

**Atlas Copco AB  
Nacka, Sweden  
Notice of Annual General Meeting**

The Shareholders of Atlas Copco AB are invited to attend the Annual General Meeting (the Meeting) to be held on Monday April 27, 2009 at 5.00 p.m. (Swedish time) at Aula Magna, University of Stockholm\*, Frescativägen 6, Stockholm. Registration starts 3.30 p.m.

\* Subway red line towards Mörby Centrum, station Universitetet. Bus 40, 540 or 670, stop Universitetet

**Notification of attendance**

Shareholders, intending to participate in the Meeting, must

- be recorded in the register of shareholders kept by Euroclear Sweden AB (previously VPC AB, the Swedish Securities Register Centre) on Tuesday April 21, 2009, and
- notify the Company in writing of their intent to participate in the Meeting no later than Tuesday April 21, 2009 to the registration address Atlas Copco AB, Box 10, SE-182 11 Danderyd, or by telephone +46 (0)8 622 61 75 not later than 4.00 p.m. or on the Company website [www.atlascopco.com/agm](http://www.atlascopco.com/agm) or by telefax +46 (0)8 622 63 51 until 12.00 p.m.

Shareholders whose shares are held in trust by a bank or other trustee must temporarily register their shares in their own names in the register of shareholders of Euroclear Sweden AB to be able to participate in the Meeting. Such temporary registration must be recorded by Tuesday April 21, 2009. Shareholders should notify their trustees well in advance of this date.

Shareholders may attend and vote at the Meeting in person or by proxy. A proxy form is available on [www.atlascopco.com/agm](http://www.atlascopco.com/agm). The Company will also send a proxy form to those shareholders who so request. For the ordering of proxy forms the same address and telephone number stated for the notification of attendance apply. Representatives of legal entities must be able to present a copy of the registration certificate or other similar authorization document to support the proxy.

Personal data obtained from notifications, proxies and the register of shareholders kept by Euroclear Sweden AB will solely be used for the necessary registration and preparation of the voting list for the Meeting.

Entrance cards will be sent to the Shareholders who have notified their intention to participate.

The President's speech as well as supporting presentation material will be available on the Company website [www.atlascopco.com/agm](http://www.atlascopco.com/agm) from April 28, 2009.

**Atlas Copco Group Center**

Atlas Copco AB  
SE-105 23 Stockholm  
Sweden

Visitors address:  
Sickla Industriväg 3  
Nacka

Telephone: +46 (0)8 743 8000  
Telefax: +46 (0)8 644 9045  
[www.atlascopco.com](http://www.atlascopco.com)

A Public Company (publ)  
Reg. No: 556014-2720  
Reg. Office Nacka

**Agenda**

1. Opening of the Meeting and election of Chairman
2. Preparation and approval of voting list
3. Approval of agenda
4. Election of one or two persons to approve the minutes
5. Determination whether the Meeting has been properly convened or not
6. Presentation of the Annual Report and the Auditor's Report as well as the Consolidated Annual Report and the Consolidated Auditor's Report
7. The President's speech and questions from shareholders to the Board of Directors and the Management
8. Report on the functions of and work performed by the Board of Directors and its Audit Committee
9. Decisions
  - a) regarding approval of the Profit and Loss Account and the Balance Sheet and the Consolidated Profit and Loss Account and the Consolidated Balance Sheet as well as the presentation by the auditor
  - b) regarding discharge from liability of the Board members and the President
  - c) regarding the allocation of the Company's profit according to the approved Balance Sheet
  - d) regarding record day for receiving dividend
10. Report on the Nomination Committee and determination of the number of Board members and deputy members to be elected at the Meeting
11. Election of Board members and of Chairman of the Board and Vice Chairman of the Board
12. Determining the remuneration (in cash or partially in the form of synthetic shares) to the Board of Directors and the remuneration to its committees, including the proposal from the Board regarding the granting of a mandate to acquire series A shares to hedge the costs for the synthetic shares
13. Report on the function and work performed by the Board's Remuneration Committee as well as proposal regarding
  - a) guiding principles for the remuneration of senior executives
  - b) a performance related personnel option program for 2009
  - c) a mandate to acquire and transfer series A shares
14. Proposal regarding a mandate to transfer own series B shares to cover costs in connection with the performance related personnel option program for 2006 and 2007
15. Proposal regarding Nomination Committee
16. Proposal regarding a conditioned Change of the Articles of Association
17. Closing of the Meeting

