

AMPAL-AMERICAN ISRAEL CORP  
Form S-3/A  
October 18, 2007

As filed with the Securities and Exchange Commission on October 18, 2007

Registration Statement No. 333-140968

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Amendment No. 1  
to  
FORM S-3**

REGISTRATION STATEMENT UNDER  
THE SECURITIES ACT OF 1933

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**AMPAL-AMERICAN ISRAEL CORPORATION**

*(Exact Name of Registrant as Specified in Its Charter)*

**New York**

*(State or other jurisdiction of incorporation or organization)*

**13-0435685**

*(IRS Employer Identification No.)*

**111 Arlozorov Street  
Tel Aviv, Israel 62098  
(866) 447-8636**

*(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)*

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**Corporation Service Company  
80 State Street  
Albany, NY 12207-2543  
(518) 433-4740**

*(Name, address, including zip code, and telephone number,  
including area code, of agent for service)*

*Copies to:*

**Yosef A. Maiman  
Chairman of the Board, President and Chief Executive  
Officer  
Ampal-American Israel Corporation  
111 Arlozorov Street  
Tel Aviv, Israel 62098  
Telephone: (866) 447-8636  
Facsimile: (011 972 3) 608-0101**

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Bryan Cave LLP  
1290 Avenue of the Americas  
New York, NY 10104  
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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective.

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If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(1)
Class A Stock, par value \$1 per share				
Debt Securities				
Warrants	NA	NA	\$ 150,000,000(2)	\$ 4,605.00(2)(3)
Units				

(1) There is being registered hereunder an indeterminate number of shares of our Class A Stock (our sole class of common stock), debt securities, warrants and units that may be issued by the registrant at various times and at indeterminate prices, with a total offering price not to exceed \$150,000,000. Pursuant to Rule 416 under the Securities Act, the shares being registered hereunder include such indeterminate number of shares of common stock as may be issuable by the registrant with respect to the shares being registered hereunder as a result of stock splits, stock dividends or similar transactions. Pursuant to Rule 457(i) under the Securities Act, the shares being registered hereunder include such indeterminate number of shares of common stock as may be issuable by the registrant upon conversion or exchange of any warrants or debt securities issued under this registration statement. There is being registered hereunder an indeterminate principal amount of debt securities of the registrant as may be sold from time to time by the registrant. If any debt securities are issued at an original issue discount, then the offering price shall be in such greater principal amount at maturity as shall result in aggregate gross proceeds to the registrant not to exceed \$150,000,000, less the gross proceeds attributable to any securities previously issued pursuant to this registration statement. Pursuant to Rule 457(i) under the Securities Act, the debt securities being registered hereunder include such indeterminate principal amount of debt securities as may be issuable by the registrant upon conversion or exchange of any warrants issued under this registration statement. There is being registered hereunder an indeterminate number of warrants to purchase common stock or debt securities of one or more series. Pursuant to Rule 457(i) under the Securities Act, the warrants being registered hereunder include such indeterminate number of warrants as may be issuable by the registrant upon conversion or exchange of any debt securities issued by the registrant under this registration statement. In no event will the aggregate offering price of all securities issued by the registrant from time to time pursuant to this registration statement exceed \$150,000,000, excluding accrued interest, if any, on any debt securities issued under this registration statement. The securities registered by the registrant hereunder may be sold separately or with other securities registered hereunder.

(2) Calculated pursuant to Rule 457(o) of the Securities Act of 1933, as amended.

(3) Previously paid.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated, October 18, 2007.

Preliminary Prospectus

\$150,000,000  
**CLASS A STOCK**  
**DEBT SECURITIES**  
**WARRANTS**  
**UNITS**

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We may offer and sell from time to time our Class A Stock, debt securities, warrants and units. We will describe in a prospectus supplement the securities we are offering and selling as well as the specific terms of the securities. You should read this prospectus and any supplement carefully before you invest. We will not use this prospectus to confirm sales of any securities unless it is attached to a prospectus supplement.

We may offer and sell these securities in amounts, at prices and on terms determined at the time of the offering. We may sell directly to you or through underwriters and also to other purchasers or through dealers or agents. More information about the way we will distribute the securities is under the heading "Plan of Distribution". The names of any underwriters or agents will be stated in an accompanying prospectus supplement.

We may sell any combination of these securities in one or more offerings up to a total dollar amount of U.S. \$150,000,000.

Our Class A Stock trades on the NASDAQ Global Market under the symbol "AMPL" and on the Tel Aviv Stock Exchange under the symbol "אמפל". On October 17, 2007, the closing sale price of our Class A Stock was \$ 6.22 per share on the NASDAQ Global Market and NIS 25.48 per share on the Tel Aviv Stock Exchange. You are urged to obtain current market quotations for the Class A Stock.

**Investing in our securities involves risks. See "Risk Factors" on page 3.**

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

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The date of this prospectus is \_\_\_\_\_, 2007.

