AMPAL-AMERICAN ISRAEL CORP
Form DEF 14A
November 20, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §.240.14a-11(c) of §.240.14a-12

AMPAL-AMERICAN ISRAEL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

AMPAL-AMERICAN ISRAEL CORPORATION
111 ARLOZOROV STREET
TEL AVIV, ISRAEL 62098

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON DECEMBER 4, 2007

Dear Shareholder:

You are cordially invited to attend the annual meeting (the Annual Meeting) of the shareholders of Ampal-American Israel Corporation (the Company or Ampal) which will be held at the offices of Bryan Cave LLP, 1290 Avenue of the Americas, 35th floor, New York, NY 10104, on December 4, 2007, at 10:00 a.m., local time, to consider and act upon the following matters:

1. To elect eight (8) directors to the Board of Directors of the Company to hold office for one year terms and until their respective successors shall be elected and qualified;

2. To ratify the appointment of Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited, as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2007;

3. To transact such other business as may properly come before said meeting or any adjournment(s) or postponement(s) thereof.

Information regarding the matters to be acted upon at the Annual Meeting is contained in the accompanying Proxy Statement.

The Board of Directors of the Company has fixed the close of business on November 14, 2007 as the record date for determining the shareholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment(s) or postponement(s) thereof.

Please vote, date, sign and mail the enclosed Proxy in the return envelope. You will not need postage if you mail it from within the United States. A prompt response will be helpful and appreciated.

By Order of the Board of Directors,

YOSEF A. MAIMAN
President and Chief Executive Officer

Tel Aviv, Israel
November 20, 2007

YOUR VOTE IS IMPORTANT. PLEASE VOTE, DATE, SIGN AND MAIL PROMPTLY THE ENCLOSED PROXY, FOR WHICH A RETURN ENVELOPE IS PROVIDED, EVEN IF YOU PLAN TO ATTEND THE ANNUAL MEETING. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.

AMPAL-AMERICAN ISRAEL CORPORATION

PROXY STATEMENT
for
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON DECEMBER 4, 2007

This Proxy Statement is being furnished to the holders of Class A Stock, par value $1.00 per share (the Class A Stock), of Ampal-American Israel Corporation (the Company or Ampal) in connection with the solicitation of proxies by the Board of Directors (the Board or Board of Directors) for use at the annual meeting of the shareholders of the Company to be held on December 4, 2007, and at any adjournment(s) or postponement(s) thereof (the Annual Meeting). The mailing address of our principal executive office is 111 Arlozorov Street, Tel Aviv, Israel 62098. This Proxy Statement and enclosed proxy card are first being mailed to the shareholders of the Company entitled to vote at the Annual Meeting on or about November 20, 2007. In an effort to present the information contained in this Proxy Statement in a clear manner, the Company has decided to use a question and answer format.

Q: What am I voting on?

The election of Ampal s eight directors for one-year terms and the ratification of the appointment of Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited (Kesselman & Kesselman), as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2007.

Q: Who is entitled to vote?

Holders of the Class A Stock as of the close of business on November 14, 2007 (the Record Date) are entitled to notice of, and to vote at, the Annual Meeting. As of the Record Date, the Company had 57,702,532 shares of Class A Stock outstanding (excluding treasury shares). Each shareholder is entitled to one vote for each share of Class A Stock held on the Record Date. The Class A Stock does not have cumulative voting rights.

Q: How can I get a copy of Ampal s annual report on Form 10-K?

Upon request, the Company will provide, without charge to any shareholder entitled to vote at the Annual Meeting, a copy of Ampal s annual report on Form 10-K to the Securities and Exchange Commission (the SEC) for the fiscal year ended December 31, 2006. Such request should be made to the Secretary of the Company at the address shown on the accompanying Notice of Annual Meeting of Shareholders. The Company s annual report on Form 10-K, as well as its other filings with the SEC, are available via the Internet at the Company s website at http://www.ampal.com and at the SEC s website at http://www.sec.gov.

Q: How can I review Ampal's financial statements for the fiscal year ended December 31, 2006?

A copy of Ampal s 2006 annual report on Form 10-K containing the Company s audited financial statements for the fiscal year ended December 31, 2006 has been mailed with this Proxy Statement to all holders of Class A Stock entitled to vote at the Annual Meeting on or about November 20, 2007.

Q: Who are the principal shareholders of Ampal and how will they vote?

