

**Elron Electronic Industries Ltd. (the “Company”)**

**Voting Card in accordance with the 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:**  
Special general meeting of the Company’s shareholders to be convened on July 4, 2018, at 15:30, in the Company’s offices at 3 Azrieli Center, Triangular Tower, Floor 42, Tel Aviv.
3. **Specification of the Matter on the Agenda with respect to which Voting via Voting Card is Available:**

The following is a concise summary of the matter on the agenda of the meeting with respect to which voting via voting card is available. For further details with respect to the matter on the agenda, see the immediate report released by the Company on May 29, 2018 on the distribution website of the Israel Securities Authority (ISA) at [www.magna.isa.gov.il](http://www.magna.isa.gov.il) and on the website of Tel Aviv Stock Exchange Ltd. (TASE) at [maya.tase.co.il](http://maya.tase.co.il), to which this voting card is attached (the “**Immediate Report**”).

The following matter is on the agenda of the meeting:

Approval of the Company’s engagement in a “Directors and Officers” (D&O) insurance policy as of July 1, 2018 (the expiration date of the current insurance policy in which the Company is engaged) through Clal Insurance Company Ltd. (“Clal”, “**Commencement of the First Insurance Period**”) for an 18-month period (the “**First Insurance Period**”), and advance approval of the Company’s engagement in such insurance policy as stated in this section after the expiration of the First Insurance Period, all including by way of extension of the current policy and/or by way of purchase of new policies, which shall apply to the directors and the officers, serving at the Company and in held companies from time to time, including officers who are controlling shareholders or their relatives and/or with respect to whom officers of the Company hold a personal interest, subject to the conditions specified in the Immediate Report. This resolution shall be in force and effect for a 3-year period as of the date of Commencement of the First Insurance Period; and also to approve the possible expansion of the policy, whether during or after the First Insurance Period, in an event where, as a result of changes in the Company’s activity and/or in the stock exchanges on which it is traded, there arises the need to expand the events and/or scope covered by the policy, subject to the fulfillment of the conditions stated in Section 12.1 of the Immediate Report, and subject to the receipt of approvals from the Compensation Committee and the Board of Directors.

For further details, see Part B of the Immediate Report.

4. **Location and Time at which the Full Language of the Proposed Resolution shall be Available for Inspection:**

Copies of the Immediate Report and the language of the proposed resolution on the agenda of the meeting, are available for inspection at the Company's offices at 3 Azrieli Center (Triangular Tower, Floor 42), Tel Aviv, after prior coordination with the Company's secretariat by telephone: +972-3-6075555, Sundays through Thursdays (with the exception of holiday eves and holidays) between the hours 09:00 and 16:00, until the time of convening of the meeting, and also on the ISA distribution website at: <https://www.magna.isa.gov.il> and the website of Tel Aviv Stock Exchange Ltd. at <http://maya.tase.co.il>. In addition, the language of the English translation of this report will also be available on the Company's website at: <http://www.elron.com>.

5. **Required Majority for Adoption of the Resolution on the Agenda:**

5.1. The majority required for adoption of the proposed resolution specified in Section 3 above is a majority of the shareholders who may vote and who participate in the vote, in person or by proxy (including via voting card), provided that one of the following is fulfilled:

- (1) The count of the majority votes at the general meeting includes a majority of all the votes of the shareholders who have no personal interest in the approval of the aforesaid resolution, who participate in the vote; the count of all the votes of such shareholders shall exclude the abstaining votes.
- (2) The total of dissenting votes from among the shareholders specified in Subsection (1) above does not exceed a rate of two percent (2%) of all voting rights in the Company.

6. **Note on a Shareholder being a Controlling Shareholder of the Company or having a Personal Interest**

6.1. A shareholder participating in the vote with respect to the proposed resolution specified in Section 3 above, whether in person or by proxy, will notify the Company before voting at the meeting, or – if voting via voting card – on the voting card, by indicating in the second part of the voting card, in the space designated therefor, whether or not he is deemed a controlling shareholder of the Company and/or has a personal interest in the approval of the resolution specified in Section 3 above, and describing the relevant connection.

The vote of a shareholder who fails to indicate the existence or absence of personal interest and/or his being a controlling shareholder of the Company (or indicates that he has a personal interest but fails to specify the nature thereof), shall not be counted.

6.2. According to the Regulations and according to the ISA Directive of

November 30, 2011 regarding the disclosure of votes of interested parties, senior officers and institutional bodies at general meetings (the “**Directive**”), an interested party, a senior officer and an institutional investor (the “**Voters**”), as defined in the Regulations and in the Directive, voting at the general meeting on the proposed resolution specified in Section 3 above, will provide the Company, in the context of their vote, with the details required under Section 36D(d) of the Reports Regulations and Section 2(b) of the Directive, and if voting by proxy, the Voter or the proxy will also provide the details with respect to the proxy. In addition, details will be given with respect to any relation between the Voter or the proxy (who has no personal interest) and the Company or any of the controlling shareholders, including employment relations, business relations etc., specifying the nature thereof.

