

24 November 2006

## **Scania's Board of Directors recommends the shareholders not to accept MAN's unsolicited offer**

Scania's shareholders have been offered to tender their shares to MAN for the consideration of €51.29 per Scania A and B share. The consideration offered per Scania share consists of either (a) a mixture of cash and new MAN ordinary shares, or (b) cash only. Under the cash and share alternative, MAN offers €41.12 in cash and 0.151 in new MAN shares per Scania share and under the cash only alternative MAN offers €51.29 in cash per Scania share. MAN also offers a cash alternative of SEK 475 for each Scania shareholder who holds in aggregate 100 or less Scania shares. Moreover, MAN offers a mix and match facility subject to a maximum of 26,686,493 new MAN ordinary shares under the mixture of cash and new MAN ordinary shares alternative.

In its announcement of October 12 2006, Scania's Board rejected MAN's unsolicited offer. The Board confirms that it continues to unanimously<sup>1</sup> recommend Scania shareholders **not to accept** the offer. Attached are the statement from the Board of Directors and opinions from Deutsche Bank AG and Morgan Stanley & Co. Limited that were given to Scania's Board regarding the adequacy of the offer consideration from a financial point of view.

The Board of Scania is of the firm view that the offer from MAN substantially undervalues Scania:

- Scania is the most successful and profitable company in the European truck industry and has excellent growth and earnings prospects as a standalone company.
- MAN's announced synergies underestimate the long term synergy potential of a carefully managed and executed combination of Scania and MAN. However, short term these synergies may be widely overstated.

*"Scania is a strong business with best in class profitability and excellent growth prospects in its own right. The Board and management are focused on developing the company to its full potential, driving strong and sustainable earnings growth and maximising value for all shareholders. To Scania, consolidation is an opportunity not a necessity and the current offer substantially undervalues Scania", says Peggy Bruzelius, spokesperson for the Board of Scania.*

Following the capital review announced in July 2006, Scania's management concluded that the company would have the ability to make a special distribution of up to SEK 7,000 million, equivalent to SEK 35 per share, before the end of 2006.

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<sup>1</sup> Because of conflicts of interest, the representatives of Volkswagen AG on Scania's Board have and will abstain from participating in decisions regarding MAN, including this recommendation.



In 2007, based on forecast strong earnings and cash flow, Scania's management is of the opinion that the company would be in the position to distribute an additional amount of up to SEK 10,000 million (including ordinary dividend), equivalent to SEK 50 per share, and still maintain an investment grade credit rating as a standalone company.

The Board will review the size and timing of such distributions to be proposed to a shareholders meeting for decision once the situation surrounding MAN's offer has been resolved.

Södertälje, November 24, 2006

Scania AB (publ)

The Board of Directors

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**Scania** is one of the world's leading manufacturers of trucks and buses for heavy transport applications, and of industrial and marine engines. A growing proportion of the company's operations consist of products and services in the financial and service sectors, assuring Scania customers of cost-effective transport solutions and maximum uptime. Employing 30,000 people, Scania operates in about 100 countries. Research and development activities are concentrated in Sweden, while production plants are located in Europe and South America, with facilities for the global exchange of both components and finished vehicles. In 2005, revenue totalled SEK 63.3 billion and net income amounted to SEK 4.7 billion.

Scania's press releases are available on the internet, [www.scania.com](http://www.scania.com)

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