As of the Record Date, a group of shareholders (the Controlling Shareholder Group) consisting of Yosef A. Maiman, Ohad Maiman, Noa Maiman, and Yoav Maiman, and the companies Merhav (M.N.F.) Ltd. (Merhav), De Majorca Holdings Ltd. (De Majorca) and Di-Rapallo Holdings Ltd. (Di-Rapallo) beneficially owns approximately 57.4% of the voting power of our Class A Stock. The Controlling Shareholder 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, the Controlling Shareholder Group is able to control our affairs and to influence the election of the members of our board of directors. (See page 24 for more details regarding the principal shareholders.) The Controlling Shareholder Group has advised the Company that it will vote in favor of the Board s slate of nominees for directors and in favor of the ratification of the appointment of Kesselman & Kesselman as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2007.

Q: Who is bearing the cost of preparing this Proxy Statement?

The cost of preparing, assembling and mailing the Notice of Annual Meeting of Shareholders, this Proxy Statement and the proxy card is being borne by the Company. The Company will also reimburse brokers who are holders of record of shares of the Company for their expenses in forwarding proxies and proxy soliciting material to the beneficial owners of the shares held by them.

Q. Besides shareholders, who else will attend the Annual Meeting?

Some of the directors of Ampal, senior management of Ampal and representatives of Mellon Investor Services, the Company s transfer agent, will be present at the Annual Meeting. Additionally, representatives of Kesselman & Kesselman, whom the Audit Committee has appointed to be its independent registered public accounting firm for the fiscal year ending December 31, 2007, are expected to be present and will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from shareholders.

Q: What constitutes a quorum?

The holders of record of one-third of the outstanding Class A Stock entitled to vote at any meeting of shareholders shall constitute a quorum for the Annual Meeting. A quorum of shares of Class A Stock outstanding (excluding treasury shares) as of the Record Date therefore equals 19,234,178 shares of Class A Stock. All votes will be tabulated by the inspector of elections appointed for the meeting. The inspector of elections will also determine whether or not a quorum is present. Votes for and against, abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum.

Q: How do I vote using the proxy?

Sign your name exactly as it appears in the proxy, and return it in the enclosed prepaid envelope. IF YOU SIGN YOUR PROXY BUT DO NOT INDICATE YOUR VOTING PREFERENCES, YOUR VOTE WILL BE COUNTED FOR ALL OF THE BOARD S NOMINEES FOR DIRECTORS AND THE RATIFICATION OF THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM. THE PROXIES, IN THEIR DISCRETION, ARE AUTHORIZED TO VOTE UPON ANY OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY ADJOURNMENT(S) OR POSTPONEMENT(S) THEREOF.

Q: May I revoke my proxy?

A proxy may be revoked at any time before it is exercised at the Annual Meeting by notifying the Company s Secretary in writing or by returning a later-dated proxy. You may also revoke your proxy by voting in person at the meeting (although your attendance at the Annual Meeting will not in and of itself constitute revocation of a proxy).

Q: How many votes are needed for the election of a director?

The election of a nominee director requires a plurality of the votes cast by the holders of shares present in person or represented by proxy at the Annual Meeting. Proxies cannot be voted for a greater number of persons than the number of nominees listed in the Proxy Statement. The Board of Directors of Ampal unanimously recommends the election of the following persons to the Board of Directors: Yosef A. Maiman, Leo Malamud, Dr. Joseph Yerushalmi, Dr. Nimrod Novik, Jack Bigio, Yehuda Karni, Eitan Haber and Menahem Morag. Set forth below in this Proxy Statement is information about each nominee, including biographical data for at least the last five years.

Q: How many votes are needed for the ratification of the appointment of Kesselman &Kesselman as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2007?

The ratification of the appointment of Kesselman & Kesselman as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2007 requires a plurality of the votes cast by the holders of shares present in person or represented by proxy at the Annual Meeting. The Board of Directors of Ampal unanimously recommends the ratification of the appointment of Kesselman & Kesselman as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2007.

Q: How will abstentions and broker non-votes be treated with respect to the proposals to be voted upon at the Annual Meeting?

Abstentions and broker non-votes (i.e., shares held by a broker or nominee which are represented at the Annual Meeting, but with respect to which the broker or nominee is not empowered to vote on a particular matter) will have no effect on the outcome of these proposals.

Q: Will any other matters be brought before the Annual Meeting?

Management does not presently know of any other matters which will be brought before the Annual Meeting. If, however, other matters requiring the vote of the shareholders, not now known or contemplated, do properly come before the meeting or any adjournment or postponement thereof, it is the intention of the persons named in the proxy to vote the proxies held by them in accordance with their judgment in such matters.

