

Eltek ASA

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To the Shareholders of Eltek ASA

Your ref.:

Our ref.:
JTJ/PS

Drammen, 2009-04-28

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 14 May 2009 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 2008, including allocation of profit and presentation of the Auditors' Report**
6. **Remuneration to the Board of Directors, Nomination Committee and Auditor for 2008 and extraordinary remuneration to the Chairman of the Board in 2008**
7. **Consideration and vote of the Statement by the Board of Directors of the principles for determination of the Remuneration to the Executive 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 Functions of the Nomination Committee (changes to the articles of association)**
10. **Powers of Attorneys to the Board of Directors**
11. **Approval of reduction of the Share Premium Fund**
12. **General meeting notice requirements, changes to articles of association**

The Annual General Meeting will be opened by the Chairman of the Board of Directors, Bengt Thuresson.

The details of, and reasons for, the proposed resolutions under items 2 and 6 – 12 are included in Attachments 2, 4 and 5.

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 13 May 2009 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 proxy. If so preferred, the attached proxy form, which includes detailed instructions for the use of the form, may be used. Proxy can, if desired, be given to the Chairman of the Board or the Company's CEO.

Eltek ASA is a public limited company subject to the rules of the Norwegian Public Limited Companies Act. As of the date of this notice, the company has issued 329,205,923 shares, each of which represents one vote. The shares have equal rights also in all other respects. As of the date of this notice, the company owns 89,905 own shares, for which votes cannot be cast. A shareholder has the right to have questions addressed at the General Meeting provided that these are submitted in writing to the Board of Directors att: the Chairman at least two weeks prior to the General Meeting.

This notice and its appendices, as well as the company's Articles of Association, are also available at the company's homepage: www.eltek.com.

Attachments:

1. Notification of attendance / power of attorney
2. Details of, and reasons for, the resolutions proposed under items 2 and 6 – 12
3. Annual Report 2008
4. Recommendation from the Nomination Committee regarding election of members of the Board of Directors and the Nomination Committee
5. Auditor's statement regarding the proposed reduction of the share premium fund

Drammen, 28 April 2009
On behalf of the Board of Directors of Eltek ASA

Bengt Thuresson (sign.)
Chairman



Shareholders full name and address

Attachment 1

**NOTICE OF
ANNUAL GENERAL MEETING**

Annual General Meeting in Eltek ASA to be held on 14 May 2009 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 hrs. CET on 13 May 2009**. 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 **14 May** and

Shareowner full name and address.

vote for my/our shares

vote for shares in accordance with proxy(ies) enclosed

Date

Shareholder's signature

Your notice of attendance may also be made electronically, Please see our web-site www.eltek.com.

PROXY – GENERAL MEETING 14 MAY 2009 OF ELTEK ASA

Shareholders who are not able to attend the Annual General Meeting on 14 May 2009 may be represented by way of proxy, in which case this proxy form may be used.

The undersigned shareholder in Eltek ASA hereby grants *(please tick)*:

The Chairman of the Board of Directors Bengt Thuresson or the person he appoints

The CEO of Eltek ASA Jan T. Jørgensen or the person he appoints

Name of proxy *(please use capital letters)*

proxy to meet and vote for my/our shares at the Annual General Meeting of Eltek ASA on 14 May 2009. If the proxy form is submitted without stating the name of the proxy, the proxy will be deemed to have been given to the Chairman of the Board of Directors or the person he authorises.

The votes shall be cast in accordance with the instructions below. Please note that **if the alternatives below are not ticked off, this will be deemed to be an instruction to vote “in favour” of the proposals in the notice**, provided, however, that the proxy determines the voting to the extent proposals are put forward in addition to or instead of the proposals in the notice.

Item:

In favour	Against	Abstain	At the proxy's discretion
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2. Election of Bengt Thuresson as chairman of the meeting
3. Approval of the notice and the agenda
5. Approval of the annual accounts and report of the Board of Directors for the Financial Year 2008, including allocation of profit
6. Approval of the remuneration to the members of the Board of Directors
 - Approval of the extraordinary remuneration to the Chairman of the Board in 2008
 - Approval of the remuneration to the members of the Nomination Committee 2008
 - Approval of the remuneration to the Auditor
7. Vote of the statement from the Board of Directors of the principles for determination of the Remuneration to the Management of the Company
8. Election of the Board of Directors
 - Chairman Bengt Thuresson (re-election)
 - Member Birgitte F. Angelil (re-election)
 - Member William H. Crown (re-election)
 - Member Einar J. Greve (re-election)
 - Member Arve Johansen (re-election)
 - Member Astrid Kårstad (re-election)
 - Member Dia S. Weil (re-election)
9. Election of members of the Nomination Committee
 - Chairman Svein Jacobsen (re-election)
 - Member Alain F. Angelil (re-election)
 - Member William Crown (re-election)
 - Functions of the Nomination Committee (changes to the articles of association)
10. Power of Attorneys to the Board of Directors
 - Power of attorney to increase the share capital in connection with acquisitions etc.
 - Power of attorney to increase the share capital in connection with the Company's option program and the bonus scheme for members of Executive Management
11. Approval of reduction of the Share Premium Fund
12. General meeting notice requirements, changes to Articles of Association

