



# Press Release

## Annual General Meeting of Sandvik Aktiebolag

The shareholders in Sandvik Aktiebolag are convened to the Annual General Meeting to be held on Wednesday, 2 May 2012 at 5:00 p.m. at Göransson Arena, Sättragatan 15, Sandviken, Sweden.

### RIGHT TO PARTICIPATE AND NOTIFICATION

Shareholders who wish to participate in the Meeting must be recorded in the share register maintained by Euroclear Sweden AB on Wednesday, 25 April 2012 and notify Sandvik AB of their intention to participate in the Meeting not later than Wednesday, 25 April 2012.

Notification of participation in the Meeting shall be made to Sandvik AB, c/o Computershare AB, Box 610, SE-182 16 Danderyd, Sweden, by telephone +46 (0) 26-26 09 40 weekdays 9:00 a.m. – 4:00 p.m. or via the Internet on the Company's website [www.sandvik.com](http://www.sandvik.com). Shareholders whose shares are registered in the name of a nominee must temporarily have re-registered the shares in their own name at Euroclear Sweden AB on Wednesday, 25 April 2012 to be entitled to participate in the Meeting. Please note that this procedure also applies to shareholders who utilize bank shareholder deposit accounts and/or trade via the Internet.

When providing notification, please state name, personal registration or corporate registration number, address and telephone number and information regarding assistants, if any. If participation is by proxy, the proxy should be submitted in advance of the Meeting. Proxy forms are available at the Company's website [www.sandvik.com](http://www.sandvik.com).

### AGENDA

1. Opening of the Meeting.
2. Election of Chairman of the Meeting.
3. Preparation and approval of the voting list.
4. Election of one or two persons to countersign the minutes.
5. Approval of the agenda.
6. Examination of whether the Meeting has been duly convened.
7. Presentation of the Annual Report, Auditor's Report and the Group Accounts and Auditor's Report for the Group.
8. Speech by the President.
9. Resolution in respect of adoption of the Profit and Loss Account, Balance Sheet, Consolidated Profit and Loss Account and Consolidated Balance Sheet.
10. Resolution in respect of discharge from liability of the Board members and the President for the period to which the accounts relate.
11. Resolution in respect of allocation of the Company's result in accordance with the adopted Balance Sheet and resolution on record day.
12. Determination of the number of Board members and Deputy members. In conjunction with this, the work of the Nomination Committee will be presented.
13. Determination of fees to the Board of Directors.
14. Election of the Board of Directors and the Chairman of the Board of Directors.
15. Resolution on the Nomination Committee, etc.
16. Resolution on principles for the remuneration of senior executives.
17. Resolution on the implementation of a long-term incentive programme (LTI 2012).
18. Shareholder proposal.
19. Closing of the Meeting.

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## PROPOSALS FOR RESOLUTIONS

### Item 11 – Dividend and record day

The Board of Directors proposes that the Annual General Meeting resolve on a dividend of SEK 3.25 per share. Monday, 7 May 2012 is proposed as the record day. If the Meeting approves this proposal, it is estimated that the dividend payments be distributed by Euroclear Sweden AB on Thursday, 10 May 2012.

### The Nomination Committee's proposals

The Nomination Committee is comprised of its Chairman Carl-Olof By, Industrivärden, Håkan Sandberg, Handelsbankens Pensionsstiftelse och Pensionskassa, Staffan Grefbäck, Alecta, Marianne Nilsson, Swedbank Robur fonder and Sandvik's Chairman of the Board of Directors Anders Nyrén.

The Nomination Committee proposes the following:

**Item 2 –** Attorney Sven Unger as Chairman of the Meeting.

**Item 12 –** Eight Board members and no Deputies.

**Item 13 –** Fees to the Board of Directors:

- Board member not employed by the Company: SEK 525,000 (previously SEK 500,000)
- Chairman of the Board of Directors: SEK 1,575,000 (previously SEK 1,500,000)
- Board member elected by the General Meeting who is a member of the Audit Committee: SEK 150,000 (unchanged)
- Chairman of the Audit Committee: SEK 175,000 (unchanged)
- Board member elected by the General Meeting who is a member of the Remuneration Committee: SEK 100,000 (unchanged)
- Chairman of the Remuneration Committee: SEK 125,000 (unchanged)

**Item 14 –** Re-election of the Board members Olof Faxander, Johan Karlström, Fredrik Lundberg, Hanne de Mora, Anders Nyrén, Simon Thompson and Lars Westerberg. New election of Jürgen M Geissinger. Re-election of Anders Nyrén as the Chairman of the Board of Directors. Egil Myklebust has declared that he is not available for re-election.

