

Sandvik AB

Bo Severin

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To the Board and Annual General Meeting of Sandvik

The development of Sandvik's value has been very poor during 2013. The owners have seen the share value decrease by more than 12 percent equivalent to approx. 15.7 billion. If instead the share had followed Stockholm OMX Sandvik's value would have increased by approx. 31 billion, i.e. a difference of close to 47 billion just during 2013 to the detriment of the shareholders. During the previous year several companies on the A-list have broken new share price records, which is something that the Sandvik share is far from. The Sandvik share must increase by close to 70 percent in order to reach its share price record.

Therefore, the following is now proposed:

1. Place the Group's business units in different companies and distribute them to the shareholders as separately listed. This will result in a number of swift and dynamic companies that can focus on their areas and become best in the world. This is a structural measure that should increase the combined value creation vigorously and thereby give the owners an equivalent increase in value.
2. Appoint an independent Audit Committee that evaluates the management by the Board of Directors and executive management of the Sandvik Group during the last four years and the current plans. This should give most shareholders an ethical and moral assurance that despite the negative results the Group has been managed in the best way. I.e. a protection for the minority and those shareholders who do not participate in the active management.

Best regards,

Kjell Andersson and Knut Tersmeden

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