

**- FOR IMMEDIATE RELEASE -**

**ELRON ANNOUNCES NEW INVESTMENT OF \$3.7 MILLION IN SAFEND**

**Tel Aviv, January 4, 2006 - Elron Electronic Industries Ltd. (NASDAQ & TASE: ELRN)** today announced that it has completed a new investment of \$3.7 million in Safend Ltd. out of an aggregate financing round of \$7.4 million in which existing shareholders of Safend also participated.

Safend is an Israeli company which develops comprehensive endpoint security solutions that enable organizations to adopt new technologies without sacrificing security. Safend's innovative solutions - the Safend Auditor™ and Safend Protector™ - provide the enterprise with granular visibility and control over the myriad of devices users connect to their desktops and laptops, including media players, Smart Phones with Bluetooth, Disk on Keys, and other portable and physical storage devices.

Doron Birger, President & Chief Executive Officer of Elron commented: "This announcement reflects Elron's continued investment in new leading edge technology companies. Safend is a leading company in a new fast growing market of end point security solutions of information leakage detection and prevention. With its innovative technology, top management and highly experienced professional team, we are confident that Safend will develop into a successful, high value company".

***Elron Electronic Industries Ltd. is a high technology holding company based in Israel. Through affiliates, Elron is engaged with a group of high technology operating companies in the fields of medical devices, telecom, semiconductors and advanced materials.***

**For further information, visit <http://www.elron.com>**

Contact:  
Rinat Remler  
Elron Electronic Industries Ltd.  
Tel. 972-3-6075555  
rinat@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.*