

## **ATLAS COPCO AB Annual General Meeting 27 April 2009**

### **Agenda point 12**

#### **The presentation from the Nomination Committee regarding conditions for Synthetic Shares corresponding to 50% of the Board fee**

##### **1. Background and scope**

Traditionally, the fee in the Company has been paid in the form of a pre-determined and by the AGM approved fixed cash amount. During recent years the Board members have been recommended to purchase shares in the Company for a certain portion of the fee, net of taxes. This has been implemented.

In compliance with the proposal from the Nomination Committee and the decision by the Annual General Meeting 2008 and with the ambition to continue to stimulate the Board members' interest for the Company and its economic development and to provide a possibility for the Board members to have an economic interest in the Company corresponding to the one of the shareholders the intention is give the Board members the possibility to get a part of the Board fee in the form of synthetic shares. With "synthetic shares" is meant the right to receive, sometime in the future, a payment, the value of which corresponds to the value of a certain number of Series A-shares at the time of the payment.

##### **2. Participation in the program regarding synthetic shares for the Board members**

Board members who participates in the synthetic shares program are offered the possibility to chose between receiving the whole fee decided upon at the AGM 2009 in cash and to receive 50% of the amount in cash and to receive 50% of the amount in of synthetic shares .

Each Boards member shall inform the chairman and the secretary of the Board not later than by March 15, 2009 if the Board member chooses to participate in share program in order for such decision to be considered in the part of the Notice to the AGM dealing with fees, which this year will present the fee proposal per Board member and a request for a mandate to acquire the number of Series A-shares required to cover the undertakings in accordance with this proposal, including social charges.

The number of synthetic shares each Board member receives shall be based on an average of the closing price of Series A-shares during the ten trading days that follows next after the publishing of the first quarter result 2009.

##### **3. Qualification period**

The right for the Board member to utilize the number of synthetic shares that the Board member has received is dependent upon if the Board Member remains in this position during the whole or only a part of the term and the qualification pace is 25% per started quarter as Board member.

#### **4. Payment**

The right of the Board member to receive payment corresponds to the value of the synthetic shares then held and falls due after five years after the AGM in 2009. The amount to be paid shall be determined based on the average closing price of Series A-shares during ten trading days after the publishing of the quarter report for the first quarter the year the payment is made and the payment shall be made after five banking days.

The amount of the dividend that should have been allocated to the synthetic shares during the period they are held shall result in a recalculation and allocation of additional synthetic shares based on the average of the closing price of Series A-shares during ten trading days after the day the share is traded without the right to dividend.

Amounts paid to a Board member will be taxed as employment income and the Company reserves the right to withhold and to pay to the tax authorities and shall then account for such payment to the Board member.

#### **5. Re-calculation**

If the share capital of the Company is increased or decreased, or the Company issues convertibles or options, makes extraordinary dividend payments or the Company is forced into liquidation or is merged or corresponding changes take place, the number of synthetic shares or the value of the synthetic shares shall be recalculated in order to ensure the economic rights of the Board member corresponding to what had been the case if the Board member had been the owner of the corresponding number of Series A-shares since the allocation date or the payment of the dividend, as the case may be, in accordance with clause 4 above.

The market practice for the recalculation of similar instruments shall apply to the extent possible. In case a recalculation is impossible or an action or transaction regarding the Company is made difficult due to the fact that the synthetic shares are outstanding, payment of the synthetic shares then outstanding shall be possible prematurely based on the actual price of the Series A-shares at such time.

Recalculation in accordance with the previous paragraph shall, with binding effect to the Company and the Board members be carried out by an auditing company who is independent of the Company and appointed by the Chamber of Commerce in Stockholm.

#### **6. Acceleration of payment**

In case a Board member leaves the position as Board member prior to the regular payment date above, the Board member shall have the right to request an acceleration of the payment to occur twelve months after the date when the Board member resigned, within three months from the date when the Board member left this position.

The amount to be paid after twelve months shall be calculated on the average closing price of Series A-shares during ten trading days next following the end of the twelve months period and the payment shall take place within five banking days after the date when the amount to be paid is established. The same rules shall apply regarding the right for the estate of a deceased Board member to request an accelerated payment.

If the Board member does not request an accelerated payment, the original payment date as stated in clause 4 applies.

**7. Prohibition to pledge or transfer rights**

The rights that are linked with the synthetic share cannot be pledged, transferred or disposed of in any other manner. However, the right shall be transferred to the estate of a deceased Board member.

**8. Change of the terms and conditions**

Possible changes of these terms and conditions shall be approved by the AGM.

**9. Arbitration**

Disputes regarding the interpretation or implementation of these terms and conditions shall be settled in accordance with Swedish law on arbitration in Stockholm. Swedish law shall apply. The costs of such arbitration shall be carried by the Company with the exception for such arbitration proceedings that have been initiated by the Board member without reasonable cause.