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You should rely only on the information contained in this prospectus or to which we have referred you. We have not authorized anyone else to provide you with different or additional information. This prospectus may only be used where it is legal to sell these securities. This prospectus is not an offer to sell or a solicitation of an offer to buy securities in any circumstances in which the offer or solicitation is unlawful. The information in this prospectus may only be accurate on the date of this prospectus and is subject to change after such date.

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### ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, utilizing a shelf registration process. Under this shelf registration process, we may, from time to time, sell the securities described in this prospectus from time to time in one or more offerings up to a total public offering price of \$150,000,000.

This prospectus provides you with a general description of the securities which we may offer. Each time we offer securities under this prospectus we will provide a prospectus supplement that will contain specific information about the terms of that offering and those securities. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the applicable prospectus supplement, you must rely on the information in the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described below under the heading Where You Can Find More Information before purchasing any of our securities.

You should rely only on the information contained or incorporated by reference in this prospectus. Incorporated by reference means that we can disclose important information to you by referring you to another document filed separately with the SEC. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making, nor will we make, an offer to sell securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and any supplement to this prospectus is current only as of the dates on their respective covers. Our business, financial condition, results of operations and prospects may have changed since that date.

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**SUMMARY OF PROSPECTUS**

*As used in this prospectus, the terms Ampal, we, us, our, and Company refer to Ampal-American Israel Corporation and its consolidated subsidiaries, unless the context indicates otherwise.*

*We prepare our financial statements in United States dollars and in accordance with generally accepted accounting principles as applied in the United States, referred to as U.S. GAAP. In this prospectus, references to \$ and dollars are to United States dollars and references to NIS and shekels are to New Israeli Shekels.*

*As used in this prospectus, the terms NASDAQ and TASE refer to the NASDAQ Global Market (formerly, the NASDAQ National Market) and to the Tel Aviv Stock Exchange, respectively. As used in this prospectus, the term SEC refers to the United States Securities and Exchange Commission.*

*This summary highlights selected information in this prospectus and may not contain all of the information that is important to you. You should carefully read this entire prospectus and the applicable prospectus supplement, including the Risk Factors section contained in this prospectus and the applicable prospectus supplement. You should also read the financial statements and the notes to those statements and the other information about us that is incorporated by reference into this prospectus and the applicable prospectus supplement.*

**Our Company**

***Introduction***

Ampal is a New York corporation founded in 1942. The mailing address of our principal executive offices is 111 Arlozorov Street, Tel Aviv, Israel 62098, and our telephone number is (866) 447-8636 or 972-3-6080100.

We primarily acquire interests in businesses that have principal operations that are Israel-related. Our investment focus is principally on companies or ventures where we can exercise significant influence, on our own or with investment partners, and use our management experience to enhance those investments. An important objective of ours is to seek investments in companies that operate in Israel. In determining whether to acquire an interest in a specific company, we consider potential return on investment, growth potential, projected cash flow, quality of management, investment size and financing, and the reputation of our potential investment partners.

We invest principally in the following industry segments:

Energy, which is comprised solely of our holdings in East Mediterranean Gas Company, S.A.E.;

Real Estate, which is comprised of certain investees that own, construct, or operate real estate; and

Others, which is comprised of our other investees and holdings in various lines of businesses, including project development.

We currently have 13 employees and our subsidiaries, in total, employ approximately 293 employees.

Our Class A Stock trades on the NASDAQ Global Market under the symbol AMPL and, since August 8, 2006, on the Tel Aviv Stock Exchange under the symbol אַיִל .

***Our Strategy***

Our strategy is to invest opportunistically in undervalued assets with an emphasis on the following sectors: Energy, Real Estate and other various lines of business, which includes project development. We believe that past experience, current opportunities, and a deep understanding of the above-referenced sectors both within Israel and internationally will allow our management to bring high returns to our shareholders. We emphasize investments that have long-term growth potential over investments which yield only short-term returns.

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We provide our investee companies with ongoing support through our involvement in our investees' strategic decisions and by introducing our investees to the financial community, investment bankers and other potential investors both in and outside of Israel.

### *The Securities We May Offer*

We may offer shares of our Class A stock, various series of debt securities, warrants to purchase any of such securities and units with a total value of up to \$150,000,000 from time to time under this prospectus at prices and on terms to be determined by market conditions at the time of offering. This prospectus provides you with a general description of the securities we may offer. Each time we offer a type or series of securities, we will provide a prospectus supplement that will describe the specific amounts, prices and other important terms of the securities, including, to the extent applicable:

designation or classification;

aggregate principal amount or aggregate offering price;

maturity;

original issue discount, if any;

rates and times of payment of interest, dividends or other payments, if any;

redemption, conversion, exchange, settlement or sinking fund terms, if any;

conversion, exchange, exercise or settlement prices or rates, if any, and, if applicable, any provisions for changes to or adjustments in the conversion, exchange, exercise or settlement prices or rates and in the securities or other property receivable upon conversion, exchange, exercise or settlement;

ranking;

restrictive covenants, if any;

voting or other rights, if any; and

important federal income tax considerations.