THE FOLLOWING QUESTIONS AND ANSWERS RELATE TO THE NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

Q: How many directors does Ampal have?

The Company s By-Laws provide that the entire Board shall be constituted of not less than three and not more than 29 persons, with the actual number serving set by the Board. In connection with the nomination of the persons listed below to the Board of Directors, the Board set the number of directors at eight. The Board recommends that the shareholders elect the eight persons nominated by the Board.

Q: Who recommended the Company s slate of nominees?

All of the nominees for directors were nominated by the Board and recommended by management.

Q: Who are the Board s nominees for directors?

The following is a description of each of the nominees for director setting forth their ages, their principal occupations and employment during the past five years and their tenure on the Board.

Name	Age	Position with Ampal	Director Since
Yosef A. Maiman	61	Chairman of the Board, Director, President and CEO	2002
Leo Malamud	55	Director	2002
Dr. Joseph Yerushalmi	69	Director	2002
Dr. Nimrod Novik	61	Director	2006
Jack Bigio	41	Director	2002
Yehuda Karni	78	Director	2002
Eitan Haber	67	Director	2002
Menahem Morag	56	Director	2004

YOSEF A. MAIMAN, 61, has been the Chairman of the Board of Ampal since April 25, 2002. Mr. Maiman has been President and Chief Executive Officer of Merhav, one of the largest international project development companies based in Israel, since its founding in 1975. Mr. Maiman is also the Chairman of the Board of Directors of Channel Ten, a commercial television station in Israel, a director of Eltek, Ltd. (Eltek), a developer and manufacturer of printed circuit boards, and Honorary Consul to Israel from Peru. Mr. Maiman is also member of the Board of Trustees of the Tel Aviv University, Chairman of the Israeli Board of the Jaffee Center for Strategic Studies at Tel Aviv University and the Chairman of the Board of Trustees of the International Policy Institute for Counter Terrorism. Mr. Maiman received a BA in Economics from the University of Texas El Paso and a MA in Economics from Cornell University.

JACK BIGIO, 41, was the President and Chief Executive Officer of Ampal between April 25, 2002 and October 1, 2006, and has been a director of Ampal since March 6, 2002. From 1996 until April 2002, and since October 2006, Mr. Bigio served as Senior Vice President of Merhav (M.N.F.) Ltd. Mr. Bigio is also a director of Eltek, a member of the Board of Israel-America Chamber of Commerce & Industry and a member of Young Presidents Organization.

LEO MALAMUD, 55, has been a director of Ampal since March 6, 2002. Since 1995, Mr. Malamud is Senior Vice President of Merhav. Mr. Malamud is also a director of Eltek, Channel 10 Ltd. and Nana 10 Ltd.

Dr. JOSEPH YERUSHALMI, 69, has been Senior Vice President Head of Energy and Infrastructure Projects of Merhav since 1995. He has been a director of Ampal since August 16, 2002.

Dr. NIMROD NOVIK, 61, has been Senior Vice President of Merhav since 1995, responsible for Middle East projects (including the MIDOR petroleum refinery in Egypt and the current project with East Mediterranean Gas Co. S.A.E., an Egyptian joint stock company (EMG), for the export of Egyptian natural gas to Israel) as well as for corporate and government relations. He is a member of the board of EMG and of Channel 10 News Corp. Mr. Novik is an advisor to the Israeli National Security Council as well as to several members of the Israeli cabinet, and a former Special Ambassador of the State of Israel as well as Chief Advisor on Foreign Policy to Israel s Prime Minister and Minister of Foreign Affairs.

YEHUDA KARNI, 78, was a senior partner in the law firm of Firon Karni Sarov & Firon, from 1961 until his retirement in 2000. He has been a director of Ampal since August 16, 2002.

EITAN HABER, 67, was the Head of Bureau for the former Prime Minister of Israel, Yitzhak Rabin, from July 1992 until November 1995. Since 1996, Mr. Haber has been the President and CEO of Geopol Ltd., which represents the Korean conglomerate Samsung Aircraft and Industries in Israel and the Middle East. Since 2001, Mr. Haber also has served as CEO of Kavim Ltd., a production and project development company. Mr. Haber is a member of the Board of Directors of Africa Israel Ltd. and Israel Experience Co. He has been a director of Ampal since August 16, 2002.

