



SCANIA CV AB (publ)

(incorporated with limited liability under the laws of Sweden)

€8,000,000,000

Euro Medium Term Note Programme

unconditionally and irrevocably guaranteed by

SCANIA AB (publ)

(incorporated with limited liability under the laws of Sweden)

On 23 November, 2001, Scania CV AB (publ) (the **Issuer**) established a Euro Medium Term Note Programme (the **Programme**) and issued a Base Prospectus on that date describing the Programme. Any Notes (as defined below) issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect Notes issued prior to the date of this Base Prospectus.

Under this Programme the Issuer may from time to time issue non-equity securities in the meaning of Article 22 no. 6(4) of the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Scania AB (publ) (the **Guarantor**).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €8,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “*Overview of the Programme*” and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “*Risk Factors*”.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July, 2005 on prospectuses for securities (the **Prospectus Act 2005**) to approve this document as a base prospectus. By approving this Base Prospectus the CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange’s regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. This Base Prospectus will be available on the website of the Luxembourg Stock Exchange (www.bourse.lu).

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange’s regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange’s regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).

The requirement to publish a prospectus under the Prospectus Directive (as defined under “*Important Information*” below) only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the **EEA**) and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Base Prospectus to **Exempt Notes** are to Notes for which no prospectus is required to be published under the Prospectus Directive.

The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will (other than in the case of Exempt Notes, as defined above) be set out in a final terms document (the **Final Terms**) which will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). In the case of Exempt Notes, notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the **Pricing Supplement**).

The Programme provides that Notes may be listed, or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, the Guarantor and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

The Issuer, the Guarantor and the Programme have been rated BBB+ (long term borrowing) by S&P Global Ratings Europe Limited (**S&P**). S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. In general, European regulated

investors are restricted from using a rating for regulatory purposes unless such ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Please also refer to “Ratings of the Notes” in the “Risk Factors” section of this Base Prospectus.

Amounts payable under the Notes may be calculated by reference to one or more benchmarks (the **Programme Benchmarks**) for the purposes of Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 (the **Benchmarks Regulation**). In this case, a statement will be included in the applicable Final Terms (or Pricing Supplement, as the case may be) as to whether or not the relevant administrator of the relevant Programme Benchmark is included in ESMA’s register of administrators under Article 36 of the Benchmarks Regulation.

Arranger

Deutsche Bank

Dealers

BNP PARIBAS

Danske Bank

DNB

HSBC

ING

Morgan Stanley

Nordea

Standard Chartered Bank

Citigroup

Deutsche Bank

Handelsbanken Capital Markets

ICBC

Mizuho Securities

NatWest Markets

SEB

Swedbank AB

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. When used in this Base Prospectus, “Prospectus Directive” means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in a Member State of the EEA.

The Issuer and the Guarantor accept responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see “*Documents Incorporated by Reference*”). This Base Prospectus shall be read and construed on the basis that those documents are incorporated and form part of this Base Prospectus.

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme or for any other statement, made or purported to be made by a Dealer or on its behalf in connection with the Issuer, the Guarantor, or the issue and offering of any Notes and accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Guarantor or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or the Guarantor or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer and/or the Guarantor is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme or to advise any investor in the Notes issued under the Programme of any information coming to their attention.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base

Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom, Sweden, Belgium and France), Singapore and Japan, see “*Subscription and Sale*”.

This Base Prospectus has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) must be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II product governance / target market – The Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) will include a legend entitled “MiFID II product governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the SFA) – Unless otherwise stated in the Final Terms or Pricing Supplement (as applicable), all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PRESENTATION OF INFORMATION

In this Base Prospectus, all references to:

- U.S. dollars, U.S.\$ and \$ refer to United States dollars;
- SEK refer to Swedish Kronor;
- BRL refer to the Brazilian real;
- Sterling, GBP and £ refer to pounds sterling; and
- euro, Euro, EUR and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Community, as amended.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- i. has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- ii. has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- iii. has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- iv. understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- v. is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer and the Guarantor may become insolvent or otherwise be unable to make all payments due in respect of the Notes or under the Guarantee. There is a wide range of factors which individually or together could result in the Issuer and the Guarantor becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and the Guarantor's control. The Issuer and the Guarantor have identified in this Base Prospectus a number of factors which could materially adversely affect their businesses and ability to make payments due.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Factors that may affect each of the Issuer's and the Guarantor's ability to fulfil their obligations under the Notes and the Guarantee

Risks are a natural feature of business operations and entrepreneurship, but they may have a negative impact on the Issuer, the Guarantor and all of its Subsidiaries (together, **Scania**), directly affecting business operations and Scania's reputation. Therefore, part of the day-to-day work of Scania is to manage risks, to prevent them from harming Scania and to limit any damage that may arise. Scania is one of the leading companies in the heavy vehicle industry. This leads to high expectations from all stakeholders, especially customers, about how Scania should behave as a company and about the quality of its products and services. Scania's brand and reputation are crucial to its success, so it is important to monitor and minimise events and behaviour that might have a negative effect on the Group's image. Scania has a strong corporate culture that is based on established values, principles and methods, and this corporate culture is the foundation of the Group's risk management. It is Scania's Board of Directors that is responsible to the Group's owners for Scania's risk management. The Guarantor continuously reports on risk-related matters to the Board and the Audit Committee of the Board.

Strategic risks

Corporate governance and policy-related risks

The Executive Board has overall responsibility for managing corporate governance and policy-related risks. All units of the Group work according to a management system that meets Scania's requirements, guidelines and policies, and this system is well documented. The rapid communication of appropriate information is safeguarded by following the company's management structures and processes. Management systems are continuously being improved, through day-to-day work and through regular review internally and by third parties. A central support function Governance, Risk and Compliance is in place to support both the executive board and line managers in reducing compliance and business risks by providing knowledge in terms of policies, guidelines, trainings and advice and by setting up respective structures and processes. The team also ensures that international standards, best practices and requirements are fulfilled considering Scania specific risk environment and culture.

Business development risks

Risks associated with business development and long-term planning are mainly managed through Scania's cross-functional meeting structure, which brings together various departments for decision making of a strategic and tactical nature, and also through the annual process established by Scania for strategic planning. Such planning is not a static process, and in fact is discussed and challenged throughout the company, based on external and internal considerations. All units and levels of the company are involved in the strategic process. Both the cross-functional meeting structure and the strategic process are long-established and are evolving all the time. This process of continuous evaluation and adaptation minimises the risks of the company overlooking threats and opportunities and making wrong decisions that may lead to its operations not meeting the required standard. It also means that the risk of uncertainty and lack of clarity concerning the company's strategy and business development can be managed in a precise and efficient way. In addition to this, Scania, in a structured way, continuously investigates new areas that may be of interest that are connected to the future development of

the ecosystem of transport and logistics. Research and development projects are also revised continuously, on the basis of each project's technological and commercial relevance.

Operational risks

Market risks

The demand for Scania's products is mainly driven by transport needs and also by a certain replacement need for vehicles to maintain high availability and low lifecycle cost of the vehicles. Variations in world financial markets can have a large or small impact on real economic cycles and, in turn, for Scania, an impact on the demand for its products. Since commercial vehicles are capital investments, demand is not only affected by need but also by the availability and cost of the capital that must be invested. Markets may temporarily slow down or plateau and local currencies may lose some of their value as a result. The status of public finances and the extent of fiscal austerity programmes in different countries may have a negative impact on demand for Scania's products. Demand for service-related products is less affected by variations in the economic cycle than demand for vehicles. Scania's well-diversified sales in more than 100 countries help to limit the effect of a downturn in any given market. In individual markets, substantial changes can occur in the business environment, such as the introduction of or increase in customs duties and taxes, the introduction or ending of stimulus measures, and a change in the requirements for vehicle specifications. The imposition of economic sanctions against certain countries can also reduce the potential for marketing Scania's products. In addition, different countries' legal systems may have features that affect Scania's ability to carry out operations and sales. Scania monitors all of its markets continuously for early warning signs, which means the company can make the necessary changes to its marketing strategy.

Risks in the sales and services network

In the major markets, distributors are mainly owned by Scania. Apart from the risks to sales volumes that are linked to the market risks described above, there are commercial risks in the sales and services network for various types of contracted services, as well as in relation to repurchase obligations and used vehicle prices. Repair and maintenance contracts are one important element of the sales and services business. They help to ensure that customers maximise use of their vehicle (**uptime**) while using the workshops' resources efficiently, thereby helping to strengthen customer loyalty. These contracts are often tied to prices that have been worked out in advance, so there are risks relating to price and handling. As a result of repurchase obligations and trade-ins, the sales and services organisation handles a large volume of used trucks and buses, and prices and sales figures can vary over economic cycles. Scania has extensive knowledge of handling these price and sales variations because its sales and services network are highly integrated. Sales and services units assume a credit risk in relation to their customers, mainly for workshop services performed and parts sold. However, the company's customer base is widespread, which limits the risk in relation to each individual customer. Operational risks in the sales and services network are detected and minimised by using the Scania Retail System (SRS), which is an adaptation for the commercial operations of the Scania Production System (SPS). Independent dealers sometimes suffer problems that may have an adverse effect on Scania's operations. There could be shortcomings in management or limitations on how much can be invested, or problems relating to generational changes in family businesses. If the problems prove to be more than short-term ones, Scania may replace dealers or take over the business. Scania continuously maintains close contact with its independent dealers in order to spot warning signs at an early stage, allowing it to take action where necessary.

Regulatory risks in the Financial Services operations

Scania's operations include the provision of financing and insurance services, which have to comply with the rules set out by financial services authorities. Non-compliance with these rules can lead to penalties or even the revocation of operating licences. The company has specialised staff in the parts of the business that are affected, so it can monitor and control these risks. Those working in this area include Risk Managers, Anti Money Laundering Officers, Compliance Manager and Internal Audit.

Production risks

Scania's integrated component manufacturing network has two bases: Europe and South America. The concentration of the network in two locations carries some risk, but that is offset by the fact that the company's uniform global production system allows it to source components from either area. According to the Business Continuity Concept (the **Concept**) at Scania, the company must always be prepared so it can maintain its level of operation, including delivery of products and services, without unacceptable impact to customer or other stakeholders. Scania has a business continuity model which is defined in line with Scania's steering and supporting structure of management. The Concept focuses on responsibility by local management to ensure that

business continuity is owned, operated and embedded with local needs, resources and competence. At the corporate level, the responsibility for support falls to line management. The Concept includes business impact analyses and a business continuity plan, as well as training and exercises with the relevant employees and service providers at Scania's production units. The Concept also includes consideration of the impact of suppliers and third parties on Scania's capability to deliver products and services. Yearly reports are submitted to Scania Top Management. Production and quality risks in the workshop network's services are managed through the Scania Retail System, the Scania Dealer Operating Standard (DOS) certification and the Scania Code of Practice.

Supplier risks

Scania continuously checks that suppliers meet the company's requirements regarding technology, quality, delivery, cost and sustainability. Such checks are also made during the nomination of new agreements. This work is regularly reported to Scania Purchasing management. Scania's suppliers agree to comply with the United Nations Global Compact on sustainability in the areas of human rights, labour standards, the environment and anti-corruption. With a more global supply chain, the sustainability risks along the chain are growing. Scania uses external risk indices for keeping track of risks in specific regions. To meet the different risk profiles, measures are taken to support and follow up on, for example, human rights performance in some regions, by performing audits and trainings. To minimise the impact of production interruptions or financial problems among suppliers, Scania tries wherever possible to work with more than one supplier for critical items. Scania continuously safeguards the sustainability performance of our suppliers and the quality and delivery precision of purchased items. It carries out day-to-day monitoring, and prioritises and categorises anything that does not meet the required standard. If there are repeated instances of not meeting the required standard, an escalation model to focus on the problem is adopted to ensure normal service is resumed. Variations in the world's financial markets also risk affecting Scania's suppliers to a greater or lesser degree. Therefore, the financial status of suppliers is monitored continuously. However, there can be no assurance that failures in the supply chain will not occur. Any such failures may impact adversely on Scania's financial position.

Natural hazards

It is hard to predict the occurrence of natural disasters as well as their frequency and impact. For Scania's own business processes or suppliers located in geographical regions that are repeatedly affected, or where the risk is deemed higher for other reasons, the natural disaster risk is given special attention in both the risk assessment and in the Business Impact Analysis as well as the Business Continuity Planning process. Natural hazards are an important consideration when dealing with risks in existing business, as well as when deciding on new locations for business and suppliers.

Competition risk

Competition is intense among manufacturers of heavy trucks, buses and engines. Scania's products and services face substantial competition from products and services provided by others, and such competition may have a significant impact on the price Scania receives for its products and services and on Scania's future sales volumes. Many of Scania's competitors have greater financial, marketing and operating resources than Scania, as well as broader geographical markets, particularly in North America. There can be no assurance that Scania will be able to compete successfully in the future.

Price volatility

The prices for heavy trucks, buses and engines in certain markets, including service for these products, have at times experienced sharp changes over short periods of time. This volatility is caused by many factors, including volatility in underlying economic conditions, short-term fluctuations in demand, changes in import regulations, shortages of certain supplies and increased competition. There can be no assurance that such price volatility will not continue or that price volatility will not begin in markets which to date have not experienced such volatility. Continued price volatility in certain markets could adversely affect Scania's results of operations in a particular period.

Profitability dependent upon new products

Scania's long-term profitability depends upon its ability to introduce and market its new products and services successfully. The success of Scania's new products and services programmes will depend on a number of factors, including the economy, competition, customer acceptance and the strength of Scania's importer and dealer networks. There can be no assurance that Scania will be able to introduce and market its new products and services successfully.

Production capacity constraints

The cyclicity of demand for Scania's products has at times resulted and may in the future result in temporary constraints upon Scania's ability to produce the quantities necessary to fulfil orders in a timely manner. In particular, a sharp increase in order intake in a period can exceed the capability of Scania and its suppliers to satisfy fully the growing demand for Scania's products in certain markets. A prolonged delay in Scania's ability to fulfil orders on a timely basis at a time when Scania's competitors are not experiencing the same difficulty could adversely affect Scania's market share in certain markets.

Risks associated with substantial Latin American operations

Operations in Latin American countries expose Scania to certain risks, including product price volatility, tax liabilities, government regulations, political instability, local economic conditions (including high and generally unpredictable levels of inflation), currency fluctuations and local labour conditions. In addition, Scania currently maintains substantial cash balances in Latin America. The governments in Brazil and Argentina have exercised and continue to exercise substantial influence over many aspects of their respective economies, and have imposed various policies designed to manage their economies. Government-imposed import tariffs have also significantly limited the supply of imported vehicles, thereby increasing the importance of locating manufacturing operations within those countries. Government actions in the future could have a significant effect on economic conditions and the demand for heavy vehicles in Brazil and Argentina. Variations in economic conditions could influence the demand and prices received for Scania's heavy vehicles and, accordingly, the results from its operations in these countries.

People and Competence

The technology shift will also require a shift in competence and Scania must act proactively and identify future needs before they occur. For its future success, Scania is dependent on its ability to attract and recruit employees with the right expertise, and retain and engage the workforce to ensure that the company's operations can deliver the required product and service quality. Some of the important risks from a people management perspective that may affect deliveries are:

- Not enough of the right expertise
- Lack of business critical expertise
- Recruitment errors

Scania has structured and well-established working methods for close cooperation with a number of universities and institutes of technology to create and recruit cutting-edge expertise. Scania runs an upper secondary school in Södertälje, Mälardalens Tekniska Gymnasium MTG, offering high quality technical upper secondary school education aimed at vocational or university preparation. The opportunities for professional development and the availability of career paths within the company, along with individual development plans, attracts new employees and will reduce the risk of losing expertise due to employee turnover. Uniform structures, common and coordinated recruitment methods and tools as well as clearly described job requirements all help minimise the risk of recruitment errors. In close alignment with business operations, Scania's Corporate Human Resources department continues to develop the area of people management to secure business-driven recruitment. By collating and analysing key employee figures for healthy attendance, employee turnover, age structure and professional job satisfaction, as well as using development dialogues, the company is able to monitor trends and carry out targeted actions as and when needed.

Information risks

For Scania, it is crucial to handle information in a way that enables operations to share and process it efficiently and reliably, both within the company and when working together with customers, suppliers and other business partners. The main risks that can affect information management are:

- Interruptions in critical information systems, regardless of the cause
- Strategic or other sensitive information is revealed to an unauthorised person or persons
- Strategic or other sensitive information is intentionally or unintentionally changed or corrupted

Scania has a central unit for information security, which is responsible for the introduction and follow-up of Scania's information security policy. As part of their normal responsibilities, managers monitor and approve the risk level in their respective area of responsibility and ensure that all employees are aware of their

responsibilities. Scania and third parties follow up with monitoring of the system to ensure that the policy is being followed properly.