Jürgen M Geissinger, born 1959, holds a PhD in Mechanical Engineering. He is President and Chief Executive Officer of Schaeffler AG and Board member of INA-Holding Schaeffler KG and member of the Supervisory Board of MTU Aero Engines Holding AB and Continental AG.

**Item 15 –** The Company is to have a Nomination Committee comprised of one representative from each of the four largest shareholders in terms of votes and the Chairman of the Board of Directors (convener). The Nomination Committee has, in addition, the possibility to call in one co-opted member to the Nomination Committee from the Board members if required. At the formation of the Nomination Committee, the shareholding in the Company, based on information from Euroclear Sweden AB on the last banking day of August, is to determine the largest shareholders in terms of votes. When determining which the four largest shareholders are in terms of votes a group of shareholders shall be considered as one owner if they have been organized as a group in the Euroclear system. The composition of the Nomination Committee is to be announced as soon as it is appointed. The Chairman of the Nomination Committee is to be the member representing the largest shareholder in terms of votes. The mandate period of the Nomination Committee is until the composition of the next Nomination Committee is completed.

The Nomination Committee is to prepare proposals for the Chairman of the Meeting, the number of Board members, remuneration to each of the Board members, the composition of the Board of Directors and Chairman of the Board of Directors, where applicable, remuneration to the auditor and election of auditor, and, to the extent deemed necessary, proposal regarding amendments to this instruction.

In the event that a member leaves the Nomination Committee prior to the work of the Committee having been completed, a representative from the same shareholder may replace the leaving member, if deemed necessary by the Nomination Committee.

In the event that a shareholder represented in the Nomination Committee significantly has reduced its holding of shares in the Company, the member may resign and, if deemed appropriate by the Nomination Committee, a representative from the shareholder next in line in terms of size may be provided an opportunity to enter. If the shareholding in the Company is otherwise significantly changed before the Nomination Committee's work has been completed, a change in the composition of the Nomination Committee may take place, in such way that the Nomination Committee deems appropriate.

The Company is to be able to pay reasonable costs connected to the work of the Nomination Committee. The Committee is not to receive any fees.

This instruction applies until the General Meeting resolves to adopt a new instruction.

#### **Item 16 – The Board of Directors' proposal for resolution on principles for the remuneration of senior executives**

The Board of Directors proposes that the Annual General Meeting resolve on the following revised principles for the remuneration of senior executives for 2012.

The Board's proposal for the resolution on principles for the remuneration of senior executives is designed to ensure that the Sandvik Group from a global perspective can offer remuneration at the market rate and on competitive terms that will attract and retain qualified members of Sandvik's Group Executive Management. The remuneration package for Group Executive Management comprises fixed salary, short-term incentives in cash and long term incentives in cash and/or in shares in Sandvik AB. It is intended that the components will form a well-balanced remuneration and benefit program that reflects the individual's performance, responsibility and the Group's earnings trend.

The fixed salary, which is individual and differentiated considering responsibility and performance, is determined taking into account market conditions and is reviewed each year.

The annual component of short-term incentives in cash is based on the achievement of goals that are determined each year. The goals are mainly related to the financial results of the Company but also to measurable goals within each individual's area of responsibility. Short-term incentives in cash shall not exceed 75 per cent of the fixed annual salary.

A prerequisite for the long-term incentives in cash is the achievement of measurable goals established by the Board, i.e. certain key ratios that create shareholder value linked to the Company's growth, profitability and capital efficiency – Sandvik Value Added (SVA) – over a three-year period. Long-term incentives in cash shall not exceed 50 per cent of the fixed annual salary.

Long-term incentives may also be paid in the form of shares in Sandvik AB through participation in a share related incentive programme including the right to be allotted employee stock options and matching rights. Such programme shall have been approved by the General Meeting and its key terms shall include that participation for certain categories of top executives requires own investments in Sandvik stock, a three-year performance period with continued employment required during such time and that allotment is related to SVA performance criteria.

Other benefits to members of Group Executive Management shall match what may be considered reasonable in relation to market practice. These benefits include pension, company car, residence, health insurance and termination benefits.

Pension benefits to members of Group Executive Management are based on the fixed salary or cash paid out and may be of either the defined benefit or the defined contribution kind. Normal pension age is 62. For the President, the pension age is 60. For non-Swedish members of the Group Executive Management the pension age follows local rules and practice.

Termination benefits are normally paid in the event that Sandvik terminates the employment. The President has a notice period of 24 months and no severance pay. The notice period for other Group Executive Management members is in general 12 months. *The severance pay equals 6 months' pay for persons aged less than 55 and 12 months' pay for persons aged 55 or more, for Swedish members of Group Executive Management.* Other members of Group Executive Management have in general a severance pay of 12 months' pay. All other benefits will follow local market practices in each country.

