

Eltek ASA

Post address:
PO Box 2340 Strømsø
3003 DRAMMEN

Visiting address:
Gråterudveien 8
3036 DRAMMEN

Tel.: 32 20 32 00
Fax: 32 20 32 10

E-post: eltek@eltek.com
Internet: www.eltek.com

Reg.nr.: NO 824 545 022 MVA

To the Shareholders of Eltek ASA

Your ref.:

Our ref.:
07b-JL/SW

Drammen, 2007-04-23

NOTICE OF ANNUAL GENERAL MEETING IN ELTEK ASA

Notice is hereby given on behalf of the Board of Directors of Eltek ASA of the Annual General Meeting in Eltek ASA to be held on 9 May 2007 at 17:00 hrs at Gråterudveien 8, Drammen, Norway.

Recording of attending shareholders will take place from 16:30 hrs.

The following issues will be considered:

1. **Opening of the General Meeting and registration of attending shareholders**
2. **Appointment of a Chairman of the General Meeting and of a person to co-sign the Minutes from the General Meeting**
3. **Approval of the Notice and the Agenda of the General Meeting**
4. **Information on the Company's state of affairs**
5. **Approval of the Annual Accounts and Report of the Board of Directors for the Financial Year 2006, including allocation of Profit and presentation of the Auditors' Report**
6. **Remuneration to the Board of Directors and Auditor for 2006**
7. **Consideration of the Statement by the Board of Directors of the principles for determination of the Remuneration to the Management of the Company, in accordance with section 6-16a of the Public Limited Companies Act**
8. **Election of Members of the Board of Directors**
9. **Election of Members of the Nomination Committee, and proposed amendment of the Company's Articles of Association**
10. **Powers of attorneys to the Board of Directors**

The Annual General Meeting will be opened by the Chairman of the Board of Directors, Erik Thorsen.

The details of, and reasons for, the proposed resolutions under item 6 – 10 are included in

Attachment 2.

We kindly request that shareholders who intend to attend the Annual General Meeting give notice (by using the enclosed form) to Nordea Bank Norge ASA within 8 May 2007 at 16:00 hrs CET by telefax: +47 22 48 63 49 or by post to: Nordea Bank Norge ASA, Issuer Services, P.O. Box 1166 Sentrum, N-0107 Oslo.

Shareholders may choose to be represented by power of attorney. If so preferred, the attached power of attorney may be used. Power of attorney can also be given to the Chairman of the Board or the Company's CEO.

Attachments:

1. Notification of attendance / power of attorney
2. Details of, and reason for, the resolutions proposed under item 6 – 10
3. Annual Report 2006

Drammen, 23 April 2007
On behalf of the Board of Directors of Eltek ASA

Erik Thorsen (sign.)
Chairman



Aksjeeiers fullstendige navn og adresse

**NOTICE OF
ANNUAL GENERAL MEETING**

Annual General Meeting in Eltek ASA to be held on 9 May at 17:00 hours in Gråterudveien 8, Drammen

ATTENDANCE SLIP – Eltek ASA – Annual General Meeting

This Attendance Slip should be returned to Nordea Bank Norge ASA, Issuer Services no later than **16:00 CET** on **8 May 2007**. Address: Nordea Bank Norge ASA, Issuer Services, P.O. Box 1166 Sentrum, N- 0107 Oslo. Telefax: +47 22 48 63 49.

The undersigned will attend Eltek ASA's Annual General Meeting on **9 May** and

Aksjeeiers fullstendige navn og adresse

vote for my/our shares

vote for shares in accordance with proxy(ies) enclosed

_____ Date

_____ Shareholder's signature

PROXY – Eltek ASA – Annual General Meeting

Shareholders who are unable to attend the Annual General Meeting, may execute a proxy in the name of any other person attending the meeting.

The proxy must be returned to Nordea Bank Norge ASA, Issuer Services no later than **16:00 CET** on **8 May**. Address: Nordea Bank Norge ASA, Issuer Services, P.O. Box 1166 Sentrum, N- 0107 Oslo. Telefax: +47 22 48 63 49.

The undersigned shareholder in Eltek ASA hereby authorises:

Aksjeeiers fullstendige navn og adresse

Erik Thorsen, Chairman of the Board

Morten F. Angelil, President and Chief Executive

Other person (name)

to attend and vote on my/our behalf at Eltek ASAs Annual General Meeting on 9 May 2007

_____ Date

_____ Shareholder's signature

REASONS FOR AND PROPOSED RESOLUTIONS

Item 6. Remuneration to the Board of Directors and auditor for 2006

In line with the recommendation made by the Compensation Committee appointed by the Board of Directors, it is proposed that the General Meeting adopts the following resolution regarding remuneration to the members of the Board of Directors:

“Remuneration shall be paid to the Board of Directors for 2006 with NOK 540,000 to the Chairman of the Board of Directors and NOK 300,000 to each of the other shareholder elected members of the Board of Directors. For each member of the Board of Directors elected by the employees, a remuneration of NOK 50,000 shall be paid. Remuneration for work in committees of the Board of Directors, shall be paid to the two members of the compensation committee with NOK 30,000 each, and to the two members of the nomination committee with NOK 20,000 each. Members having served for parts of 2006 shall receive a proportionate part of the remuneration.”