Sustainability risks

The term 'sustainability risks' refers to risks associated with adverse effects on the environment, health and safety, human rights and business ethics in Scania's business operations. Risk assessment and Business continuity management are part of every manager's responsibilities, and include analysis, planning and implementation, which has been adapted to each operating unit. Training and drills occur with all the relevant employees and service providers at Scania's production units. There is a follow-up process of monitoring systems, reporting and response procedures. Scania has carried out orientation studies and risk assessments of buildings, as well as soil and groundwater contamination at its production units around the world. Additional investigations and required actions have been carried out whenever and wherever needed. This work takes place in close cooperation with local or regional authorities. All production units have permits that comply with their specific national legislation. In addition to legal requirements and the conditions included in these permits, operations may also be subject to local requirements and rules.

Whenever it seeks to increase production levels, Scania applies for new permits covering the affected operations, although for certain Scania operations, regular permit assessments are required. Scania has adopted a safety, health and environment standard, which covers 16 prioritised areas. Scania Blue Rating – Safety, Health & Environment is a method used in Scania's production and research and development operations to evaluate safety, health and environment work. Follow-up occurs based on Scania's environment and work environment policy and on the targets and legal requirements of the ISO 14001 environmental management standard. Based on the result of this audit, Scania can identify areas for improvement and promote good working methods in order to gradually improve operational working environments and reduce environmental impacts. This method is also one of the tools for improving efforts to avoid and reduce work environment and environmental risks. Scania's work with sustainability, the Scania Way and the Scania Code of Practice creates a natural basis for an ethical and responsible approach among management and employees in relation to Scania's role in society. During 2017, Scania implemented a new code of conduct that is aligned with Volkswagen AG, reflecting Scania's responsibility as a member of society, a business partner and employer. Scania's requirements are the same regardless of where in the world it is operating. Scania's responsibilities include ensuring the observance of human and labour rights within its own operations and throughout the value chain. Further guidance and support is given to employees through manuals and training. Special emphasis is placed on ethical and human rights issues in complex geographical locations and business segments. Climate change constitutes a global risk as it is contributing to more unpredictable and more extreme weather conditions, and Scania works continually to reduce the impact of its products and in its operating activities.

Research and development risks

Research and product development occur in close contact with the production network, purchasing team (to ensure involvement from the supplier base) and the sales and service organisation (to effectively safeguard high quality outputs). Scania is in the process of aligning its development processes with those of VW Truck & Bus. The outcome of this cooperation is important in terms of ensuring access to new future technologies and improving cost efficiencies. Due to continually increasing complexity and competition in new technologies, there is a technology risk here. This is managed by utilising the full competence and knowledge both at Scania and in VW Truck & Bus.

New legislation

The ability to meet upcoming environmental and safety standards in various markets is of great importance for Scania's future. In particular, this relates to legal requirements for reduced levels of pass-by noise and carbon dioxide declaration legislation for heavy vehicles in the EU, which enters into effect gradually, starting in 2018. Other important future environmental regulations are upgraded national emissions standards in several of Scania's markets. On safety standards, the revision of the general safety regulation will introduce several advance driver assistance systems as mandatory in a few years' time. Furthermore, the upcoming revision of the European framework directive may introduce new and stricter surveillance and certification processes. To meet new regulations, Scania is utilising its global, modularised product range and is adapting technologies in its future product portfolio.

Product launch risks

Political decisions aimed at influencing the vehicle market in a given direction – for example, for environmental reasons – by such means as tax cuts, levies and regional environmental zoning rules may lead to rapid changes in demand. This may require acceleration of product introductions and increases in research and development resources at an earlier stage. Scania manages this by integrating the work done by the business intelligence group into all its development and introduction projects. Throughout the development period, work occurs on a cross-functional basis to ensure that the results of business intelligence gathered by all units are taken into account and that Scania establishes the right priorities in its development portfolio. The product launch process includes carrying out risk analyses on a number of occasions in order to manage this type of risk.

Product liability

Introducing a new product to the market can include a liability risk. This risk is managed by the development, verification and validation processes at Scania. It is Scania's objective to develop products that are reliable and safe for the user, the general public and the environment. However, if a product should show signs of technical shortcomings that might be harmful to people or property, that is dealt with by the Scania Product Liability Council. This body decides what technical solutions should be used in order to solve the problem and what marketing measures are needed. The Product Liability Council also conducts a review of the processes in question to ensure that the problem does not recur. Where applicable, Scania has fair risk-sharing agreements with our suppliers regarding product liability, which minimises the financial risk for Scania.

Insurable risks

Scania works continuously to identify, analyse and administer insurable risks, both at group and local level. A corporate unit is responsible for the Group's global insurance portfolio. Customary Group insurance policies to protect the Group's goods shipments, assets and obligations are arranged in accordance with Scania's Corporate Governance Manual and Finance Policy. Local insurance policies are obtained in accordance with the laws and standards of the country in question. When needed, Scania receives assistance from outside insurance consultancy companies in identifying and managing risks. Insurance is obtained only from well-reputed insurance companies, whose financial strength is continuously monitored. Risk inspections, mainly focusing on physical risks, are performed yearly in most cases at all production units and at a number of Scania-owned sales and services units/workshops according to the standardised Scania Blue Rating Fire Safety system. This work maintains a high claim prevention level and a low incidence of claims.

Legal risks

Contracts and rights

Scania's operations include a wide variety of intangible licensing agreements, patents and other intellectual property rights. Scania also concludes numerous commercial and financial contracts, which is normal for a company of Scania's scale and type. Scania's operations are not dependent on any single commercial or financial contract, patent, licensing agreement or similar right.

Legal actions

Scania is affected by legal proceedings as a consequence of the company's operating activities. This includes alleged breaches of contract, non-delivery of goods or services, producer liability, patent infringement or infringements related to other intellectual property, or alleged violations of laws and regulations in force. Even if disputes of this kind should be decided in a favourable way without adverse economic consequences, they may adversely affect Scania's reputation. For further information, see the Scania AB annual report.

Administration of contracts, essential rights, legal risks and risk reporting

Administration of contracts, essential rights and legal risks occur in the normal course of operations in accordance with the instructions described in Scania's Corporate Governance Report. Scania has also introduced a Legal Risk Reporting system, according to which risks are defined and reported. At least once a year, a report on such risks is submitted to the Audit Committee of the Board.

Tax risks

Scania and its subsidiaries are the subject of a number of tax cases, as a consequence of Scania's operating activities. These cases mainly relate to the areas of financial expenses and indirect taxes. None of these cases are deemed capable of resulting in a claim that would substantially affect Scania's financial position.

Tax risks above a certain level are reported regularly to management. Once a year, a report is submitted to the Audit Committee of the Board.

Financial risks

Beyond business risks, Scania is exposed to various financial risks. Those that are of the greatest importance are currency, interest rate, refinancing and credit risks. Especially in Scania's Financial Services operations, access to competitive funding is critical and is to a large extent dependent on Scania AB's credit rating on the financial markets. As a consequence of Scania being a majority owned subsidiary of the Volkswagen Group, Scania is also affected by changes in credit ratings for Volkswagen. S&P considers Volkswagen's ownership of Scania to be 'Highly Strategic' rather than 'Core' and their ratings methodology therefore dictates that Scania AB's issuer credit rating shall be limited to the higher of (i) its stand-alone credit rating and (ii) a rating corresponding to one notch lower than Volkswagen's. Scania AB's issuer credit rating can never be higher than Volkswagen's. Any downgrade by S&P of Volkswagen's credit rating therefore may result in a downgrade by S&P of Scania AB's issuer credit rating. Financial risks are managed in accordance with the Financial Policy adopted annually by Scania AB's Board of Directors.

Currency risk

Currency risk is the risk of negative effects on earnings and balance sheet items denominated in foreign currency, due to currency movements. Changes in exchange rates also affect Scania's income statement and balance sheet as follows:

An individual company may have monetary assets and liabilities in a currency other than its functional currency, which are translated to the functional currency using the exchange rate on the balance sheet date. When settling monetary assets and liabilities, an exchange rate difference arises between the exchange rate on the balance sheet date and on the payment date. All changes in exchange rates attributable to translation or settlement of monetary items are recognised in the income statement (transaction effect).

Revenue, expenses, assets and liabilities in a functional currency other than the reporting currency of the Parent Company (SEK) are translated at the average exchange rate during the year and the exchange rate on the balance sheet date, respectively. The effect that arises because the exchange rate on the balance sheet date is changed from the beginning of the year and the average exchange rate of the year deviates from the balance sheet rate is recognised in the translation reserve in other comprehensive income (translation effect).

During 2018, 95 per cent. (also 95 per cent. in 2017) of Scania's sales occurred in countries outside Sweden. Since a large proportion of production occurs in Sweden, at costs denominated in Swedish kronor, this means that Scania has large net inflows of foreign currencies. During 2018, total currency exposure in Scania's operating income amounted to about SEK 49,000 million (compared to SEK 46,500 million in 2017). The largest currencies in this flow were EUR, GBP and RUB.

Based on revenue and expenses in foreign currencies during 2018, a one percentage point change in the Swedish kronor against other currencies, excluding currency hedges, had an impact on operating income of about SEK 490 million (compared to SEK 465 million in 2017) on an annual basis. In Vehicles and Services, the total negative currency rate effects in 2018 amounted to about SEK 2,678 million (compared to SEK 425 million in 2017).

According to Scania's financial policy, Scania's Management may hedge future currency flows with a hedging period varying between 0 and 12 months. Maturity over 12 months is decided by the Board of Directors. When currency risks are hedged, currencies are mainly sold by means of forward contracts, but currency options may also be used. At year-end 2018, future currency flows were hedged in an amount equivalent to SEK 600 million.

To ensure efficiency and risk control, borrowings in Scania's subsidiaries largely occur through the corporate treasury unit, mainly in EUR and SEK, and are then transferred to subsidiaries in the form of internal loans in their local currencies. By means of derivative contracts, corporate-level borrowings are converted to lending currencies. In Financial Services, assets should be financed by liabilities in the same currency. Scania's borrowings in various currencies excluding and including currency derivatives can be seen in the table "Borrowings" in the section on interest rate risk below.

At the end of 2018, Scania's net assets in foreign currencies amounted to SEK 32,900 million (compared to SEK 29,500 million in 2017). The net foreign assets of subsidiaries are normally not hedged. However, to the extent subsidiaries have significant net monetary assets in functional currencies, they may be hedged. At year-end 2018, no foreign net assets were hedged.

Interest rate risk

Interest Rate Risk is the risk of negative effects on interest income and expenses due to movements in interest rates. Changes in market interest rates may adversely affect cash flow or the fair market value of financial assets and liabilities. For Scania's assets and liabilities that carry variable interest rates, a change in market interest rates has a direct effect on cash flow, while for fixed-interest assets and liabilities, the fair value of the portfolio is affected instead. To manage interest rate risks, Scania primarily uses interest rate derivatives in the form of interest rate swap agreements.

At year-end 2018, Scania's interest-bearing assets mainly consisted of assets in Financial Services and of short-term investments and cash and cash equivalents. Interest-bearing liabilities consisted mainly of loans, to a great extent intended to fund lending in Financial Services operations and to a lesser extent to fund working capital in Vehicles and Services.

Interest rate risk in Vehicles and Services

Borrowings in Vehicles and Services are mainly used for funding of working capital. To match the turnover rate of working capital, a short interest rate refixing period is used in the borrowing portfolio. Scania's policy concerning interest rate risks in the Vehicles and Services segment is that the interest rate refixing period on its net debt should normally be within 0–6 month range, but that divergences are allowed up to 24 months. The Board of Directors approves maturities of more than 24 months. Net cash in Vehicles and Services was SEK 16,419 million at year-end 2018 (compared to 17,058 million at year-end 2017). The borrowing portfolio amounted to SEK 0 million (also SEK 0 million in 2017). Short-term investments and cash and cash equivalents amounted to SEK 7,338 million in 2018 (compared to SEK 17,716 million in 2017) and the average interest rate refixing period on these assets was less than 1 month (also 1 month in 2017).

The net cash also includes derivatives that hedge borrowings with a net value of SEK –510 million in 2018 (compared to SEK –639 million in 2017). Given the same loan liabilities, short-term investments, cash and cash equivalents and interest rate refixing periods as at year-end 2018, a change in market interest rates of 100 basis points (1 percentage point) would change the interest income in Vehicles and Services by about SEK 75 million in 2018 (compared to SEK 175 million in 2017) on an annual basis.

Interest rate risk in Financial Services

Scania's financial policy regarding interest rate risks in the Financial Services segment is that assets and liabilities should match in terms of interest rates and maturity periods. Interest rate refixing related to the credit portfolio and borrowing in Financial Services had the following structure as of 31 December 2018:

Interest rate refixing in Financial Services, 31 December 2018	Interest-bearing Portfolio ¹	Interest-bearing liabilities ²
2019	45,250	46,336
2020	18,323	18,785
2021	13,778	11,714
2022	7,766	4,839
2023	3,184	685
2024 and later	865	121
Total	89,166	82,480

Interest rate refixing in Financial Services, 31 December 2017	Interest-bearing portfolio ¹	Interest-bearing liabilities ²
2018	38,617	37,424
2019	16,260	15,332
2020	11,978	11,533
2021	6,607	4,226
2022	2,844	750
2023 and later	722	118
Total	77,028	69,383

Please note that all figures in the table above are in SEK million.

¹ Including operating leases.

² Including the effect of interest rate derivatives. Other funding consists mostly of equity.

Given the same lending and borrowing structure as at year-end 2018, a change in market interest rate of 0.5 per cent. would have changed the interest in Financial Services by about SEK 15.6 million (compared to SEK 3.2 million in 2017) on an annual basis. Scania's total borrowing portfolio amounted to SEK 72,873 million at year-end 2018 (compared to SEK 58,691 million at year-end 2017).

Borrowings, 31 December, 2018	Borrowings including currency swap agreements	Borrowings excluding currency swap agreements
EUR	48,818	32,171
BRL	4,872	4,065
GBP	4,799	2,848
ZAR	3,334	1,107
CLP	2,204	157
DKK	1,789	0
PEN	1,254	722
NOK	1,464	0
USD	3,226	1,257
THB	950	1,201
CHF	939	83
AUD	670	47
OTH	396	47
HKD	257	0
SEK	-7,733	26,990
Other currencies	4,949	1,493
Total¹	72,188	72,188
Accrued interest	685	685
Total	72,873	72,873

Please note that all figures in the table above are in SEK million.

1 Total borrowings excluded SEK 685 million (compared to SEK 375 million in 2017) related to accrued interest.

Credit risk

Credit risk is the risk that the counterparty in a transaction will not fulfil its contractual obligations and that any collateral will not cover the company's claim. An overwhelming share of the credit risk for Scania is related to receivables from customers. Scania's sales are distributed among a large number of end customers with a large geographic dispersion, which limits the concentration of credit risk.

Credit risk in Vehicles and Services

In the Vehicles and Services segment, carried receivables before provisions for bad debts from customers totalled SEK 9,362 million in 2018 (compared to SEK 9,265 million in 2017), most of which consisted of receivables from independent dealerships and end customers. The total estimated fair value of collateral was SEK 1,282 million. Most of the collateral consisted of repossession rights and bank guarantees. During 2018, collateral valued at SEK 229 million was repossessed.

Timing analysis of portfolio assets past due but not recognised as impairment losses	Past-due payments 2018	Past-due payments 2017
< 30 days	572	1,159
30-90 days	269	313
91-180 days	25	82
>180 days	303	112
Total	1,169	1,666

Please note that all figures in the table above are in SEK million.

Provisions for bad debts amounted to SEK 362 million in 2018 (compared to SEK 292 million in 2017), equivalent to 4.0 per cent. of total receivables (compared to 3.1 per cent. in 2017). Bad debt expense amounted to SEK 63 million in 2018 (compared to SEK 54 million in 2017). Provisions for bad debts changed as follows:

Provisions for bad debts	2018	2017
Provisions, 1 January	292	332
Adjustment transition IFRS 9	64	-
Adjusted provision, 1 January	356	332
Provisions for potential losses	63	41
Withdrawals due to actual credit losses	-69	-85
Currency rate effect	6	2
Other	6	2
Total	362	292

Please note that all figures in the table above are in SEK million.

