

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

**Ballot 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 Meeting, Time and Location for the Convening thereof:** Special general meeting of the shareholders of the Company to be convened on September 24, 2020, at 15:00, in the Company’s offices at 144 Yigal Alon St., TOHA Tower, Floor 27, Tel Aviv.
3. **Specification of the Issue on the Agenda with respect to which Voting via Voting Card is Available:**

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 August 20, 2020 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. 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:

The appointment of Ms. Lee-Bath Nelson as an external director of the Company for a term of office of additional three years, commencing on October 29, 2020.

With respect to the Ms. Lee-Bath Nelson’s terms of office, the following shall apply:

In accordance with decisions taken by the Company in the past, it was determined that if the Company will no longer be a dual listed company, as such term is defined in the Companies Regulations (Reliefs for Companies whose shares are registered for trading on an exchange outside of Israel) – 2000 (the “**Reliefs Regulations for Dual Listed Companies**”), external directors will be entitled to remuneration and reimbursement of costs in the maximum amounts determined for the compensation payable to an external director in a dual listed company, as defined in the Reliefs Regulations for Dual Listed Companies, until the end of service of the company’s external directors, which service were approved prior to the date in which the Company ceased being a dual-listed company.

In light of the foregoing, Ms. Lee-Bath Nelson’s terms of service as an external director in the Company, shall, subject to her re-appointment approval, be as follows:

Ms. Lee-Bath Nelson will be entitled to remuneration and reimbursement of costs in the maximum amounts determined under the Companies Regulations (Rules for remuneration and reimbursement of costs to with

respect to the remuneration payable to an expert external director in a company with an equity capital in the Company's level (as of the date of this report, company in level C which is not a dual listed company).

Ms. Lee-Bath Nelson's candidacy to serve an additional term as an external director is proposed by the Company's board of directors. Ms. Lee-Bath Nelson has accounting and financial expertise and professional qualifications, as such terms are defined under the Companies Regulations (Conditions and Criteria for a Director with Accounting and Financial Expertise and a Director with Professional Qualifications), 5766-2005.

Ms. Lee-Bath Nelson signed a declaration in accordance with Sections 224 (b) and 241 of the Companies Law, a copy of which is attached to this Report as **Annex A**.

The details regarding the candidate for additional term of office as an external director in the Company, as required under Regulation 26 to Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the "**Immediate Reports Regulations**"), are, to the Company's best knowledge, as follows:

<b>Name:</b>	Lee-Bath Nelson
<b>Identification No.:</b>	223665-3
<b>Date of Birth:</b>	March 8, 1966
<b>Address for Service:</b>	8 HaGadna Street, Raanana Israel
<b>Citizenship:</b>	Israel and USA
<b>Member of Board Committees:</b>	Member of the audit committee, financial statements committee, compensation committee and investment committee.
<b>Is the candidate an External Director or Independent Director?</b>	Yes
<b>Does he have Financial and Accounting Expertise?</b>	Yes
<b>Is the candidate an employee</b>	No

<b>of the Company or any of its subsidiaries or affiliates or any entity with a Personal Interest in the Company?</b>	
<b>Commencement of Term:</b>	October 29, 2014
<b>Education:</b>	B.A. in Computer Science, Technion-Israel Institute of Technology, Haifa, Israel; MSc. in Computer Science, Technion-Israel Institute of Technology, Haifa, Israel; Ph.D. in Finance, Graduate School of Business, Stanford University, CA.
<b>Activities for the past 5 years:</b>	Previously served as General Partner of Plenus Venture Lending and also as Corporate Director Business Development, Orbotech Ltd. Founder and VP, Marketing and Business Development of LEO Lane; Member of the management Board of of "Ore to Excellence", a non-profit organization promoting excellence and volunteerism among teens and children in the periphery.
<b>Serves on the boards of other companies:</b>	LEO Lane; Tumor Ltd.
<b>Family member of an entity with a Personal Interest in the Company:</b>	No
<b>The Company considers her having accounting and financial expertise for the purpose of complying with the minimum number determined by the board of directors according to Section 92(A)(12) of the Companies Law :</b>	Yes

It shall be noted that in currently, Mr. Yehuda Freidenberg and Mr. Ehud Rassabi serve, in addition, as external directors of the Company.

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

A copy of the Immediate Report, the statements of the candidates for office as directors, the statements of the candidates for office as outside directors, and the language of the proposed resolution on the agenda of the meeting, are available for inspection at the Company's offices, 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 date 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 Immediate 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 1 is a majority of the shareholders who may vote and are participating 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 shall include a majority of all of the votes of shareholders who are neither controlling shareholders of the Company nor have a personal interest in the approval of the appointment, other than personal interest that does not result from relations with the controlling shareholder, who participate in the vote. The count of the total of votes of such shareholders shall exclude the abstaining votes;
- (2) The total of dissenting votes from among the shareholders specified in Subsection (1) above shall not exceed a rate of two percent (2%) of all of the voting rights in the Company.

