

- FOR IMMEDIATE RELEASE -

**ELRON ANNOUNCES SALE OF APPROXIMATELY 2.8 MILLION SHARES OF
PARTNER COMMUNICATIONS COMPANY LTD.**

Tel Aviv, August 12, 2003 - Elron Electronic Industries Ltd. (NASDAQ; ELRN) announced that, yesterday, its wholly owned subsidiary, Elbit Ltd., sold approximately 2.8 million shares of Partner Communications Company Ltd. (Nasdaq: PTNR) to Israeli institutional investors for approximately \$14.1 million.

As a result of the sale, Elron will record, in the third quarter of this year, an estimated gain, after tax, of approximately \$3.9 million. Following the sale, Elron's beneficial holding in Partner is approximately 8.7%.

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, semiconductors and amorphous metals.

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

Contact:

Tal Raz

Elron Electronic Industries Ltd.

Tel. 972-3-6075555

raz@elron.net

Marilena LaRosa

The Anne McBride Company

Tel: 212-983-1702

mlarosa@annemcbride.com

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.