MENAHEM MORAG, 56, has been a director of Ampal since January 27, 2004. From 1996 to 1999 Mr. Morag was the Head of Finance and Budget at the Israeli Prime Minister s office in Tel Aviv. From 1999 to 2001, Mr. Morag was the Controller and Ombudsman at the Israeli Prime Minister s office in Tel Aviv. From 2001 to 2003, Mr. Morag was the Head of Human Resources Department at the Israeli Prime Minister s office in Tel Aviv. From 2003 until 2006, Mr. Morag served as the Head of the Council of the Pensioners Association of the Israeli Prime Minister s office in Tel Aviv. Mr. Morag has also served as a director in Palram Industries from 2004 until 2006, and from 2005 until 2006 he was the CEO of Keren-Shemesh Foundation for the Encouragement of Young Entrepreneurs Today. Since June 2006, Mr. Morag serves as a Deputy General Manager Head of Resources Division of Union Bank of Israel Ltd.

Q: What happens if a nominee becomes unavailable for election?

In case any nominee should become unavailable for election to the Board for any reason, the persons named in the proxy will have discretionary authority in that instance to vote the proxies for a substitute.

Q: How long will each director serve?

Each director will serve for a term of one year and until his successor shall be elected and qualified.

Q: What type of compensation do directors receive?

Directors of Ampal (other than Mr. Maiman and prior to September 19, 2006, Mr. Bigio) received $1,500 per Board meeting attended. The Chairman of the Board receives $2,000 per Board meeting attended. Directors of Ampal also receive the same amount for attendance at meetings of committees of the Board, provided that such committee meetings are on separate days and on a day other than the day of a regularly scheduled Board meeting.

For attending Special Committee, Audit Committee and Executive Committee meetings Mr. Karni, the Chairman of the Special and the Audit Committee, is entitled to $30,000 per year. Each of Mr. Haber and Mr. Morag are entitled to $20,000 per year, for attending Special Committee and Audit Committee meetings.

In connection with the formation of the Special Committee on October 28, 2004, the Company entered into an Indemnification and Compensation Agreement with each of Messrs. Karni, Haber and Morag. In consideration for serving as a member of the Special Committee, the Company has agreed pursuant to the terms of the Indemnification and Compensation Agreement, among other things, to indemnify and hold harmless each Director with respect to his service on, and any matter or transaction considered by, the Special Committee to the fullest extent authorized or permitted by law. A copy of the form of this Indemnification and Compensation Agreement is attached as Exhibit 10j to our annual report on Form 10-K for the fiscal year ended December 31, 2004, filed on March 15, 2005.

On December 12, 2006, the Stock Option and Compensation Committee of the Board approved the grant, pursuant to the Company s 2000 Incentive Plan to (i) Yosef A. Maiman an option to purchase 250,000 shares of the Company s Class A Stock, (ii) Nimrod Novik an option to purchase 180,000 shares of the Company s Class A Stock, (iii) Joseph Yerushalmi an option to purchase 80,000 options, (iv) Leo Malamud an option to purchase 30,000 shares of the Company s Class A Stock and (v) each of Eitan Haber, Yehuda Karni and Menahem Morag, the Company s non-employee directors, an option to purchase 30,000 shares of the Company s Class A Stock. All of the foregoing options have an exercise price of $5.06 per share and will vest in equal installments beginning on March 12, 2007 and each three month anniversary thereafter. Additionally, the exercise price of these options may only be paid by the holders by having the Company withhold from the underlying option stock the number of shares having a fair market value equal to the exercise price.

Director Compensation
For Fiscal Year Ended December 31, 2006

Name	Fees Paid in Cash ($)	Option (1) Award ($)	Total ($)
Yehuda Karni (2) (3)	48,500	23,345	71,845
Menahem Morag (2) (4)	34,500	27,478	61,978
Eitan Haber (2) (3)	34,500	23,345	57,845
Leo Malamud (5)	13,500	39,082	52,582
Dr. Yossi Yerushalmi (6)	16,500	27,198	43,698
Dr. Nimrod Novik (7)	6,000	3,430	9,430

(1) Represents the compensation cost in 2006 in accordance with SFAS 123(R) for stock options, which includes amounts from awards granted in and prior to fiscal 2006.

(2) In fiscal 2006, Messrs. Karni, Morag and Haber were each granted an option to purchase 30,000 shares of our Class A Stock, each with a grant date fair value of $70,993. In fiscal 2005, Messrs. Karni, Morag and Haber were each granted an option to purchase 45,000 shares of our Class A Stock, each with a grant date fair value of $75,690.

