

Declaration of Eltek ASA's Executive Compensation policies for 2010

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

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 2010 comprise of 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 Company 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.

(c) **Long term performance based incentive program.** The Board of Directors 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 12 months base salary for the CEO and 4 months base salary for other members of the program. 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.

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

2009 Compliance

In 2009, the Executive Team received base salaries and bonuses in line with the Executive Compensation policy as adopted by the Annual General meeting in May 2009. 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 2009.

Rune Finne, who was appointed new CEO in November 2009 and assumed the position 1 March 2010, has a compensation package in line with the Executive Compensation policies for 2010.