Credit risk in Financial Services

The credit portfolio including operating leases in the Financial Services segment can be seen in the table below:

Credit portfolio	2018	2017
Exposure	90,365	77,982
– of which, operating leases	18,440	16,679
Credit risk reserve	1,199	954
Carrying amount	89,166	77,028
– of which, operating leases	18,258	16,665

Please note that all figures in the table above are in SEK million.

To maintain a controlled level of credit risk in the segment, the process of issuing credit is supported by a credit policy as well as credit instructions. Credit risks are limited by active credit assessment, management of the loan portfolio and its underlying assets, as well as an intensive focus and constructive dialogue with those customers who do not follow the agreed payment plan. Collateral in Financial Services operations mainly exists in the form of the possibility of repossessing the financed assets. The portfolio mainly consists of financing of trucks, buses and trailers for small and medium-sized companies. The credit risk concentration in 2018 was equal to that of 2017.

Timing analysis of portfolio assets

	2018			2017		
Past due but not recognised as impairment losses	Past-due payments	Total exposure¹	Estimated fair value of collateral	Past-due payments	Total exposure¹	Estimated fair value of collateral
< 30 days	102	4,711	4,636	86	4,195	4,096
30-90 days	294	2,379	2,106	167	2,316	2,212
Past due and recognised as impairment losses						
91-180 days	68	613	528	36	294	266
> 180 days	130	357	343	43	160	145
Inactive contracts	225	1,213	812	138	609	421
Total	819	8,425	8,425	470	7,574	7,140

Please note that all figures in the table above are in SEK million.

¹ Exposure is defined as maximum potential loss, without regard to the value of any collateral.

A description of credit risk exposure can be seen in the table below:

Concentration of credit risk	Number of customers	Per cent. of total number of customers	Per cent. of portfolio value
On 31 December 2018			
Exposure < 15 SEK million	36,753	97.9	66.1
Exposure 15-50 SEK million	649	1.7	18.0
Exposure > 50 SEK million	137	0.4	15.9
Total	37,539	100.0	100.0

Please note that all figures in the table above are in SEK million

Accounts with past-due receivables ordinarily lead to relatively quick repossession of the item being financed. Renegotiation only occurs in those cases where, after a new credit evaluation, Financial Services deems the customer's payment problems to be of a short-term, temporary nature and where renegotiation can take place without greatly worsening its risk position. For Scania's customers the renegotiation need was at the same level during 2018 as in 2017. The carrying amount of the financial assets, whose terms had been renegotiated, amounted to SEK 2,001 million at year-end 2018 (compared to SEK 2,236 million at year-end 2017). Contracts are regarded as bad debts when payment is more than 90 days past due or when there is information that causes Scania to terminate the contracts early. The resale market for repossessed and used vehicles functioned smoothly during 2018. During 2018, 1,490 financed vehicles were repossessed (compared to 1,360 in 2017). At year-end 2018, the number of repossessed but not yet sold vehicles amounted to 425 (compared to 270 in 2017), with a total carrying amount of SEK 195 million (compared to SEK 102 million in 2017). Repossessed vehicles are sold off by means of a new financing contract with another customer, direct sale to an end customer or sale via Scania's dealership network

Provisions for bad debts changed as follows:

Provisions for bad debts (MSEK)	2018	2017
Provisions, 1 January	954	973
Adjustment transition, IFRS 9	146	-
Adjusted provision, 1 January	1,100	973
Provision for potential losses	173	95
Withdrawals due to actual credit losses	-79	-97
Exchange rate differences	5	-17
Provisions, 31 December	1,199	954
Provisions as percentage of gross portfolio	1.3	1.2

Expenses for actual and potential credit losses amounted to SEK 181 million in 2018 (compared to SEK 105 million in 2017).

Other credit risks at Scania

The administration of the financial credit risks that arise primarily in corporate treasury operations, among other things when investing liquidity and in derivatives trading, is regulated in Scania's Financial Policy. Transactions occur only within established limits and with selected, creditworthy counterparties. "Creditworthy counterparty" means that the counterparty has received an approved credit rating from the credit ratings agencies S&P and/or Moody's. To reduce credit risk, the volume of exposure allowed per counterparty is limited, depending on the counterparty's credit rating. To further limit credit risk, Scania has entered into International Swaps and Derivatives Association (ISDA) netting contracts with all of its counterparties.

The corporate treasury unit is responsible for ensuring compliance with the rules of Scania's Financial Policy. Net exposure to counterparty risk related to derivatives trading amounted to SEK -515 million at year-end 2018 (compared to SEK -651 million at year-end 2017). Estimated gross exposure to counterparty risks related to derivatives trading totalled SEK 838 million in 2018 (compared to SEK 616 million in 2017). Estimated gross exposure to cash and cash equivalents and short-term investments amounted to SEK 8,834 million in 2018 (compared to SEK 7,749 million in 2017). Short-term investments are deposited with various banks. Scania had short-term investments worth SEK 5,537 million in 2018 (compared to SEK 4,328 million in 2017), of which SEK 4,884 million (compared to SEK 3,083 million in 2017) consisted of investments with a maturity of less than 90 days and SEK 652 million in 2018 (compared to SEK 1,245 million in 2017) consisted of investments with a maturity of 91–365 days. In addition to short-term investments, Scania had bank balances worth SEK 3,297 million in 2018 (compared to SEK 3,421 million in 2017).

Refinancing risk

Refinancing risk is the risk of not being able to meet the need for future funding. Scania applies a conservative policy concerning refinancing risk. For Vehicles and Services, there is a liquidity reserve consisting of available cash and cash equivalents as well as unutilised credit facilities which exceeds the funding needs over a two-year period. For Financial Services, there is dedicated funding that covers the estimated demand for funding during the next six months. There are also borrowings that safeguard the refinancing of the existing portfolio.

At the end of 2018, Scania's liquidity reserve, consisting of unutilised credit facilities, cash and cash equivalents and short-term investments, amounted to SEK 41,136 million (compared to SEK 38,877 million in 2017).

Scania's credit facilities include customary change of control clauses, which means that a counterparty could demand early payment in case of significant changes in ownership involving a change in control of the company. At year-end 2018, Scania had borrowings, in some cases with related ceilings, as follows:

Borrowings 2018	Total borrowings (in SEK m)	Ceiling (in SEK m)
European Medium Term Note Programme	49,393	71,755
Credit facility (EUR, SEK)	-	32,302
Commercial paper, Sweden	50	10,000
Commercial paper, Belgium	3,188	10,251
Bank loans and other loans	19,557	-
Total	72,188	124,308

Borrowings 2017	Total borrowings (in SEK m)	Ceiling (in SEK m)
European Medium Term Note Programme	33,872	49,157
Credit facility (EUR)	-	31,128
Commercial paper, Sweden	500	10,000
Commercial paper, Belgium	4,178	9,831
Bank loans and other loans	19,766	-
Total¹	58,316	100,116

¹ Of the total ceiling, SEK 32,302 million (compared to 31,128 million in 2017) consisted of guaranteed revolving credit facilities.

² Total borrowings excluded SEK 685 million (compared to SEK 375 million in 2017) related to accrued interest and fair value adjustments on bonds where hedge accounting was previously applied.

Controlling Scania's refinancing risk includes safeguarding access to credit facilities and ensuring that the maturity structure of borrowings is diversified. At year-end 2018, Scania's total borrowings had the following maturity structure:

Maturity structure of Scania's borrowings	2018	2017
	(in SEK million)	(in SEK m)
2018	-	18,447
2019	29,237	21,777
2020	21,315	9,650
2021	13,250	5,122
2022	7,090	3,303
2023	494	17
2024 and later	802	-
Total	72,188¹	58,316¹

¹Total borrowings excluded SEK 685 million (375 million) related to accrued interest and fair value adjustments on bonds for which hedge accounting was previously applied.

Material risks and uncertainty factors

The risks that have the greatest impact on financial reporting for Scania are summarised as follows:

(a) Sales with obligations

Scania delivers some of its vehicles with guaranteed residual value or with repurchase obligations, where Scania thus has residual value exposure. There is also residual value exposure for short-term rental vehicles with an estimated residual value.

If there are major downturns in the market value of used vehicles, this increases the risk of future losses when divesting the returned vehicles. When a residual value guarantee is deemed likely to result in a future loss, a provision is recognised in those cases where the expected loss exceeds the profit on the vehicle not yet recognised as revenue.

Changes in market value may also cause an impairment loss in used vehicle inventories, since these are recognised at the lower of cost and estimated net realisable value.

At the end of 2018, obligations related to residual value or repurchase amounted to about SEK 19,405 million (compared to SEK 16,502 million in 2017).

(b) Credit risks

In its Financial Services operations, Scania has an exposure in the form of contractual payments. At the end of 2018, these amounted to SEK 89,166 million (compared to SEK 77,028 million in 2017). In all essential respects, Scania has collateral in the form of the right to repossess the underlying vehicle. Where the market value of the collateral does not cover the exposure to the customer, Scania has a risk of loss. At year-end 2018, the reserve for doubtful receivables in Financial Services operations amounted to SEK 1,199 million (compared to SEK 954 million at year-end 2017).

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a

significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Notes which are issued with variable interest rates or which are structured to include a multiplier or other leverage factor are likely to have more volatile market values than more standard securities

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes will have more volatile market values than conventional Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market and the market value of such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Fixed/Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a description of material risks related to the Notes generally:

Impact of parent ratings

As mentioned previously (See “Risk Factors – Refinancing Risk”, above), any downgrade by S&P of Volkswagen’s credit rating may result in a downgrade by S&P of the credit rating of the Notes or Scania. Any change in the credit rating of Scania could adversely affect the price at which Notes are traded in the market, which may cause loss.

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The Reform and Regulation of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" (including the Programme Benchmarks) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause the relevant benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) was published in the Official Journal of the EU on 29 June 2016 and mostly applies, subject to certain transitional provisions, from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a Programme Benchmark, in particular, if the methodology or other terms of the relevant Programme Benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the UK Financial Conduct Authority (**FCA**) confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the **FCA Announcements**). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based

transition to the Sterling Overnight Index Average (**SONIA**) over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate (**ESTR**) as the new risk free rate. ESTR is expected to be published by the ECB by October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, the Programme Benchmarks will continue to be supported going forwards. This may cause the Programme Benchmarks to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have the following effects on certain benchmarks (including the Programme Benchmarks): (i) discouraging market participants from continuing to administer or contribute to the "benchmark"; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon a Programme Benchmark.

The conditions of the Notes provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if an Original Reference Rate and/or any page on which an Original Reference Rate may be published, becomes unavailable, or if the Issuer, the Calculation Agent, any Paying Agent or any other party responsible for the calculation of the Rate of Interest (as specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement), as applicable, are no longer permitted lawfully to calculate interest on any Notes by reference to such an Original Reference Rate under the Benchmarks Regulation or otherwise. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate or an Alternative Rate (both as defined in the conditions of the Notes) with the application of an Adjustment Spread and may include amendments to the conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by an Independent Adviser (acting in good faith and in a commercially reasonable manner). An Adjustment Spread could be positive, negative or zero and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of an Original Reference Rate. However, the applicable Adjustment Spread may not be effective to reduce or eliminate economic prejudice to investors. The use of a Successor Rate or Alternative Rate with the application of an Adjustment Spread will still result in any Notes linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, the Issuer is unable to appoint an Independent Advisor, or the Independent Advisor is unable to or does not determine a Successor Rate or Alternative Rate or (in either case) an applicable Adjustment Spread prior to the relevant Interest Determination Date, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms and the possible application of the benchmark replacement provisions of Notes in making any investment decision with respect to any Notes linked to or referencing a Programme Benchmark.

In respect of any Notes issued with a specific use of proceeds, such as a Green Bond, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor

The Final Terms (or, in the case of Exempt Notes, Pricing Supplement) relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply the proceeds from an offer of those Notes specifically for projects and activities that promote climate-friendly and/or other environmental purposes (either in those words or otherwise) (**Green Projects**). Prospective investors should have regard to the information in

the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement) regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer or the Guarantor that the use of such proceeds for any Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, Green Projects). Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Green Projects will meet any or all investor expectations regarding such "green", "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Notes and in particular with any Green Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Guarantor or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as of the date that such opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Guarantor or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Green Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Guarantor or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply the proceeds of any Notes so specified for Green Projects in, or substantially in, the manner described in the relevant Final Terms (or, in the case of Exempt Notes, Pricing Supplement), there can be no assurance that the relevant intended project(s) or use(s) the subject of, or related to, any Green Projects will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally disbursed for the specified Green Projects. Nor can there be any assurance that such Green Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Notes and the Guarantor will assume no obligations as a result of any such event or failure by the Issuer in this regard.

Any such event or failure to apply the proceeds of any issue of Notes for any Green Projects as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance Green Projects and/or result in

adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies, or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Issuer, the Guarantor or the Notes. The ratings may not reflect the potential impact of all risks related to the structure of the Notes, the market for the Notes, the additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. The Issuer may also decide not to maintain a credit rating.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the CSSF shall be incorporated by reference in, and to form part of, this Base Prospectus:

- (a) the sections indicated in the cross-reference table below of the annual reports for the financial years ended 31 December 2017 and 31 December 2018 of each of the Issuer and the Guarantor;
- (b) the sections indicated in the cross-reference table below of the unaudited interim report for the three months ended 31 March 2019 of the Guarantor;
- (c) English translations of the articles of association and Certificate of Registration of the Issuer and the Guarantor (incorporated by reference for information purposes); and
- (d) the Terms and Conditions of the Notes contained in the Base Prospectus dated 13 June 2018 (pages 51 to 71), the Base Prospectus dated 16 June 2017 (pages 50 to 71), the Base Prospectus dated 18 November 2016 (pages 48 to 69), the Base Prospectus dated 27 November 2015 (pages 50 to 72) and the Base Prospectus dated 27 October 2014 (pages 47 to 67).

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and the Guarantor, and from the specified office of the Paying Agent for the time being in Luxembourg and will also be published on the Luxembourg Stock Exchange's website (www.bourse.lu).

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

Cross Reference Table					
	Issuer		Guarantor		
	Annual Report 2018	Annual Report 2017	Annual Report 2018	Annual Report 2017	Q1 Unaudited Interim Report 2019
Consolidated Income Statement	25-26	25-26	60	58-59	7
Consolidated Balance Sheet	27-28	27-28	61-62	60-61	9
Consolidated Statement of Changes in Equity	29	29	63	62	10
Consolidated Cash Flow Statement	30	30	64	63	11
Notes to the Consolidated Financial Statements	35-96	35-91	65-122	64-115	-
Non-consolidated Income Statement	31	31	123	116	14
Non-consolidated Balance Sheet	32-33	32-33	123	116	14
Non-consolidated Statement of Changes in Equity	33	33	123	116	14
Non-consolidated Cash Flow Statement	34	34	123	116	-
Notes to the Non-consolidated Financial Statements	97-110	92-105	124-125	117-118	-
Auditors' Report in respect of the Consolidated and Non-consolidated Financial Statements	112-116	107-111	127-130	120-123	-
Key Financial Ratios and Figures	23-24	23	131-132	124-125	16-17

Definitions	-	-	133	126	-
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Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Any documents which are themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus will not form part of this Base Prospectus as these documents are either not relevant for investors or covered elsewhere in the Base Prospectus.

OVERVIEW OF THE PROGRAMME

The following description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (the **Prospectus Regulation**).

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” below shall have the same meanings in this description.

