

1 November 2004

## **Scania's board proposes public offer to shareholders of Ainax**

**The board of Scania proposes that an extra general meeting (EGM) of Scania decides on a public offer to the shareholders of Ainax AB ("Ainax") to acquire all outstanding shares in the company (the "Proposed Offer"). The shares of Ainax are today listed on the Swedish "Nya Marknaden".**

According to the proposal, the shareholders of Ainax will be offered one newly issued Series A share in Scania for each share in Ainax.

The Proposed Offer will be made conditional upon i.a. that it must be accepted to such an extent that Scania becomes the owner of more than 50% of the shares and votes of Ainax.

The Proposed Offer will only have marginal financial effects on Scania and will not cause any dilution of earnings for Scania's shareholders.

When the transaction has been completed, Scania will withdraw the Scania shares received. The number of shares outstanding as well as the initial effects on shareholders' equity in Scania will then be re-established.

The increased free float and liquidity in the Scania shares will benefit all Scania shareholders.

There are several benefits for the shareholders of Ainax. Presently the liquidity of the Ainax share is very low, resulting in a discount compared with the Scania A share. The Ainax shareholders will, if the Proposed Offer is accepted, become a direct part of Scania's regular ownership structure with direct voting rights at shareholder's meetings, a direct share of dividends and a much higher liquidity.

An EGM will be announced for November 19, 2004, and if the shareholders of Scania decide on making the Proposed Offer, the acceptance period is expected to run from January 10 to February 15, 2005, after which payment will be received in the form of Series A shares in Scania by March 4, 2005.

Shareholders representing more than 50% of the votes in Scania have declared that they will vote in favour of the board's Proposed Offer at the EGM.

*This press release does not constitute a formal announcement of an offer. A formal offer to the shareholders of Ainax will be made only upon a resolution to this effect at the EGM of Scania.*

## **Background of the Proposed Offer**

On January 15, 1999, Volvo acquired shares representing approximately 13 percent of Scania's shares. Further acquisitions of Scania shares were made and on August 6, 1999 Volvo announced an offer to the shareholders of Scania. The merger was blocked by the European Commission, which ruled that Volvo had to divest the Scania shares held (31% of the voting rights and 46% of the outstanding capital) no later than April 23, 2004.

On March 4, 2004, Volvo sold all of the B shares held in Scania. On April 16, 2004, the AGM of Volvo decided to transfer all of Volvo's Series A shares in Scania to Ainax and distribute Ainax shares to Volvo's shareholders. Ainax was listed on Nya Marknaden on June 8, 2004. The purpose of Ainax's business operations is to administer the Series A shares held in Scania. In Ainax's articles of association it is stipulated that if Ainax has not disposed all of its shares in Scania on May 1, 2008, the company shall immediately enter into liquidation.

## **The Proposed Offer from Scania**

The board of Scania has decided to propose that an EGM in Scania decides on a public offer to the shareholders of Ainax to acquire all outstanding shares in Ainax.

The shareholders of Ainax will be offered one newly issued Series A share in Scania for each share in Ainax.

No brokerage commission will be payable by Ainax's shareholders accepting the Proposed Offer.

The Proposed Offer will not be made to shareholders in the United States of America, Australia, Canada or Japan or to any other person whose participation requires an additional prospectus, registration or measures other than those required by Swedish law.

## **Conditions of the Proposed Offer**

The Proposed Offer will be conditional upon:

1. the Proposed Offer being accepted to such an extent that Scania becomes the owner of more than 50% of the total number of the shares and votes of Ainax;
2. all necessary permits, approvals and decisions by authorities in Sweden and abroad being obtained on terms acceptable to Scania;
3. prior to an announcement that the Proposed Offer will be completed, neither the Proposed Offer nor the acquisition of the shares in Ainax being rendered partially or wholly impossible or significantly impeded as a result of any factual or threatened legislation, court ruling, decision of a public authority or other comparable circumstances beyond Scania's control;
4. prior to an announcement that the Proposed Offer will be completed, no other party announcing an offer to acquire the shares in Ainax on terms more favourable than the Proposed Offer for the shareholders of Ainax;
5. Ainax not disposing of any shares in Scania or resolving upon a declaration of dividend, repurchase of own shares or reduction of share capital or transferring value without receiving fair market compensation;
6. Ainax not taking any action that is likely to have a negative impact on the prerequisites for the implementation of the Proposed Offer; and
7. the resolution to issue the shares in Scania to be used as consideration in the Proposed Offer being registered with the Swedish Companies Registration Office no later than by March 4, 2005.

The Proposed Offer may be withdrawn with reference to the non-fulfilment of conditions 2, 3, 5, 6 or 7 above only if the non-fulfilment of any of them is of significant importance to Scania's acquisition of the shares in Ainax.

