

May 27, 2020

Elron Electronic Industries Ltd. (the “Company”)

Voting Card in accordance with the Companies Regulations (Voting in Writing and Position Statements), 5766-2005 (the “Regulations” or the “Voting Regulations”)

Part 1

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 2, 2020, at 15:00, in the Company’s offices at 114 Yigal Alon, TOHA Tower, Floor 27, Tel Aviv (the “Meeting” or the “General Meeting”).
3. **Specification of the Issues on the Agenda with respect to which Voting via Voting Card is Available and the proposed resolution:**

3.1. **Approval of the terms of office and employment of the Company’s CEO**

For details on this resolution see Part B to the immediate report dated March 27, 2020 regarding the convening of a special general meeting of the Company's shareholders (the “Report Convening the Meeting”).

The Proposed Resolution: To approve the terms of office and employment of the Company’s CEO, Mr. Yaron Elad (the “CEO”), as of March 1, 2020, as detailed in the Report Convening the Meeting.

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

A copy of the immediate report and the relevant documents pertaining to the proposed resolution and the language of the proposed resolution are available for inspection at the Company's offices at 114 Yigal Alon, TOHA Tower, Floor 27, Tel Aviv by prior telephone coordination with the Company's secretariat, at 03-6075555, on Sundays – Thursdays (excluding holiday eves and holidays) between 9:00 and 16:00, until the date of convening of the Meeting, and on the distribution website of the Israel Securities Authority (ISA) at www.magna.isa.gov.il and on the website of Tel Aviv Stock Exchange Ltd. (TASE) at maya.tase.co.il. In addition, the English translation of this report shall also be available on the Company’s website, at <https://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 on the agenda (according to Section 3.1 above), is an ordinary majority of the shareholders who may vote and who participate in the vote, in person or by proxy (including via proxy or 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 are no controlling shareholders in the Company and 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. The provisions of section 276 to the Companies Law, shall apply, mutatis mutandis, on a shareholder who has a personal interest.
- (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.

It is noted that the Board of Directors shall be entitled to approve the resolution on the agenda even if the shareholders meeting objects to its approval, to the extent that the Compensation Committee and thereafter the Board of Directors decide, on the basis of the detailed reasons and after discussing anew the CEO's terms of office and employment and grant of Options to the CEO, that its approval is, despite the objection of the shareholders meeting, in the interests of the Company.

- 5.2. The Company's controlling shareholder, Discount Investment Corporation Ltd. does not hold the required majority to approve the resolution specified in section 3.1 above.

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

- 6.1. Pursuant to Section 276 of the Companies Law, a shareholder participating in the vote with respect to the proposed resolution on the agenda, 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 on the agenda, and describing the relevant personal interest.
- 6.2. A shareholder who fails to indicate in the space designated therefor, or indicates “yes” but fails to specify the nature thereof, shall not vote on said resolution and his vote shall not be counted with respect to said resolution.
- 6.3. According to the Voting 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 resolution on the agenda, will provide the Company with the details required under the 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 relationship between the Voter or the proxy (who has no personal interest) and the Company or any of the controlling shareholders or senior officers, including employment relations, business relations etc., and specifying the nature thereof.

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

7.1. A General Meeting's legal 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 (the "**Legal Quorum**"). If no Legal 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 or to a later date if so indicated in the Notice convening the Meeting in the notice of the Meeting (the "**Adjourned Meeting**"), meaning **Thursday July 9, 2020, at 15:00**. If no Legal 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 Legal Quorum.

7.2. A general meeting having a Legal Quorum may decide to postpone the meeting to another determined date and place; At the Adjourned Meeting no issue which was on the original meeting's agenda and with respect to which no resolution was resolved, shall be discussed.

