

## **ATLAS COPCO AB**

### **Proposal for a decision regarding a split and an automatic redemption procedure (As per March 15, 2011, the Company holds 15,737,289 shares)**

#### **Background**

Atlas Copco has generated significant cash flows both during the financial crisis and during the fast growth of 2010. Consequently, the Company has a strong financial position. In order to adjust the Group's balance sheet to a more efficient structure and, at the same time, maintain the flexibility for further growth, the Board of Directors proposes to the Annual General Meeting an automatic share redemption procedure, by a so called share split of 2:1. Every old share will be split into two new shares. One of those shares will be automatically redeemed at SEK 5 per share. This corresponds to a total of SEK 6,069,379,075 that the shareholders will receive in addition to the proposed ordinary dividend of SEK 4 per share. The Board of Directors also propose that, in order to quickly and efficiently transfer redemption to the shareholders, that the share capital of the Company is increased by SEK 393,004,095 by way of a bonus issue.

In view hereof, the Board proposes that the Annual General Meeting resolves in accordance with the following proposal.

#### **15 a) Change of articles of association**

The Board proposes that the wording of the Articles of Association (§ 4) be amended, to the principal effect that

- (i) the number of shares that may be issued by the Company is increased from a minimum of 500,000,000 and a maximum of 2,000,000,000 to a minimum of 1,000,000,000 and a maximum of 4,000,000,000, and that
- (ii) the number of shares that may be issued of series A be changed from a maximum of 2,000,000,000 to a maximum of 4,000,000,000 and that the number of shares that may be issued of series B be changed from a maximum of 2,000,000,000 to a maximum of 4,000,000,000
- (iii) the words "not later than 4 p.m." in §9 will be removed to better comply with the Swedish Company Act.

#### **15 b) Share split**

The Board proposes that the quota value of the share (the share capital divided by the number of shares) is changed by way of a share split, so that each share (irrespective of the Series of shares) is divided into two shares, of which one is to be named redemption share in the Euroclear system and be redeemed in the manner described under c) below. The record day at Euroclear Sweden AB (the Swedish Central Security Depository) for implementation of the share split is to be May 13, 2011. After implementation of the share split, the number of shares in the Company will increase from 1,229,613,104 to 2,459,226,208, of which 1,678,788,192 are series A shares and 780,438,016 are series B shares, each share with a quota value of approximately SEK 0.3196.

#### **15 c) Reduction of the share capital by redemption of A-shares and B-shares**

The Board proposes that the Company's share capital be reduced by SEK 393,004,095 (the reduction amount) by way of redemption of 1,229,613,104 shares, of which 839,394,096 are series A shares and 390,219,008 are series B shares. The shares that are to be redeemed are the shares that, after share split in accordance with item b) above, are named redemption shares in the Euroclear system, whereby the record day for the right to receive redemption shares according to b) above is to be May 13, 2011.

The purpose of the reduction of the share capital is repayment to the shareholders and, to the extent that the reduction of the share capital is implemented by way of redemption of shares held by the Company, for transfer to a fund to be used in accordance with the General Meeting's decision.

For each redeemed share (irrespective of the series of shares) a redemption amount of SEK 5 will be paid, of which approximately SEK 4,68 exceeds the quota value of the share. However, no payment is to be made in respect of redeemed shares held by the Company. The total redemption amount is calculated to an amount of SEK 6,069,379,075. In addition to the reduction amount, a total amount of SEK 5,676,374,980 will be distributed, by use of the Company's non-restricted equity. The redemption price is to be paid as soon as possible, however not later than ten banking days after the day of registration of all resolutions under a) – d) with the Swedish Companies Registration Office.

Following the reduction of the share capital, the Company's share capital will amount to SEK 393,004,095 divided on, in total 1,229,613,104 shares, of which 839,394,096 are series A shares and 390,219,008 are series B shares, each share with a quota value of approximately SEK 0.3196. Apart from the reduction of the share capital, the Company's restricted shareholders' equity will not be affected.

In its statement pursuant to Chapter 20, Section 13, fourth paragraph of the Swedish Companies Act, the Board of Directors states the following. The resolution on reduction of the share capital for repayment to the shareholders by redemption of shares according to c) above may be implemented without obtaining the Swedish Companies Registration Office's or a general court's permission, since the Company at the same time implements a bonus issue according to d) below, as a measure with the object that neither the Company's restricted shareholders' equity, nor its share capital be reduced. The effect of the reduction of the share capital and the bonus issue on the Company's restricted shareholders' equity and the share capital is present, as concerns the reduction, in the preceding paragraph and, as concerns the bonus issue, in d) below.

#### **15 d) increase of the share capital by way of a bonus issue**

The Board further proposes that the General Meeting resolves that the Company's share capital be increased by way of a bonus issue of SEK 393,004,095 to SEK 786,008,190, by a transfer of SEK 393,004,095 from the Company's non-restricted equity. No new shares are to be issued in connection with the bonus issue.

The number of shares of the Company will, after implementation of the increase of the share capital, be 1,229,613,104, of which 839,394,096 are series A shares and 390,219,008 are series B shares, each share with a quota value of approx. SEK 0.6394.

The resolutions by the General Meeting in accordance with a) – d) above are to be adopted as one single resolution. In order for a resolution by the General Meeting to be valid, the resolution must be supported by shareholders holding at least two thirds of the votes cast as well as the shares represented at the General Meeting.

The Board proposes that the General Meeting gives the Company President mandate to make smaller adjustments regarding this item, which may be required to register the shareholders decision to the Swedish Companies Registration Office and Euroclear Sweden AB.