

Notice of Annual General Meeting Atlas Copco AB

The Shareholders of Atlas Copco AB are invited to attend the Annual General Meeting (the Meeting) to be held on Friday April 27, 2012 at 3.00 p.m. (Swedish time) at Aula Magna, University of Stockholm, Frescativägen 6, Stockholm, Sweden. Registration starts 1.30 p.m.

Registration

Shareholders, intending to participate in the Meeting, must

- be recorded in the register of shareholders kept by Euroclear Sweden AB on Friday April 20, 2012, and
- notify the Company in writing of their intent to participate in the Meeting no later than Monday April 23, 2012, 1 p.m. to the registration address Atlas Copco AB, Box 7835, SE-103 98 Stockholm, or by telephone +46 (0)8 402 90 43 working days between 9.00 a.m. to 4.00 p.m. or on the Company website www.atlascopco.com/agm.

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 Monday April 20, 2012. Shareholders should notify their trustees/banks 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. Representatives of legal entities must be able to present a copy of the registration certificate or other similar authorization document to support the proxy. Please send such proxies and other authorization documents to the Company well in advance to ease the registration process at the Meeting.

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. Electronic devices for voting will be used from agenda point eight.

The President's speech as well as supporting presentation material will be available on the Company website www.atlascopco.com/agm from April 30, 2012.

Proposed 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
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. 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
 - 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 date for receiving dividend
9. Determination of the number of Board members and deputy members
10. Election of Board members and of Chairman of the Board
11. Determining the remuneration, in cash or partially in the form of synthetic shares, to the Board of Directors and the remuneration to its committees
12. The Board's proposals regarding
 - a) guiding principles for the remuneration of senior executives
 - b) a performance related personnel option plan for 2012
13. Proposal regarding a mandate to
 - a) acquire series A shares related to personnel option plan for 2012
 - b) acquire series A shares related to remuneration in the form of synthetic shares
 - c) transfer series A shares related to personnel option plan for 2012
 - d) sell series A shares to cover costs related to synthetic shares to the Board of Directors
 - e) sell series B shares to cover costs in connection with the performance related personnel option plan for 2007 and series A shares to cover costs in relation to the performance related personnel option plans for 2008 and 2009
14. Proposal regarding Nomination Committee
15. Closing of the Meeting

Item 8 c) and d) - The Board of Directors' proposals regarding dividend and record day

The Board proposes that the dividend for 2011 is decided to be SEK 5 per share and that May 3, 2012 is the record date for the dividend. If the Meeting decides as proposed, the dividend is expected to be distributed by Euroclear Sweden AB on May 8, 2012.

Item 1, 9, 10, 11, and 14 - Proposals from the Nomination Committee regarding Chairman of the Annual General Meeting, number of Board members, chairman and other Board members, Board remuneration and remuneration for Committee work and the rules for the Nomination Committee

The Nomination Committee, consisting of Petra Hedengran, the Chair of the Committee, Investor AB, Jan Andersson, Swedbank Robur Fonder, Ramsay Brufer, Alecta Pensionsförsäkring, mutual, and Frank Larsson, Handelsbanken Fonder, who together represent more than 28% of the total number of votes and 26% of the total number of shares in the Company, 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 9: That nine Board members be elected.

Item 10: That the following Board members are re-elected: Sune Carlsson, Staffan Bohman, Johan Forssell, Ronnie Leten, Ulla Litzén, Gunilla Nordström, Anders Ullberg and Margareth Övrum and new election of Peter Wallenberg Jr. That Sune Carlsson is elected chairman of the Board.

Information regarding all proposed Board members is available on www.atlascopco.com/agm.

Item 11 – Proposal regarding remuneration to the Board of Directors and for committee work

Remuneration of SEK 1,800,000 (1,750,000) to the chairman and SEK 540,000 (525,000) to each of the other seven Board members not employed by the Company. Unchanged remuneration to the members of the Audit Committee of SEK 200,000 to the Chairman and SEK 125,000 to the other members of this committee. Unchanged remuneration of SEK 60,000 to each of the members of the Remuneration Committee and remuneration 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 remuneration in the form of synthetic shares and the rest in cash and to receive the whole remuneration in cash. The proposal thus means that the total Board remuneration amounts to a sum of SEK 5,475,000 of which max SEK 2,737,500 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 a majority 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 remuneration in cash is assessed to be very limited due to the hedging.

Item 14 – Nomination Committee

The Nomination Committee proposes that the following shall apply until otherwise decided by an Annual General Meeting:

- 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 each year 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 next Annual General Meeting 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 if 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 regarding the following matters for decision:
Proposal for chairman for the Annual General Meeting, number of Board Members, composition of the Board of Directors, chairman (and vice chairman if applicable) of the Board of Directors, remuneration to the chairman (vice chairman if applicable) and other Board members not employed by the company, compensation for committee work, external auditor or auditing firm (if applicable) and compensation to the external auditor or auditing firm (if applicable).
- d) That, in connection with its assignment, 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 the Nomination Committee deems necessary to in order for the Nomination Committee to carry out its assignment.

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

Item 12 – 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 2012 that includes a requirement for the senior executives and division presidents to invest in shares as a prerequisite for participation in the plan**

12 a) guiding principles for salary and other remuneration to senior executives

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

The proposal of the Board for 2012, 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.

12 b) performance stock option plan for 2012

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 315 key personnel in the Group the possibility to acquire a maximum of

4,385,564 Atlas Copco series A shares.