The name and address of the shareholder: _____
(please use capital letters)

date

place

signature of the shareholder

If this proxy is given by signatory powers, please attach a certificate of registration.

REASONS FOR AND PROPOSED RESOLUTIONS

Item 2. Appointment of a Chairman of the General Meeting

The Board of Directors proposes that the Chairman of the Board Bengt Thuresson be elected to chair the meeting.

Item 6. Remuneration to the Board of Directors, Nomination Committee and Auditor for 2008 and extraordinary remuneration to the Chairman of the Board in 2008

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 2008 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 200,000 shall be paid. Members having served for parts of 2008 shall receive a proportionate part of the remuneration. Remuneration for work in the Compensation Committee shall be paid to the members with NOK 30,000 to the Chairman and NOK 20,000 to the other two members, based on the number of meetings attended. Remuneration for work in the Audit Committee shall be paid to the two members with NOK 50,000 each, based on the number of meetings attended.”

Reference is made to the annual general meeting of 2008, and the resolution made regarding an extraordinary remuneration to the former Chairman of the Board, Erik Thorsen, of NOK 50,000 per month for the additional work conducted by him as a result of the managerial challenges the Company faced during the first half of 2008. The remuneration shall be paid from 1 February 2008 to 4 August 2008, when the new CEO started his tenure. It was decided that the extraordinary remuneration shall be finally approved by the Annual General Meeting in 2009.

The Board of Directors thus proposes that the General Meeting adopts the following resolution regarding extraordinary remuneration to former Chairman of the Board:

“An extraordinary remuneration to the former Chairman of the Board, Erik Thorsen, of NOK 300,000 (NOK 50,000 per month) for the additional work conducted by him as a result of the managerial challenges the Company faced from 1 February 2008 to 4 August 2008, when the new CEO started his tenure.”

For information we would like to note that the remuneration for the Board of Directors in 2009 was resolved in the Extraordinary General Meeting held on 5 February 2009.

The Board of Directors proposes that the General Meeting adopts the following resolution regarding remuneration to the members of the Nomination Committee for 2008:

“Remuneration shall be paid to the Nomination Committee for 2008 with NOK 90,000 to two of the members and NOK 40,000 to the third member. The remuneration is based on the number of physical meetings attended, in addition to NOK 50,000 to the two committee members not serving on the board of directors.”

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

“Remuneration to the auditor for audit of the 2008 Annual Accounts for Eltek ASA of NOK 1,040,000 is approved.”

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

The Board of Directors has issued the below statement regarding the principles for determination of the remuneration of the Management.

At the General Meeting, a consultative vote over this statement will be held.

Furthermore, the Board of Directors proposes that shares to be acquired by Executive Management according to the Long term performance based incentive program described below may, as an alternative to acquisitions by participants in the scheme in the market, be made available by the Board through issuance of new shares at the market price of the shares pursuant to the Power of Attorney described in item 10.2 below. In such event, the Board of Directors shall determine the market price for the Eltek-share based on the share price quoted on the Oslo Stock Exchange after the Company's release of its quarterly accounts for the 4th quarter 2009. This element of the principles for remuneration of Executive Management of the Company will be subject to approval by the General Meeting.

Declaration of ELTEK's Executive Compensation policies 2009

The Board of Directors has in accordance with the Public Limited Liability Companies Act Section 6-16a outlined policies regarding the compensation of the Executive Committee.

The Company has designed its executive compensation program to comply with the guidelines set forth below. The objective is to be able to attract, motivate, and retain the right people.

Executive compensation packages for 2009 comprise three components:

- (a) base salary
- (b) annual performance based bonus
- (c) long-term performance based incentive program

(a) **Base Salary.** The Compensation Committee outlines the following factors for determination of base salaries for the Executive Team: (i) competitive pay practices, (ii) job scope and responsibility, and (iii) evaluation of business and individual performance. Base salary is reviewed every 12 months. Base salary of executives who are promoted or change roles within the Executive Team may also be adjusted.

