

## **Evaluation of Atlas Copco AB's remuneration to Group Management 2010 with respect to points 10.3 and 9.1 in the Swedish Corporate Governance Code**

### Remuneration to Senior Executives

The Basic Principles for salary and other remuneration to Senior Executives are proposed to and approved by the Annual General Meeting and the full content of those principles are published in the Annual Report.

The elements of the remuneration are designed to successfully attract and retain high quality and competent members of Group Executive Management in order to create long lasting value for the corporation and its stakeholders. Therefore, the remuneration principles for the Senior Executives should contain a well balanced mix of fixed salary, variable compensation and long term incentive program, pension benefits, other benefits and principles for termination and severance pay.

### Remuneration Committee

The Board's Remuneration Committee, which during the year 2010 has consisted of the Chairman of the Board, Sune Carlsson, who also was Chairman of the Remuneration Committee, Jacob Wallenberg and Anders Ullberg has had two meetings during 2010.

The Remuneration Committee has prepared issues concerning the Long Term Incentive Plans and other remuneration matters that have been brought to the Board for decision. The Remuneration Committee has handled the annual salary review process for the CEO in the same way and guided in the remuneration review of the other Senior Executives.

### Evaluation and Conclusion

In line with the Code and using the long term goals and strategy of the Group and external benchmarks as a basis, the Remuneration Committee has evaluated how the remuneration principles are applicable as well as how they have been applied and followed for the Senior Executives during 2010.

The Remuneration Committee concludes that the remuneration policy is fully in force and that it has been applied and followed in compliance with the established and approved principles that were adopted by the Annual General Meeting 2010.

The Remuneration Committee also concludes that the variable compensation both for the cash element and the share related element has been an incentive for the participants as well as having contributed to the value creation.

During the year the Committee has also evaluated the long term incentive program and in 2010, there were three performance stock option plans (2006 – 2008) with exercisable options and one option plan (2009) with options not yet exercisable. The

exercise price for the options and matching shares of the 2010 plan was established early 2011. The cost for the 2006-2009 plans were hedged through the purchasing of own shares the year the respective plan was established. Those shares have been sold when the option holders have exercised their right to purchase shares. Due to the hedging and the increased share price the actual cost for the plans has been below the calculated costs according to IFRS.

Stockholm April 4, 2011.

Remuneration Committee of the Atlas Copco AB Board