

Point 17 – Proposal by the Board of Directors of Elekta AB (publ) for a decision on incentive program

Complete Proposal

Calculations of dilution are based on the number of shares issued at the time this proposal was drafted.

Background

The Annual General Meeting 2007 resolved to adopt the Elekta AB 2007 Share Unit Plan (2007 SUP). In the decision it was stated that the terms and conditions evident from the 2007 SUP shall constitute the basis for yearly grants of employee options to key employees within the Elekta group during the period 2007 - 2009.

Since the implementation of the 2007 SUP the Elekta group has grown considerably outside Sweden. The extended operations outside Sweden have given Elekta reason to review its global compensation structure. A part of this overview included to decide whether 2007 SUP is the most appropriate long-term incentive program. From the analysis that the company has made a performance based share program appears more appropriate for the future. Consequently the Board has decided to propose to the Annual General Meeting that a performance based share program is introduced in the Elekta group instead of the earlier decided 2007 SUP.

The purpose of the incentive program is to create involvement by key personnel regarding possibilities and risk in the company's development and to ensure that they share the objective to generate profitable growth. It is also intended to motivate key personnel to continued employment in the group. The need for an equity based incentive program should be viewed with the perspective that the group is active in a global market and that a majority of the eligible employees are active in markets where equity based incentives are an important component in the total compensation package.

The Board of Directors' proposed decision on Performance Share Program 2009

The Board proposes that a decision be taken at the Annual General Meeting on Performance Share Program 2009. Performance Share Program 2009 is proposed to cover approximately 75 key employees in the Elekta group with an opportunity to be allotted, free of charge, class B shares in Elekta, in accordance with the following principal terms and guidelines.

The participants of the Performance Share Program 2009 shall be divided into five groups; the President and CEO, other members of the Group Management and three additional groups for other senior managers and key employees. For each group, the Board will determine a maximum value for the Performance Share Program 2009 per individual denominated in SEK. The maximum value for the President and CEO amounts to SEK 900,000, for other members of the Group Management to SEK 582,000 and for other senior managers and key employees not less than SEK 230,000 and not more than SEK 315,000 respectively. The total sum of the maximum values for all participants will not exceed SEK 21,000,000, excluding social costs.

Each participant's maximum value shall be converted into a number of shares, based on the average closing share price of the Elekta class B share on the exchange NASDAQ OMX Stockholm during a period of ten trading days before the day the participants are offered to participate in the program. The total number of shares that are covered by the Performance Share Program 2009 and outstanding incentive programs can in total however correspond to no more than 5 per cent of the total number of outstanding shares.

The number of shares that can be allotted is dependent on the degree of fulfillment of a financial target defined as average annual percentage growth rate in earnings per share (EPS) during the period financial year 2009/2010 until financial year 2011/2012 versus earnings per share for financial year 2008/2009. Maximum number of shares will be allotted if the annual average EPS growth is at or above 26 per cent. No allotment of shares will occur if the annual average EPS growth is below 18 per cent. Allotment of shares between annual average EPS growth 18 and 26 per cent is linear. The value that the employee could receive at allotment of shares in the program is maximized at 400 per cent of the share price at the time of offer to participate in the program. The

performance target may be adjusted at the occurrence of events affecting the operations of the Elekta group or the number of outstanding shares of the company or otherwise affecting the performance target and deemed relevant by the Board.

Allotment of shares normally inter alia requires that the persons covered by the program are employed in the Elekta group during the entire performance period. If all conditions included in the Performance Share Program 2009 are met, allotment of shares shall be made free of charge following the expiry of the three year performance period and following approval of the results by the Board. Before the number of shares to be allotted are finally determined, the Board shall examine whether the allotment is reasonable considering the company's financial results and position, conditions on the stock market and other circumstances, and if not, as determined by the Board, reduce the number of shares to be allotted to the lower number of shares deemed appropriate by the Board.

The participants shall not provide any consideration for their rights under the program. Participants shall at allotment of shares receive compensation for cash dividend during the three year performance period.

The number of shares included in the proposal may be recalculated by the Board due to changes in the capital structure, such as bonus issue, consolidation or split of shares, new issue or reduction of the share capital or similar measures.

The Board, or a committee established by the Board for this purpose, will be responsible for the detailed drafting and management of Performance Share Program 2009, within the scope of the principal conditions and guidelines as specified. The Board shall thereupon be entitled to make adjustments to meet specific rules or market conditions abroad. The Board shall also be entitled to make other adjustments provided that there are substantial changes in the Elekta group or its surroundings which would signify that conditions for allocation in accordance with Performance Share Program 2009 are no longer appropriate.

