

-FOR IMMEDIATE RELEASE-

**ELRON ANNOUNCES RECEIPT OF NON-BINDING INDICATION OF
INTEREST TO ACQUIRE MEDINGO**

Tel Aviv, Israel – October 26, 2009- Elron Electronic Industries Ltd. (NASDAQ & TASE: ELRN) today announced that a non-binding indication of interest (the "Indication") of a third party regarding a potential acquisition of Medingo Ltd. ("Medingo"), an Elron subsidiary, has been received.

The Indication relates to an acquisition of Medingo's entire share capital for a cash consideration ranging from \$150 million to \$170 million and a contingent additional cash consideration conditional upon one or more milestone(s) to be mutually agreed, which may bring total consideration up to between \$185 million and \$213 million. The transaction would be subject mainly to (i) the parties entering into a mutually agreed definitive agreement; (ii) satisfactory completion of a full due diligence by the third party; and (iii) the parties obtaining applicable corporate and regulatory approvals.

In the event of consummation of such transaction, Elron would be expected to record a net gain initially estimated at this stage to be between approximately \$54 million and approximately \$80 million. This gain includes Elron's share in the net gain expected to be recorded by RDC Rafael Development Corporation Ltd. ("RDC"), through which Elron owns part of its holding in Medingo.

There is no assurance of the occurrence, timing or terms of any such transaction.

Medingo is 92% held by Elron (including 83% held by RDC, Elron's 50.1% subsidiary). Medingo is engaged in the development and commercialization of a miniature insulin dispensing patch pump for the needs of insulin-dependent diabetic patients. For more information concerning Medingo, see Item 4 of our annual report on Form 20-F for 2008 which is available on the SEC's website at www.sec.gov.

Elron Electronic Industries Ltd. (TASE & NASDAQ: ELRN), a member of the IDB Holding group, is a high-technology holding company traded in the Nasdaq and in the Tel-Aviv Stock Exchange. Elron's group companies currently comprise a diverse range of publicly-traded and privately held companies primarily in the fields of medical devices, information & communications technology, clean technology and semiconductors. Included in our group companies are well established companies which are leaders in their fields, such as Given Imaging and 013 NetVision, together with innovative start-up s who possess growth potential in Israel and the rest of the world. For further information, please visit www.elron.com.

www.elron.com

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