7. **Quorum and Adjourned Meeting:**

A quorum shall be formed upon the presence, in person or by proxy, of at least two shareholders holding, in total, more than 33.3% of the issued shares that confer voting rights in the Company, within 30 minutes of the time scheduled for the opening of the meeting. If no quorum is present at the general meeting 30 minutes after the time scheduled for the commencement of the meeting, the general meeting shall be adjourned to the same day the following week, at the same time and location. If no quorum is present at the adjourned meeting 30 minutes after the time scheduled for the meeting, then one shareholder holding at least 25% of the issued share capital of the Company, who is present in person or by proxy, shall constitute a quorum.

8. **Record Date:**

The record date for the purpose of a shareholder's entitlement to participate in and vote at the general meeting, in accordance with Section 182 of the Companies Law, is the end of the trading day on Tel Aviv Stock Exchange Ltd. (TASE) occurring on June 6, 2018 (the “**Record Date**”). In the event that there is no trading on the Record Date, the Record Date shall be the last trading day preceding such date.

9. **Method of Voting and Validity of Voting Card:**

9.1. A shareholder whose shares are registered with a TASE member (an “**Unregistered Shareholder**”) is entitled to receive confirmation of ownership from the TASE member through which he holds his shares, at a branch of the TASE member or by postal delivery to his address in consideration for postage only, if he shall have so requested, provided that a request in this regard shall be made in advance for a specific securities account. An Unregistered Shareholder may instruct that confirmation of his ownership be transferred to the Company by means of the electronic voting system.

9.2. The (non-electronic) voting card of an Unregistered Shareholder will be delivered to the Company together with the ownership

confirmation, such that the voting card will reach the Company's registered office **no later than four hours before the time at which the meeting is convened** (i.e. – no later than July 4, 2018 at 11:00).

9.3. A shareholder who is registered in the shareholders register will deliver the voting card to the Company together with a photocopy of an identity card or a photocopy of his passport or a photocopy of an incorporation certificate, such that the voting card will reach the Company's registered office **no later than six hours before the time at which the general meeting is convened** (i.e. – by July 4, 2018 at 09:00).

10. **Internet:**

10.1. An Unregistered Shareholder may vote on the resolution on the agenda as specified above, by means of a voting card to be transmitted via the electronic voting system (the “**E-Voting Card**”).

10.2. The E-Voting Card will be available for voting at the end of the Record Date. Voting by means of the electronic voting system will end **6 hours before the time of the meeting** (i.e., on July 4, 2018 at 09:00), at which time the electronic voting system will be locked.

11. **Address for Delivery of Voting Cards and Position Statements:**

The Company's offices at 3 Azrieli Center, Triangular Tower, Floor 42, Tel Aviv.

12. **Dates for Delivery of Position Statements and the Board of Directors' Response to Position Statements:**

12.1. The last date for the delivery of position statements to the Company shall be no later than ten days before the date of the meeting.

12.2. The last date for the delivery of the Board of Directors' response to position statements, if and insofar as shareholders' position statements are submitted and the Board of Directors chooses to submit its response to such position statements, shall be no later than five days before the date of the meeting.

13. **Address of the Distribution Website and the TASE Website on which the Voting Cards and Position Statements are Available:**

The addresses of the websites of the ISA and TASE, on which the language of the voting cards and positions statements are available, are as follows: the ISA's distribution website: <http://www.magna.isa.gov.il> and the website of TASE: <http://maya.tase.co.il>.

14. **Receipt of Voting Cards and Position Statements:**

An Unregistered Shareholder is entitled to receive from the TASE Member through which he holds his shares, via email (to the address held by the TASE

Member), free of charge, a link to the language of the voting card and position statements on the distribution website, unless he shall have notified the TASE Member that he does not wish to receive such link or that he wishes to receive voting cards by postal delivery for a charge. His notice in respect of voting cards shall also be applicable to the receipt of position statements.

15. **Inspection of Voting Cards:**

One or more shareholders holding on the Record Date shares at a rate that represents five percent (5%) or more of the total of all voting rights in the Company, as well as the holder of such rate out of the total of all voting rights not held by a controlling shareholder of the Company, as defined in Section 268 of the Companies Law (the “**Controlling Shareholder**”), is entitled, in person or by a proxy on his behalf, after the convening of the general meeting, to inspect at the Company's office (the address of which is specified in Section 4 above), during normal business hours, the voting cards as specified in Section 10(a) of the Regulations.

15.1. The number of shares representing 5% of the total of all voting rights in the Company is 1,487,189 ordinary shares of the Company.

15.2. The number of shares representing 5% of the total of all voting rights in the Company not held by the Controlling Shareholder, including through institutional bodies controlled thereby, is 738,872 ordinary shares of the Company.

