THE COMPLETE PROPOSAL OF THE BOARD FOR A RESOLUTION TO ADOPT THE ELEKTA AB 2004 SHARE UNIT PLAN

Background

During the years 1999-2001, key employees within Sweden were offered to acquire option rights to subscribe for new shares of class B of the Company (warrants) at market price as a long term share based incentive plan. Key employees outside Sweden were offered stock options for free with warrants as the underlying asset. Warrants/stock options granted during 1999-2000 which have not been exercised have expired. The number of outstanding warrants/stock options from grant 2001 and main conditions for these are included in appendix A.

The board of the Company finds it important and in all shareholders interest that key employees within the group have an interest in the appreciation of the Company share value. Based on this, the Board proposes the following share based incentive plan for key employees within the group. The benefit of participating in the incentive plan shall, in addition to the requirement of appreciation of the share value, also be conditioned by performance in relation to financial targets and by a certain degree of personal investment in shares of the Company.

The purpose of the incentive program is to create participation for key employees in opportunity and risk in company performance as well as ensure that they share the performance goal of providing profitable growth. It is also intended to retain key performers and in a few selected cases to be used in recruitment. The necessity of an equity based incentive program should be viewed in perspective of that Elekta operates on a global market and that a majority of the eligible employees work in an environment where equity incentives are a normal part of the total compensation package.

The following proposal has been prepared by the Executive Compensation Committee in consultation with the Board. The resolution to propose the incentive plan to the shareholders' meeting has been taken by the Board.

1. The Board's proposal for a resolution to adopt the Elekta AB 2004 Share Unit Plan

The Board proposes that the general meeting of shareholders resolves to adopt the Elekta AB 2004 Share Unit Plan ("the Plan"), appendix 1. The purpose of the resolution is that the terms and conditions which are stipulated in the Plan will operate as a framework for yearly grants of stock options to employees within the Elekta group during the fiscal years 2004/05-2006/07. It is intended to submit each grant to the shareholders' approval (for grant 2004 see section 2 below).

Outstanding stock options granted subject to the Plan may not at any time involve a possible dilution of the number of outstanding shares (including both class A and B) with more than 5%. Should grants of stock options during year 1 and 2 of the Plan result in a dilution of the number of outstanding shares exceeding an average of 1.67% per year (after measurement of performance and other vesting conditions), the grant year 3 will be adjusted to the 5%-limit over all three years.

The principal terms and conditions of the Plan are as follows.

1.1 Share unit

A share unit means that an eligible employee will be granted a stock option that gives the possibility to acquire Elekta shares of class B provided that the employee invests in a certain number of Elekta shares on the market and retains such shares until the stock option is exercised or expires. The ratio between the employee's share investment and the number of shares which can maximum be acquired at exercise of the stock option shall be determined by the Board for each employee within the range of 1:20 to 1:100 where the ratio shall increase in proportion to the fewer shares that can be acquired upon exercise of the granted stock option. If the employee does not make the required share investment before 31 December in the year of grant (this period can be prolonged if the share investment is not possible due to legal reasons), the stock option will terminate.

1.2 Term of Option

The term of each stock option shall be no more than 4 years from the date of grant.

1.3 Failure to hold mandatory acquired shares

If the holder of a stock option at any time during the option term disposes of shares which have been mandatory acquired in order to be granted the stock option, the number of shares subject to the stock option shall correspondingly be reduced in relation to the number of mandatory shares disposed of. When the number of shares subject to the stock option is reduced due to that the stock option has been exercised, the holder of a stock option may dispose of mandatory acquired shares corresponding to such exercise without any further reduction of the remaining shares subject to the stock option.

1.4 Performance requirements – earning of the right to acquire shares

The right to acquire the granted number of shares subject to the stock option shall be conditioned by collective performance requirements. These performance requirements shall be proposed by the Board and subject to approval by the general meeting of shareholders. The performance requirements shall be measured before the first date when the stock option can be exercised.

The right to acquire the number of shares which will be earned by achievement of the performance requirements ("earned shares") will additionally be subject to vesting conditions (see section 1.5 below). To the extent the granted number of shares subject to the stock option is not earned, the right to acquire such shares will terminate.

1.5 Vesting

To the extent the stock options have been earned in relation to the performance requirements and provided the employee maintained continuous status as an employee within the Elekta group (exceptions exist in case of termination of employment due to retirement, disability or death), the stock option shall become exercisable (vest) as to one-third of the number of earned shares subject to the stock option 1st August annually as from the year following the year of grant.

1.6 Exercise price and cap of the stock option benefit

The price per share to be paid by the employee to receive shares upon exercise of a stock option shall be determined by the Board and be no less than 110% of the fair market value of an Elekta share class B at the date when the offer of the stock option grant is made to the employees. The fair market value of the Elekta share class B shall be calculated as the average closing price per share during ten trading days immediately preceding the date of the offer.