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 voting on the resolution proposed in Section 1, whether personally or by proxy, shall notify the Company before voting at the meeting, or if voting via ballot – by indicating on the designated space in Part B of the ballot, whether or not he is considered a controlling shareholder and/or has a personal interest in the approval of the proposal that is on the meeting's agenda, and the description of the relevant affiliation. The vote of a shareholder who fails to indicate the existence or absence of a personal interest and/or if he is a controlling shareholder (or who indicates that he has a personal interest but fails to specify its nature) shall not be counted.

6.2. In addition, in accordance with the Voting Regulations and in accordance with the ISA guideline dated November 30, 2011 regarding the manner of voting in meetings by interested parties, senior officers and institutional entities (the “**Guideline**”), an interested party, a senior officer and an institutional investor (the “**Voters**”), as defined under the regulations and the Guideline, voting on the resolution proposed in Item 1 on the agenda, will provide the Company, in the framework of their vote, with the details required under regulation 36(d)d of the Immediate Report Regulations and under section 2(b) of the Guideline, and if voting by proxy, the voter or proxy will provide such details on the proxy as well. Furthermore, details will be given on any affiliation between the voter or the proxy (who does not have a personal interest) and the Company or a controlling shareholder, including employer-employee relations, business relations, etc., and details regarding the nature thereof.

7. **Legal Quorum and Adjourned Meeting**

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 conferring voting rights in the Company, within 30 minutes of the time scheduled for the opening of the Meeting. If legal quorum is not present at the general meeting 30 minutes after the time scheduled for 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 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 legal quorum.

8. **Record Date**

The record date for the purpose of a shareholder's entitlement to participate in and vote at the 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 August 27, 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 Pursuant to the Companies Regulations (Proof of Share Ownership for the Purpose of Voting at the General Meeting), 5760-2000 (“**Confirmation of Ownership Regulations**”), a shareholder in whose favor a share is registered with a TASE member, who wishes to vote at the Meeting, will provide the Company with confirmation regarding his ownership of the share on the Record Date, which must be received from the TASE member with which his right to the share is registered, as required by the Confirmation of Ownership Regulations (“**Confirmation of Ownership**”).

9.2 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. It should be noted that in accordance with the Confirmation of Ownership Regulations, an electronic message approved under Section 44K5 of the Securities Law, concerning the data of users of the electronic voting system – is deemed a confirmation of ownership for every shareholder included therein

9.3 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 Thursday September 24, 2020 at 11:00).

9.4 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 Thursday September 24, 2020 at 09:00).

10. **Internet:**

10.1. An Unregistered Shareholder may vote on a resolution, which is 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 September 24, 2020 at 09:00am)** 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 144 Yigal Alon St., 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 is up to 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 by 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 at the Company, and also 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 Regulation 10(a) of the Regulations .

15.1. The number of shares representing 5% of the total of all voting rights at the Company is 2,153,273 ordinary shares of the Company.

15.2. The number of shares representing 5% of the total of all voting rights at the Company not held by the Controlling Shareholder, including through institutional bodies controlled thereby, is 837,877 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 the 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 updated agenda of the meeting, which shall be in accordance with the timetables prescribed by Regulation 5B of the Companies Regulations (Notice and Announcement of General Meetings and Class Meetings in Public Companies and the Addition of Issue to the Agenda), 5760-2000.

**A shareholder shall indicate his vote in respect of the issues on the agenda on 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):** 144 Yigal Alon St., TOHA Tower, Floor 27, Tel Aviv.

**Time of meeting:** September 24, 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 August 27, 2020 (the “**Record Date**”). If no trading 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: \_\_\_\_\_

Identification number: \_\_\_\_\_

If the shareholder does not have an Israeli identity card –

Passport number: \_\_\_\_\_

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

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

If the shareholder is a corporation –

Corporation number: \_\_\_\_\_

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 does not have a 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., and specification of their nature:

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**Vote:**

Issues on the Agenda	Vote <sup>1</sup>			For the purpose of appointment of an outside director (Section 239(b) of the Companies Law) – Are you a controlling shareholder, an interested party, a holder of a personal interest in the approval of the appointment, senior officer or institutional investor <sup>2</sup>	
	For	Abstaining	Against	Yes*	No
1. Appointment of Ms. Lee-Bath Nelson as an external director of the Company for a term of office of an additional three years commencing from October 29, 2020.					

<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. It is not required to specify a personal interest in the approval of the appointment which does not result from relations with the Controlling Shareholder.

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

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**\* 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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<b>Date</b>	<b>Signature</b>
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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 only valid with the attachment of a photocopy of the identity card / passport / certificate of incorporation.

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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 Regulation 1 of the Companies Regulations (Voting in Writing and Position Statements), 5766-2005.