**Item 9c) and d) -The Board of Directors' proposals regarding dividend and record day**

The Board proposes that the dividend for 2008 is decided to be SEK 3.00 per share and that April 30, 2009 is the record day for the dividend. If the Meeting decides as proposed, the dividend is expected to be distributed by Euroclear Sweden AB on May 6, 2009.

**Item 1, 10, 11, 12, and 15 - Proposals from the Nomination Committee regarding Chairman of the Annual General Meeting, number of Board members, chairman, vice chairman and other Board members, remuneration and proposal regarding Nomination Committee as well as the proposal from the Board to acquire Series A shares**

The Nomination Committee, consisting of Petra Hedengran, the chairman of the Committee, Investor AB, KG Lindvall, Swedbank Robur Fonder, Ramsay Brufer, Alecta Pensionsförsäkring, and Håkan Sandberg, Handelsbanken Fonder, who together represent more than 30% of the total number of votes, as well as Sune Carlsson, the chairman of the Board, propose as follows:

**Item 1:** That Sune Carlsson is elected chairman of the Meeting.

**Item 10:** That nine Board members be elected.

**Item 11:** That the following Board members are re-elected: Sune Carlsson, Jacob Wallenberg, Staffan Bohman, Christel Bories, Johan Forssell, Ulla Litzén, Anders Ullberg and Margareth Övrum.

That Ronnie Leten, Senior Executive Vice President business area Atlas Copco Compressor Technique is elected new member of the Board. Ronnie Leten started his employment with Atlas Copco in 1985 and has since then, with the exception of three years, served in different management positions within Atlas Copco Compressor Technique.

Gunnar Brock has declined re-election

That Sune Carlsson is elected chairman and Jacob Wallenberg vice chairman of the Board of Directors.

Information regarding all proposed Board members is available on [www.atlascopco.com/agm](http://www.atlascopco.com/agm).

**Item 12 – Proposal regarding (unchanged) Fee and purchase of own series A shares**

A fee of SEK 1,500,000 to the chairman, SEK 550,000 to the vice chairman and SEK 450,000 to each other Board member not employed by the Company. A fee to the members of the Audit Committee of SEK 170,000 to the chairman and SEK 110,000 to the other members. A fee of SEK 60,000 to each of the members of the Remuneration Committee.

A fee of SEK 60,000 to each Board member who, in addition to the above, participates in a committee in accordance with a decision of the Board of Directors.

Reflecting the ambition to further enhance the interest for the long term development of the Company, the Nomination Committee proposes that each nominated Board member shall have the possibility to choose between receiving 50% of the fee in the form of synthetic shares and the rest in cash and to receive the whole fee in cash. The proposal thus means that the total Board fee amounts to a sum of SEK 4,750,000 of which max SEK 2,375,000 can be in the form of synthetic shares.

For a decision in accordance with the proposal from the Nomination Committee the resolution must be supported by shareholders holding at least 50% of the votes cast at the Meeting.

The Board proposes that the obligation of the Company to pay an amount corresponding to the synthetic shares shall be hedged through the purchase of own series A shares that later will be sold on the market in connection with the payment to the Board member in compliance with a request for mandate that will be presented at that point in time. The economic difference for the Company if all Board members choose to receive a part of their fee in the form of synthetic shares compared to get the whole fee in cash is assessed to be very limited due to the hedging.

