

QUESTIONS AND ANSWERS ETC *

ANNUAL GENERAL MEETING OF SCANIA AB (publ), 29 April 2005

Carl Johan Åberg

We can announce that two written questions were submitted by shareholder Veijo Pakkanen. The President has prepared answers to these, but first I would like Veijo Pakkanen to identify himself.

The Secretary

According to the final voting list, Veijo Pakkanen is not present at the AGM.

Carl Johan Åberg

Well, it will be strange to answer a question from someone who is not with us here, so the President has prepared in vain, I would like to say.

Leif Östling

We can send a letter to him.

Carl Johan Åberg

So the floor is open for questions.

Tore Liedholm

Ladies and gentlemen, my name is Tore Liedholm and I represent the Swedish Shareholders' Association. Firstly, I would like to convey warm congratulations to the company for the fine results you have presented. I was about to say that this is the Rolls Royce of the automotive industry, but perhaps one cannot say that in this context. So we will have to say it is the Scania of the truck industry, quite clearly. The Annual Report that you have presented is, in my opinion, very comprehensible. In the Annual Report itself, which I always think it is rather fun

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

to find a few things in, I have not found anything to ask about. Indeed, everything looks very good, with very nice key ratios. When we look at the share price ... well, I bought my first Scania shares in 1996, when Investor informed us that we could buy shares. I think I paid SEK 185. Of course it hasn't exactly been a high-flyer. Today the share price stands at around SEK 300 and we have received some dividends along the way. But this is why I am wondering how the Board views Scania's share price growth and what you are doing to perhaps get a little better price for it. Of course this industry is very difficult. The automotive industry or the automotive manufacturing industry must be the hardest we have when it comes to making economic assessments. As we know, it is extremely cyclical and it follows the economic cycle very well. Now that we see how the share price fell the other day, it is a valuation of what is happening with our economic cycle. Indirectly, we get a little worried when we see Scania's share price going down, and wonder whether we have arrived at a turning point.

I used to work at ASG. I was Deputy Managing Director at ASG some years ago. We had many trucks here in Sweden, about 5,000 trucks that were owned by independent hauliers, of which half were Scania and half another Swedish truck make. The economics of these trucks is very important and so I became interested when I saw in the Annual Report that you would now have a little extra semitrailer that will make the truck 25.25 metres. I think this is very interesting, because here in Sweden we drive 24-metre trucks, and in Finland they have 24 metres too, whereas on the Continent I think they are at 18.5. This gives us transport companies a problem when we will travel across the Baltic Sea. There we have semitrailers that we have to attach, and of course that means it becomes a little uneconomical. So I wonder, how are relations with the EU? I assume the EU is supposed to decide on this, whether we can introduce these 25.5 metre trucks. This would be a blessing for the haulage industry, if in this way we could greatly improve the economics of the whole thing. Naturally this may mean that we need fewer trucks. That is possible. But the competition is the railway, and it will never be able to beat truck haulage. It is too far to drive to the consumer with a railway car. That is why a truck always beats a train. I am interested in hearing how do these trends look?

Hasse Johansson's presentation about technology was very interesting, of course. I have a question of my own. Perhaps a little personal, since I have also worked with variable compression. Have you considered introducing variable compression in engines? For the uninitiated, this means you increase or decrease combustion space in the engine as the load varies. So I wonder, have you thought of this? It's not a bad idea. Many automotive factories have tried. Saab did this,

of course, with an engine that they scrapped, because it was unsuccessful. So I wonder, how is Scania working with this?

Carl Johan Åberg

Thank you. There were three questions, and they were actually addressed to three different people, but I don't know how the President and CEO wants to deal with the matters of compression and length. These are more technical issues. However, the first question was rather clearly directed to the Board, but the President certainly also has his own opinions on it. Can you possibly agree on some division of labour among you for this answer?

Leif Östling

Well, we'll have to ask the Board.

Carl Johan Åberg

What does the Board say? Does anyone on the Board want to go into this question? Sune Carlsson, do you have any opinions about it?

Sune Carlsson

As you know, Leif Östling is also a member of the Board, so he can certainly answer on behalf of the Board.

Carl Johan Åberg

Well then, that was the Board's message. You are welcome to take the floor.

Leif Östling

In that case, I will address it. First about share price trends.

Running a company is one thing. How share prices change on the Stock Exchange is something completely different. I have been here for many years, but I don't always understand why share prices move as they do. Nor is this our primary worry, share price trends out in the stock market. Other players are supposed to be specialists and good at that. What we discuss frequently on the Board, and what I think is absolutely most important, is how we will develop

this company. With products, with production, with a service organisation to do good business together with our customers and be a good long-term partner with our customers, so we can retain our customers over time. We know that loyal customers are profitable customers. About 75 to 80 percent of our customers always come back and buy a new Scania. That is certainly the foremost contribution, to have a profitable company and a company that develops nicely over time, which we can offer to the stock market. Then, of course, the stock market must make its own assessment of this company in relation to other companies, when it comes to pricing our shares. I hope that with this, I have given an answer to the first question.

Transport services and transport equipment.