Notwithstanding what is stated above regarding the exercise price, in case the fair market value per class B share at any time during the term of a stock option exceeds 500% of the fair market value per class B share at the date of the offer, the exercise price shall increase correspondingly so that the fair market value per class B share at the date of exercise never exceeds 500% of the exercise price.

1.7 Non-transferability

The stock options shall not be possible to transfer, pledge or in any other way disposed of other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the employee, only by the employee.

1.8 Termination of the employment within the Elekta group

If the holder of a stock option terminates his/her employment within the Elekta group, the stock option will be forfeited to the extent it has not vested. Vested stock option will normally forfeit after three months following termination of the employment. Other time limits exist in case the termination depends on retirement, disability or death. However, not in any case will the stock options be exercisable after the original expiry date.

2. The Board's proposal for a resolution to grant stock options in accordance with the Elekta AB 2004 Share Unit Plan

The Board proposes that the general meeting of shareholders resolves to grant stock options which give the possibility to acquire class B shares of the Company. The stock options shall be granted in accordance to the terms and conditions of the Elekta AB 2004 Share Unit Plan (appendix 1) and to the terms set out below in this section 2.

The stock options shall be offered to key employees within the Elekta group. Stock options may also be offered to foreign subsidiaries within the Elekta group in order to be further transferred to employees abroad. In this year's grant, the stock options shall in case of target performance and fulfillment of other vesting conditions in total entitle to 530,000 class B shares of the Company. However, should the financial performance targets be succeeded (over-performance), the stock options may additionally entitle to maximum totally 202,000 shares. Hence, in case of over-performance the grant may in total entitle to maximum 732,000 shares. The commitment to deliver shares upon exercise of stock options is proposed to be secured by the issuance of a subordinated debenture with detachable warrants for subscription of new class B shares of the Company (see further section 3 below).

2.1 Grant levels

Stock options will be offered to totally app. 50 employees in accordance with the following at target performance: category 1 – top executives (1-3 persons)- a possibility to acquire maximum 21,433 shares each; category 2 – other senior executives (app. 5 persons) – a possibility to acquire maximum 18,186 shares each; category 3 – senior directors (app. 18 persons) - a possibility to acquire maximum 12,990 shares each; category 4 – selected senior and middle managers and key specialists (app. 25 persons) - a possibility to acquire maximum 6,495 shares each.

In case of over-performance the employees in each category may additionally be granted the right to acquire a certain number of shares subject to the stock option up to maximum 38% of the number of shares originally subject to the stock option upon target performance (see further section 2.3).

The Board shall decide who will be included in the categories above.

Members of the Board of the Company do not have any right to receive stock options with the exception for the Company's chief executive officer.

2.2 Employees outside Sweden

Grant of stock options to employees outside Sweden is conditional on that such grant can lawfully be made and that the Board determines that it can be made with reasonable administrative and/or economical resources.

If there are legal impediments to grant stock options to employees in a certain country other than Sweden, the Board may instead, if more appropriate, grant synthetic stock options to such employees. The synthetic stock options shall have the similar term and conditions as the stock options granted. However, the synthetic stock options shall only entitle the employee to receive a cash payment upon exercise equal to the difference between the fair market value of the Elekta class B share at the date of exercise and a predetermined grant value. The grant value shall equal the exercise price of the stock options.

2.3 Vesting requirements

Subject to the requirements stated in the Plan (see sections 1.3 – 1.5 above) and the performance requirement specified below, the stock options shall become exercisable (vest) according to the following schedule: 1 August 2005 – as to one-third of the total number of Shares earned under the stock option; 1 August 2006 - as to two-thirds of the total number of Shares earned under the stock option; 1 August 2007 - all Shares earned under the stock option.

The stock options shall be earned in relation to collective performance during the Company's financial year 2004/2005 (ending 30 April 2005). The performance shall be measured against

a) Earnings Before Income Tax (EBIT) margin (target performance and over-performance) with a target of 11%; and
b) Business Volume growth (i.e. growth of average of order and sales in local currency) in comparison with the Company's preceding financial year (over-performance)

in accordance with the following:

(1) If target performance is met, i.e. EBIT margin of 11%, all shares originally subject the stock option will be earned ("target performance shares").
(2) If EBIT margin is within the range of 9% to 11%, earning shall occur proportionally for 50% up to 100% of the target performance shares.
(3) If EBIT margin is less than 9%, no shares under the stock option will be earned.

Should the performance target be exceeded (over-performance), i.e. EBIT margin exceeds 11%, the following shall apply:

(1) If EBIT margin is at least 13% additionally 19% of the target performance shares will be earned.
(2) If EBIT margin is within the range of 11% to 13%, earning shall occur proportionally for additional shares up to 19% of the target performance shares,

AND

(1) If the growth of Business Volume is at least 15% additionally 19% of the target performance shares will be earned.
(2) If the growth of Business Volume is within the range of 10% to 15%, earning shall occur proportionally for additional shares up to 19% of the target performance shares.