The Board proposes that the Board is granted the mandate until the next Annual General Meeting to decide on the acquisition of shares in the Company at one or more occasions in accordance with the following:

1. Acquisition of not more than 70,000 series A shares
2. The shares may only be acquired on NASDAQ OMX Stockholm
3. The shares may only be acquired at a price per share within the registered trading interval at any given point in time

The intention with the acquisition is to hedge the obligations of the Company, including social charges, towards Board members who have chosen to receive a part of the Board fee in the form of synthetic shares.

For a decision in accordance with the proposal from the Board the resolution must be supported by shareholders holding at least two-thirds of the votes cast as well as of the shares represented at the Meeting.

#### **Item 15 – Nomination Committee**

**a)** That the Company shall have a nomination committee consisting of the chairman of the Board and a representative from each of the four largest shareholders in terms of voting rights. During the fourth quarter of 2009 the chairman of the Board shall contact the four largest by Euroclear Sweden AB directly registered or ownership grouped shareholders for the appointing of an owner representative. The names of the four owner representatives and the names of the shareholders they represent shall be made public latest six months prior to the Annual General Meeting 2010 and be based upon the known number of votes immediately prior to the publishing. The term of office of the nomination committee lasts until a new nomination committee has been appointed. The chairman of the nomination committee shall, unless the members otherwise agree, be the member who represents the shareholder with the largest number of votes.

**b)** that representatives who have been appointed by such shareholders who, during the term of the nomination committee, no longer belong to the group of four largest shareholders in terms of voting rights, shall cease to be members of the committee and the one, or those, shareholder(s) who has been added among the four shareholders with the largest voting rights shall appoint its/their representative(s). Unless there are special circumstances to the contrary, there shall be no change in the composition of the nomination committee if there are only marginal changes in the number of votes or a change occurs later than three months prior to the Annual General Meeting. A shareholder who has appointed a representative as member of the nomination committee can replace such representative with a new representative to be a member of the

nomination committee. Every change in the composition of the nomination committee shall be made public as soon as it has taken place.

c) that the nomination committee shall prepare proposals to the Annual General Meeting 2010 regarding the following matters for decision:

Proposal regarding chairman for the Annual General Meeting, number of Board members, composition of the Board of Directors, chairman and vice chairman of the Board of Directors, remuneration to the chairman, vice chairman and other Board members not employed by the Company, compensation for committee work and the criteria for the selection of the nomination committee and decision points for the Annual General Meeting 2011.

d) that, in connection with its mission in general, the nomination committee shall fulfil those tasks that, according to the Swedish Code of Corporate Governance, are allocated to a nomination committee and that the Company, upon request from the nomination committee, shall provide resources like, for example, the secretary function in the nomination committee in order to facilitate the work of the committee. Upon request, the Company shall also carry such reasonable costs for external consultants who are deemed by the nomination committee to be required in order for the nomination committee to carry out its mission.

For a decision in accordance with the proposal from the Nomination Committee, the resolution must be supported by shareholders holding at least fifty percent of the votes cast at the Meeting.

**Item 13 – The proposal of the Board of Directors regarding guiding principles for salary and other remuneration to senior executives and a performance stock option plan for 2009 as well as acquisition and transfer of shares**

**13 a) guiding principles for remuneration to senior executives**

The term "senior executives" covers the President and the other seven members in the Group management team.

The proposal of the Board for 2009, which is in compliance with the principles of previous years and are based on agreements already entered into between Atlas Copco and respective employee, is as follows.

The remuneration to the senior executives shall consist of a base salary, variable compensation, long term incentive (personnel options), pension premium and additional benefits.

The base salary reflects the position, qualification and individual performance.

The size of the variable compensation depends on the extent to which predetermined quantitative and qualitative goals are met. The variable compensation is limited to maximum 70% of the base salary for the President, to 50% for the Business Area Executives and to 40% for the other senior executives.

The Board is now proposing a performance stock option plan for 2009 as part of a program 2009-2011 as outlined in 13 b) below.

Pension premiums are paid in accordance with a premium based plan within a range of 25-35% of the base salary depending on age.