(b) **Annual performance based bonus.** Annual bonuses to the Executive Team will be linked to the performance of the Company, business unit, and the individual according to agreed criteria including operating profit and cash flow. The annual bonus is limited to the equivalent of 50% of the base salary, except maximum 60% for the CEO.

(c) **Long term performance based incentive program.** The Board determines the yearly performance incentives for the Executive Team based on a combination of financial and qualitative criteria. Relevant measures considered by the Compensation Committee and the Board in defining and evaluating the Executive Team's performance include target achievement of: revenue, operating profit and cash flow. Performance will be evaluated after year-end, when the financial performance is communicated to the market. The annual payout under the long-term incentive program is limited to the equivalent of 4 months base salary. A minimum of 50% of the amount has to be invested in ELTEK shares at market price. Such shares will be restricted for 24 months. If the individual resigns within the 24 months restricted period, she/he will be obliged to pay back the lower of the amount used for buying the shares and the total market value of the shares at such time.

Members of the Executive Team participate in the regular pension program available for all other employees in the location where they are based. Members of the Executive Team may receive other benefits in the form of allowances for housing, car, phone, etc that are appropriate for the Executive Team member.

The Company provides termination packages that are fair and reasonable, reflecting the tenure, roles, scope of responsibility and cause of termination, none of which includes severance pay of more than 12 months base salary, except for the CEO who has 12 + 12 months base salary termination package.

The Executive Team will receive 12 months base salary compensation if there is a (completed) change in control of the company.

2008 Compliance

In 2008, the Executive Team received base salaries and bonuses in line with the Executive Compensation policy as adopted by the Annual General meeting in May 2008. Increases in base salary have been granted for a limited number of members of the Executive Team based on an evaluation of competitive pay practices and individual merit. Bonuses were linked to the performance of the Company, business unit and the individual, and have been paid out in accordance with criteria reflected in each individual's bonus scheme as agreed at the beginning of 2008.

Item 8. Election of Members of the Board of Directors

The proposal by the Company's Nomination Committee is attached as Appendix 4 hereto. It is proposed that all the current directors are re-elected.

Item 9. Election of Members of the Nomination Committee and Functions of the Nomination Committee (changes to the articles of association)

9.1 Composition of the Nomination Committee

The proposal by the Company's Nomination Committee is attached as Appendix 4 hereto. It is proposed that Svein Jacobsen, a current member of the Nomination Committee takes over the role as chairman of the committee. It is proposed that the Nomination Committee shall consist of:

Chairman Svein Jacobsen (re-election)
Member Alain F. Angelil (re-election)
Member William Crown (re-election)

The term of office shall be one year, meaning that the composition of the Nomination Committee shall be up for election at the Annual General Meeting in 2010.

9.2 Functions of the Nomination Committee, Amendment of the Articles of Association

It is proposed that the Nomination Committee's mandate shall also include the proposal of the remuneration of the Board of Directors and Nomination Committee of the Company. Previously such proposals have been made by the Company's Compensation Committee. In line with the Norwegian Code of Practice for Corporate Governance, it is proposed that this is also reflected in the Company's Articles of Association. It is therefore proposed that Article 7, 3rd paragraph is amended to read as follows:

"The Nomination Committee shall propose candidates to the Board of Directors and the Nomination Committee and propose the remuneration to be paid to the members of the Board of Directors and the Nomination Committee."

Item 10. Power of Attorneys to the Board of Directors

At the Annual General Meeting held on 8 May 2008, the Board of Directors was granted (i) a power of attorney to increase the share capital with up to NOK 4,900,000 in order to be able to carry out acquisitions or possibly raise capital for such transactions, (ii) a power of attorney to acquire own shares with a total nominal value of up to NOK 4,900,000, and (iii) a power of attorney to increase the share capital in connection with the Company's option program with up to NOK 2,300,000. The powers of attorneys expire at the Annual General Meeting in 2009. The Board of Directors proposes that the three powers of attorney are replaced with new powers of attorney to increase the share capital as follows:

10.1. 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 32,900,000, which constitutes approximately 10% of the current share capital, in order to be able to carry out acquisitions (which may also be structured as mergers), raise capital for such acquisitions or raise capital for the company's day-to-day business. Due to the objective of the power of attorney, the Board of Directors must also be able to waive the shareholders' pre-emption right to the new shares.

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 32,900,000.

The authority is valid until the Annual General Meeting in 2010, but no longer than 30 June 2010.

The Board of Directors may waive 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 and the Executive Management's performance based share purchase program

Eltek has, until the merger with Nera, followed a practice of issuing new shares when options have been exercised. Exercising of options has been limited to four periods during 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. No options have been exercised in 2008 and 2009.