The Board of Directors proposes that the General Meeting adopts the following resolution regarding remuneration to the Company's (Eltek ASA) auditor:

“Remuneration shall be paid to the auditor for audit (NOK 808,812) and other professional services (NOK 2,043,637) for 2006 according to invoice from the auditor of in total NOK 2,852,449.”

Item 7. Consideration of the Statement by the Board of Directors of the principles for determination of remuneration to the Management of the Company, in accordance with section 6-16a of the Public Limited Companies Act.

The Board of Directors has issued the following statement regarding the principles for determination of the remuneration to the Management:

Group Management has a compensation package comprising salary, bonus, a defined pension scheme, company car, and stock options.

The basis for the *base salaries* in 2006 was that these shall be on level with competitive market terms for the various positions. The same principle will be adopted in 2007.

The basis for *earning bonus* is achievement of financial results for the Group and business areas. The bonuses can be up to 60 percent of base salary and are based on targets for revenue, gross profit and margin and EBIT and EBIT margin for the fiscal year. The maximum bonus is earned if the maximum for these targets are achieved. The compensation package for 2006 was proposed by the Compensation Committee and approved by the Board in February 2006. The Board approved the actual bonus payments for 2006 in March 2007. The same principles will be adopted for earning bonus in 2007.

As regards *salary in event of termination*, Morten F. Angelil's employment contract can be terminated by either party giving six months notice. On termination of the contract he is entitled to a salary for further twelve months and all options earlier granted. Lars Jervan has a notification period of twelve months, whereas the other members of Group Management have notification periods of six months.

In 2006, the Group Management received salaries, bonuses and other remuneration, and realized gain on exercise of stock options as shown in note 28 to the Group Accounts.

After new authorizations were given to the Board by the Annual General Meeting in April 2006 to issue shares in connection with Eltek's *stock option program*, stock options were granted to Group Management with the following amounts: Morten F. Angelil 50,000 shares, Lars Jervan 20,000 shares, Knut Aven 20,000 shares and Jørgen Larsen 20,000 shares.

After the merger with Nera, a *special compensation package* was given to Group Management under which earning of bonus and stock options connected to specific targets for the Group, Eltek Energy and Nera Networks for the years 2007 and 2008 were awarded in addition to the other compensation

described above. The board has set a maximum amount for the cash portion of this compensation package achievable for each person. 20 percent of the compensation can be earned based on results achieved in 2007, and 80 percent based on results achieved in 2007 and 2008. As part of this compensation package the following stock options were granted: Morten F. Angelil 45,000 shares, Lars Jervan 45,000 shares, Knut Aven 20,000 shares and Jørgen Larsen 15,000 shares.

Guidelines for granting stock options

The objective of Eltek's stock option program is that the whole organization has an incentive program that is linked to the development of the stock price. The program shall further secure that Eltek is able to offer competitive terms to both new and existing management and key employees and to retain these employees. The Board considers the existing and previous option programs to have been successful, as they have created great involvement and enthusiasm in the organization. The Board wishes to continue the incentive option programs in accordance with past practice on the following terms: Group Management and key personnel will be granted a number of options annually in the amount of 500 to 10,000 shares for key personnel and 20,000 to 50,000 shares for Group Management. Vesting time will be 3 years and maturity 1-2 years after vesting. For Group Management vesting will be performance based, subject to achievement of targets set by the Board for the period the options are earned for. The majority of employees, who do not have an individual agreement, will be granted 100-200 options with one year vesting and maturity one year after vesting. The Power of Attorney described under item 10.2 below is intended to grant the Board of Directors with the ability to provide for delivery of the shares covered by this option program.

Item 8. Election of Members of the Board of Directors

The proposal by the Company's Nomination Committee is attached as Appendix 1 A hereto.

Item 9. Election of Members to the Nomination Committee, and amendment of the Company's Articles of Association

The Board of Directors has already established a Nomination Committee and a Compensation Committee that proposes new members of, and the remuneration to, the Board of Directors.

From the beginning of 2006 the Nomination Committee, appointed by the Board, comprised Erik Thorsen and Edward S. Weil Jr. In order to fully comply with the Norwegian Corporate Governance Principles, the board is of the opinion that the Nomination Committee should consist mainly of independent members. As from 2007, the Board therefore appointed William H. Crown as Chairman and Alain F. Angelil and Svein Jacobsen as members of the Nomination Committee.

It is the opinion of the Board of Directors that, in light of the Norwegian principles for good Corporate Governance, it is preferable that the Nomination Committee is elected by the General Meeting and that such committee is governed by the Company's Articles of Association.

On this basis, the Board of Directors proposes a new section 7 to be included in the Company's Articles of Association:

"§ 7 – Nomination Committee

The Company shall have a Nomination Committee.

The Nomination Committee shall consist of three members appointed by the General Meeting, who are appointed for a period of up to 2 years. The Nomination Committee shall be made up so that broad shareholders' interests are represented.

The Nomination Committee shall propose candidates to the Board of Directors."

