The Board of Directors’ proposal for a share split and redemption procedure

Stockholm, Sweden, February 1, 2007: The financial position of Atlas Copco is strong due to a number of years with improved profitability and the recent disposal of the majority of the construction equipment rental business in North America.

In order to adjust the Group’s balance sheet to a more efficient structure while preserving adequate financial flexibility for further growth, the Board of Directors proposes to the Annual General Meeting a share redemption procedure, whereby every share is split into 2 ordinary shares and 1 redemption share. The redemption share is then automatically redeemed at SEK 40 per share. This corresponds to a total of MSEK 24 415. Combined with the proposed dividend of SEK 4.75 per share, shareholders will receive MSEK 27 315.

The redemption is subject to approval at the Annual General Meeting 2007 on the following:

- Amendment of the Articles of Association, so that the permitted range of number of shares is increased from a minimum of 240 million and a maximum of 960 million to a minimum of 500 million and a maximum of 2 billion. At the same time, the maximum number of series A shares, as well as of series B, is increased from 960 million of each to 2 billion of each.
- Share split, through which each existing share, of series A as well as of series B, will be divided into three shares, of which one will be named redemption share.
- Reduction of the share capital for repayment to the shareholders by way of redemption of 628 806 552 redemption shares, whereby shares of series A and series B will be redeemed in proportion to the number of shares of the respective series issued.
- Increase of the share capital by SEK 262 002 730 by way of a bonus issue, whereby the Company's non-restricted equity is to be made use of.

The suggested record day for the share split is May 22, 2007. Trading in the redemption shares is estimated to take place on Stockholmsbörsen on May 23 – June 12, 2007, after which the redemption shares will automatically be redeemed. The payment of the redemption price is estimated to be made around June 20, 2007.

Atlas Copco is a world leading provider of industrial productivity solutions. The products and services range from compressed air and gas equipment, generators, construction and mining equipment, industrial tools and assembly systems, to related aftermarket and rental. In close cooperation with customers and business partners, and with more than 130 years of experience, Atlas Copco innovates for superior productivity. Headquartered in Stockholm, Sweden, the Group’s global reach spans more than 150 markets. In 2006, Atlas Copco had 25 900 employees and revenues of BSEK 55 (MEUR 6 100). Learn more at www.atlascopco.com.