

Elron Electronic Industries Ltd. (the "Company")

Ballot in accordance with the Israel Companies Regulations (Voting in Writing and Position Statements), 5766-2005 (the "Regulations")

1. **Name of Company:** Elron Electronic Industries Ltd.
2. **Type of General Meeting, Time and Location for the Convening thereof:**
Annual General Meeting of the Company's shareholders to be convened on **January 2, 2020, at 15:30 (Israel time)**, at the Company's offices at ToHa Tower, 114 Yigal Alon St., 27th Floor, Tel Aviv.
3. **The Items on the Agenda that May Be Voted on with This Ballot:**

A summary of the items on the meeting agenda that may be voted on with this ballot is set forth below. For additional details on the issues on the agenda see the immediate report published by the Company on **November 28, 2019**, on the distribution website of the Israel Securities Authority at www.magna.isa.gov.il and on the website of the Tel Aviv Stock Exchange Ltd. at maya.tase.co.il, to which this ballot is attached (the "**Immediate Report**").

The following items are on the agenda:

- 3.1. To re-elect Eduardo Elsztain, Saul Zang, Gerardo Tyszberowicz, Amiram Erel and Eran Saar as directors of the Company for an additional term until the Company's next annual general meeting, alongside the external directors who hold office at the Company.

Each nominee shall be voted for separately.

The nominees have provided the Company with declarations in accordance with Section 224B of the Companies Law.

For additional details on the nominees see Regulation 26 of Part IV of the Company's Annual Report for 2018 that was published on March 18, 2019 (henceforth: the "**Annual Report for 2018**") (ISA ref. no. 2019-01-023701; English translation available on Company website: www.elron.com).

In accordance with Regulation 7(A)(5)(B) of the Regulations, the details required on each nominee, and any detail required in accordance with Regulation 26 of the Israel Securities Regulations (Immediate and Periodic Reports), 5730-1970 (henceforth: the "**Report Regulations**") that changed since the Annual Report for 2018 was filed, to the best knowledge of the Company, are set forth below:

Name:	Eduardo Elsztain
Membership on board of directors' committees:	None
Year in which became director:	2016
Any detail required in accordance with Regulation 26 of the Report Regulations, that changed since the Company's Annual Report for 2018 was filed:	No change

Name:	Saul Zang
Membership on board of directors' committees:	None
Year in which became director:	2016
Any detail required in accordance with Regulation 26 of the Report Regulations, that changed since the Company's Annual Report for 2018 was filed:	No change

Name:	Gerardo Tyszberowicz
Membership on board of directors' committees:	None
Year in which became director:	2017
Any detail required in accordance with Regulation 26 of the Report Regulations, that changed since the Company's Annual Report for 2018 was filed:	No change

Name:	Amiram Erel
Membership on board of directors' committees:	None
Year in which became director:	1999
Any detail required in accordance with Regulation 26 of the Report Regulations, that changed since the Company's Annual Report for 2018 was filed:	No change

Name:	Eran Saar
ID No:	029660693
Date of birth:	October 10, 1972
Citizenship:	Israel
Address for serving court papers:	ToHa Tower, 114 Yigal Alon St., Tel-Aviv
Membership on board of directors' committees:	None
Is an external or independent director:	No
Has accounting and financial expertise, professional competency, or is an external expert director:	Has accounting and financial expertise and professional competency.
Is an employee of the Company, a subsidiary, affiliate or related party:	Will serve as CEO of Discount Investment Corporation Ltd. and IDB Development Corporation Ltd. commencing December 12, 2019.
Date on which became director:	November 27, 2019
Education:	LLB, Faculty of Law, Hebrew University of Jerusalem; BA, Accounting and Economics, Hebrew University of Jerusalem; MBA, Major in Finance, Hebrew University of Jerusalem.
Occupation during the last 5 years:	CEO of Equital Ltd. and Isramco Negev 2 LP (from 2012 until December 2019);
Serves as a director in other companies:	Shufersal Ltd., Cellcom Israel Ltd.
Is a relative of another related party at the Company:	No

- 3.2. To reappoint the accounting firm Kesselman & Kesselman (PwC) as the Company's auditors for an additional term until the Company's next annual general meeting, and to authorize the Company's Board of Directors and Audit Committee, insofar required, to determine their fees as auditors.