(3) In fiscal 2002, Messrs. Karni, Morag and Haber were each granted an option to purchase 15,000 shares of our Class A Stock, each with a grant date fair value of $24,299.

(4) In fiscal 2004, Mr. Morag was granted an option to purchase 15,000 shares of our Class A Stock, with a grant date fair value of $31,935.

(5) In fiscal 2006, Mr. Malamud was granted an option to purchase 30,000 shares of our Class A Stock, with a grant date fair value of $70,993. In fiscal 2002, Mr. Malamud was granted an option to purchase 150,000 shares of our Class A Stock, with a grant date fair value of $242,994.

(6) In fiscal 2006, Mr. Yerushalmi was granted an option to purchase 80,000 shares of our Class A Stock, with a grant date fair value of $189,315. In fiscal 2002, Mr. Yerushalmi was granted an option to purchase 100,000 shares of our Class A Stock, with a grant date fair value of $161,996.

(7) In fiscal 2006, Mr. Novik was granted an option to purchase 180,000 shares of our Class A Stock, with a grant date fair value of $425,960.

The following table sets forth certain information regarding stock options granted to purchase our Class A Stock to our directors during the fiscal year ended December 31, 2006.

	2006
Yosef A. Maiman (1)	250,000
Jack Bigio (2)	-
Eitan Haber (3)	30,000
Yehuda Karni (3)	30,000
Menahem Morag (4)	30,000
Leo Malamud (2)	30,000
Dr. Yosef Yerushalmi (3)	80,000
Dr. Nimrod Novik (5)	180,000

(1) Director since August 16, 2002

(2) Director since March 6, 2002.

(3) Director since August 16, 2002.

(4) Director since March 24, 2004.

(5) Director since September 19, 2006.

Q: Does the Company have directors and officer liability insurance?

Yes. Effective January 29, 2007, the Company purchased directors and officers liability policies in the aggregate amount of $35,000,000 ($10,000,000 of which is for the sole benefit of directors and officers in the event that indemnification by the Company is unavailable to such individuals) issued by XL Specialty Insurance Company. The cost of the policies, which expire January 29, 2008, was $575,000.

Q: Does the Board of Directors have any committees?

Yes. The Board of Directors has the following standing committees: Audit Committee, Executive Committee and Stock Option and Compensation Committee. The Board will elect new members to the committees following the Annual Meeting. The current members, activities and functions of the various committees are set forth below.

Director Independence

Because the Controlling Shareholder Group owns more than 50% of the voting power of the Company, the Company is deemed to be a controlled company under the rules of the NASDAQ Global Market. As a result, the Company is exempt from the NASDAQ Global Market rules that require listed companies to have (i) a majority of independent directors on the Board, (ii) a compensation committee and nominating committee composed solely of independent directors, (iii) the compensation of executive officers determined by a majority of 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. The Company has an Audit Committee of the Board consisting of Messrs. Karni, Haber and Morag, each of whom is an independent director as defined under the rules of the National Association of Securities Dealers, Inc. and the rules promulgated by the Securities and Exchange Commission. Other than the members of the Audit Committee, there are no other independent directors that serve on the Board.

Code of Business Conduct and Ethics

The Company has adopted a (i) Code of Ethics for the Company s Senior Financial Officers and (ii) Code of Conduct applicable to all of the Company s employees and directors. These codes are designed to both insure that the Company s business is conducted in a consistently legal and ethical manner, and address specific areas of professional conduct, including conflicts of interest, fair dealing and the strict adherence to all laws and regulations applicable to the conduct of the Company s business. Copies of the Company s Code of Ethics for Senior Financial Officers and Code of Conduct are available on the Company s website at www.ampal.com.

Communications Between Shareholders and the Board of Directors

Shareholders and other interested persons seeking to communicate with the Board should submit any communications in writing to the Company s Secretary at the following address: Ampal-American Israel Corporation, 111 Arlozorov Street, Tel Aviv, Israel 62098. Any such communication must state the number of shares beneficially owned by the shareholder making the communication. The Company s Secretary will forward such communication to the Board or to any individual director or directors to whom the communication is directed.

