

- FOR IMMEDIATE RELEASE -

ELRON ANNOUNCES THAT THE FORM F-4 REGISTRATION STATEMENT AND THE ISRAELI PROSPECTUS RELATING TO ITS PROPOSED MERGER WITH ELBIT HAS BEEN DECLARED EFFECTIVE BY THE SECURITIES AND EXCHANGE COMMISSION AND THE ISRAELI SECURITIES AUTHORITY

Tel Aviv, March 27, 2002 - Elron Electronic Industries Ltd. (NASDAQ:ELRN) today announced that the Form F-4 registration statement and the Israeli prospectus, relating to its previously announced proposed merger with Elbit Ltd (NASDAQ: ELBT) pursuant to Sections 350 and 351 of the Israeli Companies Law, 1999 has been declared effective by the Securities and Exchange Commission and the Israeli Securities Authority, respectively. A special meeting of shareholders of Elron to vote on the merger as well as on the approval of the share purchase agreement between Elron and Discount Investment Corporation Ltd., will be held at the offices of Elron on April 28, 2002 and a special meeting of shareholders of Elbit to vote on the merger will be held at the offices of Elbit on April 29, 2002. Meetings of creditors and optionholders of Elron to vote on the merger will also take place at Elron's offices on April 28, 2002 and meetings of creditors and optionholders of Elbit to vote on the merger will also take place at Elbit's offices on April 29, 2002.

The definitive proxy statement/prospectus is available at no expense to all stockholders of Elron and Elbit in the United States. The Israeli prospectus is available at no expense to all stockholders of Elron and Elbit in Israel and may also be found at www.elron-prospectus-feb02.com.

There is no assurance that all the approvals required in connection with the proposed merger will be obtained and that the merger will be consummated.

Elron Electronic Industries Ltd. is a multinational high technology holding company based in Israel. Through affiliates, Elron is engaged with a group of high technology operating companies in the fields of advanced defense electronics, communication, software, information technology, medical devices and semiconductors. For further information, visit <http://www.elron.com>

Any statements in this press release that may be considered forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially. Additional information about potential factors that may affect Elron's financial results is included in its annual report on Form 20-F, including, without limitation, under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations". Additional information about potential factors that may affect Elron's and the combined company's business and financial results is included in the registration statement on Form F-4 containing a prospectus relating to the shares to issued to Elbit stockholders filed by Elron on November 15, 2001 including, without limitation, under the caption "Risk Factors". Each of these documents is on file with the SEC and available free of charge. Elron does not undertake to update any forward-looking statements that may be made from time to time by it or on behalf of Elron.

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