

# ELRON

June 12, 2018

## PFIC DISCLOSURE STATEMENT

Further to Elron's annual reporting to the Israel Securities Authority on March 22, 2018 in connection with its year-end financial statements as of December 31, 2017, English translations of which appear on this website, Elron believes that it is a passive foreign investment company ("PFIC"), for U.S. federal income tax purposes for the years 2014 to 2017. Elron's U.S. shareholders may suffer adverse tax consequences if Elron is a PFIC. Elron has voluntarily deregistered its ordinary shares in the U.S in August 2017. U.S. holders of Elron's shares are urged to review the section of Elron's 2016 Form 20F "Item 10 – Additional Information – Taxation – U.S. Federal Income Tax Considerations – Tax Consequences If We Are a Passive Foreign Investment Company ("PFIC")" and consult with their tax advisors regarding the potential application and effects of the PFIC rules to their acquisition, ownership and disposition of Elron's ordinary shares.