Outstanding options as per today are 1,592,600. As it 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 asks for a new authority to cover outstanding options. As described in item 7 above the Board of Directors also proposes that this power of attorney may be used to make shares available to the members of Executive Management who shall acquire shares at market price pursuant to the Long term performance based incentive program.

The Board of Directors therefore proposes that it, in addition to the 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, which constitutes approximately 0,9% of the existing share capital, to be used in relation to the Company's option program and the Long term performance based incentive program etc (see item 7 above). The Board of Directors should be able to choose between settlement of the options through issuance of new shares or its holding of own shares. Due to the objective of the power of attorney, the Board of Directors must be able to waive the shareholders' pre-emption right to

the new shares.

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 in connection with the Company's option program and the management performance based share purchase program.

The authority is valid until the Annual General Meeting in 2010, but no longer than 30 June 2010.

The Board of Directors may waive the shareholders' pre-emption right 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."

Item 11. Reduction of the Share Premium Fund

By end of 2008 Eltek ASA has a total equity of NOK 1,625 million, whereof Distributable Equity is NOK 0. Distributable Equity is a prerequisite for several types of transactions including dividends, group contributions and buy-back of own shares. In order to obtain a more flexible capital structure in the company, the Board of Directors proposes that the Share Premium Fund be reduced with NOK 1,300 million and that the reduced amount be transferred to Other Equity.

A confirmation from the company's auditor to the effect that the company's non-distributable equity will be fully covered after the reduction is attached hereto as Appendix 5. In the opinion of the Board of Directors, there are no material reasons not to carry out the reduction of the Share Premium Fund. For a more detailed description of the company's financial situation, reference is made to the annual accounts for 2008.

The Board of Directors proposes that the General Meeting pass the following resolution:

"The company's Share Premium Fund is reduced with NOK 1,300,000,000, from NOK 1,625,400,000 to NOK 325,400,000. The reduction amount shall be transferred to Other Equity."

If the General Meeting passes the resolution, the resolution shall immediately be notified to the Norwegian Register of Business Enterprises and the reduction will enter into force following the expiry of the creditor notification period.

Item 12. General meeting notice requirements, changes to articles of association

Pursuant to a proposal for the amendment of the Norwegian Public Limited Liability Companies Act (Ot.prp. nr. 46 (2008-2009)), it will be sufficient to only distribute the notice itself to the shareholders, whereas appendices to the notice may be made available on the Company's web site only. In order to benefit from such proposed provisions, this must be set out in the Company's articles of association. In order to provide flexibility for Eltek it is proposed that the following new paragraph is added at the end of Article 6 of the Articles of Association:

"Documents relating to matters to be addressed at a general meeting, including documents that pursuant to law shall be included in or be enclosed with the notice to the general meeting, does not have to be sent to the shareholders provided that the documents are made available at the website of the Company. A shareholder may, however, request that the documents regarding matters to be addressed at the general meeting be sent to such requesting shareholder"

The above provision will enter into force only if and when the provisions in the Norwegian Public Limited Liability Companies Act implementing the shareholder directive (2007/36/EC dated 11 July 2007) enters into force.

RECOMMENDATION FROM THE NOMINATION COMMITTEE REGARDING ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS AND THE NOMINATION COMMITTEE

The Nomination Committee has considered the composition of the Board of Directors in five meetings during the last year. The Nomination Committee has in its work engaged in conversations with representatives of the largest shareholders of Eltek ASA.

The Nomination Committee proposed in connection with the Extraordinary General Meeting held on 5 February 2009 that Bengt Thuresson and Einar Greve were elected as new Chairman and new Director, respectively, while Erik Thorsen resigned as Chairman and director at his own wish.

The Nomination Committee is of the opinion that, with the above recent changes in the Board's composition, it is desirable with continuity of the existing Board. The Nomination Committee therefore proposes that the current Directors are re-elected at the Ordinary General Meeting to be held on 14 May 2009 and that the Board will continue to consist of the following Directors:

- Bengt Thuresson, Chairman
- Birgitte F. Angelil
- William H. Crown
- Einar J. Greve
- Arve Johansen
- Astrid Kårstad
- Dia S. Weil

The members of the Nomination Committee are all willing to continue as members of the committee. It is, however, proposed that Svein S Jacobsen replaces William H. Crown as the Chairman of the committee, following a request from William H. Crown to be an ordinary member. The Nomination Committee thus proposes that the following Nomination Committee be elected:

- Svein S Jacobsen, Chairman
- Alain Angelil
- William H. Crown