The prospectus supplement also may add, update or change information contained in this prospectus or in documents we have incorporated by reference into this prospectus.

### *Risk Factors*

Investment in our securities involves risk. You should carefully consider the information under *Risk Factors* in this prospectus and in the applicable prospectus supplement, and all other information included or incorporated by reference in this prospectus and any prospectus supplement before investing in our securities.

### *Recent Developments*

On August 5, 2007, the Company completed the sale to Phoenix Holdings Ltd. ( *Phoenix* ) and Golden Meybar (2007) Ltd. ( *Golden Meybar* ) of all of the Company's interest in Am-Hal, and received from Phoenix and Golden Meybar an aggregate consideration of \$29.3 million. As a result of the sale, the Company anticipates recording a gain of approximately \$29.7 million (approximately \$19.7 million, net of tax) and a reduction in assets and liabilities of approximately \$75.7 million and \$75.2 million, respectively, in the third quarter of 2007.

## RISK FACTORS

*Before you invest in our securities, you should carefully consider the risks described below, together with the other information contained in this prospectus and in the applicable prospectus supplement.*

*An investment in our securities involves risks and uncertainties. These risks and uncertainties could cause our actual results to differ materially from our historical results or the results contemplated by any forward-looking statements contained in this prospectus. The risks described below are not the only risks we face or that an investor in our securities faces. In addition, we may include additional risk factors in the applicable prospectus supplement. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. You should consider the following factors carefully, in addition to the other information contained in this prospectus, in our most recent Annual Report on Form 10-K, or any updates in our Quarterly Reports on Form 10-Q, and in the applicable prospectus supplement and any other information incorporated herein by reference before deciding to purchase, sell or hold our securities:*

### **Risk Factors Related to Ampal**

***Because most of the companies in which we invest conduct their principal operations in Israel, we may be adversely affected by the economic, political, social and military conditions in the Middle East.***

Most of the companies in which we directly or indirectly invest have principal operations that are Israel-related. We may, therefore, be directly affected by economic, political, social and military conditions in the Middle East, including Israel's relationship with the Palestinian Authority and Arab countries. In addition, many of the companies in which we invest are dependent upon materials imported from outside of Israel. We also have interests in companies that export significant amounts of products from Israel. Our existing 12.5% stake in East Mediterranean Gas Company, an Egyptian joint stock company, represents a substantial portion of our investment portfolio and may be particularly sensitive to conditions in the Middle East. Accordingly, our operations could be materially and adversely affected by acts of terrorism or if major hostilities should continue or occur in the future in the Middle East or trade between Israel and its present trading partners should be curtailed, including as a result of acts of terrorism in the United States. Any such effects may impact our value and the value of our investee companies.

During the summer of 2006, Israel was engaged in a military conflict with the Hizbulla movement in Lebanon. This conflict was the most violent outbreak of hostilities in which Israel has been involved during the past several years. This situation had an adverse effect on the economy, primarily in the relevant geographic areas. Although we do not believe that this situation has had a material adverse effect on our business or financial condition, if such situation resumes and/or escalates, the adverse economic effect may deepen and spread to additional areas and may materially adversely affect the Company and its subsidiaries' business and financial condition.

***Because of our significant investment in EMG, we may be adversely affected by changes in the financial condition, business, or operations of EMG.***

As of December 31, 2006, the Company beneficially owns approximately 12.5% of EMG, which constitutes our single largest holding. As a result, changes in the financial condition, business or operations of EMG, including, without limitation, unexpected delays in first gas delivery, the completion of the pipeline, and the ability of EMG to utilize the pipeline, whether as a result of environmental, regulatory or political issues or otherwise, may impact our ability to receive dividends from EMG which could adversely affect our operations and financial condition. Additionally, we have a minority interest in EMG, and therefore, do not have the ability to direct the affairs of EMG.

***The SEC may re-examine, suspend or modify our exemption from the Investment Company Act of 1940, as amended.***

In 1947, the SEC granted us an exemption from the Investment Company Act of 1940, as amended (the "1940 Act"), pursuant to an exemptive order. The exemptive order was granted based upon the nature of our operations. There can be no assurance that the SEC will not re-examine the exemptive order and revoke, suspend or modify it. A revocation, suspension or material modification of the exemptive order could materially and adversely affect us unless we were able to obtain other appropriate exemptive relief. In the event that we become subject to the provisions of the 1940 Act, we could be required, among other matters, to make changes, which might be material, to our management, capital structure and methods of operation, including our dealings with principal shareholders and their related companies.