Additional benefits consist of Company car and private health insurance.

A mutual notice term of six months applies. The maximum compensation in case of termination of employment is 24 months base salary.

The Board reserves the right to deviate from these guiding principles if special reasons for such a deviation exist in an individual case.

### **13 b) a performance stock option plan for 2009**

In the opinion of the Board it is important, and it is also in the best interest of the shareholders, that key personnel in Atlas Copco have a long term interest in a good value development of the shares of the Company and align their performance in a manner that enhances such a development. It is also the assessment of the Board that a share related option program increases the attractiveness of Atlas Copco on the global market and enhances the possibility to recruit and keep key personnel in the Group. The proposed performance stock option plan 2009 corresponds to previous such plans in all material respects.

#### Scope and main principles

##### *Issuing of performance stock options*

The Board asks for the right to decide on the issuing of performance stock options that can give a maximum of 280 key personnel in the Group the possibility to acquire a maximum of

4,699,874 Atlas Copco series A shares. The issue is dependent on the value increase of the Group expressed as Economic Value Added (EVA) during 2009. In an interval of MSEK 1,200 the issue varies linear from zero to 100% of the maximum options. The size of the plan and the limits of the interval have been established by the Board and is compatible with the business plan of the Company.

The issue of performance stock options is maximized to the following number per person within the respective key group:

category 1 – the President – 117,500 options

category 2 – Business Area Executives (3) – 58,750 options

category 3 – other members of the Group management and division Presidents (24) – 29,375 options

category 4 – other key personnel (approx. 252) – 14,687 options

The Board shall decide which persons shall be included in the categories above based on position, qualification and individual performance. The issuing of options will take place not later than March 20, 2010.

The Board shall have the right to introduce an alternative incentive plan for key personnel in such countries where the granting of options is not feasible. Such alternative incentive solutions shall, to the extent possible, have terms and conditions corresponding to the ones applicable to the performance stock option plan 2009.

##### *The term of the performance stock options/exercise*

The term of the options shall be five years from the date of issuing. One third of the options can be exercised during each of the next following three years. The options are not transferable. In case the employment is terminated only those options that are exercisable at that point can be exercised.

##### *Exercise price*

The exercise price shall be set to an amount corresponding to 110% of the average of the closing rates at NASDAQ OMX Stockholm of series A shares during a period of ten

business days next following the date of the publishing of the annual accounts (fourth quarter press release) for the year 2009 operations.

*Delivery of shares and costs*

Options shall give the right to purchase already issued series A shares.

To limit the economic risk in case of an increase of the share value during the term of the options and in order to secure the delivery of shares in accordance with agreements regarding the options, the Company has the intention to acquire and transfer own shares as stated in the proposal below.

**13 c) acquisition and transfer of series A shares of the Company in connection with the performance stock option plan 2009**

The Board proposes that the Board is granted the mandate until the next Annual General Meeting to decide, on one or more occasions, on the acquisition of shares in the Company as follows:

1. Acquisition of not more than 5,500,000 series A shares
2. The shares may only be acquired on NASDAQ OMX Stockholm
3. The shares may only be acquired at a price per share within the registered trading interval at any given point in time

The acquisition is made with the intention to limit the economic risk caused by an increase of the share value during the period the performance stock options remain outstanding, to be able to fulfil future delivery obligations, to be able to cover cash settlement in applicable cases and to cover social charges.

The Board further proposes that the Meeting resolves to transfer shares in the Company in relation to the Company's personnel option program 2009 according to the following. A maximum of 4,699,874 series A shares may be transferred. Right to acquire shares is to be granted to the persons participating in the Company's performance stock option plan 2009, with a right for each participant to acquire the maximum number of shares stipulated in the terms and conditions of this plan. The participants' right to acquire shares is conditional upon all terms and conditions of the Company's performance stock option plan 2009 being fulfilled. Shares are to be transferred on the terms and conditions stipulated by the plan, meaning inter alia, that what is there stated regarding price and time during which the participants are to be entitled to use their right to acquire shares is also applicable to the transfer. Participants are to pay for the shares within the time and on the terms stipulated in the performance stock option plan 2009.