Issuing

The issuing is dependent on the value increase of the Group expressed as Economic Value Added during 2012. In an interval of SEK 1,100,000,000 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:

category 1 – the President: 103,636 (84,100) options

category 2 – Business Area Executives (4): 39,273 (42,050) options

category 3 – other members of the Group management and division Presidents (26): 27,273 (21,025) options

category 4 – other key personnel (approx. 284): 12,027 (10,512) 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, 2013.

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 (SAR) shall, to the extent possible, have terms and conditions corresponding to the ones applicable to the performance stock option plan 2012.

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 2012 operations.

Maximized outcome

Any difference between exercise price and actual share price, amounting to more than 400% of exercise price, at time of settlement in cash, including SAR, will be disregarded. Furthermore, an exercise for shares is maximised to equate to 400% of exercise price, by increasing the exercise price such that a difference between the increased exercise price and actual share price at time of transaction, equates to a maximum of 400%.

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 167 per share and an expected volatility of 32% been used. The theoretical value is calculated to amount to SEK 27,50 per personnel option or altogether maximum SEK 120,603,000 (108,000,000) 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 (31 persons) in the personnel stock option plan 2012 applies that they have invested maximum 10% of their respective base salary for 2012, before tax, in series A shares of the Company (20% for expatriates with net salary). The investment may be in cash or by pre-owned shares, however, not by shares that are obtained as part of the participation in the stock option plan for 2011.

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 2012 at a price of 75% of the market value upon which the exercise price for the shares in the 2012 plan was based, subject to continued employment and continued ownership of the shares. 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 46,10 per matching share or together approximately SEK 2,453,184 .

Delivery of shares and cost

The personnel options shall give the right to acquire already issued series A shares.

Item 13 – Proposal of the Board of Directors regarding mandate to:

- a) **acquire series A shares related to personnel option plan for 2012**
- b) **acquire series A shares related to remuneration in the form of synthetic shares**
- c) **transfer series A shares related to personnel option plan for 2012**
- d) **sell series A shares to cover costs related to synthetic shares to the Board of Directors**
- e) **sell shares in connection with the performance stock option plans 2007, 2008 and 2009**

13 a) acquire shares related to personnel option plan for 2012

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 4,550,000 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, primarily, social charges.

13 b) acquire shares related to remuneration in the form of synthetic shares

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 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 acquisition is made with the intention to hedge the obligation of the Company to pay remuneration, including social charges, to Board members who have chosen to receive 50% of their remuneration in synthetic shares.

13 c) transfer of shares related to personnel option program for 2012

The Board further proposes that the Meeting decides to transfer shares in the Company in relation to the Company's personnel option plan 2012, including the share saving/matching share part, according to the following:

1. A maximum of 3,500,000 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 2012, 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 2012 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 2012.
2. With respect to the number of shares that may be transferred under the Company's performance stock option plan, 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 2012.

13 d) sell shares to cover costs related to synthetic shares to the Board of Directors

The Board proposes that the Board is granted the mandate until the next Annual General Meeting to decide, on one or more occasions, to sell not more than 15,000 series A shares in the Company to cover the costs of giving a counter value of earlier issued synthetic shares to previous Board member, and to, primarily, cover social charges.

Shares proposed to be sell where acquired based on mandates given at the Annual General Meeting respective year to acquire the share for the stated purpose. 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 price in connection with the sale of own shares, the Board states that the sale of own shares is a part of the previously adopted performance stock option plans

Item 13 e) sell shares in connection with the performance personnel option plans 2007, 2008 and 2009

The Board proposes that the Board is granted the mandate until the next Annual General Meeting to sell, at one or more occasions, maximum 1,200,000 series B shares in connection with the exercise of rights under the 2007 stock option plan and maximum 4,700,000 series A shares, in connection with the exercise of rights under the 2008 and 2009 performance stock option plans in order to cover costs, primarily cash settlements in Sweden, SAR and social costs. Shares proposed to be sold where acquired based on mandate given at the Annual General Meeting respective year to acquire the share for the stated purpose.

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 price in connection with the sale of own shares, the Board states that the sale of own shares is an integrated part of the previously adopted performance stock option plans.

In order for the resolutions by the Meeting in accordance with the Board's proposal under 13 a), b), d) and e) above to be adopted, the resolutions must be supported by shareholders holding at least two-thirds of the votes cast as well as of the shares represented at the Meeting and for decisions in accordance with the proposals from the Board under 13 c) it is required that at least nine tenths of both the votes cast and 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 in connection to the 2012 personnel option plan and secure delivery of shares by entering into an equity swap agreement with a financial institution.

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 on March 1, 2012 holds 15,429,914 and 390,219,008 are series B shares, of which the Company holds 1,184,270 the same day. Series A shares have one vote and series B shares have one tenths of a vote whereas the non represented shares held by the Company corresponds to 15,548,341 votes.

Information at the Annual General Meeting

If a shareholder so requires and the Board believes that the information can be given without causing harm to the Company, the Board and the President shall give information regarding an item on the agenda or circumstances that might affect the evaluation thereof or circumstances that could effect the evaluation of the economic position of the Company or a subsidiary Company or the Company's relation to another Company within the Group.

If a shareholder wishes to submit questions in advance, such should be sent to: Atlas Copco AB, Att: General Counsel, 105 23 Stockholm

Documentation

The Annual Report, the Audit Report and the statement by the auditor regarding the compliance with the guidelines 2011 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 March 19, 2012.

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 2012

Atlas Copco AB
(publ)

The Board of Directors