have a lot to thank you for, and I believe that the future looks bright for Scania.

But now over to my next question: It has hardly escaped the attention of anyone that the Nomination Committee has not worked well this year. We at the Swedish Shareholders' Association are critical when we see a single major shareholder that cannot show the consideration we should be able to demand of it as shareholders in a listed company. I believe that in this case, Volkswagen has acted in a way not compatible with what a listed company should do. The fact that two members of the Nomination Committee resign in protest is a clear signal. Now I think that looking ahead, we should be able to demand that get an even clearer answer, perhaps above all from Professor Martin Winterkorn. We have been told that communication will improve, and that the company benefits from the attention and transparency that a stock exchange listing implies. But then it must also behave like a listed company. You cannot behave as if you are the sole shareholder of a company not listed in the stock market, because in that case all that remains is to buy out all the other shareholders – all of the 120,000 shareholders who in fact control 50 percent of the share capital. At the Swedish Shareholders' Association, we are going to keep an eye

on how we are treated as non-controlling shareholders, who actually own a majority of the share capital. We assume that the main shareholder will now live up to the standards we can expect from the company in the future. It would be interesting to hear more from Martin Winterkorn about how this work might function ahead, because to date the main shareholder has shown disrespect for Swedish corporate governance and how to treat minority shareholders in Sweden. We at the Swedish Shareholders' Association do not like this. Thank you for your attention.

Claes Zettermarck

Does Volkswagen wish to comment on this latest statement, or perhaps question, from the Swedish Shareholders' Association?

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

Obviously we are sorry that events in the Nomination Committee led to the resignation of two members. I would like to clarify that this was not our intention at all, and we have thus thought a lot about how to improve communication with shareholders. That was what Professor Winterkorn was referring to in his speech. One concrete measure that we have now arrived at, which is important, is that a Board member will be on the Nomination Committee to improve this communication. I also ask you to take into account that we are actually working very constructively with the Nomination Committee, so there is no reason to worry. Thank you.

Claes Zettermarck

We thank Hans Dieter Pötsch for that reply. I wonder if there are any other questions.

Gunnar Tjellström

We saw the fine chart about absences due to illness at the Swedish factories. How do things look at the other factories and in the service organisation? That is my first question.

Leif Östling

Let me answer the first question. In the production organisation where we measure this, things look exactly the same whether we are in the Netherlands or France or in South America. There is no difference. We have begun to measure the service organisation, and we have a number of steps remaining there, but if I may carry over this question to next year's AGM, I will answer it then.

Gunnar Tjellström

My second question is about North America, where you tell us you have been very successful with engines for construction equipment. Are there any plans related to trucks and other products?

Leif Östling

No, there are no plans.

Claes Zettermarck

We thank Gunnar Tjellström. Any more questions?

Håkan Ahlström

My name is Håkan Ahlström, a small shareholder with a rather small question, but perhaps a bit interesting. To begin with, Leif Östling, I would like to thank you for yesterday evening. You see, I was at the Ericsson Globe in Stockholm at the Avanza Forum day, where you held a very nice presentation regarding Scania. Now turning to what I was wondering about: During the spring, an offer came out to buy shares in a small company based in Gothenburg, called Hatrelex. They will be buying engines and chassis from Scania but will buy aluminium bodywork from others in Brazil. Then everything will be packed off to Kaliningrad, Russia. There the company will assemble and produce buses and coaches 30 percent cheaper than its competitors. I think this is a little interesting. I found that it might be a very good business deal, so naturally I joined in and subscribed for a number of shares in this small company. Part of what makes this fun is that a small Gothenburg company that starts up this production doesn't choose its chassis and engines from Volvo, but from Scania. Will there be similar transactions in addition to this one? Are you aware of this transaction, Leif?

Leif Östling

Yes indeed, I'm aware of it.

Håkan Ahlström

You looked a little hesitant, so I had to ask. These are, of course small yet fun and positive future transactions. Thank you very much.

Leif Östling

When it comes to buses and bus bodies, but also other bodywork like truck beds and concrete mixers, refrigerated truck bodies and so on, city bus bodies and tourist coach bodies, we have a large number of collaborative arrangements with companies around the world. I know that some bus and coach chassis have gone to that Gothenburg company with a presence in Kaliningrad. But I can't comment on that specific case. Nor do I want to do so, for ethical reasons. I hope you respect that.

Claes Zettermarck

Since there do not seem to be any more questions, let us now declare an end to the question period.