Well, we have actually had 25.5 metre lengths in Sweden for a number of years, and most countries on the Continent use 18 metres. We are very well aware of the problems it involves to get from the Nordic countries down to the European Continent. Now, the Nordic countries are not the only ones that have these long vehicle lengths. They also exist in South America, in Brazil, and in Australia. I believe that we also find them in South Africa. Discussions are under way, and the truck industry is not opposed to longer vehicles in Europe. On the contrary. However, there are some other problems, mainly the carrying capacity of roads and especially bridges. A number of countries, among them Germany - I know because I have been involved in such discussions - are very worried about their existing bridges. They know they can't handle these substantially longer vehicles and when you move from weights of 44 tonnes up to 60 tonnes, which these long vehicles imply. But tests are under way in the Netherlands and elsewhere, and the results will be evaluated in a year or so. So something is certainly happening on the European Continent too.

Engines, variable compression.

Well, of course we are looking at this. Then we will have to see what will allow us to meet future emission regulations.

Carl Johan Åberg

Thank you. The floor is still open for questions.

Per Kullstam

I wonder if there are any plans to make Scania shares available in the United States? For example on one of the stock exchanges in New York?

Carl Johan Åberg

Well, that is a question for both the President and the Board.

Leif Östling

Yes, I can answer that question very easily. We used to be quoted on the New York Stock Exchange, but we de-listed from there. Given the ownership structure we have, and the opportunities for American institutions to own European shares, we have not found any reason to be listed in the US.

Carl Johan Åberg

That was a straight answer. Further questions.

Hans Holm

Mr Johansson talked about European emission standards but he did not mention American ones, in other words US07. If I have understood correctly, the American standards are easily as tough as the European ones. Considering that the American market is still the single largest truck market in the world, perhaps what will happen is that the American emission standards will become the norm for the entire Western world. Does management believe that this will happen?

Leif Östling

No, we don't. Let me explain why. The standards are rather similar to each other, but test cycles and how the engines are run differ somewhat. What we are seeing is that European and Asian standards are moving closer to each other. We have been hoping we would achieve a world standard, but what will probably happen is that it will be a world standard on Washington's terms. I find it very difficult to see how Brussels can accept this, so we will probably have different standards in the future as well. We are very familiar with American emission regulations throughout our alliance with Cummins. So we know exactly what they imply.

Carl Johan Åberg

That was also a clear answer. The floor is still open for questions.

Paul Zethraeus

I have 72 shares in Scania and I have some questions. One is to Leif Östling In the trucks you showed here, the driver had no seatbelt. I am a little curious about how you view the need for seatbelts for drivers. The other question is how you view the seatbelt issue on buses.

Then I have a question to Marcus Wallenberg. I have slightly bad hearing so I didn't really catch all your discussion about auditing regulations. Of course they have introduced new regulations in the US due to everything that happened there. Well, you are aware of what I mean. Did I understand correctly that you have looked at the need to change the regulations at Scania? As you know, Volvo recently issued a statement saying it will cost Volvo a number of millions to switch to the American regulations. Those were my questions. That's all.

Carl Johan Åberg

Thank you. Let's take the President first.

Leif Östling

Of course. Seatbelts - yes, naturally there should be seatbelts. It is unfortunate that there was no seatbelt on the driver that you saw here. Naturally there should be a seatbelt, and that also applies to buses. We believe it can also be very important to safety on buses that there are seatbelts - at least on tourist coaches.

Carl Johan Åberg

Marcus Wallenberg - your turn.

Marcus Wallenberg

Yes, Mr. Chairman. I believe the question refers to the regulations that apply to companies that are listed in the US, called Sarbanes Oxley 404. They apply to companies that are either registered with the SEC and/or listed on the New York Stock Exchange. Scania is not, so we are not covered by these rules. The big transition that we made last year was related to IFRS. It is true that Sarbanes

Oxley 404 involves very extensive work, which requires major resources in each company that will introduce it, but that does not apply to Scania.

Carl Johan Åberg

Thank you for these answers. The floor is still open for questions.

Mats Jirénius

I am among smaller shareholders. I work at a company that is very active in China. We have become aware that one of the major problems the Chinese are grappling with is the emissions of pollutants from motor vehicles, but also from steelworks. Scania has developed good products and my question is then, quite simply, what are you doing to reduce emissions in China? To market yourselves in China? It is an enormous market. Thank you.

Carl Johan Åberg

Your turn, Mr President.

Leif Östling

Well, it is completely correct that China is an enormous market. Then you have to ask what commercial vehicles the Chinese can afford to buy. When we look at a Chinese-made truck, it has a price tag that is about one fifth of the price tag on a Scania truck. That is how things look today. It also means that the demand for the exclusive or high-tech equipment that we market is very limited today. Naturally this will change in the future. What we are doing now is that we are building up a sales organisation in China. What is interesting when it comes to heavy trucks is that import tariffs are very low. They are at about 5-6 percent. We expect that they will be gone completely in a few years. This means that an industrial commitment has to live on a few other advantages besides merely bringing down tariff levels. But it is quite clear that the market for the type of products we have will also emerge.

Carl Johan Åberg

Thank you for that answer.

Gunnar Larsson

I have two questions. They concern why Scania is not in the North American market and whether there are any plans to establish operations there.

Leif Östling

Scania is not in the North American market for the simple reason that we don't have products for the North American market, given the regulations and the logistics found in the US. We have not seen any possibility of developing products especially for the North American market. In addition, the North American market is extremely competitive, in a different way than European markets are. It requires a partially different skill set, a clearly different distribution structure and different products than we have in Europe. That is the reason why we are not there.

Carl Johan Åberg

Thank you for that answer. Well, right now I see no further hands in the air or numbers that have been raised. May I interpret this as meaning that discussion on both these points is over?

The answer is yes. Thank you.