

Annex

ATLAS COPCO AB

Annex to proposal to the Annual General Meeting 2013 regarding remuneration principles to senior executives, performance stock option plan for 2013 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 entitled 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, 2009, 2010, 2011 and 2012 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, 2008, 2010 and 2011 were met in full and the target for the 2009 plan was met to the level of 45% of the target. The Board has established that the performance target for issuing of personnel options in the 2012 performance stock option plan has been met. Issuing of stock options in the 2012 performance stock option plan will take place no later than during March 2013. 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 were granted due to legal and tax reasons under the 2006-2012 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 pre-determined exercise price of a stock option.

The main terms of the 2006, 2007, 2008, 2009 performance stock options/share appreciation rights are the following. They are issued by Atlas Copco AB, have a term of 6 years from grant date and vest at the rate of one third per year as from the date of issue.

The 2010, 2011 and 2012 performance stock options/share appreciation rights vest at 100% three years from grant and expire five years from grant.

A prerequisite for 31 senior executives and division presidents to be issued options under the 2010, 2011 and 2012 plans is that they invest 10% of their base salary to purchase Atlas Copco A Shares and hold those shares until the options vest. They will also be entitled to purchase one matching share for each share purchased at a pre-determined price.

The options granted under the 2006, 2007 and 2008 plan remain the property of the employee also if employment is terminated, except when terminated by the company, when only vested options are exercisable. For the 2009, 2010, 2011 and 2012 programs the options remain the property of the employee only to the extent they are exercisable at the time employment is terminated. 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.

Program	Initial number of employees	Initial number of options	Expiration date	Exercise price, SEK	Type of share	Outstanding options 31 Dec 2012
Stock options						
2006	183	3 297 784	2012-03-30	107,83	A	0
2007	177	3 222 149	2013-03-30	101,94	A	443 102
2008	198	3 570 079	2014-03-20	68,93	A	1 355 874
2009	222	3 902 878	2015-03-20	104,86	A	1 200 730
2010	221	3 796 922	2015-04-30	166,99	A	3 524 615
2011	224	2 735 804	2016-04-30	184,00	A	2 703 323
Matching shares						
2010	21	38 334	2015-04-30	113,59	A	27 780
2011	20	39 495	2016-04-30	125,00	A	39 495
Share appreciation rights						
2006	36	559 608	2012-03-30	107,83	A	0
2007	38	589 966	2013-03-30	101,94	A	53 008
2008	41	635 348	2014-03-20	68,93	A	171 402
2009	47	741 240	2015-03-20	104,86	A	231 978
2010	49	756 351	2015-04-30	166,99	A	756 351
2011	48	530 524	2016-04-30	184,00	A	519 697

All number of options and exercise prices are adjusted after redemption April 2011