

**Annex to proposal to the Annual General Meeting April 28, 2010, agenda point 14, regarding remuneration principles to senior executives, performance stock option plan for 2010 and hedging of undertakings under this plan.**

**SUMMARY OF OUTSTANDING SHARE VALUE BASED INCENTIVE PROGRAMS IN ATLAS COPCO AB**

**Stock options and share appreciation rights**

In 2000 the Board of Directors resolved to implement a worldwide incentive program 2000-2003 for key employees in the Group. The incentive program mainly included stock options, which entitle the holders to acquire Atlas Copco A shares at a pre-determined exercise price. In some countries (for example the United States, Belgium, Brazil, Canada, India, Malaysia and the Philippines) Share Appreciation Rights were granted instead due to legal and tax reasons.

The 2000, 2001, 2002 and 2003 grants have expired. No stock options or share appreciation rights were granted in 2004 and 2005.

The Annual General Meeting resolved in 2006, 2007, 2008 and 2009 to implement performance related stock option plans for key employees in the Group. The performance stock option plans included that the grant of stock options would take place if set targets for the value increase of the Group expressed as Economic Value Added (EVA) were met. The targets that were set for 2006, 2007 and 2008 were met and the Board has established that the performance target for granting of personnel options in the 2009 performance stock option plan has also been met to the level of 43%. Granting of stock options in the 2009 performance stock option plan will take place no later than during March 2010. The stock options entitle holders to acquire Atlas Copco A shares at a pre-determined exercise price.

In some countries (for example the United States, China, India, South Africa and the Philippines) Share Appreciation Rights are to be granted due to legal and tax reasons under the 2006-2009 plans.

Share appreciation rights do not entitle the holder to acquire shares, but only to receive the difference between the share price of the A-share at exercise and a fixed price, corresponding to the exercise price of a stock option.

The main terms of the 2006, 2007, 2008 and 2009 performance stock options/share appreciation rights are the following. They are issued by Atlas Copco AB, have a term of 5 years from grant date and vest at the rate of one third per year as from the date of grant. Unvested stock options/share appreciation rights expire at termination of employment when an employee is being fired. They have been granted free of charge as a part of the compensation package and are not transferable.

The exercise price/grant value is equal to 110% of the average share price of the Atlas Copco A share during a limited period before the grant date. In order to secure delivery of shares under the stock options, for cash payment and for social security charges that may occur, the Annual General Meeting have resolved to repurchase and transfer shares. Term, exercise price and

number of granted and outstanding stock options/share appreciation rights are presented in the schedule below.

Grant year	Stock options				Share appreciation rights			
	2003	2006	2007	2008	2003	2006	2007	2008
Initial number of employees	138	182	175	185	127	33	31	38
Initial number of options	3,337,362	3,201,795	3,098,987	3,245,857	2,901,889	499,360	469,985	572,794
Expiration date	2009-05-11	2012-03-30	2013-03-30	2014-03-20	2009-05-11	2012-03-30	2013-03-30	2014-03-20
Exercise price/Grant value (SEK)	28.81	111.06	105	71	28.81	111.06	105	71
Type of share	A	A	A	A	A	A	A	A
Outstanding options Dec 31, 2009	0	3,201,795	3,098,987	3,245,857	0	499,360	469,985	572,794