Policy Governing Director Nominations

As stated above, because the Controlling Shareholder Group owns more than 50% of the voting power in the Company, the Company is deemed to be a controlled company under the NASDAQ Global Market rules. Because the Company is a controlled company, the Board has decided not to establish a separate nominating committee or implement formal rules that would govern director nominations from shareholders, and each member of the Board participates in the consideration of director nominees. In the event of any vacancy on the Board, or in the event that the Board is to be expanded, the Board will determine at such time the appropriate procedures for filling the vacancy or additional position. The Board may decide at such time to authorize a committee of the Board of Directors to conduct the search for a director and to recommend nominations to the full Board of Directors.

Minimum Qualifications. The Company does not set specific criteria for directors except to the extent required to meet applicable legal, regulatory and stock exchange requirements, including, but not limited to, the independence requirements of the NASDAQ Global Market and the SEC, as applicable. Nominees for director will be selected on the basis of outstanding achievement in such person s career; board experience; wisdom; integrity; ability to make independent, analytical inquiries; understanding of the business environment; and willingness to devote adequate time to the Board duties. While the selection of qualified directors is a complex and subjective process that requires consideration of many intangible factors, the Board believes that each director should have a basic understanding of (i) principal operational and financial objectives as well as plans and strategies of the Company, (ii) results of operations and financial condition of the Company and of any significant subsidiaries and investee companies, and (iii) the relative standing of the Company, its business segments and investee companies in relation to its competitors.

The Board also may consider (i) whether a candidate would be deemed to be independent under the applicable laws, rules and regulations of the NASDAQ Global Market and the SEC, as applicable, (ii) whether the candidate s existing business commitments would interfere with the candidate s ability to devote sufficient time to discharge his or her duties as a director and (ii) the input of the Controlling Shareholder Group.

Audit Committee

The Audit Committee currently consists of Messrs. Karni, Haber and Morag, each of whom is an independent director as defined under the rules of the National Association of Securities Dealers and the rules promulgated by the SEC. The Board has determined that Mr. Morag is an audit committee financial expert for purposes of the rules promulgated by the SEC. The Audit Committee held four meetings and did not act by written consent during the fiscal year ended December 31, 2006.

The Audit Committee assists the Board in fulfilling its responsibility to oversee management s conduct of the Company s financial reporting process, including the review of the financial reports and other financial information provided by the Company to any governmental or regulatory body, the public or other users thereof, the Company s systems of internal accounting and financial controls, and the annual independent audit of the Company s financial statements. The Audit Committee also has the duty and responsibility of approving all transactions between the Company, on the one hand, and any officer, director, or affiliate thereof, on the other hand, or any transaction in which any officer, director or affiliate has a material interest. A full description of the Audit Committee s primary responsibilities is contained in the Audit Committee s written charter, a copy of which was filed as Appendix A to the Company s proxy statement for its annual meeting of shareholders in 2005 and is also available on the Company s website at http://www.ampal.com.

Report of the Audit Committee

To the Board of Directors of Ampal-American Israel Corporation:

We have reviewed and discussed with management the Company s audited financial statements as of and for the year ended December 31, 2006.

We have discussed with Kesselman & Kesselman the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as amended.

We have received the written disclosures and the letter from Kesselman & Kesselman required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, as amended, and have discussed with them their independence from the Company and management.

Based on the reviews and discussions referred to above, we recommended to the Board of Directors that the audited financial statements referred to above be included in the Company s annual report on Form 10-K for the year ended December 31, 2006.

AUDIT COMMITTEE

Yehuda Karni, Chairman
Eitan Haber
Menahem Morag

Executive Committee

The Executive Committee meets as necessary between regularly scheduled meetings of the Board and, consistent with certain statutory limitations, exercises all authority of the Board. During the fiscal year ended December 31, 2006, the Executive Committee of the Board was composed of the following individuals: Yosef A. Maiman, Leo Malamud, Dr. Joseph Yerushalmi and Yehuda Karni.

The Executive Committee held no meetings and acted by written consent one time during the fiscal year ended December 31, 2006.

Stock Option and Compensation Committee

The Stock Option and Compensation Committee administers the Company s stock option plans and other option grants and determines the Company s policies regarding certain compensation of Yosef A. Maiman. During the fiscal year ended December 31, 2006 the members of the Stock Option and Compensation Committee were Yehuda Karni, Eitan Haber and Menahem Morag, each of whom is an independent director as defined under the rules of the NASDAQ Global Market and the SEC. The Stock Option and Compensation Committee held one meeting and did not act by written consent during the fiscal year ended December 31, 2006.

Prior to September 19, 2006, the Stock Option and Compensation Committee of the Board was responsible for determining all facets of executive compensation including annual base salary and bonuses for executive officers, administration of the Company s 1998 Long Term Incentive Plan and the Company s 2000 Incentive Plan (collectively, the Option Plans), and director compensation. The Stock Option and Compensation Committee does not operate pursuant to a written charter.

