

**Point 18 a) – Proposal by the Board of Directors of Elekta AB (publ) for a resolution on a Performance Share Plan 2015**

Performance Share Plan 2015 (“PSP 2015”) including the Board of Directors’ proposal for resolutions on implementation of a performance share plan and transfer of treasury shares.

**Background**

Long-term variable compensation is an integral part of Elekta’s remuneration strategy and Elekta has, for a number of years, resolved on a long-term incentive program in the form of a performance-based share program for key employees within the Elekta Group.

The Board of Directors has carried out a review of the Performance Share Plan 2014 (“PSP 2014”) in order to ensure that it continues to meet its stated objectives, i.e. to create involvement by key employees regarding possibilities and risk in the Company’s development and to ensure that they share the objective to generate profitable growth. It was also intended to motivate key employees to continued employment in the Group.

The completed review resulted in the conclusion that there is a need to implement a long-term incentive plan also this year. The long-term incentive program proposed by the Board of Directors to be implemented during 2015, relating to the financial years 2015-2017 and that may result in so-called performance shares being received during 2018, i.e. PSP 2015, is further described below.

The PSP 2015 is limited to the President and CEO and Executive Management, in total eleven (11) employees including the President and CEO. The purpose of the PSP 2015 is to encourage and improve long-term value creation in alignment with shareholders’ interests, the Company’s business strategy and financial targets as well as to focus on restoring lost shareholder value.

**Main changes compared to the Performance Share Plan 2014**

In order to strengthen the link to long-term company performance, as well as to simplify and to align the program with market trends, the following main changes are proposed to the PSP 2015 as compared to the PSP 2014:

- the employee group eligible for participation in the PSP 2015 has been limited to the President and CEO and Executive Management of the Company;
- an EPS (Earnings Per Share) target is introduced instead of the Group Business Volume and EBITA targets in order to more closely align the management and shareholders' interests. In addition, a three year performance period is introduced for the EPS target in order to focus on long-term Group performance, whereas the performance period for the previous targets was measured and earned out by one-third each financial year during the performance period.

### **Proposal for a Performance Share Plan 2015**

The Board of Directors proposes that the Annual General Meeting resolves on the implementation of the PSP 2015. In order to implement the PSP 2015, the Board of Directors proposes that no more than in total 475,000 series B shares in Elekta may be used in the PSP 2015 to be transferred to employees in the Elekta Group and, that up to 30 per cent of these shares may be sold on Nasdaq Stockholm in order to cover, inter alia, social contribution costs.

The Board of Directors proposes that the Annual General Meeting resolves in accordance with the proposals set out below.

### ***Implementation of the Performance Share Plan 2015***

The PSP 2015 shall be offered to individuals with most impact on long-term company performance; i.e. the President and CEO and Executive Management, all in all eleven (11) employees.

The Board of Directors will determine a maximum value for the PSP 2015 per individual denominated in SEK. The maximum value for the President and CEO is the same as in the PSP 2014 and amounts to SEK 2,700,000, and for other members of the Group Management to SEK 1,350,000 respectively. The total sum of the maximum value for all participants in the PSP 2015 will not exceed SEK 16,200,000 excluding social contribution costs.

Each participant's maximum value shall be converted into a number of shares, based on the average closing share price of the Elekta series B share on Nasdaq 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 PSP 2015 and all shares covered by outstanding incentive programs, will not exceed five (5) per cent of the total number of outstanding shares in the Company.

Participants in the PSP 2015 will be granted a conditional award over performance shares, which is a right to receive a specific number of such shares at a future date, provided the relevant conditions are met. The total number of shares that can be received is dependent on the degree of fulfilment of one financial target, EPS Growth over the 3-year Performance Period. The Board of Directors establishes the minimum and maximum level for the performance target. For the PSP 2015, the 2015 PSP award will vest if the compound annual growth rate of EPS is between 32 per cent and 41 per cent comparing 2017 financial results to 2014. The performance target shall be adjusted at the occurrence of events affecting the number of outstanding shares in the Company, or unforeseen material events affecting the Elekta Group's operations or otherwise affecting the performance targets and deemed relevant by the Board of Directors. Should the Company decide on changes to the company's accounting principles or decide on restructuring costs the Board may decide on changes to the PSP 2015 performance targets.

The receipt of shares normally requires that the persons covered by the PSP 2015 are employed in the Elekta Group.

