

**Elron Electronic Industries Ltd.**  
**(the "Company")**

**November 28, 2019**

**Israel Securities Authority**  
**22 Kanfei Nesharim Street**  
**Jerusalem 9546434**  
(Via Magna)

**Tel Aviv Stock Exchange Ltd.**  
**2 Ahuzat Bayit Street**  
**Tel-Aviv 6525216**  
(Via Magna)

**Re: Immediate Report on the Convening of an Annual General Meeting of the Shareholders of the Company**

An immediate report is hereby made (the "**Report**") in accordance with the Israel Companies Law, 5759-1999 (the "**Companies Law**"), the Israel Securities Law, 5728-1968 (the "**Securities Law**"), the Israel Securities Regulations (Immediate and Periodic Reports), 5730-1970 (the "**Report Regulations**"), the Israel Companies Regulations (Notice and Announcement of General Meetings and Class Meetings in a Public Company and the Addition of an Issue to the Agenda), 5760-2000 (the "**Notice and Announcement Regulations**"), and the Israel Companies Regulations (Voting in Writing and Position Statements) 5766-2005 (the "**Voting Regulations**"), concerning the convening of an annual general meeting of the shareholders of the Company, which will be held on **January 2, 2020**, at 15:30 (Israel time), in the Company's offices at ToHa Tower, 114 Yigal Alon St., 27<sup>th</sup> Floor, Tel Aviv, Israel, whose agenda shall consist of the items described in this Report below.

**1. Issues on the Agenda and Summary of the Resolutions Proposed Thereon:**

**1.1. Item 1 - Election of Directors Who Hold Office at the Company (and Are Not External Directors)**

To re-elect the following directors only, to serve alongside the external directors who hold office at the Company: Eduardo Elsztain (Chairman), Saul Zang, Gerardo Tyszberowicz, Amiram Erel and Eran Saar, for an additional term to commence on the date of their election by the general meeting being convened according to this Report, and to end on the date of the Company's next annual general meeting.

Each nominee shall be voted for separately.

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

Details on the directors being nominated for reelection are set forth below:

<b>Name:</b>	Eduardo Elsztain
<b>Membership on board of directors' committees:</b>	None
<b>Year in which became director:</b>	2016
<b>Any detail required in accordance with Regulation 26 of the Report Regulations, that changed since the Company's Annual Report for 2018 was filed<sup>1</sup>:</b>	No change

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

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

<b>Name:</b>	Amiram Erel
<b>Membership on board of directors' committees:</b>	None
<b>Year in which became director:</b>	1999

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<sup>1</sup> ISA ref. no.: 2019-01-023701 (English translation available on Company website: <https://www.elron.com>)

<b>Any detail required in accordance with Regulation 26 of the Report Regulations, that changed since the Company's Annual Report for 2018 was filed:</b>	No change
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<b>Name:</b>	Eran Saar
<b>ID No:</b>	029660693
<b>Date of birth:</b>	October 10, 1972
<b>Citizenship:</b>	Israel
<b>Address for serving court papers:</b>	ToHa Tower, 114 Yigal Alon St., Tel-Aviv
<b>Membership on board of directors' committees:</b>	None
<b>Is an external or independent director:</b>	No
<b>Has accounting and financial expertise, professional competency, or is an external expert director:</b>	Has accounting and financial expertise and professional competency.
<b>Is an employee of the Company, a subsidiary, affiliate or related party:</b>	Will serve as CEO of Discount Investment Corporation Ltd. and IDB Development Corporation Ltd. commencing December 12, 2019.
<b>Date on which became director:</b>	November 27, 2019
<b>Education:</b>	LLB, Faculty of Law, Hebrew University of Jerusalem; BA, Accounting and Economics, Hebrew University of Jerusalem; MBA, Major in Finance, Hebrew University of Jerusalem.
<b>Occupation during the last 5 years:</b>	CEO of Equital Ltd. and Isramco Negev 2 LP (from 2012 until December 2019);
<b>Serves as a director in other companies:</b>	Shufersal Ltd., Cellcom Israel Ltd.
<b>Is a relative of another related party at the Company:</b>	No

1.2. Item 2 – **Reappointment of the Company's Auditors and Authorization of the Company's Board of Directors and Audit Committee, Insofar Required, to Determine the Fees Thereof**

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.

1.3. Item 3 – **Report on the Auditors' Fees for 2018 to the Annual General Meeting**

No resolution is required on this matter.

1.4. Item 4 – **Discussion on the Company's Annual Reports for 2018**

No resolution is required on this matter.

2. **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.

3. **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.

4. **Required Majority**

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, is necessary for the approval of the proposed resolutions detailed in Sections 1.1 and 1.2.