Scania reserves the right to waive, in whole or in part, any or all of the conditions above.

### **Shareholders' support**

Shareholders representing more than 50% of the votes of Scania have declared that they will vote in favour of the Proposed Offer at the EGM.

### **Preliminary timetable**

The Board of Directors of Scania has decided to announce an EGM of Scania on November 19, 2004, to decide on making the Proposed Offer and to issue shares.

Given that the EGM of Scania decides on making the Proposed Offer and the required resolution to issue shares, an offer prospectus is expected to be made public on or about December 21, 2004. The acceptance period is expected to run from January 10 to February 15, 2005, after which payment will be received in the form of Series A shares in Scania by March 4, 2005 i.e. enabling to participate at the Annual General Meeting of shareholders in April 2005 and to receive dividend for the financial year 2004. Given that Scania completes the Proposed Offer in February, 2005, a resolution to liquidate Ainax is planned for February 2006. Scania's assessment is that a liquidation, with a distribution of Ainax's assets, will be possible to complete around July 2006. The Scania shares received by Scania from Ainax will then be withdrawn by Scania.

### **Scania after the proposed acquisition and liquidation of Ainax**

#### ***Financial effects of the proposed acquisition and liquidation of Ainax***

An amount corresponding to the value of the newly issued shares will increase restricted equity of Scania in connection with the new issue of shares. A corresponding value less Ainax's cash will reduce unrestricted equity pursuant to valuation rules in the Annual Accounts Act. The amount of the increase would be around SEK 6,970 million and the amount of the reduction would be around SEK 6,870 million.<sup>1</sup> Scania's intention is to re-establish the unrestricted equity of Scania at the Annual General Meeting of shareholders in May, 2005, by a corresponding reduction of restricted equity.

The completion of the Proposed Offer will not cause any dilution of earnings for Scania's shareholders. The reason is that Scania's share of the number of Series A shares in Scania that Ainax owns will correspond to the number of A shares in Scania issued as consideration for the Proposed Offer.

Once all steps of the transaction have been completed, the number of shares outstanding as well as the initial effects on shareholders' equity in Scania will be re-established.

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<sup>1</sup> Based on an assumed share price of Scania of SEK 255 and based on the interim report as per June 30, 2004 of AINAX. There will be a corresponding effect on the shareholders' equity in the parent company.

### **Ownership structure in Scania before and after the Proposed Offer**

The tables below shows the shareholder structure of Scania as of September 30, 2004 and the shareholder structure of Scania following an acquisition of Ainax based on the owner list as of the same date for Ainax and assuming that 100% of the shares of Ainax are acquired. In the latter table, the Scania shares held by Ainax have been eliminated since Ainax is assumed to become a wholly owned subsidiary. The tables are sorted by votes.

<b>SCANIA AS OF 30 SEPTEMBER 2004</b>			<b>SCANIA PROFORMA</b>		
	<b>% of capital</b>	<b>% of votes</b>		<b>% of capital</b>	<b>% of votes</b>
VOLKSWAGEN AG	18.7	34.0	VOLKSWAGEN AG	18.7	34.0
AINAX AB	13.7	24.8	INVESTOR AB	11.7	21.0
INVESTOR AB	9.5	17.0	WALLENBERG-FOUNDATIONS	5.2	9.4
WALLENBERG-FOUNDATIONS	3.0	5.5	RENAULT S.A.S.	2.8	5.2
ALECTA	2.3	2.6	ALECTA	2.3	2.6
UBS AG LONDON BRANCH EQUITIES	0.6	1.0	AMF PENSIONS F. AB	3.5	1.9
AMF PENSIONS F. AB	2.9	0.9	FJÄRDE AP-FONDEN	2.9	1.5
NORDEA	1.4	0.9	UBS AG LONDON BRANCH EQUITIES	0.7	1.3
ALLEMANSFONDER			SEB FUNDS	1.9	1.2
SEB FUNDS	1.6	0.8	NORDEA	1.4	0.9
JP MORGAN CHASE BANK	2.4	0.5	ALLEMANSFONDER		
OTHERS	43.9	12.0	OTHERS	48.9	21.0
TOTAL	100.0	100.0	TOTAL	100.0	100.0

#### **Financial advisor**

Handelsbanken Capital Markets is acting as financial advisor to Scania in conjunction with its Proposed Offer to the shareholders of Ainax.

*The Notice to the EGM is expected to be published and available on Scania's web site, [www.scania.com](http://www.scania.com), on November 4, 2004.*

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#### **Scania AB**

*Scania press releases are available on the Internet, [www.scania.com](http://www.scania.com)*

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