Issuer:	Scania CV AB (publ)
Issuer Legal Entity Identifier (LEI):	529900BZYSUQLQSPNR07
Guarantor:	Scania AB (publ)
Description:	Euro Medium Term Note Programme
Arranger:	Deutsche Bank AG, London Branch
Dealers:	<p>BNP Paribas Citigroup Global Markets Europe AG Citigroup Global Markets Limited Danske Bank A/S Deutsche Bank AG, London Branch DNB Bank ASA, Sweden Branch HSBC Bank plc Industrial and Commercial Bank of China (Europe) S.A. Amsterdam Branch ING Bank N.V. Mizuho International plc Mizuho Securities Europe GmbH Morgan Stanley & Co. International plc NatWest Markets Plc Nordea Bank Abp Skandinaviska Enskilda Banken AB (publ) Standard Chartered Bank Svenska Handelsbanken AB (publ) Swedbank AB (publ)</p> <p>and any other Dealers appointed in accordance with the Programme Agreement.</p>
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”) including the following restrictions applicable at the date of this Base Prospectus.
Notes having a maturity of less than one year:	<p>Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of prohibition on accepting deposits contained in Section 19 of the Financial Services and Markets Act 2000 (FSMA) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “<i>Subscription and Sale</i>”.</p> <p>Under Part II of the Luxembourg Act dated 10 July 2005 on prospectuses for securities, which implements the Prospectus Directive, prospectuses relating to money market instruments having a maturity at issue of less than</p>

	12 months and complying also with the definition of securities are not subject to the approval provisions of Part II of such Act.
Issuing and Principal Paying Agent:	Deutsche Bank AG, London Branch
Programme Size:	€8,000,000,000 (or its equivalent in other currencies calculated as described under “ <i>General Description of the Programme</i> ”) outstanding at any time. The Issuer and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any other currency agreed between the Issuer and the relevant Dealer.
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. See also “ <i>Notes with a maturity of less than one year</i> ” above.
Issue Price:	Notes will be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer form as described in “ <i>Form of the Notes</i> ”.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> • on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or • on the basis of a reference rate set out in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement). <p>Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.</p> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p>
Benchmark Event:	If a Benchmark Event occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark specified in the relevant Final Terms, then such rate of interest may be substituted (subject to certain conditions) with a successor or alternative rate with the application of an adjustment spread (which could be positive, negative or zero) and with consequent amendment to the terms of such Series of Notes as described in the Terms and Conditions.

Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	<p>The applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.</p> <p>Unless previously redeemed or purchased and cancelled, each Note which is not an Exempt Note will be redeemed by the Issuer at least 100 per cent. of its nominal value on its scheduled maturity date.</p> <p>Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see “<i>Certain Restrictions –Notes having a maturity of less than one year</i>” above.</p>
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Final Terms save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “ <i>Certain Restrictions –Notes having a maturity of less than one year</i> ” above and save that the minimum denomination of each Note (other than an Exempt Note) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction, subject as provided in Condition 7. In the event that any such deduction is made, the Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 3.
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 9.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3, unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Rating:	<p>The rating of the Notes to be issued under the Programme will be specified in the applicable Final Terms.</p> <p>The Programme has been rated BBB+ (long term borrowing) by S&P. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) and will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Please also refer to “<i>Ratings of the Notes</i>” in the “<i>Risk Factors</i>” section of this Prospectus.</p>

Guarantee:	<p>The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under such Guarantee will be direct, unconditional and, subject to the provisions of Condition 3 unsecured obligations of the Guarantor and will rank <i>pari passu</i> and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.</p>
Approval, listing and admission to trading:	<p>Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market. The Notes may be listed or admitted to trading on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer in relation to each Series.</p> <p>Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges or markets.</p> <p>Notes issued under the Programme which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive may not carry the right to acquire shares (or transferable securities equivalent to shares) issued by the Issuer or by any entity belonging to the Issuer's group.</p>
Governing Law:	<p>The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.</p>
Selling Restrictions:	<p>There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the United Kingdom, France, Belgium and Sweden), Singapore and Japan, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "<i>Subscription and Sale</i>".</p>

FORM OF THE NOTES

Any reference in this section to “applicable Final Terms” shall be deemed to include a reference to “applicable Pricing Supplement” where relevant.

Each Tranche of Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent Global Note (a **Permanent Global Note** and, together with a Temporary Global Note, each a **Global Note**) which, in either case, will:

- (a) if the Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**); and
- (b) if the Global Notes are not intended to be issued in NGN Form be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for, Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) for definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Note (if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent

Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Notes (other than Temporary Global Notes), and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Notes.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

General

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 3 July 2019 and executed by the Issuer.

The Issuer and the Guarantor may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event, other than where such Notes are Exempt Notes, a new Base Prospectus or a supplement to the Base Prospectus, if appropriate will be made available which will describe the effect of the agreement reached in relation to such Notes.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes which are not Exempt Notes issued under the Programme.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS] – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[MiFID II product governance / Professional investors and ECPs only target market] – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA")] – The Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and [Excluded Investment Products]/[Specified Investment Products] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]¹²

[Date]

SCANIA CV AB (publ)

Legal entity identifier (LEI): 529900BZYSUQLQSPNR07

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] [Green Bonds]

Guaranteed by Scania AB (publ)

under the €8,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the **Conditions**) set forth in the Base Prospectus dated 3 July 2019 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of Directive 2003/71/EC as amended or superseded (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The

¹ Insert “prescribed capital market products” and “Excluded Investment Products” or, if not, amend Singapore product classification.

² Relevant Dealer(s) to consider whether it/they have received the necessary Singapore product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

Base Prospectus has been and the Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the **Conditions**) set forth in the Base Prospectus dated [13 June 2018 / 16 June 2017 / 18 November 2016 / 27 November 2015 / 27 October 2014] which are incorporated by reference in the Base Prospectus dated 3 July 2019 [as supplemented by the supplement[s] dated [date] [and [date]]] and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC as amended or superseded (the **Prospectus Directive**) and must be read in conjunction with the Base Prospectus dated 3 July 2019 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been and the Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

1. (a) Series Number: []
- (b) Tranche Number: []
- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with *[provide issue amount/ISIN/maturity date/issue date of earlier Tranches]* on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22 below, which is expected to occur on or about [date]] [Not Applicable]
2. Specified Currency or Currencies: []
3. Aggregate Nominal Amount:
 - (a) Series: []
 - (b) Tranche: []
4. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
5. (a) Specified Denominations: []
[]
(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))
(Note – Where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:
“[€100,000] and integral multiples of €1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”)
- (b) Calculation Amount (in relation to calculation of interest in global form see Conditions): []

(Applicable to Notes in definitive form)

(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

6. (a) Issue Date: []
(b) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
7. Maturity Date: [Fixed rate/Zero Coupon Notes – specify date/ Specify date or for Floating Rate Notes – Interest Payment Date falling in or nearest to [specify month and year]]
8. Interest Basis: [[] per cent. Fixed Rate]
[[] month
[LIBOR/EURIBOR/STIBOR/NIBOR/CIBOR/MO
SPRIME/JIBAR/WIBOR/PRIBOR/KORIBOR/RI
GIBOR/TRLIBOR] +/- [] per cent. Floating
Rate]
[Zero coupon]
(See paragraph [13] [14] [15] below)
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [par/[above par] per cent. of their nominal amount]
10. Change of Interest Basis [Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 13 and 14 below and identify there] [Not Applicable]
11. Put/Call Options: [Investor Put]
[Issuer Call]
[Issuer Par Call]
[(See paragraph [17] [18] [19] below)]
[Not Applicable]
12. [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [] [and [], respectively]]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [] in each year up to and including the Maturity Date
- (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [] per Calculation Amount

- (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): ☐ per Calculation Amount, payable on the Interest Payment Date facility ☐ ☐ [Not Applicable]
- (e) Day Count Fraction: ☐ [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): ☐ in each year] [Not Applicable]
[Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]
14. Floating Rate Note Provisions: ☐ [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: ☐
- (b) Business Day Convention: ☐ [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
- (c) Additional Business Centre(s): ☐ [Not Applicable]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: ☐ [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): ☐ [Not Applicable] (the **Calculation Agent**)
- (f) Screen Rate Determination:
- Reference Rate: ☐ month ☐ [LIBOR/EURIBOR STIBOR/NIBOR/CIBOR/MOSPRIME/JIBAR/WIBOR/PRIBOR/KORIBOR/RIGIBOR/TRLIBOR]
 - Relevant Financial Centre ☐ [London/Brussels/Stockholm/Oslo/Copenhagen/Moscow/Johannesburg/Warsaw/Prague/Seoul/Riga/Istanbul]
 - Interest Determination Date(s): ☐ Relevant Financial Centre time
(Second London Business Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: ☐
(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
 - Relevant Time: ☐
- (g) ISDA Determination:
- Floating Rate Option: ☐
 - Designated Maturity: ☐

• Reset Date:	[] (In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period) (N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)
(h) Linear Interpolation	[Not Applicable/Applicable – the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
(i) Margin(s):	[+/-] [] per cent. per annum
(j) Minimum Rate of Interest:	[] per cent. per annum
(k) Maximum Rate of Interest:	[] per cent. per annum
(l) Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] 30E/360 (ISDA)
15. Zero Coupon Note Provisions	[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
(a) Accrual Yield:	[] per cent. per annum
(b) Reference Price:	[]
(c) Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]
PROVISIONS RELATING TO REDEMPTION	
16. Notice Periods for Condition 6(b):	Minimum period: [] days Maximum period: [] days
17. Issuer Call:	[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
(a) Optional Redemption Date(s):	[]
(b) Optional Redemption Amount:	[[] per Calculation Amount][Spens Amount][Make-whole Amount]
(i) [Reference Bond:	[]
(ii) Redemption Margin:	[]
(iii) Quotation Time:	[]]
(c) If redeemable in part:	
(i) Minimum Redemption Amount:	[]
(ii) Maximum Redemption Amount:	[]
(d) Notice periods:	Minimum period: [] days

Maximum period: [] days

(N.B. when setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)

18. Issuer Par Call:

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Par Call Period:

From (and including []) (the **Par Call Period Commencement Date**) to (but excluding) the Maturity Date

(b) Notice periods:

Minimum period: [] days

Maximum period: [] days

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)

19. Investor Put:

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Optional Redemption Date(s):

[]

(b) Optional Redemption Amount:

[] per Calculation Amount

(N.B. If the Optional Redemption Amount is other than a specified amount per Calculation Amount, the Notes will need to be Exempt Notes)

(c) Notice periods:

Minimum period: [] days

Maximum period: [] days

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)

20. Final Redemption Amount:

[] per Calculation Amount

(Notes must be redeemed at 100 per cent. of their nominal value or, if so agreed between the Issuer and the relevant Dealer, at a higher amount)

21. Early Redemption Amount payable on [] per Calculation Amount

redemption for taxation reasons or on event of default:

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. (a) Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note on or after the Exchange Date, which is exchangeable for Definitive Notes upon an Exchange Event]
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]
(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)
- (b) New Global Note [Yes] [No]
23. Additional Financial Centre(s): [Not Applicable/give details]
(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which subparagraphs 14(c) relates)
24. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made /No]

[[*Relevant third party information*] has been extracted from [*specify source*]. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Signed on behalf of Scania CV AB (*publ*)

By:

Signed on behalf of Scania CV AB (*publ*)

Signed on behalf of the Guarantor:

By:

Signed on behalf of Scania AB (*publ*)

By:

Signed on behalf of Scania AB (*publ*)

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Listing and Admission to trading:

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and listing on the Official List of the Luxembourg Stock Exchange with effect from [].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Luxembourg Stock Exchange's regulated market and listing on the Official List of the Luxembourg Stock Exchange] with effect from [].]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

(ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings:

[Not Applicable]/[The Notes to be issued [have been]/[are expected to be]] rated/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[insert details] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms]:

Each of [defined terms] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees [of [insert relevant fee disclosure]] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business – Amend as appropriate if there are other interests]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

4. USE OF PROCEEDS (Only relevant for Green Bonds)

[The proceeds of the issue will be applied by the Issuer for Green Projects.] [Not Applicable]

5. **YIELD** (*Fixed Rate Notes only*)
- Indication of yield: []
6. **OPERATIONAL INFORMATION**
- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) CFI: [See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
- (iv) FISN: [See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
- (v) EU Benchmark Regulation: Article 29(2) statement on benchmarks: [Not Applicable]
- [Applicable: Amounts payable under the Notes are calculated by reference to [*insert name[s] of benchmark(s)*], which [*is/are*] provided by [*insert name[s] of the administrator[s]*] – if more than one specify in relation to each relevant benchmark].
- [As at the date of this Final Terms, [*insert name[s] of the administrator[s]*] [*is/are*] [not] included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011).] [*repeat as necessary*]]
- (vi) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking SA and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (vii) Delivery: Delivery [against/free of] payment
- (viii) Names and addresses of additional Paying Agent(s) (if any): [] [Not Applicable]
- (ix) Deemed delivery of clearing system notices for the purposes of Condition 13: Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.
- (x) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositories as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem

either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. DISTRIBUTION

- | | |
|---|--|
| (i) Method of distribution: | [Syndicated/Non-Syndicated] |
| (ii) If syndicated, names of Managers: | [Not Applicable/ <i>give names</i>] |
| (iii) Date of [Subscription] Agreement: | [] |
| (iv) Stabilisation Manager (if any): | [Not Applicable/ <i>give name</i>] |
| (v) If non-syndicated, name of relevant Dealer: | [Not Applicable/ <i>give name</i>] |
| (vi) U.S. Selling Restrictions: | [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable] |
| (vii) Prohibition of Sales to EEA Retail Investors: | [Applicable/Not Applicable]

<i>(If Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)</i> |
| (viii) Prohibition of Sales to Belgian Consumers: | [Applicable/Not Applicable]

<i>(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)</i> |

APPLICABLE PRICING SUPPLEMENT

EXEMPT NOTES OF ANY DENOMINATION

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS] – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[MIFID II product governance / target market] – [appropriate target market legend to be included]

[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA")] – The Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and [Excluded Investment Products]/[Specified Investment Products] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).¹²

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC (AS AMENDED OR SUPERSEDED) FOR THE ISSUE OF NOTES DESCRIBED BELOW.

[Date]

SCANIA CV AB (publ)

Legal entity identifier (LEI): 529900BZYSUQLQSPNR07

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] [Green Bonds]

Guaranteed by Scania AB (publ)

under the €8,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of [Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**)]/[the Prospectus Directive] or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.]

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Base Prospectus dated 3 July 2019 [as supplemented by the supplement[s] dated [date[s]]] (the **Base Prospectus**). Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. Copies of the Base Prospectus may be obtained from Deutsche Bank Luxembourg SA at 2, Boulevard Konrad Adenauer, 1115 Luxembourg, Grand Duchy of Luxembourg.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the **Conditions**) set forth in the Base Prospectus [dated [original date] [and the supplement dated [date]] which are incorporated by reference in the Base Prospectus].³

¹ Insert "prescribed capital market products" and "Excluded Investment Products" or, if not, amend Singapore product classification.

² Relevant Dealer(s) to consider whether it/they have received the necessary Singapore product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

³ Only include this language where it is a fungible issue and the original Tranche was issued under a Base Prospectus with a different date.

[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]

1. (a) Issuer: []
- (b) Guarantor: []
2. Series Number: []
- (a) Tranche Number: []
- (b) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22 below, which is expected to occur on or about [*date*]][Not Applicable]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 - (a) Series: []
 - (b) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (if applicable)]
6. (a) Specified Denominations: []
- (b) Calculation Amount (in relation to calculation of interest in global form see Conditions): []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
7. (a) Issue Date: []
- (b) Interest Commencement Date: [*specify*/Issue Date/Not Applicable]
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8. Maturity Date: [*Specify date* or for *Floating Rate Notes* - Interest Payment Date falling in or nearest to [*specify month and year*]]
9. Interest Basis: [[] per cent. Fixed Rate]
[[*specify Reference Rate*] +/- [] per cent. Floating Rate]
[Zero Coupon]
[*specify other*]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[*specify other*]

11. Change of Interest Basis or Redemption/Payment Basis: *[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis][Not Applicable]*
12. Put/Call Options: *[Investor Put]
[Issuer Call]
[Issuer Par Call]
[(further particulars specified below)]
[Not Applicable]*
13. (a) Status of the Notes: Senior
- (b) Status of the Guarantee: Senior
- (c) [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [] [and [], respectively]]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions *[Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [] in each year up to and including the Maturity Date
(Amend appropriately in the case of irregular coupons)
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form.)
- (d) Broken Amount(s): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]
(Applicable to Notes in definitive form.)
- (e) Day Count Fraction: [30/360/Actual/Actual (ICMA)/specify other]
- (f) [Determination Date(s): [[] in each year][Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes which are Exempt Notes: [None/Give details]
15. Floating Rate Note Provisions *[Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest Payment Dates: []
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]]
- (c) Additional Business Centre(s): []

- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [] (the **Calculation Agent**)
- (f) Screen Rate Determination:
- Reference Rate: [] month
[LIBOR/EURIBOR/STIBOR/NIBOR/CIBOR/MOSP RIME/JIBAR/WIBOR/PRIBOR/KORIBOR/RIGIBOR/TRLIBOR/*specify other Reference Rate*].
 - Relevant Financial Centre: [London/Brussels/Stockholm/Oslo/Copenhagen/Moscow/Johannesburg/Warsaw/Prague/Seoul/Riga/Istanbul / *specify other Relevant Financial Centre*]
 - Interest Determination Date(s): []
(*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*)
 - Relevant Screen Page: []
(*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
 - Relevant Time: [] Relevant Financial Centre time
- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
(*In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period*)
(*N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time*)
- (h) Linear Interpolation [Not Applicable/ Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (i) Margin(s): [+/-] [] per cent. per annum
- (j) Minimum Rate of Interest: [] per cent. per annum
- (k) Maximum Rate of Interest: [] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]

30E/360 (ISDA)
Other]
(See Condition 4 for alternatives)

- (m) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions: []

16. Zero Coupon Note Provisions

[Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Accrual Yield: [] per cent. per annum
 (b) Reference Price: []
 (c) Any other formula/basis of determining amount payable for Zero Coupon Notes which are Exempt Notes: []
 (d) Day Count Fraction in relation to Early Redemption Amounts:

[30/360]
 [Actual/360]
 [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 6(b):

Minimum period: [] days
 Maximum period: [] days

18. Issuer Call:

[Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Optional Redemption Date(s): []
 (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount][Spens Amount][Make-whole Amount]
 (i) [Reference Bond: []
 (ii) Redemption Margin: []
 (iii) Quotation Time: []
 (c) If redeemable in part:
 (i) Minimum Redemption Amount: []
 (ii) Maximum Redemption Amount: []
 (d) Notice periods:

Minimum period: [] days
 Maximum period: [] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer

- and the Principal Paying Agent)
19. Issuer Par Call: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Par Call Period: From (and including [] (the **Par Call Period Commencement Date**) to (but excluding) the Maturity Date
- (b) Notice periods:
- Minimum period: [] days
- Maximum period: [] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*
20. Investor Put: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (c) Notice periods:
- Minimum period: [] days
- Maximum period: [] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*
21. Final Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]
22. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(f)): [[] per Calculation Amount/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]

[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]

(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves.)