***As most of our investee companies conduct business outside of the United States, we are exposed to foreign currency and other risks.***

We are subject to the risks of doing business outside the U.S., including, among other risks, foreign currency exchange rate risks, changes in interest rates, equity price changes of our investee companies, import restrictions, anti-dumping investigations, political or labor disturbances, expropriation and acts of war. No assurances can be given that we will be protected from future changes in foreign currency exchange rates that may impact our financial condition or performance.





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Foreign securities or illiquid securities in our portfolio involve higher risk and may subject us to higher price volatility. Investing in securities of foreign issuers involves risks not associated with U.S. investments, including settlement risks, currency fluctuations, local withholding and other taxes, different financial reporting practices and regulatory standards, high costs of trading, changes in political conditions, expropriation, investment and repatriation restrictions, and settlement and custody risks.

### ***Changes in accounting standards and taxation requirements could affect our financial results.***

New accounting standards or pronouncements that may become applicable to the Company from time to time, or changes in the interpretation of existing standards and pronouncements, could have a significant effect on our reported results for the affected periods. We are also subject to income tax in the numerous jurisdictions in which we generate revenues. Increases in income tax rates could reduce our after-tax income from affected jurisdictions.

### ***We have had a history of losses which may ultimately compromise our ability to implement our business plan.***

We have had losses in four of the past five fiscal years. The net loss for 2006 was approximately \$7.1 million. We will continue to make investments opportunistically and to divest ourselves from certain assets which we believe lack growth potential. However, if we are not able to generate sufficient revenues or we have insufficient capital resources, we will not be able to implement our business plan of investing in, and growing, companies with strong long-term growth prospectus and investors will suffer a loss in their investment. This may result in a change in our business strategies.

### ***The loss of key executives could cause our business to suffer.***

Yosef A. Maiman, the Chairman of our board of directors, President & CEO, and other key executives have been key to the success of our business to date. The loss or retirement of such key executives and the concomitant loss of leadership and experience that would occur could adversely affect us.

### ***We are controlled by a group of investors, which includes Yosef A. Maiman, our Chairman, and this control relationship could discourage attempts to acquire us.***

A group of shareholders consisting of Yosef A. Maiman, our Chairman, Ohad Maiman, Noa Maiman, and Yoav Maiman, and the companies Merhav (M.N.F.) Limited, De Majorca Holdings Ltd. and Di-Rapallo Holdings Ltd. beneficially owns approximately 57.1% of the voting power of our Class A Stock. The group was formed in recognition of the Maiman family's strong connection with the Company and in furtherance of the group's common goals and objectives as shareholders, including the orderly management and operation of the Company. By virtue of its ownership of Ampal, this group is able to control our affairs and to influence the election of the members of our board of directors. This group also has the ability to prevent or cause a change in control of Ampal. Maiman owns 100% of the economic shares and one-quarter of the voting shares of De Majorca and Di-Rapallo. Merhav (M.N.F.) Limited is wholly owned by Mr. Maiman.

### ***Because we are a controlled company, we are exempt from complying with certain listing standards of the NASDAQ Global Market (NASDAQ).***

Because a group of investors who are acting together pursuant to an agreement hold more than 50% of the voting power of our Class A Stock, we are deemed to be a controlled company under the rules of NASDAQ. As a result, we are exempt from the NASDAQ rules that require listed companies to have (i) a majority of independent directors on the board of directors, (ii) a compensation committee and nominating committee composed solely of independent directors, (iii) the compensation of executive officers determined by a majority of the independent directors or a compensation committee composed solely of independent directors and (iv) a majority of the independent directors or a nominating committee composed solely of independent directors elect or recommend director nominees for selection by the board of directors. Accordingly, our directors who hold management positions or who are otherwise not independent have greater influence over our business and affairs.

### ***We do not publish the value of our assets.***

It is our policy not to publish the value of our assets or our views on the conditions of or prospects for our investee companies. To the extent the value of our ownership interests in our investee companies were to experience declines in the future, our performance would be adversely impacted.

### ***We do not typically pay cash dividends on our Class A Stock.***

We have not paid a dividend on our Class A Stock other than in 1995. Past decisions not to pay cash dividends on Class A Stock reflected our policy to apply retained earnings, including funds realized from the disposition of holdings, to finance our business activities and to redeem

or repay our outstanding debt, including our \$58,900,000 unsecured debentures on which principal payments commence in 2011. The payment of cash dividends in the future will depend upon our operating results, cash flow, working capital requirements and other factors we deem pertinent.

*The market price per share of our Class A Stock on NASDAQ and TASE fluctuates and has traded in the past at less than our book value per share.*

Stock prices of companies, both domestically and abroad, are subject to fluctuations in trading price. Therefore, as with a company like ours that invests in stocks of other companies, our book value and market price will fluctuate, especially in the short term. As of October 17, 2007 the market price on NASDAQ was \$ 6.22 per share. However our shares have in the past traded below book value. You may experience a decline in the value of your investment and you could lose money if you sell your shares at a price lower than you paid for them.

