

ELRON

Translation of Reports to the Israel Securities Authority in January 2019 regarding Option Grants

Further to the Report on the Convening of an Annual General Meeting of the Shareholders of Elron Electronic Industries Ltd. (the "Company") dated November 21, 2018 and the approval, by the annual meeting of shareholders, of the grant of options to purchase shares of the Company to the Company's CEO, dated December 26, 2018, and further to the Company's immediate report pertaining to the grant of options to purchase shares of the Company to four additional Company's officers, dated November 21, 2018, Elron Electronic Industries Ltd. ("Elron") reported as follows:

1. The exercise price of each option (calculated as the average price of the Company's share on the stock exchange during the 30 trading days preceding January 1, 2019, plus a premium of 10% on the said price), is NIS11.05.
2. The following option grants were allotted:
 - a) Name: Ari Bronshtein
Position: CEO
Number of Options: 1,241,664
Fully Diluted % in equity and voting: ¹1.77%
 - b) Name: Zvi Slovin
Position: Vice-President
Number of Options: 950,004
Fully Diluted % in equity and voting: ²1.36%
 - c) Name: Yaron Elad
Position: Vice-President & Chief Financial Officer
Number of Options: 635,712
Fully Diluted %: ³0.91%

¹ For the purpose of the fully diluted percentage, it is clarified that this assumes the maximum exercise and the maximum percentage holding of shares and voting rights deriving therefrom based on the assumption of the exercise at the maximum rate (as described in the Immediate Report on the private offering published on November 21, 2018) in light of the net exercise mechanism. In practice, the holdings may be lower to the extent that the exercise will be at a price lower than the said maximum rate.

² For the purpose of the fully diluted percentage, it is clarified that this assumes the maximum exercise and the maximum percentage holding of shares and voting rights deriving therefrom based on the assumption of the exercise at the maximum rate (as described in the Immediate Report on the shareholders meeting published on November 21, 2018) in light of the net exercise mechanism. In practice, the holdings may be lower to the extent that the exercise will be at a price lower than the said maximum rate.

³ See Footnote 2 above

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d) Name: Zohar Rozenberg
Position: Vice-President
Number of Options: 628,572
Fully Diluted % in equity and voting: ⁴0.90%

e) Niv Levy
Position: Vice-President, Accounting
Number of Options: 450,000
Fully Diluted % in equity and voting: ⁵0.64%

⁴ See Footnote 2 above

⁵ See Footnote 2 above