(b) New Global Note:

[Yes][No]

24. Additional Financial Centre(s):

[Not Applicable/give details]

(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub paragraph 15(c) relates)

25. Talons for future Coupons to be attached to Definitive Notes:

[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

26. Other terms or special conditions:

[Not Applicable/give details]

RESPONSIBILITY

Each of the Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement. *[[Relevant third party information]* has been extracted from *[specify source]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

By:

Signed on behalf of Scania CV AB (*publ*)

By:

Signed on behalf of Scania CV AB (*publ*)

Signed on behalf of the Guarantor:

By:

Signed on behalf of Scania AB (*publ*)

By:

Signed on behalf of Scania AB (*publ*)

PART B – OTHER INFORMATION

1. RATINGS

Ratings:

[Not Applicable]/[The Notes to be issued [[have been]/[are expected to be]] rated *[insert details]* by *[insert the legal name of the relevant credit rating agency entity(ies)]*

(The above disclosure is only required if the ratings of the Notes are different to those stated in the Base Prospectus)

2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees [of *[insert relevant fee disclosure]*] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*]

3. USE OF PROCEEDS *(Only relevant for Green Bonds)*

[The proceeds of the issue will be applied by the Issuer for Green Projects.] [Not Applicable]

4. OPERATIONAL INFORMATION

(i) ISIN: []

(ii) Common Code: []

(iii) CFI: [See/*[include code]*, as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(iv) FISN: [See/*[include code]*, as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(v) EU Benchmark Regulation: Article 29(2) [Not Applicable]

statement on benchmarks:

[Applicable: Amounts payable under the Notes are calculated by reference to *[insert name[s] of benchmark(s)]*, which [is/are] provided by *[insert name[s] of the administrator[s] – if more than one specify in relation to each relevant benchmark]*.

[As at the date of this Pricing Supplement, *[insert name[s] of the administrator[s]]* [is/are] [not] included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011).] *[repeat as necessary]*

(vi) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream, Luxembourg [Not Applicable/*give name(s) and number(s)*]

SA and the relevant identification number(s):

- (vii) Delivery: Delivery [against/free of] payment
- (viii) Names and addresses of additional []
Paying Agent(s) (if any):
- (ix) Deemed delivery of clearing system notices for the purposes of Condition 13: Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.
- (x) [Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/
[No. Whilst the designation is specified as “no” at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

5. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-Syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/give names]
- (iii) Stabilisation Manager(s) (if any): [Not Applicable/give name]
- (iv) If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
- (v) U.S. Selling Restrictions: Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]
- (vi) Prohibition of Sales to EEA Retail Investors [Applicable/Not Applicable]
(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)
- (vii) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]
(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)
- (viii) Additional selling restrictions: [Not Applicable/give details]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Scania CV AB (publ) (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement dated 3 July 2019 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) and made between the Issuer, Scania AB (publ) (the **Guarantor**) as guarantor, Deutsche Bank AG, London Branch, as issuing and principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents). The Principal Paying Agent, the Calculation Agent (if any is specified in the applicable Final Terms) and the Paying Agents, together referred to as the **Agents**.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**) or, if this Note is a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (an **Exempt Note**), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. Any reference in the Conditions to **applicable Final Terms** shall be deemed to include a reference to **applicable Pricing Supplement** where relevant. The expression **Prospectus Directive** means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

Interest bearing definitive Notes have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The payment of all amounts in respect of this Note have been guaranteed by the Guarantor pursuant to a guarantee (such guarantee as modified and/or supplemented and/or restated from time to time, the **Guarantee**) dated 29 April 2013 and executed by the Guarantor. The original of the Guarantee is held by the Principal Paying Agent on behalf of the Noteholders and the Couponholders at its specified office.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of

Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant dated 3 July 2019 (such Deed of Covenant as amended and/or supplemented and/or restated from time to time, the **Deed of Covenant**) and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement, the Guarantee and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). If this Note is an Exempt Note, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denomination (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer, the Guarantor and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, the Guarantor and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. STATUS OF THE NOTES AND THE GUARANTEE

(a) *Status of the Notes*

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

(b) *Status of the Guarantee*

The obligations of the Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

3. NEGATIVE PLEDGE

- (a) (i) Subject to Condition 3(a)(ii), so long as any of the Notes remain outstanding, neither the Issuer nor the Guarantor shall, and the Issuer and the Guarantor shall procure that none of their respective Subsidiaries shall, create or permit to subsist any mortgage, pledge, lien, charge or other security interest upon the whole or any part of their respective present or future undertakings, assets or revenues (including any uncalled capital), to secure any (i) existing or future Relevant Indebtedness of the Issuer or the Guarantor or (ii) guarantee or indemnity given by the Issuer or the Guarantor in respect of any existing or future Relevant Indebtedness of a third party, without in any such case at the same time according to the Notes either (x) the same security as is granted to or is outstanding in respect of such Relevant Indebtedness or (y) such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.
- (ii) Nothing in this Condition 3(a) shall prevent the Issuer, the Guarantor or their respective Subsidiaries from creating or permitting to subsist any Security Interest upon, or with respect to, any of its present or future assets or revenues or any part thereof which is created pursuant to any securitisation, asset backed financing or like arrangement and whereby all payment obligations in respect of the Relevant Indebtedness or any guarantee of or indemnity in respect of the Relevant Indebtedness, as the case may be, secured by such Security Interest or having the benefit of such secured guarantee or other indemnity, are to be discharged solely from such assets or revenues, if the total of such aggregate Relevant Indebtedness and the aggregate Borrowed Monies Indebtedness referred to in Condition 3(c) below does not exceed 20 per cent. of the consolidated total assets of the Guarantor and its Subsidiaries (determined in accordance with accounting principles generally accepted and adopted in Sweden).
- (b) Without prejudice to Condition 3(a) and subject to Condition 3(c), so long as any of the Notes remain outstanding, neither the Issuer nor the Guarantor shall, and the Issuer and the Guarantor shall procure that none of their respective Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) in respect of Borrowed Monies Indebtedness without (a) at the same or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.
- (c) Condition 3(b) does not apply to any Security Interest securing Borrowed Monies Indebtedness if the aggregate Borrowed Monies Indebtedness secured by all such Security Interests does not exceed 20 per cent. of the consolidated total assets of the Guarantor and its Subsidiaries (determined in accordance with accounting principles generally accepted and adopted in Sweden).

In these Conditions:

Borrowed Monies Indebtedness of any person means:

- i. any obligations of that person for borrowed money,
- ii. any indebtedness under any acceptance credit opened on behalf of that person,
- iii. any indebtedness of that person under any bond, debenture, note or similar instrument,
- iv. any indebtedness under any bill of exchange on which that person is liable,

- v. any indebtedness of that person in respect of any interest rate or currency swap or forward currency sale or purchase or other form of interest or currency hedging transaction (including without limit caps, collars and floors),
- vi. any indebtedness of that person under any finance lease,
- vii. any indebtedness (actual or contingent) of that person under any guarantee, bond, security, indemnity or other agreement in respect of any Borrowed Monies Indebtedness of any other person,
- viii. any indebtedness (actual or contingent) under any instrument entered into for the purpose of raising finance, and
- ix. any indebtedness of that person in respect of a liability to reimburse a purchaser of any receivables sold or discounted in the event that any amount of those receivables is not paid;

Relevant Indebtedness means any loan or other indebtedness in the form of, or represented or evidenced by, notes, bonds, debentures or other securities which are, or are to be, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market;

Security Interest means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

Subsidiary means any entity from time to time of which a person (i) has direct or indirect control or (ii) owns directly or indirectly more than 50 per cent. of the share capital or similar right of ownership; and

control for this purpose means the power to direct the management and the policies of the entity, whether through the ownership of voting capital, by control or otherwise.

4. INTEREST

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. For so long as any of the Fixed Rate Notes is represented by a Global Note, interest will be calculated on the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note. In respect of each definitive Fixed Rate Note, interest will be calculated on its outstanding nominal amount.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Terms and Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount to the Calculation Amount in the case of Fixed Rate Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the

product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

(b) *Interest on Floating Rate Notes*

(i) **Interest Payment Dates**

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls on the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Terms and Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment

Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, **Business Day** means:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (B) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
- (C) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(ii) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

- (A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or the Calculation Agent, as applicable, under an interest rate swap transaction if the Principal Paying Agent or the

Calculation Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (A), **Floating Rate**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a per cent. rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at the Relevant Time (as specified in the applicable Final Terms) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or the Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of subclause 4(b)(ii)(B)(1), no offered quotation appears or, in the case of subclause 4(b)(ii)(B)(2), fewer than three offered quotations appear, in each case as at the Relevant Time, the Reference Banks Agent shall request each of the Reference Banks to provide the Reference Banks Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Reference Banks Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable.

If on any Interest Determination Date one only or none of the Reference Banks provides the Reference Banks Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent or the Calculation Agent, as applicable, determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated

to (and at the request of) the Reference Banks Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Stockholm inter-bank market (if the Reference Rate is STIBOR), the Oslo inter-bank market (if the Reference Rate is NIBOR), the Copenhagen inter-bank market (if the Reference Rate is CIBOR), the Moscow inter-bank market (if the Reference Rate is MOSPRIME), the Johannesburg inter-bank market (if the Reference Rate is JIBAR), the Warsaw inter-bank market (if the Reference Rate is WIBOR), the Prague inter-bank market (if the Reference Rate is PRIBOR), the Seoul inter-bank market (if the Reference Rate is KORIBOR), the Riga inter-bank market (if the Reference Rate is RIGIBOR), or the Ankara inter-bank market (if the Reference Rate is TRLIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent or the Calculation Agent, as applicable, with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent or the Calculation Agent, as applicable, it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Stockholm inter-bank market (if the Reference Rate is STIBOR), the Oslo inter-bank market (if the Reference Rate is NIBOR), the Copenhagen inter-bank market (if the Reference Rate is CIBOR), the Moscow inter-bank market (if the Reference Rate is MOSPRIME), the Johannesburg inter-bank market (if the Reference Rate is JIBAR), the Warsaw inter-bank market (if the Reference Rate is WIBOR), the Prague inter-bank market (if the Reference Rate is PRIBOR), the Seoul inter-bank market (if the Reference Rate is KORIBOR), the Riga inter-bank market (if the Reference Rate is RIGIBOR), or the Ankara inter-bank market (if the Reference Rate is TRLIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

For the purposes of these Conditions:

Reference Banks Agent means an independent investment bank, commercial bank or stockbroker appointed by the Issuer;

Reference Rate shall mean (i) LIBOR, (ii) EURIBOR, (iii) STIBOR, (iv) NIBOR, (v) CIBOR, (vi) MOSPRIME, (vii) JIBAR, (viii) WIBOR, (ix) PRIBOR, (x) KORIBOR, (xi) RIGIBOR, or (xii) TRLIBOR, in each case for the relevant period, as specified in the applicable Final Terms.

Relevant Financial Centre shall mean London, in the case of a determination of LIBOR, Brussels, in the case of a determination of EURIBOR, Stockholm, in the case of a determination of STIBOR, Oslo, in the case of a determination of NIBOR, Copenhagen, in the case of a determination of CIBOR, Moscow, in the case of a determination of MOSPRIME, Johannesburg, in the case of a determination of JIBAR, Warsaw, in the case of a determination

of WIBOR, Prague, in the case of a determination of PRIBOR, Seoul, in the case of a determination of KORIBOR, Riga, in the case of a determination of RIGIBOR and Istanbul, in the case of a determination of TRLIBOR, as specified in the applicable Final Terms.

Relevant Time shall mean the time in the Relevant Financial Centre as of which any rate is to be determined as specified in the applicable Final Terms.

(iii) ***Minimum Rate of Interest and/or Maximum Rate of Interest***

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) ***Determination of Rate of Interest and calculation of Interest Amounts***

The Principal Paying Agent or the Calculation Agent, as applicable, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent or the Calculation Agent, as applicable, will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

- (i) if “Actual/Actual(ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

D2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

D2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

D2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(v) ***Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent or the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period, provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent or the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(vi) ***Benchmark Event***

Notwithstanding the provisions above in this Condition 4(b), if the Issuer, in consultation with the party responsible for determining the Rate of Interest (being the Principal Paying Agent, the Calculation Agent or such other party specified in the applicable Final Terms, as applicable), determines that a Benchmark Event occurs in relation to an Original Reference Rate at any time when the Conditions provide for any Rate of Interest (or any component part thereof) to be determined by reference to such Original Reference Rate, then the following provisions shall apply:

- (A) the Issuer shall use reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine (acting in good faith and in a commercially reasonable manner) a Successor Rate, failing which an Alternative Rate and in either case, an Adjustment Spread (if any) and any Benchmark Amendments (each as defined and as further described below) no later than five Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period (the **IA Determination Cut-off Date**) for purposes of determining the Rate of Interest applicable to the Notes for such next succeeding Interest Period and for all future Interest Periods (subject to the subsequent operation of this Condition 4(b)(vi) during any other future Interest Period(s));
- (B) if the Independent Adviser (acting in good faith and in a commercially reasonable manner) determines that:
 - (1) there is a Successor Rate, then such Successor Rate (as adjusted by the applicable Adjustment Spread as provided in Condition 4(b)(vi)(C)) shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent further operation of this Condition 4(b)(vi)); or
 - (2) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate (as adjusted by the applicable Adjustment Spread as provided in Condition 4(b)(vi)(C)) shall subsequently be used in place of the

Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the further operation of this Condition 4(b)(vi));

- (C) if a Successor Rate or Alternative Rate is determined in accordance with Condition 4(b)(vi)(B), the Independent Adviser acting in good faith and in a commercially reasonable manner shall determine an Adjustment Spread (which may be expressed as a specified quantum or a formula or methodology for determining the applicable Adjustment Spread (and, for the avoidance of doubt, an Adjustment Spread may be positive, negative or zero)), which Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable), subject to the subsequent further operation and adjustment as provided in this Condition 4(b)(vi);
- (D) if any Successor Rate, Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 4(b)(vi) and the Independent Adviser acting in good faith determines (i) that amendments to these Conditions (including, without limitation, amendments to the definitions of Day Count Fraction, Business Days or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) Adjustment Spread (such amendments, the **Benchmark Amendments**) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(b)(vi), without any requirement for the consent or approval of Noteholders or Couponholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, the Principal Paying Agent, the Paying Agents and the Calculation Agent shall (at the Issuer's expense and direction), without any requirement for the consent or approval of the Noteholders or Couponholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments required to the Agency Agreement and these Conditions.