Accordingly, over-performance can maximum generate a right to acquire totally 138% of the number of target performance shares.

Immediately following measurement of the performance, any part of a stock option which will not be earned due to that target performance not having been met or only partly met shall terminate and be cancelled without payment therefore.

2.4 Exercise price

The exercise price per share, i.e. the price to be paid by an employee to receive a share shall be determined by the Board in accordance with the principles set out in the Plan (see section 1.6 above).

2.5 Term of stock option

The stock options expire on 31 July 2008.

2.6 Theoretical value

The stock options do not have any fair market value since they are not transferable. A theoretical value of a stock option has been calculated based on the Black & Scholes option valuation model and to the extent possible according to the principles included in the International Financial Reporting Standard 2 (IFRS 2). The calculation has been based on an assumed share price of SEK 170 – and an expected volatility of 40%. With respect of the risk of forfeit of the stock option before the original expiry date due to employment and performance requirements, the calculated value in accordance with the Black & Sholes model has been reduced with 20%. The theoretical value has been calculated to SEK 40 per share subject to a stock option.

2.7 Delivery of shares and costs

To secure that the Company may fulfill its commitment to the employees at exercise of stock options (or synthetic stock options if applicable), the Board also proposes that the general meeting of shareholders resolves to issue a debenture with detachable warrants for subscription of shares to Elekta Instruments AB (see section 3 below).

The resolution to grant stock options (synthetic stock options if applicable) in accordance with this section 2 shall be conditioned by the adoption by the general meeting of shareholders of the resolution proposed under section 3 below. Consequently, the delivery of shares (cash if applicable) should not result in any impact on the Company’s cash flow.

However, exercise of the stock options will in some countries raise liability to pay employer social security charges. Based on the residency of the eligible employees, the average employer social security rate has been estimated to 18% which will normally be charged on the difference between the share price at the time of exercise and the exercise price. The following example illustrates the possible social security liability if all stock options were vested and exercised. The example is only indicative since it is based on several assumptions such as the share price at the time of grant (SEK 170 which would result in an exercise price of SEK 187), the future share price at exercise, social security rates etc.

Example of social security liability

		Assumed share value at exercise				
Performance	**Earned shares***	**SEK 187**	**SEK 215**	**SEK 230**	**SEK 245**	**SEK 260**
EBIT < 9%	0%	0	0	0	0	0
EBIT = 9%	50%	0	1,336	2,051	2,767	3,482
EBIT = 10%	75%	0	2,003	3,077	4,150	5,223
EBIT = 11%	100%	0	2,671	4,102	5,533	6,964
EBIT = 12% BVG = 12,5%	119%	0	3,152	4,841	6,529	8,218
EBIT =13% BVG = 15%	138%	0	3,686	5,661	7,636	9,611

* of target performance shares

estimated social security costs in TSEK

Further, the accounting standard IFRS 2 (Share-based payment) will most likely be applicable on the stock options meaning that a cost will have to be recognized in the consolidated income statement as from the financial year 2005/2006 (with comparative information for 2004/2005) based on the theoretical value of the stock options granted. Based on the assumption that the performance target value will be fully met so that all granted shares are earned and that approx. 10% of the stock options offered will forfeit before vesting due to non-performance in relation to continuous employment and holding of shares, it is estimated that 480.000 class B shares will vest under the stock options. The recognized cost is consequently estimated to amount to TSEK 9,390 during the year 2004/2005, TSEK 9,193 during the year 2005/2006, TSEK 3,754 during the year 2006/2007 and TSEK 677 during the year 2007/2008. These amounts will be remeasured based on actual vesting during the vesting periods. It should be noted that this cost will only be recognized in the accounts and has no impact on the cash-flow. The cost will be matched with a corresponding increase in equity.

3. The Board's proposal for a resolution to raise a subordinated loan by issuing a debenture with detachable warrants for subscription of class B shares and permission to transfer warrants

The Board proposes that the general meeting of shareholders resolves to raise a subordinated loan of nominal value at maximum SEK 100 by issuing a debenture with maximum 732,000 warrants for subscription of new class B shares of the Company, whereby the share capital of the Company may increase by a maximum of SEK 3,660,000.

For subscription of the debenture with detachable warrants the following conditions shall apply.

3.1. Right to subscription

The issue of debenture with detachable warrants shall, with deviation from the shareholders' pre-emption right, be made to the Company's subsidiary Elekta Instrument AB, with a right and obligation for the subsidiary to detach the warrants and, when exercise is called for by employees of stock options (or synthetic stock options if applicable) which have been granted in accordance with section 2 above, fulfill the Company's commitment in accordance with the stock options (synthetic stock options).

