

-FOR IMMEDIATE RELEASE-

**ELRON ANNOUNCES THAT COURT GRANTS FINAL
APPROVAL OF MERGER WITH ELBIT**

Tel Aviv, May 9, 2002 - Elron Electronic Industries Ltd. (NASDAQ:ELRN), has announced that the District Court of Tel Aviv-Jaffa has granted final approval of the merger of Elbit Ltd. (NASDAQ: ELBT) ("Elbit") with Elron in accordance with sections 350 and 351 of the Israeli Companies Law, 1999. Pursuant to the merger, Elron will issue to Elbit's shareholders (other than Elron), newly issued Elron shares, based on an exchange ratio of 0.45 Elron ordinary shares for each ordinary share of Elbit. On May 15, 2002 ("Determination Date"), at the end of trading on NASDAQ and the TASE respectively, holders of Elbit ordinary shares will be entitled to receive Elron ordinary shares. The Determination Date shall be the last day on which Elbit's shares shall be traded on NASDAQ and the TASE, respectively.

Elron Electronic Industries Ltd. is a multinational high technology holding company based in Israel. Through affiliates, Elron is engaged with a group of high technology operating companies in the fields of advanced defense electronics, communication, software, information technology, Medical devices and semiconductors. For further information, visit <http://www.elron.com>

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Any statements in this press release that may be considered forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially. Actual results may differ from such forward-looking statements due to the risk factors discussed in periodic reports filed by the Company with the Securities and Exchange Commission, which the Company urges investors to consider.

אלרון תעשייה אלקטרונית בע"מ

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