In connection with any such variation in accordance with this Condition 4(b)(vi), the Issuer shall comply with the rules of any stock exchange or other relevant authority on or by which the Notes are for the time being listed or admitted to trading; and

- (E) the Issuer shall promptly notify the the party responsible for determining the Rate of Interest (being the Principal Paying Agent, the Calculation Agent or such other party specified in the applicable Final Terms, as applicable), the Principal Paying Agent, the Paying Agents and, in accordance with Condition 13 (Notices), the Noteholders of any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(b)(vi). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

Without prejudice to the obligations of the Issuer under this Condition 4(b)(vi), the Original Reference Rate and the fallback provisions provided for in Condition 4(b)(ii) will continue to apply unless and until the party responsible for determining the Rate of Interest (being the Principal Paying Agent, the Calculation Agent or such other party specified in the applicable Final Terms, as applicable) has been notified of the Successor Rate or the Alternative Rate (as the case may be), or, in either case, the applicable Adjustment Spread and Benchmark Amendments (if applicable), in accordance with Condition 4(b)(vi)(E).

For the purposes of this Condition 4(b)(vi):

Adjustment Spread means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser acting in good faith determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate

with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation or option has been made (or made available), or in the case of an Alternative Rate) the Independent Adviser acting in good faith determines is recognised or acknowledged as being in customary usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (C) (if no such customary market usage is recognised or acknowledged) the Independent Adviser acting in good faith determines to be appropriate;

Alternative Rate means an alternative to the Original Reference Rate which the Independent Adviser acting in good faith determines in accordance with Condition 4(b)(vi)(B) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes or, if the Independent Adviser determines there is no such rate, such other rate as the Independent Adviser acting in good faith determines is most comparable to the Original Reference Rate;

Benchmark Amendments has the meaning given to it in Condition 4(b)(vi)(D);

Benchmark Event means:

- (A) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (B) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six months prior to the date specified in (B)(i); or
- (C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued; or
- (D) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six months prior to the date specified in (D)(i);
- (E) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (ii) the date falling six months prior to the specified date referred to in (e)(i) above;
- (F) it has or will prior to the next Interest Determination Date become unlawful for any Paying Agent, the Principal Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable); or
- (G) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used;

Independent Adviser means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense. For the avoidance of doubt, an Independent Adviser appointed pursuant to this Condition 4(b)(vi) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Paying Agents, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 4(b)(vi);

Original Reference Rate means the originally-specified Reference Rate used to determine the relevant Rate of Interest (or any component part thereof) in respect of any Interest Period(s) (provided that if, following one or more Benchmark Events, such originally-specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term “Original Reference Rate” shall include any such Successor Rate of Alternative Rate);

Relevant Nominating Body means, in respect of an Original Reference Rate:

- (A) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the Original Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

Successor Rate means a successor to or replacement of the Original Reference Rate or, where a Successor Rate or an Alternative Rate has been determined pursuant to Condition 4(b)(vi)(B), such Successor Rate or Alternative Rate, as applicable, which is formally recommended by any Relevant Nominating Body.

(vii) ***Notification of Rate of Interest and Interest Amounts***

The Principal Paying Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed by no later than the first day of each Interest Period and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(viii) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b) by the Principal Paying Agent or the Calculation Agent, as applicable, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantor, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent, as applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

5. PAYMENTS

(a) *Method of payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and
- (ii) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

(b) *Presentation of definitive Notes and Coupons*

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on

issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

(c) *Payments in respect of Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable, against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

(d) *General provisions applicable to payments*

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer or the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

(e) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) in the case of Notes in definitive form only, in the relevant place of presentation; and
 - (B) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (ii) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open,
- (iii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the

principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(f) *Interpretation of principal and interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes; and
- (v) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6. REDEMPTION AND PURCHASE

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

(b) *Redemption for tax reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer or, as the case may be, two Directors of the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in paragraph (f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) *Redemption at the option of the Issuer (Issuer Call)*

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Where the Optional Redemption Amount is Spens Amount or Make-whole Amount, any such notice of redemption may, at the Issuer's discretion, be subject to one or more conditions precedent, in which case such notice shall state that, in the Issuer's discretion, the Optional Redemption Date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the Optional Redemption Date, or by the Optional Redemption Date so delayed. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms or, if either Spens Amount or Make-whole Amount is specified in the applicable Final Terms, will be:

- (i) if Spens Amount is specified as being applicable in the applicable Final Terms, the higher of (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (ii) the nominal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer by the Determination Agent, at which the gross redemption yield to maturity on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin; or
- (ii) if Make-whole Amount is specified as applicable in the applicable Final Terms, the higher of (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (ii) the sum of the present values of the nominal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis (assuming a 360-day year consisting of twelve 30-day months or, in the case of an incomplete month, the number of days elapsed) at the Reference Bond Rate, plus the Redemption Margin, all as determined by the Determination Agent.

In this Condition 6(c):

DA Selected Bond means a government security or securities (which if the Specified Currency is euro, will be a German *Bundesobligationen*) selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term of the Notes;

Determination Agent means a leading investment bank or financial institution of international standing selected by the Issuer;

Gross Redemption Yield means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 4, Section One: Price/Yield Formulae "Conventional Gilts"; "Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an

annualised yield and rounded up (if necessary) to four decimal places) or, if such formula does not reflect generally accepted market practice at the time of redemption, a gross redemption yield calculated in accordance with generally accepted market practice at such time as determined by the Determination Agent;

Quotation Time shall be as set out in the applicable Final Terms;

Redemption Margin shall be as set out in the applicable Final Terms;

Reference Bond shall be as set out in the applicable Final Terms or the DA Selected Bond;

Reference Bond Price means, with respect to any date of redemption, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

Reference Bond Rate means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

Reference Date will be set out in the relevant notice of redemption;

Reference Government Bond Dealer means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

Reference Government Bond Dealer Quotations means, with respect to each Reference Government Bond Dealer and any date of redemption, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

Remaining Term Interest means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term to maturity of such Note (or, if Issuer Par Call is specified as being applicable in the applicable Final Terms, the remaining term up to the Par Call Period Commencement Date) determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition 6(c).

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg) (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion); in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

(d) *Redemption at the option of the Issuer (Issuer Par Call)*

If Issuer Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and specify the date fixed for redemption), redeem the Notes then outstanding in whole, but not in part, at any time during the Par Call Period specified as being applicable in the applicable Final

Terms, at the Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued but unpaid to (but excluding) the date fixed for redemption.

(e) *Redemption at the option of the Noteholders (Investor Put)*

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and the Put Notice must be accompanied by, if this Note is in definitive form, this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 9.

(f) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 9:

- (i) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (ii) each Zero Coupon Note will be redeemed at its Early Redemption Amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

(g) *Purchases*

The Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent for cancellation.

(h) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (g) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(i) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c), (d) or (e) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5(e)); or
- (c) presented for payment by, or on behalf of, a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (d) presented for payment in Sweden.

As used herein:

- (i) **Tax Jurisdiction** means Sweden or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such

moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

8. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

9. EVENTS OF DEFAULT

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing:

- (i) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them provided that in the case of the Issuer, if the reason for the failure is a technical or administrative error, there will only be an Event of Default if the Issuer fails to make payment within three Business Days (in the case of payment of principal) and seven Business Days (in the case of payment of interest) of the due date; or
- (ii) if the Issuer or the Guarantor fails to perform or observe any of its other material obligations under these Conditions or the Guarantee and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer or the Guarantor (as the case may be) of notice requiring the same to be remedied; or
- (iii) if any Borrowed Monies Indebtedness of the Issuer, the Guarantor or a Principal Subsidiary:
 - (a) is not paid or repaid when due or within any applicable grace period; or
 - (b) becomes capable of being declared due and payable before its stated date of payment by virtue of an event or circumstance which is material to the financial position of the Issuer, the Guarantor or a Principal Subsidiary or, in the case of the Issuer or the Guarantor, their ability to perform their payment obligations under this Agreement; or
 - (c) becomes due and payable before its stated date of payment, and is not then paid within three Business Days,

provided that the amount of Borrowed Monies Indebtedness referred to in subparagraph (i), (ii) or (iii) above individually or in the aggregate exceeds 1 per cent. of the consolidated total assets of the Guarantor and its Subsidiaries (determined in accordance with accounting principles generally accepted and adopted in Sweden); or

- (iv) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, the Guarantor or any of its Principal Subsidiaries, save for the purposes of reorganisation on terms approved by an Extraordinary Resolution of the Noteholders; or
- (v) if the Issuer, the Guarantor or any of its Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (vi) if (i) proceedings are initiated against the Issuer, the Guarantor or any of its Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the Guarantor or any of its Principal Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrance takes possession of the whole or a substantial part of the undertaking or assets of any of them,

or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (ii) in any case (other than the appointment of an administrator) is not discharged within 30 days; or

- (vii) if the Issuer, the Guarantor or any of its Principal Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (viii) any event which under the laws of Sweden has an analogous effect to any of the events referred to in paragraphs (iv) to (vi) above; or
- (ix) if at any time any act, condition or thing required to be done, fulfilled or performed in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise its rights under and perform the obligations expressed to be assumed by it under and in respect of the Notes and the Guarantee, (ii) to ensure that those obligations are legal, valid, binding and enforceable or (iii) to make the Notes and the Coupons and the Guarantee admissible in evidence in Sweden is not done, fulfilled or performed; or
- (x) if at any time it is or becomes unlawful for the Issuer or the Guarantor to perform or comply with any or all of their respective obligations under or in respect of the Notes or the Guarantee or any of the obligations of the Issuer or the Guarantor thereunder are not or cease to be legal, valid and binding; or
- (xi) the Issuer ceases to be a subsidiary wholly owned and controlled, directly or indirectly, by the Guarantor; or
- (xii) the Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect,

then any holder of a Note may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 6(f)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

In these Conditions:

Principal Subsidiary means any Subsidiary of the Guarantor whose consolidated total assets are greater than 10 per cent. of the consolidated total assets of the Guarantor and its subsidiaries. This will be calculated on the basis of the then most recent annual audited consolidated accounts of the Guarantor and its subsidiaries. If there is any dispute as to whether a particular Subsidiary is or is not a Principal Subsidiary, a report by the auditors for the time being of the Guarantor shall, in the absence of manifest error, be conclusive and binding. For the purposes of this definition, references to consolidated total assets will be determined in accordance with accounting principles generally accepted and adopted in Sweden and, where a Subsidiary does not itself have any Subsidiaries, any reference to “consolidated” shall be ignored. In addition, the following will apply if certain events occur after the date of the balance sheet in the most recent audited consolidated accounts (the **Accounts**):

Event

Consequence

Acquisition or disposal of a Subsidiary

The Accounts will be adjusted to reflect this acquisition or disposal. For this purpose the most recent audited consolidated accounts of the Subsidiary which has been acquired or disposed of will be used.

Transfer by a Principal Subsidiary of all or substantially all of its assets to another Subsidiary

The transferee will become a Principal Subsidiary and the transferor will cease to be a Principal Subsidiary.

Intra-group transfer or reorganisation

The Accounts will be adjusted to reflect the transfer or reorganisation.

For this purpose the most recent audited accounts of Subsidiaries involved in the transfer or reorganisation will be used.

The consequences described above will only apply to the date of publication of the next audited consolidated accounts.

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11. AGENTS

The initial Agents are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent; and
- (b) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority); and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer or the Guarantor is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(d). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. NOTICES

All notices regarding the Notes will be deemed to be validly given if published (i) in a leading English language daily newspaper of general circulation in London and (ii) if and for so long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, www.bourse.lu. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on

the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on such day as is specified in the applicable Final Terms after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons the Guarantee or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer, or the Guarantor or Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Guarantee (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Principal Paying Agent) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification (except as mentioned above) of the Notes, the Coupons or the Agency Agreement which is not in the sole opinion of the Issuer prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) Governing law

The Agency Agreement, the Guarantee, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection therewith, are governed by, and construed in accordance with, English law.

(b) Submission to jurisdiction

- (i) Subject to Condition 17(b)(iii) below, the English courts are to have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (ii) For the purposes of this Condition 17(b), the Issuer irrevocably waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute and hereby further irrevocably agrees that a judgment in any proceedings brought in the English courts in relation to any Dispute shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.
- (iii) This Condition 17(b) is for the benefit of the Noteholders and the Couponholders only. To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

(c) Appointment of Process Agent

The Issuer irrevocably appoints Scania Finance Great Britain Limited, Regus House, Fairbourne Drive, Atterbury, Milton Keynes, Buckinghamshire, MK10 9RG as its agent for service of process, in any proceedings before the English courts in relation to any Dispute, and agrees and undertakes that, in the event of Scania Finance Great Britain Limited being unable or unwilling so to act for any reason, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes which include making a profit, unless otherwise specified in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement). In particular, if so specified in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement), the Issuer intends to apply the net proceeds from an issue of Notes specifically for Green Projects. Such Notes may also be referred to as "**Green Bonds**".

DESCRIPTION OF THE GUARANTOR

Introduction

Scania AB (publ) (**Scania AB**) is a public limited liability company (as defined by the Swedish Companies Act) and the parent company of Scania CV AB. Scania AB is 100 per cent. controlled, directly or indirectly, by Volkswagen AG. Scania AB's registered office is located at SE-151 87 Södertälje, Sweden and the telephone number is +46 8 5538 1000. The company was registered on 8 November, 1973 under Swedish corporate identity number 556184-8564 and operates under Swedish Law. Scania AB is incorporated for an indefinite period.

The Guarantor is, indirectly, the ultimate holding company of all the companies in the Scania AB group (the **Scania AB Group**) and its assets are substantially comprised of shares in such companies. It does not conduct any other business and is accordingly dependent on the other members of the Scania AB Group and revenues received from them.

Scania AB's issued and outstanding capital stock is divided into 400,000,000 A shares and 400,000,000 B shares of which Volkswagen AG controls, directly or indirectly, 88.5 per cent.

As described below under "*Recent developments*", an initial public offering has reduced Volkswagen AG's shareholding in Scania AB from 100 per cent..

History

Vabis, which traces its origins back to 1891, manufactured Sweden's first passenger car in 1897, Sweden's first truck in 1902 and Sweden's first bus in 1911. In 1911, Vabis merged with Scania and formed Scania-Vabis, and in 1969 the company merged with the former Saab AB to form Saab-Scania. In 1991, Saab-Scania became a wholly owned subsidiary of Investor AB.

Scania AB, formerly an operating division of Saab-Scania, was organised as a separate corporation in 1995 and Scania AB was listed on Nasdaq OMX Stockholm and introduced on the New York Stock Exchange (NYSE) on 1 April, 1996. In January 2003, Scania AB was de-listed from the New York Stock Exchange. On 21 February 2014 Volkswagen AG announced a public takeover offer to the minority shareholders of Scania AB which ended on 5 June 2014. Following such offer Volkswagen AG acquired a total of 99.57 per cent. of the shares and Scania AB was delisted from Nasdaq Stockholm.

Recent developments

In January 2018, Scania invested EUR 10 million in Northvolt AB, a battery cells production company. The two companies will establish an expert team and work together at Northvolt AB's research facility, Northvolt Labs, in Västerås, Sweden, to develop and commercialise production of battery cells optimised to power commercial vehicles

In February 2018, Scania will collaborate with Haylion Technologies, which focuses on solutions for the Chinese transport industry in the areas of autonomous driving, electrification and connectivity.

In March 2018, Scania, in collaboration with the Brazilian bus and coach vehicle body manufacturer Marcopolo S.A., will deliver 250 buses to the Nigerian city of Lagos.

In April 2018, Scania's Annual General Meeting 2018 elected Nina Macpherson as a new member of the Board of Directors.

In May 2018, Scania agreed to supply "Trucks for German eHighways" research project. During 2019 and 2020, electric-powered trucks are to be tested on three new German eHighways. The project is co-financed by the German Government through BMUB, the Federal Ministry of the Environment, Nature Conservation and Nuclear Safety.

In August 2018, Scania begun the challenging process of reducing its backlog of truck and industrial and marine engine orders. The backlog was caused by a lengthy strike at one of Scania's main casting suppliers.

In December 2018, Scania delivered 741 gas-powered buses to Bogotá, Columbia. Scania has since been chosen to supply a further 260 gas-powered buses, bringing the total to 1,001 buses.

In June 2019, the Board of Management of Volkswagen AG resolved to proceed with an initial public offering of Scania's parent company TRATON SE, resulting in 11.5 per cent of Volkswagen AG's existing

ordinary shares in TRATON SE being placed with investors and the shares of Traton SE being admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (Prime Standard) and the regulated market (*reglerad marknad*) of Nasdaq Stockholm (Large Cap Segment). As a result of this, Volkswagen AG has ceased to hold 100 per cent. of the shares of Scania AB.