To the best of the Company's knowledge, as of the date of this Report, the Company's controlling shareholder, Discount Investment Corporation Ltd., a public company that to the Company's best knowledge is (indirectly) controlled by Mr. Eduardo Elsztein, holds approximately 61.06% of the Company's outstanding share capital and voting rights, a holding percentage that confers the controlling shareholder the required majority for the approval of the resolutions on the agenda.

## 5. **Manner of Voting**

- 5.1. A shareholder of the Company is entitled to vote in person or to appoint a proxy, who may participate in the general meeting and vote on such shareholder's behalf (in accordance with the Company's Articles of Association), and is entitled to vote via ballot or through the internet voting system.
- 5.2. A document appointing a proxy ("**Letter of Appointment**") as well as an original power of attorney authorizing the execution of the Letter of Appointment (if any), must be deposited in the Company's registered offices at least 48 hours prior to the Record Date. The Letter of Appointment must specify the full names of the appointing shareholder and the proxy voting on such shareholder's behalf as they appear in the Registrar of Companies or Identity Card (as applicable), their corporation number or identification number (as applicable), and their place of incorporation or country of passport issue (as applicable).
- 5.3. In accordance with the Israel Companies Regulations (Proof of Share Ownership for Voting at the General Meeting), 5760-2000, a shareholder whose share is registered with a TASE member and such share is included in the Company's Shareholders Register in the name of The Tel Aviv Stock Exchange Nominee Company, who wishes to vote at the meeting, will provide the Company with proof of ownership of the share as of the Record Date, obtained from the TASE member with whom the share is registered, as required by the said regulations.

## 6. **Confirmation of Ownership**

A shareholder whose shares are registered with a TASE member is entitled to receive ownership confirmation from such TASE member, at the TASE member's branch or via post to his or her address, upon request, provided such request was made in advance for a specific securities account. According to the Israel Companies Regulations (Written Vote and Position Statements), 5766-2005 (the "**Voting Regulations**"), an authorized electronic message according to Section 44K5 which concerns the data of the internet voting system's users, is tantamount to a confirmation of ownership regarding every shareholder included therein.

## 7. **Voting by Ballot and Position Statements**

- 7.1. A shareholder is entitled to vote at the meeting on the proposed resolutions on the agenda via ballot, as detailed below. The ballot and position statements with respect to the meeting are available 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>. A shareholder may request the ballot and position statements directly from the Company, free of charge.
- 7.2. A TASE member will send, free of charge, via email, a link to the ballot and position statements on the website of the Israel Securities Authority to every shareholder who is not registered in the Company's Shareholders Register and

whose shares are registered with the TASE member, unless such shareholder notified the TASE member that he or she wishes to opt out, and provided that the notice was given regarding a specific securities account and on a date prior to the Record Date.

- 7.3. Votes should be cast on Part Two of the ballot published on the distribution website of the Israel Securities Authority, whose address appears above.
- 7.4. 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**).
- 7.5. 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**).
- 7.6. A shareholder's ballot will be valid in accordance with Section 177(2) of the Companies Law only if accompanied by a photocopy of his or her identity card, passport or certificate of incorporation.
- 7.7. A shareholder may appear in person at the Company's registered offices and after providing proof of his or her identity, retract his or her ballot and proof of ownership / photocopy of identity card or passport or certificate of incorporation, up to 24 hours prior to the time set for the meeting.

## 8. **Voting via the Internet Voting System**

- 8.1. A non-registered shareholder may also vote on the resolutions on the agenda by submitting a ballot via the internet voting system as defined in the Voting Regulations (henceforth: "**Electronic Ballot**").
- 8.2. A shareholder whose share is registered with a TASE member is entitled to receive an identifying number and access code as well as additional information related to the meeting from the TASE member, and following a secure identification process may vote via the internet voting system. A shareholder who votes by Electronic Ballot is not required to provide the Company with a certificate of ownership in the manner specified above.
- 8.3. 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.
- 8.4. The Electronic Ballot may be amended or cancelled up until the internet voting system is closed, after which it will not be possible to change it via the internet voting system. Should a shareholder vote via more than one method, the later vote will be counted. In this regard, a vote cast in person or by proxy

will be considered to have been cast later than a vote cast by Electronic Ballot.

9. **Position Statements and the Board of Directors' Response**

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

9.2. 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.

10. **Inspection of Documents**

A copy of this Report, the relevant documents pertaining to the resolutions on the agenda, and the proposed resolutions are available for inspection at the Company's offices at ToHa Tower, 114 Yigal Alon St., 27<sup>th</sup> Floor, Tel Aviv, 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>.

Sincerely,

**Elron Electronic Industries Ltd.**

**The Report has been signed on behalf of the Company by (Name, Title):**

**Ari Bronshtein, CEO**

**Yaron Elad, CFO**