4. **Location and Hours for Inspecting the Proposed Resolutions in Full:**

Copies of the Immediate Report, declarations of director nominees, and proposed resolutions on the meeting's agenda are available for inspection at the Company's offices in ToHa Tower, 114 Yigal Alon St., 27th Floor, Tel-Aviv, Israel, after

prior coordination with the Company's secretariat, at 972-3-6075555, Sunday through Thursday (excluding holidays and the eves of holidays) between 09:00 and 16:00, until the date of the meeting, as well as on the distribution website of the Israel Securities Authority at <https://www.magna.isa.gov.il> and on the website of the Tel Aviv Stock Exchange Ltd. at <https://maya.tase.co.il>. In addition, this English translation of the Report will appear on the Company's website at <https://www.elron.com>.

5. **The Required Majority for Approval of the Resolutions on the Agenda:**

The required majority for the approval of the proposed resolutions detailed in Sections 3.1 and 3.2 above is a majority of the shareholders who are entitled to vote and who voted at the meeting, in person or by proxy (including via ballot) or through the internet voting system.

6. **Legal Quorum and Adjourned Meeting:**

A legal quorum shall be constituted when at least two shareholders, holding collectively at least 33.3% of the voting rights, are present in person or by proxy, within half an hour from the time set for the meeting. If a quorum is not present within half an hour from the time set for the meeting, the meeting shall stand adjourned for seven days, to the same day of the week at the same time and place. If a legal quorum is not present at the adjourned meeting within half an hour from the time set for the meeting, the meeting shall be held if one shareholder, holding at least 25% of the voting rights, is present in person or by proxy.

7. **Record Date:**

The record date entitling a shareholder to participate in and vote at the general meeting, in accordance with Section 182 of the Companies Law, is the close of trading on the Tel Aviv Stock Exchange Ltd. (TASE) on **December 5, 2019** (henceforth: the "**Record Date**"). If there is no trading on the Record Date, the record date will be the last trading day preceding such date.

8. **Manner of Voting and Validity of Ballot:**

8.1. A shareholder whose shares are registered with a TASE member (henceforth: "**Non-registered Shareholder**") is entitled to receive confirmation of ownership from such TASE member, at the TASE member's branch or via post to his or her address for the cost of postage only, upon request, provided such request was made in advance for a specific securities account. A Non-registered Shareholder may request to have the ownership confirmation sent to the Company via the internet voting system.

8.2. The ballot (if non-electronic) of a Non-registered Shareholder should be delivered to the Company along with the confirmation of ownership, such that the ballot will arrive at the Company's registered offices **no later than four hours prior to the time set for the meeting** (i.e. no later than **January 2, 2020 at 11:30**).

8.3. A shareholder registered in the shareholders register should deliver the ballot to the Company, along with a photocopy of his or her identity card or passport or certificate of incorporation, such that the ballot will arrive at the Company's registered offices **up to six hours prior to the time set for the general meeting** (i.e. by **January 2, 2020 at 09:30**).

9. **Internet:**

9.1. A Non-registered Shareholder may vote on a resolution that is on the agenda as described above, by submitting a ballot via the internet voting system (henceforth: "**Electronic Ballot**").

9.2. The Electronic Ballot will open for voting at the end of the Record Date. Voting via the internet voting system will close **6 hours prior to the time set for the meeting** (i.e. by **January 2, 2020 at 09:30**), at which time the internet voting system will be closed.

10. **Address for Delivering Ballots and Position Statements:**

The Company's offices at ToHa Tower, 114 Yigal Alon St., 27th Floor, Tel-Aviv, Israel.

11. **Deadlines for Submitting Position Statements and the Board of Directors' Response:**

11.1. The deadline for submitting position statements to the Company is up to ten days prior to the date set for the meeting.

11.2. The deadline for submitting the board of directors' response to position statements, insofar as shareholders have submitted position statements to the board of directors and the board of directors has elected to submit a response to such position statements, is no later than five days prior to the time set for the meeting.

12. **Distribution Website and TASE Website Addresses for Accessing Ballots and Position Statements:**

The addresses of the Israel Securities Authority and TASE websites on which the ballot and position statements may be accessed are as follows: Israel Securities Authority distribution website: <https://www.magna.isa.gov.il>; TASE website: <https://maya.tase.co.il>.

