

THE BOARD'S STATEMENT

Group Management

Group management has a compensation package comprising salary, bonus, a defined pension scheme, company car, and stock options. The base salaries shall be on competitive market terms for the various positions. The basis for earning bonus is achievement of financial results for the Group and business areas. Bonuses could be up to 60 percent of base salary, and are based on targets for revenue, gross profit and margin, EBIT and EBIT margin, and working capital development for the fiscal year. Maximum bonus is earned if the top of these target ranges are achieved. The compensation package for 2007 was proposed by the Compensation Committee and approved by the Board of Directors in March 2007. Final approval of the bonus for 2007 was approved by the Board of Directors in March 2008.

By the end of 2007, Group CEO, Morten F. Angelil, had an annual salary of NOK 3 360 000, and an annual performance bonus up to NOK 2 016 000. The Group CEO is part of the regular pension scheme in Eltek ASA. 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 three to six months. Morten F. Angelil and Lars Jervan have been granted leave of absence for an indefinite period, due to charges by The Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim).

In 2007, the Group management was paid salaries and bonuses, and received pension benefits and other remuneration as follows:

Amounts in NOK 1 000

Name	Function	Total	Salary	Bonus	Pension	Other
Morten F. Angelil	Group CEO, temporary leave of absence from January 08	4 847	3 389	1 050	69	339
Jørgen Larsen	CFO until September 2007, Bus. Dev. Dir. from September 2007, Acting Group CEO from January 2008	2 434	1 602	450	173	209
Pål Skistad	Finance Director until September 2007, Group CFO from September 2007	2 195	1 345	600	87	163
Andrew Marsh	CEO Valere Power until June 2007, CEO Eltek Valere from June 2007 until January 2008	2 051	2 002			49
Knut Aven	President Eltek Energy until June 2007, EVP Global Sales Eltek Valere from June 2007, Acting CEO Eltek Valere from January 2008	2 460	1 736	400	107	217
Lars Jervan	CEO Nera Networks, temporary leave of absence from January 2008	3 348	2 497	600	49	202
Per Arne Henæs	President sales Nera Networks, Acting CEO Nera Networks from January 2008	2 395	1 827	300	57	211
Seong Kang	President and CEO Nera Telecommunications	5 370	1 862		28	3 479
Samuel Ang						

Bonuses earned in 2007 were NOK 1 368 000 for Samuel Ang, NOK 381 000 for Knut Aven, NOK 200 000 for Jørgen Larsen and Pål Skistad and NOK 0 for the rest of the Group management team. Going forward the group intends to change principle for reporting of bonuses and will only report bonuses earned instead of bonus paid in the period.

After authorizations were given to the Board of Directors by the Annual General Meeting in May 2007 to issue shares in connection with Eltek's stock option program, stock options were granted to key employees with the following amounts: Morten F. Angelil 50 000, Lars Jervan 20 000, Knut Aven 20 000, Jørgen Larsen 20 000 and Pål Skistad 10 000. After the merger with Nera in 2006, a special compensation package was given to Group management where earning of bonus and stock options are connected to specific targets for the Group, Eltek Valere (formerly Eltek Energy) and Nera Networks for the years 2007 and 2008. Twenty 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, Lars Jervan 45 000, Knut Aven 20 000 and Jørgen Larsen 15 000. No compensation was earned under this compensation package in 2007.

Group management's investment in shares and stock options are specified as follows:

Name	Shares owned 31.12.07	Options owned 31.12.06	Options granted 2007	Options exercised 2007	Options expired 2007	Options owned 31.12.07	Average Strike
Morten F. Angelil	182 708 ¹⁾²⁾	195 000	50 000		100 000	145 000	73.76
Jørgen Larsen	95 216 ³⁾	75 000	20 000		40 000	55 000	74.45
Pål Skistad		18 000	10 000		8 000	20 000	69.25
Knut Aven	2 000	80 000	20 000		40 000	60 000	73.33
Lars Jervan	200 375 ¹⁾⁴⁾	115 000	20 000		50 000	85 000	69.71
Per Arne Henæs	100	65 000				65 000	61.00
Seong Kang Samuel Ang	3 130 ⁵⁾						

¹⁾ 178 408 shares owned through Mola AS, controlled by Morten F. Angelil and Lars Jervan

²⁾ 4 300 shares owned by Bimo Invest AS, controlled by Morten F. Angelil

³⁾ 17 000 shares owned by Eikrun AS, controlled by Jørgen Larsen

⁴⁾ 21 967 shares owned by Lars Jervan's children

⁵⁾ Seong Kang Samuel Ang's direct interest in NeraTel is 1 000 000 shares and deemed interests are 65 000 shares, shares whereby 40 000 are his own under the CPF Investment scheme and 25 000 NeraTel shares are held by his wife. He has 200 000 share options in NeraTel

As part of the Contribution Agreement dated June 1, 2007 by and among Eltek ASA, Eltek Energy AS, Eltek Energy Holding Inc., Valere Power Inc., and each seller, the existing options program in Valere Power Inc. were converted into a new program in Eltek Valere AS. Under the agreement outstanding options in Valere Power Inc. were converted to options in Eltek Valere AS based on a conversion rate of 0.14639 Eltek Valere AS options for every option in Valere Power Inc. Total outstanding options are 931 554, equal to 1.0% of total share capital of Eltek Valere AS.

Guidelines for granting stock options

The goal of Eltek's stock option program is that the organization shall have 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 of Directors wishes to continue the Company's option program within a clearly defined framework in terms of number of options outstanding and number/type of participating employees.

- Top management and regional managers (35 people): 10 – 25,000 options
- Key employees (25 people): 7 – 9,000 options
- Level 1 and 2 managers (120 people): 3 – 5,000 options

The options shall be granted with a strike price 5% above the weighted average price of the Company stock on the day of the Annual General Meeting. The options will have a vesting period of 3 years and maturity of 2 years. The gain from the option program is capped at 300% of the strike price plus 25% of any additional gain above that level. The number of outstanding options shall at no time exceed 5% of the outstanding shares.