

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 Wednesday April 28, 2010 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 Thursday April 22, 2010, and
- notify the Company in writing of their intent to participate in the Meeting no later than Thursday April 22, 2010 to the registration address Atlas Copco AB, Box 610, SE-182 16 Danderyd, or by telephone +46 (0)8 518 01 552 not later than 4.00 p.m. or on the Company website www.atlascopco.com/agm or by telefax +46 (0)8 588 04 201 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 Thursday April 22, 2010. Shareholders should notify their trustees well in advance of this date.

Shareholders who are represented by proxy holder shall submit a proxy. A proxy form is available on 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 proceedings will be simultaneously translated into English.

The President's speech as well as supporting presentation material will be available on the Company website www.atlascopco.com/agm from April 29, 2010.

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 synthetic shares
13. Election of Auditor and establishing of remuneration principle for the audit
14. Report on the function and work performed by the Board's Remuneration Committee as well as proposals regarding
 - a) guiding principles for the remuneration of senior executives
 - b) a performance related personnel option program for 2010
 - c) a mandate to acquire and transfer series A shares
15. Proposal regarding a mandate to transfer own series A and series B shares to cover costs in connection with the performance related personnel option plans for 2006 and 2007 and series A shares to cover costs in relation to the performance related personnel plan 2008
16. Acquisition of own outstanding shares
17. Proposal regarding Nomination Committee
18. 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 2009 is decided to be SEK 3.00 per share and that May 3, 2010 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, 2010.

Item 1, 10, 11, 12, 13, and 17 - Proposals from the Nomination Committee regarding Chairman of the Annual General Meeting, number of Board members, chairman, vice chairman and other Board members, Board remuneration, auditor and remuneration principles to the auditor and proposal regarding Nomination Committee

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 29% 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 ten Board members be elected.

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

That Gunilla Nordström, is elected new member of the Board. Currently Gunilla Nordström is Executive Vice President AB Elektrolux and head of Elektrolux Major Appliances Asia Pacific. Gunilla Nordström has served in several senior management positions with Ericsson and Sony Ericsson in Europe, Latin America and Asia.

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.

Item 12 – Proposal regarding (unchanged) Board Fee, fee for committee work 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 of the other seven Board member not employed by the Company. A fee to the members of the Audit Committee of SEK 200,000 (170,000) to the Chairman and SEK 125,000 (110,000) to the other members of this committee. A fee of SEK 60,000 to each of the members of the Remuneration Committee and 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 5,200,000 of which max SEK 2,600,000 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 13 – Election of auditor and establishing of remuneration principle for the audit

The Nomination Committee proposes that the registered audit company Deloitte AB is elected to be auditor until the end of the AGM 2014 and that the principle for the remuneration to the Auditor for the same period is approved account.

Deloitte AB has informed that, subject to the approval of the proposal from the Nomination Committee regarding auditor, the authorized auditor Jan Berntsson will be main responsible for the audit.

Item 17 – 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 2010 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 2011 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 2011 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 2012.

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 14 – The proposal of the Board of Directors regarding:

- a) guiding principles for salary and other remuneration to senior executives**
- b) a performance stock option plan for 2010 that includes a requirement for the senior executives and division presidents to invest in shares as a prerequisite for participation in the plan; and**
- c) acquisition and transfer of shares**

The proposals has been prepared by the Remuneration Committee

14 a) guiding principles for salary and other 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 2010, 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 programs, pension premium and additional benefits. For expatriates certain other benefits apply in compliance with the Company's Conditions for Expatriate Employees

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.

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.

14 b) a performance stock option plan for 2010

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. In particular this applies to the group of key personnel that consists of the senior executives and the division presidents.

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.

Scope and main principles

Granting

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.

Issuing

The issuing is dependent on the value increase of the Group expressed as Economic Value Added (EVA) during 2010. In an interval of SEK 900,000,000 the issue varies linear from zero to 100% of the maximum number. The size of the plan and the limits of the interval have

been established by the Board and is compatible with the long term business plan of the Company.

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

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, 2011.

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 2010.

The term of the performance stock options/exercise

The term of the options shall be five years from the date of granting. The options are not transferable.

Exercise

The options are exercisable earliest three years from granting. The right to exercise only applies during the period a person is employed.

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 2010 operations.

Recalculation

In case there should be a decision at an AGM regarding, for example, a reduction or increase of outstanding shares or a dividend beyond the dividend policy of the Company a recalculation can take place to preserve the value of the options.

A decision regarding such recalculation shall be taken by the Board of Directors.