3.2 Issue price, period for subscription

Debenture at nominal amount of SEK 100 together with maximum 732,000 warrants for subscription of maximum 732,000 class B shares shall be issued at a price equal to the nominal amount of the debenture.

The price at which subscription for class B shares can be made shall be equal to 105% of the average closing price per share during ten trading days immediately following the general meeting of shareholders, but can not be below the nominal value of the share.

Subscription for class B shares on the basis of the warrants – whereby one (1) warrant entitles to subscription for one (1) class B share – can be made during the period from 1 August 2005 until 31 July 2008.

3.3 Period for subscription of debenture and payment

The debenture with detachable warrants shall be subscribed and paid for no later than 15 October 2004.

3.4 Interest and term

The loan runs without any interest and is due for repayment on 30 April 2005.

3.5 Subordinated loan

The debenture shall in case of the Company's liquidation or bankruptcy involve right to payment from the Company's assets after the Company's non-subordinated obligations and alongside (pari passu) other subordinated obligations that are not expressly subordinated this loan.

3.6 Terms in other respects for debenture and warrants

Terms in other respects for debenture and warrants are evident from appendix 2a (Villkor för Elekta AB förlagslån 2004/2005 på högst 100 kr) and appendix 2b (Villkor för Elekta AB optionsrätter till nyteckning av aktier 2004/2008).

3.7 Background and motive

The reason for deviation from the shareholders' pre-emption right is that the Board has proposed that the general meeting of shareholders shall resolve a grant of stock options to employees in accordance with section 2 above. The warrants shall be used to secure the company's commitment to deliver shares upon exercise of granted stock options. A condition for a resolution in accordance with the proposal under section 2 is that the proposed issue of debenture with detachable warrants is made to Elekta Instrument AB.

3.8 Dilution etc.

At total exercise of issued warrants the share capital can be increased with a maximum of SEK 3,660,000 by issuance of maximum 732,000 class B shares corresponding to, at total exercise, app. 2.3% of the total number of shares and app. 1,7% of the total number of votes in the Company. The dilution amounts to, with respect to outstanding warrants under previous employee incentive program, app. 4% of the total number of shares and app. 3% of the total number of votes in the Company. This dilution has been calculated as the number of shares and votes which maximum may be issued divided with the total number of shares and votes in the Company after such issuance.

The example below has been made to illustrate the shareholders theoretical financial dilution in benefit of the stock option holders at different future share values. As a basis for the example it has been assumed that the price to be paid by the employee to receive a share of the company is SEK 187 (equal to 110% of SEK 170 which in this example is assumed to be the share price of the class B share at the time of grant) and that all shares subject to stock options which have been earned due to performance will be issued (i.e. it is assumed that additional vesting requirements of continuous employment as well as retained share investment has been met). The rates stated in the example show the financial dilution of the shareholders based on the current number of shares in the company.

		Assumed share value at exercise				
Performance	**Earned shares***	**SEK 187**	**SEK 215**	**SEK 230**	**SEK 245**	**SEK 260**
EBIT < 9%	0%	0%	0%	0%	0%	0%
EBIT = 9%	50%	0%	0.11%	0.16%	0.20%	0.24%
EBIT = 10%	75%	0%	0.16%	0.23%	0.30%	0.35%
EBIT = 11%	100%	0%	0.22%	0.31%	0.39%	0.47%
EBIT = 12% BVG = 12,5%	119%	0%	0.26%	0.37%	0.47%	0.56%
EBIT =13% BVG = 15%	138%	0%	0.30%	0.43%	0.54%	0.64%

* of target performance shares **Financial dilution**

Earnings per share will be affected in accordance with guidelines provided in the standard no. 18 of the Swedish Financial Accounting Standards Council. The standard provides that only warrants with a discounted subscription price which is less than the fair market value of the shares shall be considered.

3.9 Majority vote requirement etc.

A resolution by the general meeting of the shareholders in accordance with the proposal in this section 3 requires support of at least nine tenths of the given votes as well as of the shares represented at the general meeting of shareholders.

The Board or anyone authorized by the Board shall have the right to make such minor changes in the resolution of the genereal meeting of shareholders that might be necessary in connection with registering the issue and (if applicable) connecting the warrants to VPC.

4. Cancellation of issued warrants

4.1 Cancellation of issued warrants

The Board proposes that the general meeting of shareholders resolves that any warrants which have been issued in accordance with section 3 above and which the Board deem unnecessary to secure the company's commitment to deliver shares upon exercise of granted stock options due to e.g. that stock options have forfeited and/or shares subject to the stock options have not vested shall be cancelled at earliest possible convenience.

The Board proposes further that the general meeting of shareholders resolves to commission the Board to execute cancellation in accordance with the preceding paragraph.