On September 19, 2006, the members of the Board engaged in discussions regarding the appropriate scope of the responsibilities of the Stock Option and Compensation Committee in light of the Company s controlled company status under the rules of NASDAQ and the fact that Mr. Yosef A. Maiman was appointed as the Chief Executive Officer of Ampal. During these discussions, the Board decided to re-allocate certain of the responsibilities with regard to executive compensation to Yosef A. Maiman, the Chairman, President and Chief Executive Officer.

Effective as of September 19, 2006, the Board determined that the Stock Option and Compensation Committee will continue to be responsible for (i) administering the Option Plans and determining the officers and key employees who are to be granted options under the Option Plans and the number of shares subject to such options and (ii) determining the annual base salary and non-equity based annual bonus for Mr. Maiman in his capacity as Chairman, President and Chief Executive Officer.

Effective as of September 19, 2006, the Board also determined that Mr. Maiman will be responsible for (i) determining the annual base salary and non-equity based annual bonuses for all executive officers(other than the Chief Executive Officer) and for (ii) recommending to the Board director compensation and benefit programs. Mr. Maiman also may attend and participate in meetings of the Stock Option and Compensation Committee.

No outside compensation consultant is engaged by the Company at this time, although the Company may elect to do so in the future.

Compensation Committee Report

The Stock Option and Compensation Committee and Yosef A. Maiman have reviewed and discussed the Compensation Discussion and Analysis required by Regulation S-K, Item 402(b) with management. Based on the review and discussions referred to in the preceding sentence, the Stock Option and Compensation Committee and Yosef A. Maiman recommended to the board of directors that the Compensation Discussion and Analysis be included in this Proxy Statement on Schedule 14A.

STOCK OPTION AND COMPENSATION COMMITTEE

Yehuda Karni, Chairman
Eitan Haber
Menahem Morag
Yosef A. Maiman (not a member of the committee)

Compensation Committee Interlocks and Insider Participation

The current members of the Stock Option and Compensation Committee are Mr. Yehuda Karni, Mr. Eitan Haber and Mr. Menahem Morag, none of whom is an officer or employee or former officer or employee of the Company. During 2006, no executive officer of the Company served on the compensation committee or the Board of Directors of another entity whose executive officer(s) served on the Company s Stock Option and Compensation Committee for the Board of Directors.

Effective as of September 19, 2006, the Board determined that Mr. Yosef A. Maiman, our President and CEO, shall be responsible for (i) determining the annual base salary and non-equity based annual bonuses for all executive officers (other than the Chief Executive Officer) and for (ii) recommending to the Board director compensation and benefit programs. The Stock Option and Compensation Committee shall continue to be responsible for (i) administering the Option Plans and determining the officers and key employees who are to be granted options under the Option Plans and the number of shares subject to such options and (ii) determining the annual base salary and non-equity based annual bonus for Mr. Maiman in his capacity as Chairman, President and Chief Executive Officer. Mr. Maiman also may attend and participate in meetings of the Stock Option Committee.

Special Committee of the Board

On October 28, 2004, the Board formed a Special Committee of the Board composed of Mr. Yehuda Karni, Mr. Eitan Haber, Mr. Menahem Morag and Mr. Michael Arnon (prior to his death), each of whom is an independent director.

The Board appointed the Special Committee of independent directors to consider alternatives available to the Company to maximize shareholder value. The Special Committee was formed in response to a suggestion from Mr. Yosef A. Maiman, Chairman of the Board and member of the Controlling Shareholder Group, that he is reviewing his alternatives with regard to his investment in the Company. The Special Committee reviews and approves transactions with any related party.

Q: Did all directors attend all of the Board and Committee meetings in 2006?

All directors attended more than 75% of the aggregate of (1) the total number of meetings of the Board held during the fiscal year ended December 31, 2006 for which such individual was a director and (2) the total number of meetings held by all committees of the Board on which such individual served in the fiscal year ended December 31, 2006 (during the period of such service). In total, the Board held 12 regularly scheduled meetings during the fiscal year ended December 31, 2006 and acted four times by written consent during the fiscal year ended December 31, 2006.

Although the Company has no formal policy requiring director attendance at the Company s Annual Meeting, the Chief Executive Officer, who is currently the Chairman of the Board of Directors is encouraged to attend the Annual Meeting. The other members of the Board of Directors are welcome to attend the Annual Meeting. Last year, all eight directors attended the Company s 2006 annual meeting of shareholders.