8. **Record Date**

The record date for the purpose of a shareholder's entitlement to participate in and vote at the General Meeting and at an Adjourned Meeting, in accordance with Section 182 of the Companies Law and Regulation 3 to the Voting Regulations, is the end of the trading day on Tel Aviv Stock Exchange Ltd. (TASE) occurring on **Thursday, June 4, 2020** (the "**Record Date**"). In the event that no trade is carried out 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 by 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. With respect to an Unregistered Shareholder, the (non-electronic) voting card shall be valid only if an ownership confirmation was attached to it or if the said ownership confirmation was sent to the Company via the electronic voting system. A voting card of an Unregistered Shareholder will be delivered to the Company together with the ownership confirmation, by **no later than four hours before the time at which the meeting is convened** (i.e. – no later than **Thursday, July 2, 2020, at 11:00**).
- 9.3. With respect to a shareholder who is registered in the shareholders register, the voting card shall be valid only if a photocopy of an identity card or a photocopy of his passport or, in case of a corporation, a photocopy of a certificate of incorporation, was attached to it. A voting card of a registered shareholder will be delivered to the Company together with a photocopy of an identity card or a photocopy of his passport or a photocopy of an incorporation certificate, by **no later than six hours before the time at which the general meeting is convened** (i.e. – no later than **July 2, 2020 at 9:00**).
- 9.4. A voting card indicating the shareholder's vote which arrived at the Company until the last date specified as aforementioned, shall be deemed present at the Meeting, for purposes of the Legal Quorum.
- 9.5. A shareholder shall indicate his vote with respect to the resolution on the agenda in the second part of the voting card and shall deliver it to the Company or send it to her via registered mail. For this purpose, "Delivery Date" means the date on which the written voting card and its attached documents were received at the Company's offices as specified above.

10. Vote via the electronic voting system

- 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, as defined in the Voting Regulations (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 2, 2020 at 9:00**), at which time the electronic voting system will be locked.
- 10.3. The electronic vote may be amended or cancelled until the electronic voting system is locked, and thereafter no change can be made through the electronic voting system. If a shareholder shall have voted by more than one manner, his later vote shall be counted. For this purpose, the vote of a shareholder in person or by proxy shall be deemed later to a

vote via an E-Voting Card.

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

The Company's offices at 114 Yigal Alon, TOHA Tower, Floor 27, 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> (the "**Distribution Website**") and the website of TASE: <http://maya.tase.co.il> (the "**TASE Website**").

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 2,153,274 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 837,878 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:**

A shareholders' request pursuant to Section 66(b) to the Companies Law to include issues on the General Meeting's agenda, will be delivered to the Company **no later than seven (7) days following the convening of the Meeting**. If such request is submitted, this issue may be added to the agenda and his details shall be presented at the Distribution Website. In such case the Company shall publish an updated notice for the Meeting **by no later than seven (7) days after the last date for delivery of a shareholder's request to include an issue on the agenda**, as aforesaid. The Company shall publish an updated voting card on the date it publishes the updated notice convening the meeting.

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

Voting Card – Part 2

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

Address of Company (for delivery and sending of voting cards): 114 Yigal Alon, TOHA Tower, Floor 27, Tel Aviv

Time of meeting: Thursday, July 2, 2020, at 15:00.

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 Thursday, June 4, 2020 (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: _____

Please indicate if you are:

	Yes*	No
An interested party (as defined in Section 1 to the Securities Law, 5728-1968)		
A senior officer (as defined in section 37(d) to the Securities Law, 5728-1968)		
An institutional investor (as defined in Regulation 1 to the Supervision on the Financial Services (Provident Funds) (Managing company's participation in a general meeting) Regulations, 5769-2009, and a manager of a joint investments in trust, as defined in the Joint Investments in Trust Law, 5754-1994		

*** if the answer is yes -**

Please specify any link between the voter (who has no personal interest) or his proxy and the Company or any of the controlling shareholders or a senior officer, including employer-employee relation, business relations, etc. and specifying the nature thereof:

Vote:

Issue on the Agenda	Vote ¹			For the purpose of approval of a transaction under Sections 255 and 272-275 of the Companies Law which required majority is not an ordinary majority - Are you a controlling shareholder or a have a personal interest in the resolution ²	
	For	Abstaining	Against	Yes**	No
Approval of the terms of office and employment of the CEO, as detailed in Part 2 of the Report Convening the Meeting and Section 3.1 above.					

**** if the answer is yes –**

Please specify on which basis you are considered a controlling shareholder or anyone on its behalf or having a personal interest in the resolution:

_____ 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.

¹ No indication shall be deemed as abstention from voting on that issue.

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