Board of Directors of Scania AB

The board of directors consists of eight members who are elected at the annual general meeting of shareholders. Apart from the elected members, there are two members who are employee representatives, and two deputy members, both of whom are employee representatives.

Name	Function	Other Directorships or Activities
Andreas Renschler	Chairman	Member of the Board of Management of Volkswagen AG; Member of Board of Directors of Porsche AG and Porsche Holding Stuttgart GmbH; Chairman of the Board of Directors of MAN SE, the Board of Directors of MAN Truck & Bus AG and the Board of Directors of MAN Latin America Indústria e Comércio de Veículos Ltda; Member of the Board of Directors of Deutsche Messe AG, the Board of Directors of Sinotruk (Hong Kong) Limited and the Board of Directors of Navistar Int. Corp; and Chairman of the Commercial Vehicles Board Group of the VDA.
Henrik Henriksson	Member	President and CEO of Scania since 2016 and Member of Executive Board of TRATON SE.
Lilian Fossum Biner	Member	Member of Audit Committee
Nina Macpherson	Member	Member of the Supervisory Board and Audit Committee of TRATON SE; Member of the Board of the Arbitration Institute of the Stockholm Chamber of Commerce (until 31 December 2018); and Member of the Swedish Securities Council.
Markus S. Piëch	Member	Member of the Supervisory Board of MAN Truck & Bus AG.
Stephanie Porsche-Schröder	Member	Member of the Supervisory Board of MAN Truck & Bus AG. and Italdesign-Giugiaro S.p.A.
Peter Wallenberg Jr	Member	Chairman of the Board of Knut and Alice Wallenberg Foundation, Wallenberg Foundations AB, The Grand Group AB. Member of the Board of Atlas Copco AB and EQT Holdings AB.
Christian Schulz	Member	Member of the Executive Board at TRATON SE and Navistar Inc.
Michael Lyngsie	Member	Representative of the Swedish Metal Workers' Union at Scania.
Lisa Lorentzon	Member	Representative of the Federation of Salaried Employees in Industry and Services (PTK) at Scania.
Mari Carlquist	Deputy Member	Representative of the Federation of Salaried Employees in Industry and Services (PTK) at Scania.
Mikael Johansson	Deputy Member	Representative of the Swedish Metal Workers' Union at Scania.

The business address of the persons mentioned above is Scania AB, SE-151 87 Södertälje, Sweden.

There are no conflicts of interest between any duties to the Guarantor of the directors and their private interests or other duties to the best of the Guarantor's knowledge.

OVERVIEW OF FINANCIAL INFORMATION OF SCANIA AB

Scania AB is a holding company which as at 31 December 2018 owned Scania CV AB.

The information set out in this Base Prospectus in the tables below is directly derived from, and should be read in conjunction with, Scania AB's Annual Reports for 2017 and 2018 which includes Scania AB's annual consolidated and unconsolidated statements audited by PricewaterhouseCoopers for the years ended 31 December 2017 and 31 December 2018.

SCANIA AB GROUP CONSOLIDATED INCOME STATEMENT

Amounts in SEK m. unless otherwise stated	Full year	
	2018	2017
Revenue	137,126	123,366
Cost of goods sold and services rendered	-102,888	-92,095
Gross income	34,238	31,271
Research and development expenses	-6,334	-5,769
Selling expenses	-11,996	-11,088
Administrative expenses	-2,009	-1,899
Other operating income	163	169
Other operating expenses	-230	-250
Operating income	13,832	12,434
Interest income	419	583
Interest expenses	-757	-956
Share of income from associated companies and joint ventures	40	44
Other financial income	378	171
Other financial expenses	-593	-194
Total financial items	-513	-352
Income before taxes	13,319	12,082
Taxes	-3,585	-3,377
Net income for the period	9,734	8,705
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Translation differences	-529	-824
Income tax relating to items that may be reclassified	27	-1
	-502	-825
Items that will not be reclassified to profit or loss		
Re-measurement defined benefit plans ¹	-716	-337
Translation adjustment	421	0
Equity instruments	44	0
Income tax relating to items that will not be reclassified	-36	64
	-287	-273
Other comprehensive income for the period	-789	-1,098
Total comprehensive income for the period	8,945	7,607

Net income attributable to:

<i>Scania AB shareholders</i>	9,733	8,708
<i>Non-controlling interest</i>	1	-3
Total comprehensive income attributable to:		
<i>Scania shareholders</i>	8,943	7,612
<i>Non-controlling interest</i>	2	-5
<i>Operating income includes depreciation of</i>	-8,451	-8,401
Operating margin, percent	10.1	10.1

¹⁾ The discount rate in calculating the Swedish pension liability amount to 2.5 (2.75) percent per 31 Dec.

SCANIA AB GROUP CONSOLIDATED BALANCE SHEET

	31 December	
Amounts in SEK m. unless otherwise stated	2018	2017
Assets		
Non-current assets		
Intangible assets	10,761	9,421
Tangible assets	31,486	29,711
Lease assets	28,273	25,816
Shares and participations	823	587
Interest-bearing receivables	43,251	37,218
Other receivables ^{1 2}	6,921	5,765
Current assets		
Inventories	25,804	21,589
Interest-bearing receivables	27,797	23,452
Other receivables ³	17,000	15,300
Current investments	652	1,245
Cash and cash equivalents	8,182	6,504
Total assets	200,950	176,608
Total equity and liabilities		
Equity		
Scania shareholders	54,345	49,904
Non-controlling interest	14	15
Total equity	54,359	49,919
Non-current liabilities		
Interest-bearing liabilities	42,950	39,869
Provisions for pensions	10,439	9,346
Other provisions ⁶	6,389	6,498
Other liabilities ^{1 4}	15,819	14,703
Current liabilities		
Interest-bearing liabilities	29,922	18,822
Provisions	3,569	3,400
Other liabilities ⁵	37,503	34,051
Total equity and liabilities	200,950	176,608
¹⁾ Including deferred tax		
²⁾ Including derivatives with positive value for hedging of borrowings	274	239
³⁾ Including derivatives with positive value for hedging of borrowings	564	377
⁴⁾ Including derivatives with negative value for hedging of borrowings	372	474
⁵⁾ Including derivatives with negative value for hedging of borrowings	976	781
⁶⁾ Including provision related to the European Commission's competition investigation		
Equity/assets ratio, percent	27.1	28.3

SCANIA AB GROUP CONSOLIDATED CASH FLOW STATEMENT

	Full year	
	2018	2017
Amounts in SEK m. unless otherwise stated		
Operating activities		
Income before tax	13,319	12,082
Items not affecting cash flow ¹	9,427	8,946
Taxes paid	-3,887	-3,343
Cash flow from operating activities		
before change in working capital	18,859	17,685
of which: Vehicles and Services	17,492	16,682
Financial Services	1,367	1,003
Change in working capital ²	-18,997	-13,262
of which: Vehicles and Services	-6,593	-5,082
Financial Services	-12,404	-8,180
Eliminations	0	0
Cash flow from operating activities	-138	4,423
Investing activities		
Net investments ³	-7,270	-5,937
of which: Vehicles and Services	-7,236	-5,872
Financial Services	-36	-33
Acquisitions/divestments of businesses	2	-32
Cash flow from investing activities	-7,270	-5,937
Cash flow from Vehicles and Services	3,665	5,696
Cash flow from Financial Services	-11,073	-7,210
Financing activities		
Change in debt from financing activities	13,513	705
Dividend	-4,352	-
Cash flow from financing activities	9,161	705
Cash flow for the period	1,753	-809
Cash and cash equivalents at beginning of period	6,504	7,634
Exchange rate differences in cash and cash equivalents	-75	-321
Cash and cash equivalents at end of period	8,182	6,504

As from 2018, changes have been made to the Cash flow statement in accordance with the Volkswagen Group's presentation of cash flow.

Comparative figures for 2017 have been adjusted with:

¹⁾ Depreciation for vehicles with repurchase obligations included with SEK 4,368 million, previously presented net within operating activities. Provisions for pensions included with SEK 322 million, previously presented in change in working capital.

²⁾ For Vehicles & Services; investments in vehicles with repurchase obligations included with SEK -4,368 million, previously presented net within operating activities. Net investments in rental included with SEK -689 million, previously presented within net investments. Provisions for pensions moved to items not affecting cash flow with SEK -322 million. For Financial Services; net investments in credit portfolio etc. included with SEK -8,211 million, previously presented within net investments.

³⁾ For Vehicles & Services, net investments in rental moved to working capital with SEK 689 million. For Financial Services, net investments in credit portfolio etc. moved to working capital with SEK 8,211 million.

DESCRIPTION OF THE ISSUER

Introduction

Scania CV AB (publ) (**Scania CV AB**) is a public limited liability company (as defined by the Swedish Companies Act). Scania CV AB's registered office is located at SE-151 87 Södertälje, Sweden and the telephone number is +46 8 5538 1000. It operates under Swedish law and its Swedish corporate identity number is 556084-0976. Scania CV AB is a company established for an unlimited duration. Scania CV AB is a wholly owned subsidiary of Scania AB and the parent company of all subsidiaries within the group (the **Scania CV AB Group**).

Overview

The Scania CV AB Group develops and manufactures trucks and buses for heavy road transport, and industrial and marine engines.

The Scania CV AB Group also provides financing, services and service-related products to its customers.

Registered in Sweden, the Scania CV AB Group's principal production and assembly plants are located in Europe and Latin America. The Scania CV AB Group is present in more than 100 countries around the world through its sales and service network. In 2018, the Scania CV AB Group delivered 87,995 heavy vehicles, an increase of 6.7 per cent. compared to 2017. The Scania CV AB Group is increasing its focus on service-related products, which represented 19 per cent. of the Scania CV AB Group's sales in 2018. Buses represented 8 per cent. of the Scania CV AB Group's sales, used vehicles and other products represented 9 per cent. of the Scania CV AB Group's sales and engines made up the remainder of the Scania CV AB Group's sales.

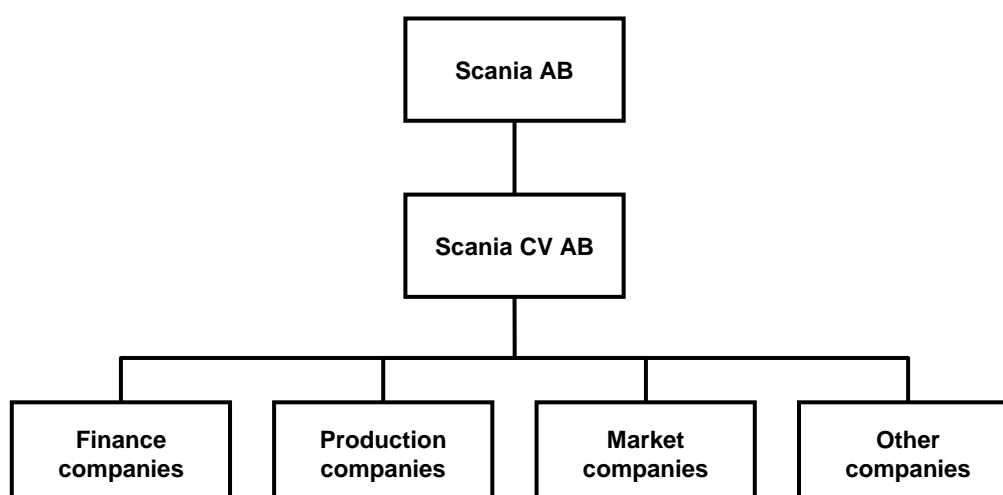
In 2018, the Scania CV AB Group had total sales revenues of SEK 137,126 million (compared to SEK 123,366 million in 2017), total operating income of SEK 13,832 million (compared to SEK 12,434 million in 2017) and total assets at year-end 2018 of SEK 200,950 million (compared to SEK 176,608 million at year-end 2017), of which SEK 89,166 million was related to its financial services operations (compared to SEK 77,028 million at year-end 2017).

The Scania CV AB Group's production system is global, with manufacturing plants in a number of countries.

At year-end 2018, the Scania CV AB Group had 52,103 employees (compared to 49,263 at year-end 2017). In Vehicles and Services, the number of employees at year-end 2018 was 51,110 (compared to 48,372 at year-end 2017). In Financial Services, the number of employees at year-end 2018 was 993 (compared to 891 at year-end 2017).

Relationship with Scania AB

On 4 September 1962, Aktiebolaget Redur-Fyra was registered for an indefinite period as a subsidiary of Scania AB and on 23 March 1994 the name was changed to, and registered as, Scania CV AB. On 1 January, 2004 Scania CV AB acquired Scania AB's shares in Scania Latin America Ltda, Scania Argentina S.A., Scania Chile S.A. and Scania del Peru S.A. Scania CV AB is thus today the parent company of all operating subsidiaries within the Scania CV AB Group.



Management of Scania CV AB

The members of the board of directors are the same for Scania CV AB as for Scania AB. After the board of directors, Scania's top decision-making body is the Executive Board. It decides on issues of a long-term, strategic nature. Group management consists of the Executive Board and the heads of each corporate unit. The corporate units have operating responsibility for carrying out the established strategies. Scania CV AB's Executive Board consists of the following persons:

Name	Function	Other Directorships or Activities
Henrik Henriksson	President and CEO	None
Ruthger De Vries	Executive Vice President, Head of Production and Logistics	None
Johan Haeggman	Executive Vice President and CFO	None
Karin Rådström	Executive Vice President, Head of Sales and Marketing	None
Anders Williamsson	Executive Vice President, Head of Purchasing	None
Kent Conradson	Executive Vice President, Head of Human Resources	None
Mathias Carlbaum	Executive Vice President, Head of Commercial Operations	None
Claes Erixon	Executive Vice President, Head of Research and Development	None

There are no conflicts of interest between any duties to the Issuer of the Executive Board and of the directors and their private interests or other duties to the best of the Issuer's knowledge.

The business address of the persons mentioned above is Scania CV AB, SE-151 87 Södertälje, Sweden.

Corporate Statement

Scania CV AB Group's objective is to deliver optimised heavy trucks and buses, engines and services, to provide a high quality total operating framework for its customers, and thereby to be one of the leading companies in its industry based on its core values, its focus on methods and the dedicated people of Scania. Scania's core values – customer first, respect for the individual and quality – form the basis of Scania's culture, leadership and business success.

Heavy transport vehicles

Vehicles in the heavy segment are often driven long distances and have a high degree of utilisation. Transport operations in this segment are dependent on appropriately specified and reliable vehicles as well as comprehensive services in order to be profitable.

Modular product system

From Scania CV AB Group's modular product system, customers can select optimised vehicles. Modularisation begins and ends with the customer. The starting point is its customers' diverse operations and needs – different tasks, varying climates, good or poor infrastructure, long or short driving distances. The modular product system is Scania's answer to customers' demands for different specifications. The number of parts in Scania's products is limited due to modularisation, which is cost-effective both for customers and for Scania.

Scania CV AB Group's modular approach to product development embodies knowledge that has been created over a long time and is unique in the industry. It allows the satisfaction of a large number of customer needs with a limited number of components, thus enabling optimisation for each customer while keeping product costs lower than would be possible otherwise.

Integrated business – vehicles, services and financing

Forward integration shortens the distance to customers and provides better control over network planning, branding and a larger share of the revenue stream. The inherently competitive relationship between captive and non-captive entities drives Scania CV AB to deliver higher customer satisfaction. It also encourages creativity and entrepreneurial spirit in the network which is vital for Scania CV AB's future success.

Provider of transport solutions

A Scania CV AB customer will obtain one of the best total operating frameworks in the industry. Scania CV AB will achieve this by working both with the customer's operating costs, such as fuel economy and repair, and maintenance, and with revenue-related factors such as load carrying capacity and uptime. A successful combination of products, services and financial services – an integrated business – is what makes this possible.

Long-term commitment

Scania CV AB has a long-term commitment to customers and societies. Therefore, Scania CV AB focuses on markets and segments where sustainable profitable growth can be achieved. A growing base of profitable customers and additional business with existing customers are more important than aggressive growth.

Product areas

The following table sets out certain financial data regarding the product areas of the Scania CV AB Group for each of the years ended 31 December 2018 and 2017.

Net sales by product

	January – December	
	SEK million	
	2018	2017
Trucks	85,231	75,226
Buses	11,658	10,480
Engines	2,726	1,830
Service-related products	26,588	23,735
Used vehicles	7,726	7,085
Miscellaneous	4,843	3,970
Delivery sales value	138,815	122,326
Adjustment for lease income ¹	-5,593	-2,567
Total Vehicles and Service	133,222	119,759

¹ Refers to the difference between sales value based on delivery values and sales recognised in revenue.

