

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:**
Annual general meeting of the Company’s shareholders to be convened on December 26, 2018, at 15:30, in the Company’s offices at 3 Azrieli Center, Triangular Tower, Floor 42, Tel Aviv.
3. **Specification of the Issues on the Agenda with respect to which Voting via Voting Card is Available:**

The following is a concise summary of the issue on the agenda of the meeting with respect to which voting via voting card is available. For further details with respect to the issue on the agenda, see the immediate report released by the Company on November 21, 2018 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, to which this voting card is attached (the “**Immediate Report**”).

The following issue is on the agenda of the meeting:

- 3.1. Re-appointment of Mr. Eduardo Elsztain, Mr.Saul Zang¹, Mr.Gerardo Ariel Tyszberowicz and Mr. Amiram Erel as directors of the Company for an additional term of office until the next annual general meeting of the Company, all in addition to the external directors holding office at the Company.

A separate vote shall be conducted on the appointment of each one of the directors.

The aforesaid candidates for the office of directors of the Company have delivered to the Company declarations in accordance with Section 224B of the Companies Law, copies of which are enclosed as Exhibit A to the Immediate Report.

For additional information regarding the candidates, see Regulation 26 of Part D of the Periodic Report of the Company for 2017, published on March 22,2018 (hereinafter: “**The 2017 Periodic Report**”) (Reference No: 2018-01-028465)

In accordance with Regulation 37(A)(5)(b) of the Regulations, the following are the required details regarding the candidates for the office of directors of the Company and each detail required according to Regulation 26 of the

¹ On February 15, 2016, the Board of Directors of the Company resolved to appoint Mr. Sholem Lapidot as alternate director for Mr. Saul Zang.

Securities Regulations (Periodic and Immediate Reports) 1970 (the **Report Regulations**”), to the extent that there are any changes from the Periodic Report, to the best knowledge of the Company.

Name	Eduardo Elzstain
Membership of Board Committees of the Board of Directors	No
Date of Commencement of term as Director	2016
Each of the details required according to Regulation 26 of the Report Regulations if there is any change from the 2017 Periodic Report.	Passport No. AAF441154

Name	Saul Zang
Membership of Board Committees of the Board of Directors	No
Date of Commencement of term as Director	2016
Each of the details required according to Regulation 26 of the Report Regulations if there is change from the 2017 Periodic Report.	Passport No. AAE740025

Name	Amiram Erel
Membership of Board Committees of the Board of Directors	No
Date of Commencement of term as Director	1999
Each of the details required according to Regulation 26 of the Report Regulations if there is change from the 2017 Periodic Report.	Professional expertise

Name	Gerardo Ariel Tyszberowicz
Membership of Board Committees of the Board of Directors	No
Date of Commencement of term as Director	2017
Each of the details required according to Regulation 26 of the Report Regulations if there is change from the 2017 Periodic Report.	Passport No. AAC885232 Provides Advisory services to Dolphin Netherlands, the controlling shareholder (indirect) of the Company, also in the framework of his services in ECG Epstein Consulting Group Ltd

- 3.2. Re-appointment of the accounting firm of Kesselman & Kesselman (PwC), as the Company's auditors, for an additional term until the next annual general meeting of the Company, and authorization of the Board of Directors of the Company and the Audit Committee, as required, to determine their fees as auditors.
- 3.3. Approval of the grant of options to the CEO of the Company, as specified in Section 12 of the Immediate Report. For further details please see part B of the Immediate Report.
- 3.4. To approve the increase of the Company's authorized share capital and to amend the Company's Articles of association accordingly – It is proposed to increase the Company's authorized share capital by 35,000,000 Ordinary Shares, par value NIS0.003 each (the "Shares"), such that the authorized share capital of the Company shall consist of 70,000,000 Shares.

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's 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 3.1 and 3.2 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) or via the electronic voting system,
- 5.2. The majority required in accordance with Sections 267A and 272 (C1) of the Companies Law for adoption of the proposed resolution specified in Section 3.3 is a majority of the shareholders who may vote and who participate in the vote, in person or by proxy (including via voting card) or via the electronic voting system 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.

It is noted that the Board of Directors shall be entitled to approve the grant of Options to the CEO as stated in Section 1 above even if the shareholders meeting objects to the approval thereof, if the Compensation Committee and thereafter, the Board of Directors decide that, on the basis of the detailed reasons and after reconsidering the grant of Options to the CEO, its approval is, despite the objection of the shareholders meeting, in the interests of the Company.

- 5.3. The Company is not a “granddaughter public company” as such term is defined in Section 267A(C) of the Companies Law.
- 5.4. The majority required for adoption of the proposed resolution specified in Section 3.4 above is a majority of 67% of the shareholders who may vote and who participate in the vote, in person or by proxy, not taking into account abstentions.

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 3.3 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 3.3 above, and describing the relevant link.

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 3.3 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 November 28, 2018 (the "**Record Date**"). In the event that no trading 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. 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 December 26, 2018 at 11:30).

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. – no later than

December 26, 2018 at 9:30)

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 December 26, 2018 at 9:30), 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 representing 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 1,487,188 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 738,871 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: December 26, 2018, at 15:30.

Type of meeting: Annual 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 November 28, 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:

Vote:

Issues on the Agenda	Vote ²			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? ³	
	For	Abstaining	Against	Yes*	No
1. Re-appointment of Mr. Eduardo Elsztain as a director of the Company for an additional term of office until the next annual general meeting of the Company as detailed in Section 3.1 above.					
2.Re-appointment of Mr. Saul Zang, as a director of the Company for an additional term of office until the next annual general meeting of the Company, as detailed in Section 3.1 above.					
3.Re-appointment of Mr.Gerardo Ariel Tyszberowicz as a director of the Company for an additional term of office until the next annual general meeting of the Company as detailed in Section 3.1 above.					
4.Re-appointment of Mr. Amiram Erel as directors of the Company for an additional term of office until the next annual general meeting of the Company as detailed in Section 3.1 above.					

² No indication shall be deemed as abstention from voting on that issue.

³ The vote of a shareholder who fails to fill-in this column, or indicates "yes" and fails to specify, shall not be counted.

<p>5.Re-appointment of the accounting firm of Kesselman & Kesselman (PwC), as the Company's auditors, for an additional term until the next annual general meeting of the Company, and authorization of the Board of Directors of the Company and the Audit Committee, as required, to determine their fees as auditors as detailed in Section 3.5 above.</p>					
<p>6.Approval of the grant of options to the CEO of the Company, as specified in paragraph 12 below. For further details please see part B of the Immediate Report.</p>					
<p>7Approval of the increase of the Company's authorized share capital such that the authorized share capital of the Company shall consist of 70,000,000 Shares and the amendment of the Company's Articles of Association accordingly.</p>					

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 Company⁴ or institutional investor⁵, please specify:**

⁴ According to the definition of the term "Senior Officer" in Section 37(d) of the Securities Law.

⁵ According to the definition of the term "Institutional Investor" in Section 1 of the Companies Regulations (Voting in Writing and Position Statements), 5766-2005.

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

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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