13. **Receipt of Ballot and Position Statements:**

A Non-registered Shareholder is entitled to receive via email (to the email address in the TASE member's possession), free of charge, a link to copies of the ballot and position statements on the distribution website from the TASE member with whom his or her shares are registered, unless such shareholder notified the TASE member that he or she does not wish to receive the link, or wishes to receive ballots by post for a fee. The notification regarding ballots will apply to position statements as well.

14. **Inspection of Ballots:**

One or more shareholders, who on the Record Date hold at least five percent (5%) of the voting rights in the Company, or who hold at least five percent (5%) of the voting rights in the Company that are not held by a controlling shareholder as defined in Section 268 of the Companies Law ("**Controlling Shareholder**"), is entitled following the general meeting, in person or by proxy, to inspect the ballots at the Company's offices (whose address appears in Section 4 above) during regular business hours, as detailed in Regulation 10(A) of the Regulations.

The number of shares constituting 5% of the voting rights in the Company is 2,153,273 ordinary shares of the Company.

The number of shares constituting 5% of the voting rights in the Company that are not held by a Controlling Shareholder, including through institutional parties under the control thereof, is 830,628 ordinary shares of the Company.

15. **Changes in Meeting Agenda:**

After the proxy is issued, there may be changes in the agenda, including the addition of an item to the agenda, and position statements may be released; the updated agenda and the position statements released in the Company's filings will be available on the distribution website, whose address appears in Section 12 above.

16. **Deadline for Submitting Amended Ballot:**

Should there be a request to add an item to the meeting agenda and the Company will issue an updated ballot (to include the added item/s), the Company will issue such updated ballot at the time the updated meeting agenda is released, which will be in accordance with the schedule set forth in Section 5B of the Israel Companies Regulations (Notice and Announcement of General Meetings and Class Meetings in Public Companies and the Addition of Issues to the Agenda), 5760-2000.

Shareholders should mark their votes on the items on the agenda in Part Two of the ballot.

Ballot – Part Two

Company name: Elron Electronic Industries Ltd., Corporation Number 520028036.

Company address (for submitting and delivering ballots): The Company's offices in ToHa Tower, 114 Yigal Alon St., 27th Floor, Tel-Aviv, Israel.

Time of meeting: January 2, 2020, at 15:30.

Type of meeting: Annual General Meeting.

Record date for entitling a shareholder to vote at the general meeting: The close of trading on the Tel Aviv Stock Exchange Ltd. (TASE) on December 5, 2019 (henceforth: the "**Record Date**"). If there is no trading on the Record Date, the record date will be the last trading day preceding such date.

Shareholder Information

Name of shareholder:

I.D. No.:

If the shareholder does not have an Israeli identity card –

Passport No.:

Country of issue:

Valid until:

If the shareholder is a corporation –

Corporation No.:

Country of incorporation:

Mark Vote:

Issues on the Agenda	Mark vote ¹		
	FOR	ABSTAIN	AGAINST
1. Re-elect Mr. Eduardo Elsztain as a director of the Company for an additional term until the Company's next annual general meeting, as detailed in Section 3.1 above.			
2. Re-elect Mr. Saul Zang as a director of the Company for an additional term until the Company's next annual general meeting, as detailed in Section 3.1 above.			
3. Re-elect Mr. Gerardo Tyszberowicz as a director of the Company for an additional term until the Company's next annual general meeting, as detailed in Section 3.1 above.			
4. Re-elect Mr. Amiram Erel as a director of the Company for an additional term until the Company's next annual general meeting, as detailed in Section 3.1 above.			
5. Re-elect Mr. Eran Saar as a director of the Company for an additional term until the Company's next annual general meeting, as detailed in Section 3.1 above.			
6. Reappoint the accounting firm Kesselman & Kesselman (PwC) as the Company's auditors for an additional term until the Company's next annual general meeting, and authorize the Company's Board of Directors and Audit Committee, insofar required, to determine their fees as auditors, as detailed in Section 3.2 above.			

Date

Signature

For shareholders who hold shares through a TASE member (according to Section 177(1) of the Israel Companies Law, 5759-1999) – this ballot is valid only if confirmation of ownership is attached.

For shareholders registered in the Company's shareholders register – this ballot is valid only if a photocopy of identity card / passport / certificate of incorporation is attached.

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¹ If no vote is marked, the item will be considered to have been voted ABSTAIN.