

ELRON

Elron Electronic Industries Ltd. (the "Company")

Translation of Immediate Release

The following is a translation of an immediate release filed by Elron Electronic Industries Ltd (the "Company") with the Israeli Securities Authority on March 18, 2019.

1. The Compensation Committee and the Board of Directors approved the payment to directors who are controlling shareholders and/or their relatives and/or with respect to whom a controlling shareholder has a personal interest in the remuneration paid to them, including when the remuneration for their service is paid to the controlling shareholder of the Company, serving at the time of the resolution or as may serve from time to time (the "**Controlling Shareholder Directors**"), the maximum rates payable to an external director at the level of the Company pursuant to the Companies Regulations (Rules for Compensation and Expenses for External Director), 5760-2000 ("**Compensation Regulations**") (including the additional compensation for expertise): Currently, the annual remuneration which will be the amount of NIS 84,850 and per meeting participation fee which will be in the amount of NIS 3,270¹. For written consents in lieu of meetings and for resolutions via means of communication, the participation fee payable shall equal the rate set forth in the Compensation Regulations. In addition, said directors shall be entitled to expense reimbursement as set forth in Reg. 6 of the Compensation Regulations. Said amounts shall be linked to the consumer price index in accordance with Reg. 8 to the Compensation Regulations. VAT according to law, will be added the said amounts. The Company may pay said directors' remuneration for certain of its serving directors, to its controlling shareholder, Discount Investment Corporation Ltd. and/or to companies which are indirect controlling shareholders of the Company and in which the directors are employed or serve as officers.
2. The resolution shall be valid for a three years period commencing from March 10, 2019
3. The proposed remuneration does not exceed the lowest remuneration payable to any other director in the Company, and does not exceed the maximum amount payable to an external director pursuant to Reg. 4, 5 and 7 to the Compensation Regulations. Therefore, pursuant to Reg. 1b(3) to the Securities Regulations (Relief from Related Party Transactions), 5760-2000, the approval of the said remuneration does not require shareholders' approval.

¹ These amounts are amounts with respect to remuneration to an external director of a company at the level of the Company without the expertise supplement. If the expertise supplement is applicable, it will be in accordance with the maximum amount payable to an expert external director at the level of the Company

ELRON

4. As of the date of this report, this resolution applies to the following directors: Mr. Eduardo Elsztain, Mr. Saul Zang (his alternate director, Mr. Sholem Lapidot), Mr Gerardo Ariel Tyszberowicz and Mr. Ami Erel.

Summary of the Company's Compensation Committee and Board of Directors' reasons for approving the resolution:

1. The proposed remuneration to the Company's directors is in accordance with the Company's Compensation Policy as approved by the shareholders meeting on February 27, 2017.
2. The remuneration to Company's directors who are controlling shareholders and/or whose relatives are controlling shareholders and/or with respect to whom a controlling shareholder has a personal interest, does not exceed the lowest remuneration payable to any other director in the Company, and does not exceed the maximum amount payable to an external director pursuant to the Compensation Regulations.
3. Said remuneration reflects the appropriate remuneration, considering the Company's business and nature, as well as it being a publicly traded company and a 'reporting entity'.
4. In light of the foregoing, said remuneration is reasonable, fair and customary, and is not considered an allocation.