

-FOR IMMEDIATE RELEASE-

ELRON ANNOUNCES COMPLETION OF MERGER WITH ELBIT

Tel Aviv, May 16, 2002 - Elron Electronic Industries Ltd. (NASDAQ:ELRN), has announced the completion, yesterday evening, of the merger with Elbit Ltd. Pursuant to the merger, Elron issued 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. Elbit's shares ceased trading on NASDAQ and the TASE at the end of trading yesterday. Following the merger, Elbit has become a wholly owned subsidiary of Elron.

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>

Contact: Doron Birger - Elron Electronic Industries Ltd. - Tel. 972-3-6075555
doron@elron.net

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

מרכז עזריאלי 3, הבניין המשולש, קומה 42, תל-אביב 67023
טלפון 03-6075555, פקס 03-6075556 www.elron.com