With respect to the number of shares that may be transferred under the Company's performance stock option plan 2009, customary terms for recalculation as a result of bonus issue, share split, rights issues and similar measures apply in accordance with the terms and conditions of the plan.

As reason for the deviation from the shareholders right of first refusal and as the base for the transfer price in connection with the transfer of own shares, the Board states that the transfer of own shares is a part of the proposed performance stock option plan for 2009.

In order for the resolutions by the Meeting in accordance with the Board's proposal under

13 a) and 13 b) above to be adopted, the resolutions must be supported by shareholders holding at least fifty percent of the votes cast. For decisions in accordance with the proposals from the Board under 13 c) it is required that at least two thirds of both the votes cast and of the shares represented at the Meeting support the proposal regarding acquisition of shares and in order for a resolution by the Meeting regarding the transfer of shares to be adopted it must be supported by shareholders holding at least nine tenths of the votes cast as well as of the shares represented at the Meeting.

**Item 14 – The proposal from the Board of Directors regarding the sale of own shares in connection with the performance stock option plans 2006 and 2007**

The Board proposes that the Board is granted the mandate until the next Annual General Meeting to sell maximum 1,445,000 series B shares, currently kept by the Company for this purpose, to cover costs, primarily cash settlements and social charges that may be incurred in connection with the exercise of rights under the 2006 and 2007 performance stock option plans. The sale shall take place on NASDAQ OMX Stockholm at a price within the registered price interval at any given time.

For a decision in accordance with the proposal from the Board the resolution must be supported by shareholders holding at least two-thirds of the votes cast as well as of the shares represented at the Meeting.

**Item 16 – The proposal from the Board of Directors regarding a conditional change of the Articles of Association**

The board proposes that § 9, sub. par.1, in the Articles of Association shall be changed as follows:

Current wording

Notice of a general meeting shall be given by posting the notice in Post- och Inrikes Tidningar and Dagens Nyheter.

Proposed wording:

*Notice of a general meeting shall be given by posting the notice in Post- och Inrikes Tidningar and on the website of the company. That notice has been given shall at the same time be posted in Svenska Dagbladet and Dagens Nyheter.*

The Board further proposes that the decision by the Annual General Meeting regarding the change of the Articles of Association shall be conditioned of the fact that a change of the Swedish Companies Act (SFS 2005:551) as to the notice to a General Meeting has entered into force and which change has the effect that the proposed wording of § 9, sub. par.1, above is in compliance with the (changed) Swedish Companies Act.

The Board proposes that the managing director of the Company is authorized to make such minor adjustments which may be required in connection with the registration of the resolutions with the Swedish Companies Registration Office

For a decision in compliance with the proposals from the Board under this Item 16 it is required that the decision of the General Meeting is supported by shareholders who



represent at least two thirds of both the votes cast as well as of the shares represented at the Meeting.

### **Shares and Votes**

The Company has issued in total 1,229,613,104 shares of which 839,394,096 are series A shares, of which the Company holds 11, 275,000, and 390,219,008 are series B shares, of which the Company holds 2,428,400. The total number of votes, after a reduction of the shares held by the Company, is 866, 898,156.8.

### **Documentation**

The Annual Report, the Audit Report and the statement by the auditor regarding the compliance with the guidelines 2008 regarding compensation to senior executives will be available at the Annual General Meeting and will also, like the complete proposal from the Nomination Committee and the Board, including information regarding all Board members be available with the Company and on [www.atlascopco.com/agm](http://www.atlascopco.com/agm). They will also be sent free of charge to the shareholders who so request and state their address from Thursday March 26, 2009.

In connection with the Meeting two awards will be presented, "John Munck Award" for decisive contributions within the area of product development and "Peter Wallenberg Marketing and Sales Award" for the developing of new marketing and sales methods.

Nacka, March 2009

The Board of Directors