



Press Release

Sandvik clarifies: no increased tax cost

In 2005, Sandvik AB conducted a reorganization of the ownership and management of intellectual property rights. All Swedish-owned patents and brands were transferred to Sandvik Intellectual Property AB (the IP company). The reason for the reorganization was the need to streamline intellectual property operations into a separate company, which emphasizes the considerable values of intellectual property rights and generates operative gains.

The Swedish National Tax Board has approved Sandvik's income tax return for 2005. The National Tax Board subsequently appealed its own tax ruling through the Public Attorney with regard to the effect of the reorganization set forth above. If the appeal is approved, it would not impact Sandvik's earnings. If this is the case, the additional tax expense of SEK 5 billion would, according to Sandvik's opinion, correspond to the taxable value of amortizations in the IP company. If Sandvik's view is accepted by the court, it would entail a reduction in Sandvik's tax expense of approximately SEK 5 billion, which will be taken up as revenue in the Group when the Court order has gained legal force.

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Sandvik AB; (publ)

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Sandvik is a global industrial group with advanced products and world-leading positions in selected areas – tools for metal cutting, machinery and tools for rock excavation, stainless materials, special alloys, metallic and ceramic resistance materials as well as process systems. The Group had at the end of 2006 about 42,000 employees and representation in 130 countries, with annual sales of more than SEK 72,000 M.

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