Any other earned income is offset against the severance pay. No termination benefit is paid in the event the employee terminates the employment.

The Board may depart from the principles established by the Annual General Meeting if, in isolated cases, there are special reasons for a departure.

Those encompassed by these proposed principles are the President and the other members of Group Executive Management.

**Item 17 – Proposal by the Board of Directors on the implementation of a long-term incentive program (LTI 2012)**

The Board of Directors proposes that the Annual General Meeting resolve to implement a long-term incentive programme for senior executives and key employees for 2012 ("LTI 2012") based on the main principles set forth below. The terms and conditions are substantially the same as those for the 2011 incentive program. In addition to aligning the participants' and the shareholders' interests, LTI 2012 is expected to strengthen the Group's ability to retain and recruit qualified employees to the Sandvik Group as well as to strengthen Sandvik's focus and objective to meet the Company's long-term business goals. LTI 2012 is also intended to increase the proportion of remuneration linked to Sandvik's performance and to promote private shareholding in Sandvik.

*General*

LTI 2012 covers approximately 350 senior executives and key employees in the Sandvik Group and comprises, at the most, 12,000,000 Sandvik shares. Participants in LTI 2012 have the opportunity to be allotted employee stock options ("Employee Stock Options") enabling the employee to acquire Sandvik shares at a certain price after a period of three years ("Performance Shares"), on the condition that certain performance goals connected to Sandvik Value Added (SVA) are met. More senior executives (category 1 – 3 below) are required to make a private investment in Sandvik shares in order to be eligible for allotment of Employee Stock Options. If such an investment in Sandvik shares is made, executives of this group are also allotted rights ("Matching Rights") enabling the executive to acquire Sandvik shares at a certain price after a period of three years ("Matching Shares").

*(A) Employee Stock Options for acquiring Performance Shares*

The total number of Employee Stock Options that can be allotted may entitle to the acquisition of approximately 11,600,000 Performance Shares.

Allotment of Employee Stock Options will be made to the Chief Executive Officer (category 1) with no more than 145,000 Employee Stock Options, to other senior executives (category 2) with no more than 87,000 Employee Stock Options per person and to the remaining four groups (categories 3 – 6) with between 22,000 and 44,000 Employee Stock Options per person.

The Chief Executive Officer shall decide who is classified in categories 2 – 6 above, based on position, qualifications and individual performance.

An employee in categories 1, 2 or 3 above is required to invest in Sandvik shares at market value ("Savings Shares") by 15 June 2012 at the latest, in order to be allotted Employee Stock Options. If the employee invests in Savings Shares at an amount corresponding to 10 per cent of the employee's fixed cash salary before tax for the year 2012, the employee is allotted the maximal number of Employee Stock Options according to the above. If the employee invests in Savings Shares at an amount corresponding to up to 10 per cent of the employee's fixed cash salary before tax for the year 2012, the employee will be allotted a proportionate linear number of Employee Stock Options. An employee in categories 4 – 6 above does not need to invest in Savings Shares to be allotted Employee Stock Options.

The Employee Stock Options are non-transferable. Each Employee Stock Option gives the employee the right to acquire one Performance Share.

How many of the Employee Stock Options that will eventually entitle to the acquisition of Performance Shares depends on how the growth of the Sandvik Group, expressed as Sandvik Value Added (SVA), develops during the financial years 2012 – 2014 (the "Performance Period") compared to the financial year 2011 (the "Base Year"). If the average SVA for the three financial years which make up the Performance Period reaches 150 per cent or more compared to the Base Year's SVA, 100 per cent of the allotted Employee Stock Options will entitle to acquire Performance Shares. If the average SVA for the three financial years which make up the

Performance Period falls below 110 per cent compared to the Base Year's SVA, no Employee Stock Options will entitle to acquire Performance Shares. If the average SVA for the three financial years which make up the Performance Period reaches 110 per cent, 20 per cent of the allotted Employee Stock Options will entitle to acquire Performance Shares. If the average SVA for the three financial years which make up the Performance Period is between 110 and 150 per cent, a proportional linear number of the Employee Stock Options entitles to acquire Performance Shares.

Employee Stock Options can be exercised to acquire Performance Shares not earlier than three years and not later than five years after the allotment of Employee Stock Options.

The exercise of Employee Stock Options to acquire Performance Shares requires continued employment.

