Board of Directors of Sandvik AB propose introduction of long-term incentive program

The Board of Directors of Sandvik AB proposes that the Annual General Meeting approve the introduction of a long-term, share-based incentive program encompassing approximately 400 senior executives and key individuals within the Group. The program will replace previous cash-based schemes as these expire.

Participants are offered allotment of employee stock options that entitle the holder to acquire Sandvik shares after three years at a set exercise price, on condition that certain performance targets are met. For some executives in more senior positions, a personal investment in Sandvik shares will be required to gain entitlement to allotment of employee stock options and matching rights, which entitle the holder to acquire Sandvik shares after three years at a set exercise price.

The program includes a maximum of 12,000,000 Sandvik shares, corresponding to about 1% of the total number of shares, and will be secured in the form of share swaps with a third party, thus resulting in no dilution effect. Assuming a share price of SEK 120, expected volatility of 30% and a five-year term, the cost of the program is estimated at slightly more than SEK 250 M.

The specific terms and conditions of the program have yet to be finalised, but will be announced in conjunction with the notification of the Annual General Meeting.

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Sandvik Aktiebolag; (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, equipment and tools for the mining and construction industries, stainless materials, special alloys, metallic and ceramic resistance materials as well as process systems. In 2010, the Group had about 47,000 employees and representation in 130 countries, with annual sales of nearly SEK 83,000 M.

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