

-FOR IMMEDIATE RELEASE-

**ELRON ANNOUNCES COMPLETION OF NEW INVESTMENT OF \$5 MILLION IN
A.M.T. ADVANCED METAL TECHNOLOGIES LTD.**

Tel Aviv, August 6, 2002 - Elron Electronic Industries Ltd. (NASDAQ:ELRN) has announced the completion of a new investment of \$5million in A.M.T. Advanced Metal Technologies Ltd. ("AMT"), an Israeli private company as a result of which Elron will hold 29% of AMT. AMT operating through its group companies, develops, markets and licenses technologies for amorphous and nano-crystalline advance materials, as methods and a solution for a wide range of commercial applications. The amorphous materials exhibit magnetic, electrical, mechanical and chemical properties that enable the enhancement of existing products and applications, as well as the introduction of new products and solutions for various industrial and high-tech applications and markets.

The investment is part of an aggregate round of financing of approximately \$10 million together with existing shareholders of AMT and its group companies. AMT operates through its group companies, in four main fields: heating, sensing (authentication and anti-shop lifting), electronic shielding and electronic elements.

One of AMT's group companies, Advanced Heating Technology Ltd. ("AHT"), holds a global patent on using amorphous metals for heating products. AHT has developed a variety of innovative heating products for domestic, under-floor, agricultural and pipe heating markets. AHT's heating element enables the heating of very large surface areas at lower temperatures using less electricity and therefore at a lower cost and presents competitive advantages over other heating alternatives.

Advanced Coding Systems Ltd. ("ACS"), another AMT group company, develops, markets and sells products using amorphous material for brand protection against counterfeit and

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

diversion and electronic article surveillance for anti-shoplifting. Pitkit Printing Enterprises Ltd., an Israeli public company, whose affiliated company, Pitkit Technologies Ltd is invested in ACS, has a strategic relationship with ACS.

“The investment in AMT is our first involvement in a new field of advanced materials” said Doron Birger, Elron’s president. "We believe that our involvement, together with the AMT group companies' management, innovative products and proven technology will build a growing industry based on amorphous metal products”

Avihu Ben-Nun , the chairman of AMT added, "We welcome Elron to AMT. We are confident that the experience and professional approach of Elron will match the knowledge and motivation of the AMT team, for the benefit of all the partners. The proceeds of the investment will enable us to increase marketing and sales performance."

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.

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