Participation in Performance Share Program 2009 presupposes that such participation is legally and suitably possible and that the administrative costs and financial efforts are reasonable in the opinion of the Board.

The Board is entitled to introduce an alternative incentive solution for employees in countries where participation in Performance Share Program 2009 is not appropriate. Such alternative incentive solution shall, as far as practicably possible, correspond to the terms for the Performance Share Program 2009.

Preparation of the matter

The following proposal has been prepared by the Executive Compensation Committee in consultation with the Board. The resolution to propose the Performance Share Program 2009 to the shareholders' meeting has been taken by the Board.

Costs of Performance Share Program 2009

Assuming maximum allotment under the Performance Share Program 2009 and a share price of SEK105, a maximum of 232,000 class B shares are required to fulfill commitments under the program (including social security costs), corresponding to approximately 0.3 per cent of the total number of issued shares. The number of shares covered by existing incentive program, including shares to cover social security payments, amounts to 4,276,381 shares, corresponding to approximately 4.4 per cent of the total number of issued shares and approximately 3.3 per cent of the number of votes.

Assuming maximum allotment of shares under Performance Share Program 2009 and a share price of SEK 105, the cost, including social security cost and financing cost for repurchased own shares is estimated at approximately SEK 24,400,000.

Hedging actions

In order to secure delivery under Performance Share Program 2009, the board proposes under point 16 c), that no more than 232,000 class B shares may be transferred to employees in the Elekta group and, moreover that a portion of the shares also may be transferred at the NASDAQ OMX Stockholm in order to cover inter alia social security payments.

Outstanding incentive programs in Elekta

The Annual General Meeting 2004 resolved to adopt the Elekta AB 2004 Share Unit Plan (2004 SUP), which have been the basis for yearly grants of employee options to key employees within the Elekta group during the period 2004-2006.

In the 2004 SUP, the employee options were granted free of charge but the grant was conditional on the option recipient personally procuring a certain stipulated number of shares in Elekta on the market and retaining these shares during the lifetime of the option. Also, the employee options were conditional on the fulfillment of financial targets during the respective financial year. If the option holder's employment in the group ceases, the option expires immediately to the extent that the option cannot yet be used, otherwise the option normally expires after three months from the cessation of employment. The employee options are not transferable. The delivery of shares according to the employee option program was secured through the company issuing warrants to a subsidiary.

At present there are employee options granted 2006 under the 2004 SUP outstanding which totally entitle to acquisition of 878,131 shares. The expiration date of outstanding employee options is 31 July 2010 and they become exercisable with one-third yearly as from 1 August 2007. The exercise price to acquire a share is SEK 152.

The Annual General Meeting 2007 resolved to adopt the Elekta AB 2007 Share Unit Plan (2007 SUP) stating that it would be the basis for yearly grants of employee options to key employees within the Elekta group during the period 2007-2009.

In the 2007 SUP, the employee options are granted free of charge but the grant is for employees resident in Sweden conditional on the option recipient personally procuring a certain stipulated number of shares in Elekta on the market and retaining these shares during the lifetime of the option. Also, the employee options are conditional on the fulfillment of financial targets during the respective financial year. If the option holder's employment in the group ceases, the option expires immediately to the extent that the option cannot yet be used, otherwise the option normally expires after three months from the cessation of employment. The employee options are not transferable. The delivery of

shares according to the employee option program was secured through the company issuing warrants to a subsidiary.

At present there are employee options granted 2007 under the 2007 SUP, including warrants to cover social security fees, outstanding which totally entitle to acquisition of 1,722,250 shares. The expiration date of outstanding employee options is 31 July 2012 and they become exercisable with one-fourth yearly as from 1 August 2008. The exercise price to acquire a share is SEK 124.

At present there are employee options granted 2008 under the 2007 SUP, including warrants to cover social security fees, outstanding which totally entitle to acquisition of 1,676,000 shares. The expiration date of outstanding employee options is 31 July 2012 and they become exercisable with one-third yearly as from 1 August 2009. The exercise price to acquire a share is SEK 114.

Majority requirement

A valid resolution in respect of the Board's proposal at a general meeting requires that the resolution be supported by shareholders with more than half of the votes cast or, in the event of a tied vote, through the chairman exercising his casting vote.