16. **Changes in the Agenda of the Meeting:**

Subsequently to the release of the voting card, there may possibly be changes in the agenda, including the addition of an issue to the agenda, position statements may be released, and the up-to-date agenda and released position statements will be available for inspection in the Company's reports on the distribution website, the address of which was specified in Section 13 above.

17. **Last Date for Delivery of an Amended Voting Card:**

If the addition of an issue to the agenda is requested and the Company releases an updated voting card (which includes such additional issue/s), the Company shall then release such updated voting card on the date of release of the up-to-date agenda of the general meeting, which shall be in accordance with the timetables prescribed by Section 5B of the Companies Regulations (Notice and Announcement of General Meetings and Class Meetings in Public Companies and the Addition of Issues to the Agenda), 5760-2000.

**A shareholder shall indicate his vote on the issues on the agenda in the second part of the voting card**

**Voting Card – Second Part**

**Name of Company:** Elron Electronic Industries Ltd., Public Company 520028036.

**Address of Company (for delivery and sending of voting cards):** 3 Azrieli Center, Triangular Tower, Floor 42, Tel Aviv.

**Time of meeting:** July 4, 2018, at 15:30.

**Type of meeting:** Special general meeting.

**Record date for ownership of shares for the purpose of the right to vote at the general meeting:** The end of the trading day at Tel Aviv Stock Exchange Ltd. occurring on June 6, 2018 (the “**Record Date**”). If no trade is carried out on the Record Date, the Record Date shall be the last trading day preceding such date

**Details of the Shareholder**

Name of the shareholder: \_\_\_\_\_

I.D.: \_\_\_\_\_

If the shareholder does not have an Israeli identity card –

Passport No.: \_\_\_\_\_

The country in which it was issued: \_\_\_\_\_

Valid until: \_\_\_\_\_

If the shareholder is a corporation –

Corporation No.: \_\_\_\_\_

Country of incorporation: \_\_\_\_\_

**If the shareholder is a Voter as specified in Section 6 of the first part of the voting card above –**

Specification of any relation between the Voter (who has no personal interest) or his proxy and the Company or any of the controlling shareholders or a senior officer of the Company, including employment relations, business relations, etc., specifying their nature:

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\_\_\_\_\_  
\_\_\_\_\_

**Vote:**

Issues on the Agenda	Vote <sup>1</sup>			For the purpose of approval of a transaction under Section 275 of the Companies Law - Are you a controlling shareholder, holder of a personal interest in the resolution, senior officer or institutional investor? <sup>2</sup>	
	For	Abstaining	Against	Yes*	No
<p>1. Approval of the Company's engagement in a D&amp;O insurance policy as of July 1, 2018 (the expiration date of the current insurance policy in which the Company is engaged) through Clal Insurance Company Ltd. for an 18-month period and advance approval of the Company's engagement in such insurance policy as stated in this section after the expiration of the First Insurance Period, all including by way of extension of the current policy and/or by way of purchase of new policies, which shall apply to the directors and the officers, as serving at the Company and at the Group from time to time, including officers who are controlling shareholders or their relatives and/or with respect to whom officers of the Company hold a personal interest, subject to the conditions specified in the Immediate Report. This resolution shall be in force and effect for a 3-year period as of the date of Commencement of the First Insurance Period; and also to approve the possible expansion of the policy, whether during or after the First Insurance Period, in an event where, as a result of changes in the Company's activity and/or in the stock exchanges on which it is traded, there arises the need to expand the events and/or scope covered by the policy, subject to the fulfillment of the conditions stated in Section 12.4 of the Immediate Report, and subject to the receipt of approvals from the compensation committee and the board of directors.</p>					

<sup>1</sup> No indication shall be deemed as abstention from voting on that issue.

<sup>2</sup> The vote of a shareholder who fails to fill-in this column, or indicates "yes" and fails to specify, shall not be counted.

Are you an interested party, senior officer or institutional investor? Yes \_\_\_ No \_\_\_

\* If you have indicated that you are deemed an interested party, senior officer of the Company<sup>3</sup> or institutional investor<sup>4</sup>, please specify:

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\* If you have indicated that you are deemed a controlling shareholder or holder of a personal interest in the resolution, please specify:

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**Date** **Signature**

To shareholders holding shares through a TASE Member (according to Section 177(1) of the Companies Law, 5759-1999) – this voting card is only valid with the attachment of a confirmation of ownership.

To shareholders registered in the Company's shareholders register – the voting card is valid with a photocopy of the identity card / passport / certificate of incorporation attached thereto.

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<sup>3</sup> According to the definition of the term “Senior Officer” in Section 37(d) of the Securities Law.

<sup>4</sup> According to the definition of the term “Institutional Investor” in Section 1 of the Companies Regulations (Voting in Writing and Position Statements), 5766-2005.