Financial Services	7,797	6,943
Elimination ¹	-3,893	-3,336
Scania CV AB Group total	137,126	123,366

Trucks

The Scania CV AB Group develops, manufactures and markets trucks with a gross vehicle weight of more than 16 tonnes (Class 8) for long haulage, construction haulage and distribution of goods. Scania's long-haulage trucks are characterised by high availability, excellent fuel economy and low maintenance costs. The Scania CV AB Group's construction trucks are developed and built with off-road mobility and cargo capacity as their most important characteristics. The Scania CV AB Group's distribution trucks are developed to operate in city environments and other settings where they must meet high standards in terms of environmental performance, driver environment and manoeuvrability. Scania CV AB Group delivered 87,995 trucks in 2018 (compared to 82,472 in 2017).

Buses

The demand for efficient, sustainable passenger transport is increasing, especially in the rapidly growing cities of emerging market regions. To a growing extent, Scania is a supplier of comprehensive solutions that include buses and coaches as well as various service packages. Scania CV AB Group also participates in the planning of entire transport systems. Scania CV AB Group delivered 8,482 buses in 2018 (compared to 8,305 in 2017).

Engines

In recent years, Scania CV AB Group has broadened its base significantly among purchasers of industrial and marine engines. A new generation of engines with improved environmental characteristics, low fuel consumption, high performance and reliability as well as an efficient service offering makes Scania CV AB Group an attractive partner in all customer segments. Scania CV AB Group delivered 12,809 engines in 2018 (compared to 8,821 in 2017).

Services and service-related products

The services supplied by Scania CV AB Group are of great importance in enabling customers to achieve maximum operating time and low costs. Through its extensive workshop network and customised service-related products, Scania CV AB Group can provide support to the customer and perform the right servicing at the right time and in the right place. Service operations contribute to the stability of Scania CV AB Group's profitability, and there is good potential to increase volume. Scania CV AB Group's net sales amounted to SEK 26,588 million in 2018 (compared to SEK 23,735 million in 2017).

Financial Services

The Scania CV AB Group offers its customers various forms of individually tailored financing solutions for new and used vehicles bought via the Scania CV AB Group dealers. Financing can also be combined with various service and maintenance contracts, as well as insurance solutions. Financial services play a key role for customers by allowing them to efficiently finance vehicles on good terms. Scania CV AB Group conducts its own financing operations in some 50 countries. Scania CV AB Group also offers vehicle insurance in more and more markets.

¹ Elimination refers to rental income from operating leases.

OVERVIEW OF FINANCIAL INFORMATION OF THE SCANIA CV AB GROUP

The information set out in this Base Prospectus in the tables below is directly derived from, and should be read in conjunction with, Scania CV AB's Annual Reports for 2017 and 2018 which includes Scania CV AB's annual consolidated and unconsolidated statements audited PricewaterhouseCoopers for the years ended 31 December 2017 and 31 December 2018.

SCANIA CV AB GROUP CONSOLIDATED INCOME STATEMENT

Vehicles and Services

Amounts in SEK m. unless otherwise stated	Full Year	
	2018	2017
Revenue	133,222	119,759
Cost of goods sold	-101,782	-90,944
Gross income	31,440	28,815
Research and development expenses	-6,334	-5,769
Selling expenses	-10,705	-9,987
Administrative expenses	-2,009	-1,899
Operating income	12,392	11,160
Interest income	419	583
Interest expenses	-757	-956
Share of income in associated companies and joint ventures	40	44
Dividends in between segments	241	434
Other financial income	378	171
Other financial expenses	-593	-194
Total financial items	-272	82
Income before taxes	12,120	11,242
Taxes	-3,170	-3,084
Net income for the period	8,950	8,158

Financial Services

Amounts in SEK m. unless otherwise stated		
Interest and lease income	7,521	6,731
Insurance commission	276	212
Interest and prepaid expenses	-4,999	-4,487
Interest surplus and insurance commission	2,798	2,456
Other income	163	169
Other expenses	-230	-250
Gross income	2,731	2,375
Selling and administration expenses	-1,110	-996
Bad debt expenses, realised and anticipated	-181	-105
Operating income	1,440	1,274
Income before tax	1,440	1,274
Taxes	-415	-293
Net income for the period	1,025	981

SCANIA CV AB GROUP CONSOLIDATED BALANCE SHEET

	31 December	
Amounts in SEK m. unless otherwise stated	2018	2017
Assets		
Non-current assets		
Intangible assets	10,761	9,421
Tangible assets	31,486	29,711
Lease assets	28,273	25,816
Shares and participations	823	587
Interest-bearing receivables	43,251	37,218
Other receivables ^{1), 2)}	6,921	5,765
Current assets		
Inventories	25,804	21,589
Interest-bearing receivables	27,797	23,452
Other receivables ³⁾	17,000	15,300
Current investments	652	1,245
Cash and cash equivalents	8,182	6,504
Total assets	200,950	176,608
Total equity and liabilities		
Equity		
Scania shareholders	52,577	48,337
Non-controlling interest	14	15
Total equity	52,791	48,352
Non-current liabilities		
Interest-bearing liabilities	42,950	39,869
Provisions for pensions	10,439	9,346
Other provisions ⁶⁾	6,389	6,498
Other liabilities ^{1), 4)}	15,819	14,703
Current liabilities		
Interest-bearing liabilities	29,922	18,822
Provisions	3,569	3,400
Other liabilities ⁵⁾	39,071	35,618
Total equity and liabilities	200,950	176,608
¹⁾ Including deferred tax		
²⁾ Including derivatives with positive value for hedging of borrowings	274	239
³⁾ Including derivatives with positive value for hedging of borrowings	564	377
⁴⁾ Including derivatives with negative value for hedging of borrowings	372	474
⁵⁾ Including derivatives with negative value for hedging of borrowings	976	781
⁶⁾ Including provision related to the European Commission's competition investigation		
Equity/assets ratio, percent	26.3	27.4

SCANIA CV AB GROUP STATEMENT OF CHANGES IN EQUITY, CONDENSED

Amounts in SEK m. unless otherwise stated	Full year	
	2018	2017
Equity, 1 January	48,352	40,745
Transition to IFRS 9	-150	-
Net income for the period	9,734	8,705
Other comprehensive income for the period	-789	-1,098
Dividend to shareholders	--4,353	-
Change in non-controlling interest	-3	-
Total equity at the end of the period	52,791	48,352
Attributable to:		
Scania AB shareholders	52,777	48,377
Non-controlling interest	14	15

SCANIA CV AB GROUP CONSOLIDATED CASH FLOW STATEMENT

	Full year	
	2018	2017
Amounts in SEK m. unless otherwise stated		
Operating activities		
Income before tax	13,319	12,082
Items not affecting cash flow ¹⁾	9,427	8,946
Taxes paid	-3,887	-3,343
Cash flow from operating activities before change in working capital	18,859	17,685
of which: <i>Vehicles and Services</i>	17,492	16,682
<i>Financial Services</i>	1,367	1,003
Change in working capital ²⁾	-18,997	-13,262
of which: <i>Vehicles and Services</i>	-6,593	-5,082
<i>Financial Services</i>	-12,404	-8,180
<i>Eliminations</i>	0	0
Cash flow from operating activities	-138	4,423
Investing activities		
Net investments ³⁾	-7,270	-5,937
of which: <i>Vehicles and Services</i>	-7,236	-5,872
<i>Financial Services</i>	-36	-33
<i>Acquisitions/divestments of businesses</i>	2	-32
Cash flow from investing activities	-7,270	-5,937
Cash flow from Vehicles and Services	3,665	5,696
Cash flow from Financial Services	-11,073	-7,210
Financing activities		
Change in debt from financing activities	13,513	705
Dividend	-4,352	-
Cash flow from financing activities	9,161	705
Cash flow for the period	1,753	-809
Cash and cash equivalents at beginning of period	6,504	7,634
Exchange rate differences in cash and cash equivalents	-75	-321
Cash and cash equivalents at end of period	8,182	6,504

As from 2018 changes have been made to the Cash flow statement in accordance with the Volkswagen Group's presentation of cash flow.

Comparative figures for 2017 have been adjusted with:

¹⁾ Depreciation for vehicles with repurchase obligations included with SEK 4,368 million, previously presented net within operating activities. Provisions for pensions included with SEK 322 million, previously presented in change in working capital.

²⁾ For Vehicles & Services; investments in vehicles with repurchase obligations included with SEK -4,368 million, previously presented net within operating activities. Net investments in rental included with SEK -689 million, previously presented within net investments. Provisions for pensions moved to items not affecting cash flow with SEK -322 million. For Financial Services; net investments in credit portfolio etc. included with SEK -8,211 million, previously presented within net investments.

³⁾ For Vehicles & Services; net investments in rental moved to working capital with SEK 689 million. For Financial Services; net investments in credit portfolio etc. moved to working capital with SEK 8,211 million.

TAXATION

Swedish Taxation

The following is a general description of certain Swedish tax considerations relating to the acquisition, holding and disposal of Notes. It is intended as general information only and does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amount under the Notes and the consequences of such actions under the tax laws of those countries. Specific tax consequences may be applicable to certain categories of companies, e.g. investment companies and life insurance companies, not described below. In addition, the summary does not address Notes that are held on "investment savings accounts" (Sw. investeringssparkonton) which are subject to a specific tax regime. This summary is based upon the laws of Sweden as in effect on the date of the Base Prospectus and is subject to any change in law that may take effect after such date.

Non-resident holders of Notes

Under Swedish tax law payment of any principal or interest to the holder of any Note is normally not subject to Swedish income tax, provided that such holder is not tax resident in Sweden. A non-resident person can, however, be liable to tax in Sweden on gains or interest received on the Notes if the Notes are held in a trade or business carried out through a permanent establishment in Sweden. Holders of Notes are not deemed to be resident, domiciled or carrying on business in Sweden by reason only of holding such Notes.

Individuals who are not tax resident in Sweden may also, under certain conditions, be subject to capital gains taxation in Sweden at a disposal or redemption of Notes. This is the case where the Notes qualify as participation rights (Sw. delägar rätt) and provided that the holder, at any time during the calendar year when the disposal or redemption occurs, or during the preceding ten calendar years, has been domiciled or permanently resident in Sweden. In many cases, however, the applicability of this rule may be limited by tax treaties between Sweden and other countries.

There is no Swedish withholding tax on interest paid to a non-resident holder of Notes.

Resident holders of Notes

An individual is tax resident in Sweden if he a) is domiciled in Sweden or b) has his habitual abode in Sweden or c) earlier has been domiciled in Sweden and after having moved abroad continues to have an essential connection with Sweden (for example is engaged in trade or business in Sweden). A corporation is tax resident in Sweden if organised under Swedish law.

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) that are resident holders of Notes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable.

If amounts that are considered to be interest for Swedish tax purposes are paid to a private individual (or an estate of a deceased individual) that is a resident holder of Notes, Swedish preliminary income tax at a rate of 30 per cent. is normally withheld on such payments.

No inheritance tax, gift tax or net wealth tax is levied in Sweden.

Luxembourg Taxation

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(a) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

(b) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December, 2005 as amended (the **Relibi Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Accordingly, payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax of 20 per cent.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer and the Guarantor may each be a foreign financial institutions for these purposes. A number of jurisdictions (including Sweden) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under "Terms and Conditions—Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement dated 3 July 2019 (such programme agreement as modified and/or supplemented and/or restated from time to time being the **Programme Agreement**), agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under **Form of the Notes** and **Terms and Conditions of the Notes**. In the Programme Agreement, the Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the Prospectus Directive) ; and

- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes .

If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- the expression **Prospectus Directive** means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in the Relevant Member State.

Sweden

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale except in circumstances that will not result in a requirement to prepare a prospectus for an offer to the public pursuant to the provisions of the Swedish Financial Instruments Trading Act (*lag (1991: 980) om handel med finansiella instrument*).

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes having a maturity date of less than one year, (1) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (2) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any

Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

France

Each of the Dealers and the Issuer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes) or any other offering material relating to the Notes and that such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French *Code monétaire et financier*.

Belgium

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore (the **MAS**). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA;
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Section 309B(1)(c) of the SFA – Unless otherwise stated in the Final Terms or Pricing Supplement (as applicable), all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantor and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealer and set out in the Subscription Agreement or Dealer Accession Letter, as relevant, or, in the case of Exempt Notes, in the applicable Pricing Supplement.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 14 November 2001, and the giving of the Guarantee has been duly authorised by a resolution of the Board of Directors of the Guarantor dated 14 November 2001. The increase in the nominal amount of all Notes from time to time outstanding under the Programme from €3,500,000,000 to €5,000,000,000 was authorised by a resolution of the Board of Directors of the Issuer dated 2 February 2016, and the increase in the Guarantee nominal amount of all Notes from time to time outstanding under the Programme from €3,500,000,000 to €5,000,000,000 was authorised by a resolution of the Board of Directors of the Guarantor dated 2 February 2016. The increase in the nominal amount of all Notes from time to time outstanding under the Programme from €5,000,000,000 to €7,000,000,000 was authorised by a resolution of the Board of Directors of the Issuer dated 8 February 2018, and the increase in the Guarantee nominal amount of all Notes from time to time outstanding under the Programme from €5,000,000,000 to €7,000,000,000, was authorised by a resolution of the Board of Directors of the Guarantor dated 8 February 2018. The increase in the nominal amount of all Notes from time to time outstanding under the Programme from €7,000,000,000 to €8,000,000,000 was authorised by a resolution of the Board of Directors of the Issuer dated 6 February 2019, and the increase in the Guarantee nominal amount of all Notes from time to time outstanding under the Programme from €7,000,000,000 to €8,000,000,000, was authorised by a resolution of the Board of Directors of the Guarantor dated 6 February 2019. The update of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 6 February 2019, and the giving of the Guarantee has been duly authorised by a resolution of the Board of Directors of the Guarantor dated 6 February 2019.

Approval, Listing and Admission to Trading

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFID II.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified offices of the Paying Agent for the time being in Luxembourg:

- (a) the constitutional documents (with an English translation thereof) of the Issuer and the constitutional documents (with an English translation thereof) of the Guarantor;
- (b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2018 and 31 December 2017 (with an English translation thereof) and the consolidated financial statements of the Guarantor in respect of the financial years ended 31 December 2018 and 31 December 2017 (with an English translation thereof), in each case together with the audit reports prepared in connection therewith;
- (c) the most recently published audited annual financial statements of the Issuer and the Guarantor and the most recently published interim financial statements of the Guarantor (in each case with an English translation thereof), in each case together with any audit or review reports prepared in connection therewith. The Guarantor's interim financial statements are published quarterly. The Issuer registers interim financial statements with the Swedish Companies Registration Office;
- (d) the Agency Agreement, the Guarantee, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (e) a copy of this Base Prospectus;
- (f) any future offering circulars, prospectuses, information memoranda and supplements to this Base Prospectus, Final Terms and Pricing Supplements (in the case of Exempt Notes) (save that Pricing Supplements will only be available for inspection by a holder of such Note and

such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) and any other documents incorporated herein or therein by reference; and

- (g) in the case of each issue of Notes admitted to trading on the Luxembourg Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate common code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes). If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms or Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Yield

The yield relating to a particular issue of Notes will be stated in the Final Terms (or Pricing Supplement in the case of Exempt Notes) relating to those Notes and is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer since 31 December 2018 and no significant change in the financial or trading position of the Guarantor and the Guarantor's other subsidiaries taken as a whole since 31 March 2019 and there has been no material adverse change in the financial position or prospects of the Issuer or the Guarantor since 31 December 2018.

Litigation

Neither the Issuer nor the Guarantor is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) in the 12 months preceding the date of this document which may have, or have in such period had, a significant effect on the financial position or profitability of the Issuer or the Guarantor.

Auditors

The registered auditor(s) of the Issuer and the Guarantor is registered public accounting firm PricewaterhouseCoopers (**PwC**), with individual auditor in charge for both the Issuer and the Guarantor Bo Karlsson (an Authorised Public Accountant and member of FAR – the Swedish professional institute for authorised accountants), who audited the Issuer's and Guarantor's respective accounts, without qualification, in accordance with generally accepted auditing standards in Sweden for the years ended 31 December 2018 and 31 December 2017.

PwC has no material interest in the Issuer or the Guarantor.

The reports of the auditors of the Issuer and the Guarantor are included or incorporated by reference in the form and context in which they are included or incorporated by reference, with the consent of the relevant auditors who have authorised the contents of that part of this Base Prospectus.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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