For an employee in categories 1, 2 or 3 above the exercise of Employee Stock Options to acquire Performance Shares also requires that all purchased Savings Shares are held continuously during a three-year period following the allotment of Employee Stock Options. The Chairman of the Board may grant exemptions from this requirement in special cases.

When exercising Employee Stock Options to acquire Performance Shares participants shall, for each Performance Share, pay an amount corresponding to 110 per cent of the volume-weighted average price paid for the Sandvik share at NASDAQ OMX Stockholm during a period of 10 trading days immediately following the Annual General Meeting 2012.

*(B) Matching Rights for acquiring Matching Shares*

Employees in categories 1, 2 or 3 above who invest in Savings Shares are entitled to be allotted Matching Rights. The total number of Matching Rights that can be allotted may entitle to the acquisition of approximately 300,000 Matching Shares.

The Matching Rights are non-transferable.

One Matching Right is allotted for each Savings Share acquired by the participant. Each Matching Right entitles to acquire one Matching Share.

The Matching Rights can be exercised to acquire Matching Shares not earlier than three years and not later than five years after the allotment of Matching Rights.

The exercise of Matching Rights to acquire Matching Shares requires continued employment and that all the acquired Savings Shares are held continuously during a three-year period following the allotment of Matching Rights. The Chairman of the Board may grant exemptions from the requirement to continuously hold the Savings Shares during a three-year period in special cases.

When exercising Matching Rights to acquire Matching Shares participants shall, for each Matching Share, pay an amount corresponding to 75 per cent of the volume-weighted average price paid for the Sandvik share at NASDAQ OMX Stockholm during a period of 10 trading days immediately following the Annual General Meeting 2012.

*Adjustment of the number of Performance Shares and/or Matching Shares etc.*

Before the exercise of Employee Stock Options for acquiring Performance Shares or Matching Rights for acquiring Matching Shares may take place, the Board of Directors shall consider whether the number of Performance and Matching Shares is reasonable taking into account the financial results and position of Sandvik, stock market conditions and other circumstances, and if the Board of Directors comes to the conclusion that that is not the case, reduce the number of Performance and/or Matching Shares to the lower number the Board of Directors finds appropriate.

The Board of Directors may decide on the implementation of an alternative incentive solution for key employees in countries where the allotment of Employee Stock Options or Matching Rights, or the exercise of Employee Stock Options or Matching Rights for the acquisition of Performance and Matching Shares, respectively, is not appropriate. Such alternative incentive solution shall to the extent practically possible be designed to correspond to the terms of LTI 2012.

The Board of Directors, or a committee appointed by the Board of Directors for this purpose, shall be responsible for preparing the detailed terms and conditions, and the administration of LTI 2012 based on the main terms and guidelines herein.

LTI 2012 may result in the allotment to the employees of 12,000,000 Sandvik shares at the most, corresponding to about 1 per cent of the total number of shares and votes on 31 December 2011, and will be secured in the form of share swaps with a third party. Assuming a share price of SEK 100, expected volatility of 40 per cent and a five-year term, the cost of LTI 2012 is estimated at approximately SEK 258 M.

#### **Item 18 – Shareholder proposal**

Shareholder Nils Bylund has requested that the General Meeting resolve that the Board of Directors puts a brake on the operations and revises what has been done so far.

#### **INFORMATION AT THE ANNUAL GENERAL MEETING**

The Board of Directors and the President shall, if any shareholder so requests and the Board of Directors believes that it can be done without material harm to the Company, provide information regarding circumstances that may affect the assessment of an item on the agenda, and circumstances that can affect the assessment of the Company's or its subsidiaries' financial situation, or the Company's relation to other group companies.

#### **DOCUMENTATION**

The Nomination Committee's proposals and statement are available on the Company's website [www.sandvik.com](http://www.sandvik.com). Accounting documents, the Auditor's Report and the Auditor's statement regarding the application of the principles for remuneration as well as the complete proposals for resolutions under items 16, 17 and 18 will be available at Sandvik AB, Storgatan 2, Sandviken, and on the Company's website [www.sandvik.com](http://www.sandvik.com), from no later than Wednesday, 11 April 2012. The documentation will be sent without charge to the shareholders who so request.

#### **SHARES AND VOTES**

The total number of shares and votes in the Company is 1,254,385,923.

#### **PROGRAMME FOR SHAREHOLDERS**

Registration for the Meeting will commence at 2:30 p.m. Sandviken's Symphony Orchestra with a guest soloist will be performing as from 3:15 p.m. and the award of the Haglund medal will take place around 4:30 p.m. A light meal will be served as from 2:30 p.m.

Stockholm, March 2012  
SANDVIK AKTIEBOLAG (PUBL)  
The Board of Directors