*Our Class A Stock may not be liquid.*

Our Class A Stock is currently traded on NASDAQ and the TASE. The trading volume of our Class A Stock may be adversely affected due to the limited marketability of our Class A Stock as compared to other companies listed on NASDAQ and the TASE. Accordingly, any substantial sales of our Class A Stock may result in a material reduction in price of our Class A Stock because relatively few buyers may be available to purchase our Class A Stock.

### RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our historical consolidated ratio of earnings to fixed charges for the periods indicated:

	For 6 months ended, June 30, 2007	Fiscal Year				
		2006	2005	2004	2003	2002
<b>Ratio of Earnings to Fixed Charges</b>	<b>(0.49:1)</b>	<b>0.80:1</b>	<b>(0.62:1)</b>	<b>(5.86:1)</b>	<b>3.58:1</b>	<b>(3.3:1)</b>

Earnings consist of consolidated income (loss) from continuing operations (including dividends from less than 50% owned affiliates) before income taxes, equity in earnings of affiliates, and minority interests. The ratio of earnings to fixed charges represents the number of times fixed charges are covered by earnings.

### CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This prospectus includes forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. We may also from time to time make forward-looking statements in our reports to the SEC on Form 10-K, Form 10-Q and Form 8-K, in our annual report to shareholders, in prospectuses, in press releases and other written materials, and in oral statements made by our officers, directors or employees to analysts, institutional investors, representatives of the media and others. When used in this prospectus, the words anticipate, believe, estimate, expect, intend, plan, and similar expressions, as they relate to us or our management, identify forward-looking statements. Such statements reflect our current views with respect to future events or our future financial performance, the outcome of which is subject to certain risks and other factors which could cause actual results to differ materially from those anticipated by the forward-looking statements, including among others, the economic and political conditions in Israel or the Middle East, in the global business and economic conditions in the different sectors and markets where our portfolio companies operate and other risks detailed in our SEC filings.

SHOULD ANY OF THOSE RISKS OR UNCERTAINTIES MATERIALIZE, OR SHOULD UNDERLYING ASSUMPTIONS PROVE INCORRECT, ACTUAL RESULTS OR OUTCOME MAY VARY FROM THOSE DESCRIBED THEREIN AS ANTICIPATED, BELIEVED, ESTIMATED, EXPECTED, INTENDED OR PLANNED. SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO US OR PERSONS ACTING ON OUR BEHALF ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS IN THIS PARAGRAPH AND ELSEWHERE DESCRIBED IN THIS PROSPECTUS AND OTHER DOCUMENTS. THE COMPANY ASSUMES NO OBLIGATION TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS.

#### USE OF PROCEEDS

We will retain broad discretion over the use of the net proceeds from the sale of any of these securities. Unless we indicate otherwise in a prospectus supplement, we intend to use the net proceeds from the sale of any securities offered by this prospectus for general corporate purposes, which may include, among others, the following:

- repaying debt,
- making capital investments,
- funding working capital requirements, and
- funding possible acquisitions and investments.

Before we use the proceeds for these purposes, we may invest them in short term investments.

**DESCRIPTION OF CAPITAL STOCK**

**Description of Class A Stock and Related Rights**

The following summary does not purport to be complete. You should read the available provisions of the New York Business Corporation Law ( NYBCL ), our Restated Certificate of Incorporation, as amended and our by-laws, as amended. In addition, please note that this summary does not purport to describe any United States federal securities laws, SEC rules or regulations or regulations of the NASDAQ that are also applicable to Ampal's shareholders. If you would like more information on the provisions of our Restated Certificate of Incorporation or by-laws, you may review our certificate of incorporation and our by-laws, each of which is incorporated by reference as an exhibit to the registration statement we have filed with the SEC. See [Where You Can Find More Information](#).

*Authorized Capital Stock*

We are authorized to issue up to 100,000,000 shares of Class A Stock, par value \$1.00 per share, which is our sole class of common stock. We have no other capital stock authorized. As of October 12, 2007, we had outstanding 57,702,531 shares of Class A Stock, excluding 5,574,789 treasury shares.

*Dividends*

Holders of Class A Stock are entitled to receive dividends when, as and if declared by our Board of Directors out of funds legally available for that purpose. We have not paid a dividend on our Class A Stock since 1995 and did so only sporadically prior to that time.

*Voting Rights*

Each share of Class A Stock is entitled to one vote on all matters submitted to a vote of shareholders. Holders of Class A Stock do not have cumulative voting rights, which means that any holder or holders, acting in concert, of more than 50% of the Class A Common Stock can elect all of the directors if that person or persons chooses to do so.

*Liquidation*

In the event of our liquidation, dissolution or winding up, holders of Class A Stock are entitled to ratable distribution of the remaining assets available for distribution to shareholders.

*Preemptive Rights and Redemption Provisions*

The Class A Stock is not subject to redemption by operation of a sinking fund or otherwise.