Theoretical Value for the Recipient

A theoretical value on a personnel option has been established based on the Black & Scholes model for valuating options. As a base for the calculation, among other factors, has a market value of SEK 105 per share and an expected volatility of 35% been used. The theoretical value is calculated to amount to SEK 23.20 per personnel option or altogether maximum SEK 109,000,000 for the whole plan.

Requirement on senior executives and division presidents regarding own investment

As prerequisite for the participation of the senior executives and division presidents (28 persons) in the personnel stock option plan 2010 applies that they have invested maximum 10% of their respective base salary before tax in series A shares of the Company. The participation in the plan corresponds proportionally to the investment made. Those who have chosen to invest in series A shares will get, in addition to the proportional participation in the plan, the right to acquire, three years after the investment year, the number of shares (matching shares) that corresponds to the number of shares acquired under 2010 at a price of 75% of the market value upon which the exercise price for the shares in the 2010 plan was based, subject to continued employment and continued ownership of the shares acquired in 2010. If the number of the acquired shares has been reduced, the right to matching shares is reduced on a share by share basis.

The theoretical value for this is calculated to be SEK 35.50 per matching share or together approximately SEK 2,000,000.

Delivery of shares and cost

The personnel options shall give the right to acquire already issued series A shares. In order to reduce the economic risk in case of an increase of the share value during the term of the personnel options and in order to secure the ability to deliver shares in compliance with concluded personnel option agreements, the Company intends to acquire and transfer own share in accordance with the proposal below.

14 c) acquisition and transfer of series A shares of the Company in connection with the performance stock option plan 2010, including the share saving/matching share part

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 5,730,000 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 under personnel option and matching share agreements, to cover alternative solutions and cash settlements as well as 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 2010, including the share saving/matching share part, according to the following.

A maximum of 4,765,874 series A shares may be transferred. Right to acquire shares is to be granted to the persons participating in the Company's proposed performance stock option plan 2010, with a right for each participant to acquire the maximum number of shares stipulated in the terms and conditions of this plan. The participant's right to acquire shares is conditional upon all terms and conditions of the Company's performance stock option plan 2010 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 2010.

With respect to the number of shares that may be transferred under the Company's performance stock option plan 2010, 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 2010.

In order for the resolutions by the Meeting in accordance with the Board's proposal under 14 a) and 14 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 14 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. Should this majority vote not be achieved, the intention of

the Company is to hedge the financial exposure and secure delivery of shares by entering into an equity swap agreement with a financial institution.

Item 15 – The proposal from the Board of Directors regarding the sale of own shares in connection with the performance stock option plans 2006, 2007 and 2008

The Board proposes that the Board is granted the mandate until the next Annual General Meeting to sell, at one or more occasions, maximum 1,600,000 series A shares and maximum 2,400,000 series B shares, in connection with the exercise of rights under the 2006 and 2007 performance stock option plans and maximum 925,000 series A shares in connection with the exercise of rights under the 2008 performance stock option plan in order to cover costs, primarily alternative plans and social costs as well as cash settlements (plan 2008). The sale shall take place on NASDAQ OMX Stockholm at a price within the registered price interval at any given time.

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 previously adopted performance stock option plans for 2006, 2007 and 2008.

For a decision by the Board in accordance with the proposal, 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 regarding acquisition of own outstanding shares

The Board proposes that the Board is given the mandate until the next AGM and, considering the proposals above under items 12 and 14 regarding mandate for the Board to acquire shares as well as to the number of shares held by the Company, to decide on the acquisition of shares, at one or more occasions, in accordance with the following:

1. Acquisition, of shares is allowed up to maximum 5% of all issued shares, excluding those shares that are held by the Company at the time of the AGM 2010, but including the shares the Company will acquire based on mandates granted at that AGM
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 purpose with the acquisition of the shares is to be able to continuously adapt the capital structure of the Company and, by doing this, contribute to an increased shareholder value.

For a decision by the Board in accordance with the proposal, 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.

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 March 12, 2010 holds 12, 088,000, and 390,219,008 are series B shares, of which the Company holds 2,422,971 the same day. Series A shares have one vote and series B shares have one tenths of a vote.

Documentation

The Annual Report, the Audit Report and the statement by the auditor regarding the compliance with the guidelines 2009 regarding compensation to senior executives will be available at the Annual General Meeting and will also, like the proposals from the Nomination Committee and the Board, including information regarding all Board members

and the statement by the nomination Committee regarding the Board, be available with the Company and on www.atlascopco.com/agm. They will also be sent free of charge to the shareholders who so request and state their address from Friday March 26, 2010.

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 2010

The Board of Directors