

**Account of the work of the Audit Committee in 2004 by Marcus Wallenberg**

During 2002 Scania's Board established an Audit Committee, among other things to gain more focus especially on auditing issues and certain financial issues.

The Audit Committee consists of three members chosen from Scania's Board. During 2004 they were Vito H. Baumgartner, Lothar Sander and the undersigned, Marcus Wallenberg, where I served as Chairman.

The Audit Committee shall be independent of Scania's management and for this reason, neither the President and CEO nor the Chief Financial Officer (CFO) has been a member of the Committee. However, we asked the CFO to attend. The Committee shall hold at least three meetings per year, which we did. At the various Board meetings, I report what issues we have discussed in the Committee. The areas that the Committee shall work with according to our Rules of Procedure are internal and external financial reporting, internal controls, accounting principles and external auditing.

In addition, we asked the chief auditor of Scania to attend during discussion of a number of points at the Committee's meetings. In addition to the contact that the auditors have with us in the Audit Committee, every year the auditors report the results of their audit to the entire Board in conjunction with the annual financial statements.

Issues that we discussed in the Audit Committee during 2004 included:

- Scania's internal controls and certain risk issues.
- The audit plan, hard close and auditors' report for 2004.
- Reporting systems for legal risks.
- Change in certain currency issues and accounting methods for these.
- Auditing fees for the auditors.
- Transition to and implementation of the new IFRS accounting system.
- Scania's capital structure.
- Approval of non-audit services, i.e. those services that fall outside normal auditing work.
- Funding strategy issues.
- Finance companies and certain customer finance issues.