No holder of Class A Stock, now or hereafter authorized, has any preferential or preemptive right to subscribe for, purchase or receive any Class A Stock, or any options or warrants for such shares, or any rights to subscribe to or purchase such shares or any securities convertible into or exchangeable for, or carrying options or warrants for, or other rights to purchase, such shares, which may at any time be issued, sold or offered for sale by Ampal.

The issued and outstanding Class A Stock, once fully paid, are nonassessable.

**Options**

As of October 12, 2007 there are 1,526,625 shares reserved for issuance in connection with our stock incentive plan.

**Certain Provisions of the Certificate of Incorporation and By-Laws**

*Number, Vacancies and Removal of Directors*

Our directors are elected annually at our annual meeting of shareholders. The number of our directors may be fixed from time to time by a resolution adopted by a majority of our entire Board, but the Board of Directors may not consist of fewer than three nor more than twenty-nine directors. A director may be removed with or without cause by the vote of the shareholders at a meeting or for cause by vote of the Board of Directors at a meeting. Any director vacancies for any reason, including for newly created directorships, may be filled by a vote of a majority of directors then in office, or by the shareholders.



*Special Shareholder Meetings*

A special meeting of our shareholders can be called by our Chief Executive Officer, President or Secretary or by any officer, by order of our Board of Directors, or upon request in writing of shareholders holding 25% of the outstanding shares.

**New York Anti-Takeover Law**

We are subject to the provisions of Section 912 of the New York Business Corporation Law, or BCL, which prohibits certain business combinations with interested shareholders and prevents certain persons from making a takeover bid for a New York corporation unless certain prescribed requirements are satisfied. Section 912 of the BCL defines an interested shareholder as any person that:

is the beneficial owner of 20% or more of the outstanding voting stock of a New York corporation, or

is an affiliate or associate of the corporation and at any time during the prior five years was the beneficial owner, directly or indirectly, of 20% or more of the corporation's then outstanding voting stock.

Section 912 of the BCL provides that a New York corporation may not engage in a business combination, such as a merger, consolidation, recapitalization or disposition of stock, with any interested shareholder for a period of five years from the date that such person first became an interested shareholder unless the business combination was first approved by the board of directors prior to date such person became an interested shareholder.

Additionally, a New York corporation may not engage at any time in any business combination with an interested shareholder unless:

the business combination is approved by the board of directors prior to the date such person first became an interested shareholder,

the business combination is approved by the holders of a majority of the outstanding voting stock not beneficially owned by the interested shareholder at a meeting of shareholders occurring no earlier than five years after such person first became an interested shareholder, or

the consideration to be paid to all of the shareholders in connection with the business combination is at least equal to the greater of (i) the price paid by the interested shareholder for the interest in the corporation or (ii) the market value of the stock of the corporation equal to the greater of its value when acquired by the interested shareholder or when the announcement of the business combination was made.

The effect of Section 912 of the BCL may be to delay or prevent the consummation of a transaction which is favored by a majority of shareholders.

**Limitation of Liability of Directors**

Section 402(b) of the BCL permits a New York corporation to include in its certificate of incorporation a provision eliminating the potential monetary liability of a director to the corporation or its shareholders for breach of fiduciary duty as a director, provided that such provision shall not eliminate the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for improper payment of dividends, or (iv) for any transaction from which the director receives an improper personal benefit. Our certificate of incorporation provides that our directors shall not be liable to us or our shareholders for a breach of their duties to the fullest extent in which elimination or limitation of the liability of directors are permitted by the BCL.



**Indemnification of Officers and Directors**

Our By-laws contain provisions requiring indemnification of our directors and officers to the fullest extent authorized by the laws and statutes of the State of New York. Our By-laws require us to indemnify any person by reason of the fact that such person, his testator, or intestate is or was a director or officer of Ampal against any reasonable expenses (including attorneys' fees), actually and necessarily incurred by him in connection with any action or proceeding (or any appeal therein) brought (or threatened to be brought) by third parties except if such person breached his duty to us. The By-laws require us to indemnify any person by reason of the fact that such person, his testator or intestate is or was a director or officer of Ampal against any and all judgments, fines, amounts paid in settlement, and reasonable expenses (including attorney's fees) actually and necessarily incurred by him in connection with any action or proceeding (or any appeal therein) brought (or threatened to be brought) by third parties including, without limitation, one by or in the right of any other corporation which such person served in any capacity at our request, if such person acted in good faith, for a purpose which he believed to be in our best interests, and in criminal actions or proceedings in which he had no reasonable cause to believe that his conduct was unlawful. Our By-laws further provide that indemnification for expenses as described above may be paid in advance of the final disposition of such action or proceeding in the manner authorized by the laws and statutes of the State of New York subject to repayment by the person, his testator or intestate, to the extent such advances exceed the indemnification to which such person is entitled or if such person is ultimately found not entitled to indemnification under the laws and statutes of the State of New York.