If all conditions included in the PSP 2015 are met, receipt of shares shall be made free of charge three years after an agreement has been entered into and following approval by the Board of Directors. Before the number of shares to be received are finally determined, the Board of Directors 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 of Directors, reduce the number of shares to be allotted to the lower number of shares deemed appropriate by the Board of Directors.

The participants shall not provide any consideration for their rights under the program.

Participants shall at receipt of shares receive cash compensation for any cash dividend paid out for the three financial years 2015-2017.

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

The Board of Directors, or a committee established by the Board for this purpose, will be responsible for the detailed drafting and management of the PSP 2015, within the scope of the principal conditions and guidelines as specified. The Board of Directors 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 business environment which would signify that conditions for allocation in accordance with the PSP 2015 are no longer appropriate.

Participation in the PSP 2015 assumes that such participation is legally possible and suitable and that the administrative costs and financial efforts are reasonable in the opinion of the Board of Directors.

In order to reduce the economic risk upon the increase of the share price during the term of the performance shares and in order to secure the ability to deliver shares, Elekta intends to acquire and transfer own shares in accordance with points 20 a) and 18 b).

#### *Costs of Performance Share Plan 2015*

Assuming maximum allotment under the PSP 2015 and a share price of SEK 50, a maximum of 421,200 series B shares are required to fulfil commitments under the program (including social security costs), corresponding to approximately 0.11 per cent of the total number of outstanding shares. The number of shares covered by existing and outstanding incentive programs amounts to 1,742,714 shares, corresponding to approximately 0.46 per cent of the total number of outstanding shares.

Assuming maximum allotment of shares under the PSP 2015 and a share price of SEK 50, the costs, including social security costs and the financing cost for repurchased own shares, are estimated at approximately SEK 21,060,000.

### **Hedging actions**

In order to secure delivery under the PSP 2015, the Board of Directors proposes under point 18 b), that no more than 475,000 series B shares may be transferred to employees in the Elekta Group and, moreover that a portion of the shares also may be transferred at Nasdaq Stockholm in order to cover inter alia social contribution costs. If the proposal to transfer repurchased shares to program participants would not be approved by the Annual General Meeting, the Board of Directors will consider other means to meet the delivery undertakings under the PSP 2015.

### **Preparation of the proposal**

The proposal has been prepared by the company's Executive Compensation Committee in consultation with the Board. The resolution to propose the PSP 2015 to the Annual General Meeting has been taken by the Board of Directors.

### **Outstanding incentive programs in Elekta**

For a description of Elekta's on-going share related incentive programs reference is made to note 5 in Elekta's annual report for 2014/2015.

### **Majority requirement**

A valid resolution in respect of the Board of Directors' 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.

### **Point 18 b) – Resolution regarding transfer of own shares in conjunction with the Performance Share Plan 2015**

The Board proposes that the Meeting resolves on transfer of own shares in the Company and authorization for the Board as a result of the Performance Share Plan 2015 on the following terms.

- i) No more than 475,000 shares of series B can be transferred with deviation from the shareholders' preferential rights.
- ii) Right to acquire shares shall be granted to such individuals within the Elekta group covered by the terms and conditions for the Performance Share Plan 2015. Further, subsidiaries within the Elekta group shall have the right to acquire shares free of consideration and such subsidiaries shall be obligated to immediately transfer free of consideration shares to their employees covered by the terms of the Performance Share Plan 2015.
- iii) The employee shall have the right to receive shares during the period when the employee is entitled to receive shares in accordance with the terms of the Performance Share Plan 2015.
- iv) Employees covered by the terms of the Performance Share Plan 2015 shall subject to certain conditions, receive shares of series B free of consideration.
- v) The Board is authorized, during the period until the next Annual General Meeting to decide, on one or more occasions, to transfer no more than 142,500 shares on Nasdaq Stockholm, in order to cover certain payment, mainly social security payment. The transfer may be executed by waiving the shareholders' preferential rights and at a price within the so-called spread (see above) at the time of the decision regarding the transfer and in accordance with the rules of Nasdaq Stockholm at any given time.

The reasons for deviation from the shareholders' preferential rights and the base for determination of the transfer price are as follows.

The base for determination of the transfer prices is evident from the Board's proposal under the relevant heading above.

The transfer of own shares forms part of the implementation of the Performance Share Plan 2015. The Board considers it an advantage for the Company and its shareholders that the employees are shareholders in the Company.

In order for the Meeting's resolution in accordance with the proposal under this point 18 b) to be valid, shareholders representing at least nine tenths of the votes cast as well as the shares represented at the meeting must be in favor of the proposal.

Stockholm in July, 2015

The Board of Directors of Elekta AB (publ)