The current Nomination Committee proposes that the Nomination Committee shall consist of:

William H. Crown, Chairman
Alain F. Angelil
Svein Jacobsen

It is further proposed that the charter for the Nomination Committee attached hereto as Appendix 1 B

is approved as the charter for the Nomination Committee.

Item 10. Power of Attorneys to the Board of Directors

At the Extraordinary General Meeting held on 10 August 2006, the Board of Directors was granted (i) a general power of attorney to increase the share capital with up to NOK 6,000,000, and (ii) a power of attorney to acquire own shares with a total nominal value of up to NOK 4,700,000. Both powers of attorneys expire at the Annual General Meeting in 2007. The Board of Directors proposes that both power of attorneys are replaced with new powers of attorneys as follows:

10.1. General power of attorney to increase the share capital

The Board of Directors proposes that it is granted the authority to increase the share capital by up to NOK 3,000,000 in order to be able to carry out acquisitions relatively quickly, or possibly raise capital for such transactions. The authority may also be used in mergers or for raising capital for day-to-day business. In this respect, the Board of Directors must be able to decide that the shareholders' pre-emption right to the new shares is deviated from.

The Board of Directors thus proposes that it is given the following authority to issue new shares:

"In accordance with Section 10-14 of the Public Limited Companies Act the Board of Directors is granted authority to increase the Company's share capital with up to NOK 3,000,000.

The authority is valid until the Annual General Meeting in 2008.

The Board of Directors may deviate from the shareholders' pre-emption right according to Section 10-4 of the Public Limited Companies Act.

The authority also comprises share capital increases against contribution in kind and the right to assume specific obligations etc, cf. Section 10-2 of the Public Limited Companies Act.

The authority also comprises capital increases in connection with mergers, cf. Section 13-5 of the Public Limited Companies Act.

All previous power of attorneys to increase the share capital shall be null and void."

10.2 Power of attorney to increase the share capital in connection with the Company's option program

Eltek has, until the merger with Nera, followed a practice of issuing new shares when options have been exercised. Exercising of options were limited to four periods in the year. The options held by employees in Nera, which were converted to options in Eltek following the merger, can be exercised at any time once they are vested. Eltek has therefore purchased own shares and sold these shares in connection with exercise of options late 2006 and in 2007.

In 2006 the number of options exercised was significantly lower than the last years, (292,233 in 2006, 966,867 in 2005 and 1,443,000 in 2004) and outstanding options as per today are 2,066,705. 445,940 options expire in May 2007 and of the currently granted options 1,620,765 will be outstanding at the end of May 2007.

As appears from 10.1 above all previous powers of attorney to increase the share capital are cancelled and in line with past practice the Board of Directors ask for a new authority to cover the 2,066,705 outstanding options and a new option program of up to 1,000,000 options.

The Board of Directors therefore proposes that it in addition to the general power of attorney referred to under section 10.1 above, is granted the authority to increase the share capital by up to an additional NOK 3,000,000 to be used in relation to the Company's option programs etc (see item 7 above), to the extent the Company is not using own shares for this purpose. The Board of Directors should be able to choose between using such option to issue new shares or using own shares in order to deliver shares to option holders exercising options. In this respect, the Board of Directors must be able to decide that the shareholders' pre-emption right to the new shares is deviated from.

The Board of Directors thus propose that it is given the following authority to issue new shares:

"In accordance with Section 10-14 of the Public Limited Companies Act the Board of Directors is granted authority to increase the Company's share capital with up to NOK 3,000,000.

The authority is valid until the Annual General Meeting in 2008.

The Board of Directors may deviate from the shareholders' pre-emption rights according to Section 10-4 of the Public Limited Companies Act.

The authority does not comprise share capital increases against contribution in kind etc.

The authority does not comprise share capital increases in connection with mergers, cf. Section 13-5 of the Public Limited Companies Act."

10.3 Power of attorney to acquire own shares

The Board of Directors believes that acquisition of own shares may be appropriate, among other things, for the purpose of providing the Company with a reserve of own shares which may be used in relation to option programs, acquisitions etc. In addition, the Board of Directors will consider whether purchasing own shares may be a beneficial financial placement.

It is suggested that the Board of Directors is granted the following authority to purchase its own shares:

"The Board of Directors is granted authority to, on behalf of the Company, acquire own shares with a total nominal value of up to NOK 4,900,000, provided however, that the total nominal value of own shares at any given time shall not exceed 10 percent of the share capital in the Company.

The highest amount which can be paid per share is NOK 250 and the lowest is NOK 10.

Acquisition and sale of own shares can take place as considered suitable by the Board of Directors, but not by subscription of own shares. The Board of Directors shall ensure that applicable legislation regarding equal treatment of the Company's shareholders and the prohibition against giving shareholders an unreasonable advantage at the disadvantage of other shareholders is complied with.

The authority is valid until the Annual General Meeting in 2008.

If own shares are sold, the authority also comprises purchase of new shares as replacement of the sold shares, as long as the total holding of shares does not exceed the 10 percent limit.

The authority replaces all previous authorities given for purchase of own shares and all such authorities shall be null and void."