Effective January 29, 2007, we purchased a Directors and Officers Liability Policies in the aggregate amount of \$35,000,000 issued by XL Specialty Insurance Company. The cost of the policies, which expire January 29, 2008, was \$575,000.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of registrant pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

**DESCRIPTION OF DEBT SECURITIES**

The following is a general description of the debt securities that we may offer from time to time. The particular terms of the debt securities offered by any prospectus supplement and the extent, if any, to which the general provisions described below may apply to those securities will be described in the applicable prospectus supplement. We may also sell hybrid securities that combine certain features of debt securities and other securities described in this prospectus. As you read this section, please remember that the specific terms of a debt security as described in the applicable prospectus supplement will supplement and may modify or replace the general terms described in this section. If there are any differences between the applicable prospectus supplement and this prospectus, the applicable prospectus supplement will control. As a result, the statements we make in this section may not apply to the debt security you purchase.

*General*

The debt securities that we offer will be either senior debt securities or subordinated debt securities. We will issue senior debt securities under an indenture, which we refer to as the senior indenture, to be entered into between us and the trustee named in the applicable prospectus supplement. We will issue subordinated debt securities under a different indenture, which we refer to as the subordinated indenture, to be entered into between us and the trustee named in the applicable prospectus supplement. We refer to both the senior indenture and the subordinated indenture as the indentures and each, individually, as an indenture. We refer to each of the trustees under the indentures as a trustee.

The indentures provide that the debt securities that we offer and any of the Company's additional debt securities may be issued from time to time in one or more series under the applicable indenture. The indentures may be supplemented (including by an officer's certificate of an officer of the Company) or amended as necessary to set forth the terms of the debt securities issued under the indentures. Material terms of the debt securities and the indentures are set forth below. You should read the indentures, including any supplements (including any such officer's certificates) or amendments, carefully to fully understand the terms of the debt securities. The forms of the indentures have been filed as exhibits to the registration statement of which this prospectus is a part. The indentures are subject to, and are governed by, the Trust Indenture Act of 1939, as amended. You should refer to the Trust Indenture Act for provisions that apply to the debt securities. Any supplemental indentures or officer's certificates will be filed with the SEC on a Form 8-K or by a post-effective amendment to the registration statement of which this prospectus is part.

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The senior debt securities will be unsubordinated obligations of the Company. They will be unsecured and will rank equally with each other and all of our other unsubordinated, unsecured debt, unless otherwise indicated in the applicable prospectus supplement. The subordinated debt securities will be subordinated in right of payment to the prior payment in full of our senior debt. See Subordination of Subordinated Debt Securities. The subordinated debt securities will be unsecured and will rank equally with each other, unless otherwise indicated in the applicable prospectus supplement. We will indicate in each applicable prospectus supplement, as of the most recent practicable date, the aggregate amount of our outstanding debt that would rank senior to the subordinated debt securities.

Unless otherwise provided in the prospectus supplement relating to any debt securities, the debt securities will not constitute obligations of our subsidiaries. Creditors of our subsidiaries are entitled to a claim on the assets of those subsidiaries. Consequently, in the event of a liquidation or reorganization of any subsidiary, creditors of the subsidiary are likely to be paid in full before any distribution is made to the Company and holders of debt securities, except to the extent that the Company is itself recognized as a creditor of such subsidiary, in which case the Company's claims would still be subordinate to any security interests in the assets of such subsidiary and any debt of such subsidiary senior to that held by the Company.

The amount of debt securities that can be issued under the indentures will be limited to a total \$150,000,000 and the indentures provide that debt securities of any series may be issued thereunder up to the aggregate principal amount that we may authorize from time to time.

The indentures do not limit the amount of other indebtedness or securities that we may issue.

We may issue debt securities of the same series at more than one time and, unless prohibited by the terms of the series, we may reopen a series and issue additional debt securities of that series, without the consent of the holders of the outstanding debt securities of that series.

A prospectus supplement and an officer's certificate or a supplemental indenture relating to any series of debt securities being offered will include specific terms relating to that offering. These terms will include some or all of the following terms that apply to that series:

The title of the debt securities;

Any limit upon the total principal amount of the debt securities;

The dates, or the method to determine these dates, on which the principal of the debt securities will be payable and how it will be paid;

The interest rate or rates, if any, which the debt securities will bear, or how the rate or rates will be determined, the interest payment dates for the debt securities and the regular record dates for interest payments;

Any right to delay the interest payments for the debt securities;

The percentage, if less than 100%, of the principal amount of the debt securities that will be payable if the maturity of the debt securities is accelerated;

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Any date or dates on which the debt securities may be redeemed at the option of the Company and the price or prices at which, and the conditions upon which, such debt securities may be redeemed;

Any sinking fund or other provisions that would obligate the Company to repurchase or otherwise redeem the debt securities;

Any additions to the events of default under the indentures or additions to the covenants of the Company under the indentures for the benefit of the holders of the debt securities;

If the debt securities will be issued in denominations other than multiples of \$1,000;

If payments on the debt securities may be made in a currency or currencies other than United States dollars;

Any rights or duties of another entity to assume the obligations of the Company with respect to the debt securities;

Any collateral, security, assurance or guarantee for the debt securities;

Any terms pursuant to which the debt securities may be converted into or exchanged for ordinary shares or other securities of the Company or any other entity;

Any requirement to pay additional amounts for withholding or deducting taxes or other governmental charges and, if applicable, any related right to optionally redeem such a series rather than pay such additional amounts or otherwise;

Any trustees or agents for the debt securities, including depositaries, authenticating agents, paying agents, transfer agents or registrars;

The ranking of such debt securities as senior debt securities or subordinated debt securities;

Whether the debt securities will be represented in whole or in part by one or more global securities registered in the name of a depositary or its nominee and provisions relating to any such global securities;

The place or places where the principal of and interest, if any, on the debt securities will be payable;

The place or places where the debt securities may be registered or transfer or exchanged; and

Any other terms of the debt securities not inconsistent with the terms of the applicable indenture.

We may sell debt securities at a discount below their principal amount. United States federal income tax considerations applicable to debt securities sold at an original issue discount or other special considerations applicable to original issue discount securities may be described in the prospectus supplement. In addition, important United States federal income tax or other tax considerations applicable to any debt securities denominated or payable in a currency or currency unit other than United States dollars may be described in the prospectus supplement.

The Company may, at any time and from time to time, purchase any outstanding debt securities by tender, in the open market or by private agreement, provided that it complies with United States federal securities laws and any other applicable laws.

We will comply with Section 14(e) under the Exchange Act, to the extent applicable, and any other tender offer rules under the Exchange Act which may then be applicable, in connection with any obligation to purchase debt securities at the option of the holders thereof. Any such obligation applicable to a series of debt securities will be described in the prospectus supplement relating thereto.

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Unless otherwise described in a prospectus supplement relating to any debt securities, there are no covenants or provisions contained in the indentures that may afford the holders of debt securities protection in the event that we enter into a highly leveraged transaction.

The statements made hereunder relating to the indentures and the debt securities are summaries of certain provisions thereof and do not purport to be complete and are qualified in their entirety by reference to all provisions of the indentures and the debt securities.

References in this DESCRIPTION OF DEBT SECURITIES to:

debt securities refers to debt securities of any and all series outstanding under the indentures as the context shall require;

interest payable in respect of the debt securities of any series or tranche means the rate or rates of interest, if any, established for such debt securities under the indentures;

additional amounts means any additional amounts as described above or any other additional amounts in all cases as may be established for a series of debt securities under the indentures.

### *Form of Debt Securities*

Unless otherwise provided in the prospectus supplement relating to any debt securities, the debt securities may be issued only in fully registered form in minimum denominations of \$1,000 and any integral multiple thereof. Additionally, the debt securities may be represented in whole or in part by one or more global notes registered in the name of a depository or its nominee and, if so represented, interests in such global note will be shown on, and transfers thereof will be effected only through, records maintained by the designated depository and its participants.

### *Payment and Paying Agents*

Unless otherwise provided in the prospectus supplement relating to any debt securities, principal, interest and premium, if any, will be payable at the office or offices or agency we maintain for such purposes, provided that payment of interest on the debt securities may be paid at our election at such place by check mailed to the persons entitled thereto at the addresses of such persons appearing on the security register. Interest on the debt securities will be payable on any interest payment date to the persons in whose name the debt securities are registered at the close of business on the record date for such interest payment. However, interest payable at maturity will be paid to the person to whom the principal is paid. If there has been a default in the payment of interest on any debt securities, the defaulted interest may be paid to the holder of that debt security as of the close of business on a date between 10 to 15 days before the date proposed by us for payment of such defaulted interest or in any other manner permitted by any securities exchange on which that debt security may be listed, if the trustee finds it workable.

We may change the place of payment on the debt securities, appoint one or more additional paying agents and remove any paying agent, all at our discretion.

### *Registration and Transfer*

Unless otherwise provided in the prospectus supplement relating to any debt securities, the debt securities may be registered, and the debt securities may be exchanged for an equal aggregate principal amount of debt securities of the same series or tranche of authorized denominations, upon surrender of the debt securities at the office or offices or agency of the Company maintained for such purpose and upon fulfillment of all other requirements of such agent. Unless otherwise provided for in the prospectus supplement, no service charge will be made for any registration or transfer or exchange of the debt securities, but we may require payment of an amount sufficient to cover any tax or other governmental charge payable in connection therewith.

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We will not be required to execute or to provide the registration of transfer or the exchange of:

any debt securities during the 15 days before an interest payment date

any debt securities during the 15 days before giving any notice of redemption, or

any debt securities selected for redemption except the unredeemed portion of any note issued under the indentures being redeemed in part.

*Events of Default*