THE FOLLOWING QUESTIONS AND ANSWERS RELATE TO THE RATIFICATION OF THE APPOINTMENT OF THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors seeks shareholder ratification of the Audit Committee s appointment of Kesselman & Kesselman as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2007. The Board has not determined what action, if any, would be taken should the appointment of Kesselman & Kesselman not be ratified at the Annual Meeting.

Q: What were the aggregate fees billed for each of the last two fiscal years for professional services rendered by the Company s independent registered public accounting firm?

AUDIT FEES. The fees of Kesselman & Kesselman (Kesselman) CPA (ISR) for professional services rendered for the audit of the Company s annual financial statements for the fiscal years ended December 31, 2006 and December 31, 2005 and reviewing the financial statements included in the Company s quarterly reports on Form 10-Q were $276,000 and $266,000, respectively.

TAX FEES. Kesselman s tax fees for the fiscal years ended December 31, 2006 and December 31, 2005, were $205,000 and $209,000, respectively.

ALL OTHER FEES Kesselman s fees for other services for the fiscal years ended December 31, 2006 and December 31, 2005, were $316,500 and $236,000, respectively.

All of the services provided by our principal accounting firm described above under the captions Audit Fees , Tax Fees and All Other Fees were approved by our Audit Committee. The Audit Committee has determined that the rendering of professional services described above by Kesselman is compatible with maintaining the auditor s independence.

Q: What are the Audit Committee pre-approval policies and procedures?

The Company s Audit Committee Charter provides that the Audit Committee shall approve in advance all audit services and all non-audit services provided by the independent auditors based on policies and procedures developed by the Audit Committee from time to time. The Audit Committee will not approve any non-audit services prohibited by applicable SEC regulations or any services in connection with a transaction initially recommended by the independent auditor, the purpose of which may be tax avoidance and the tax treatment of which may not be supported by the Internal Revenue Code and related regulations.

Our Audit Committee requires that our independent auditor, in conjunction with our Chief Financial Officer, be responsible for seeking pre-approval for providing services to us and that any request for pre-approval must inform the Audit Committee about each service to be provided and must provide detail as to the particular service to be provided.

THE FOLLOWING QUESTIONS AND ANSWERS RELATE TO THE COMPANY S EXECUTIVE OFFICERS

Q: Who are the Company s executive officers?

Executive officers are elected annually by the Board of Directors. The persons appointed by the Board of Directors to serve as executive officers are described below. The descriptions of Mr. Maiman, Chairman of the Board of Directors of Ampal and the Chief Executive Officer and President of Ampal, can be found above with the descriptions of the nominees for the Board. The following is a description of the executive officers, other than Mr. Maiman, their ages, their positions and offices with Ampal or its subsidiaries and their principal occupations and employment during the past five years.

IRIT ELUZ, 40, has been the Chief Financial Officer and Senior Vice President Finance and Treasurer since October 2004. From May 2002 through October 2004, Ms. Eluz was Chief Financial Officer and Vice President Finance and Treasurer. From January 2000 through April 2002, Ms. Eluz was the Associate Chief Financial Officer of Merhav. From June 1995 through December 1999, Ms. Eluz was the Chief Financial Officer of Kamor Group. Ms. Eluz has been an independent director of Kamor Ltd. since July 16, 2006.

YORAM FIRON, 38, has been Secretary and Vice President Investments and Corporate Affairs since May 2002. During the preceding five years, Mr. Firon was a Vice President of Merhav and a partner in the law firm of Firon Karni Sarov & Firon.

AMIT MANTSUR, 37, has been Vice President Investments since March 2003. From September 2000 through December 2002, Mr. Mantsur served at Alrov Group as Strategy & Business Development Manager. From February 1997 through September 2000, Mr. Mantsur was a projects manager at the Financial Advisory Services of KPMG Somekh Chaikin. Mr. Mantsur has been an independent director of Valor Computerized Systems Ltd. since August 2006.

GIORA BAR-NIR, 50, has been Vice-President Accounting and Controller Since October 2004. From March 2002 through October 2004 Mr. Bar-Nir has been the Controller. During the preceding five years, Mr. Bar-Nir was the Controller of the Israeli subsidiaries of Ampal.

Q: How are the Company s executives compensated?

COMPENSATION DISCUSSION AND ANALYSIS

Objectives of Compensation Program

This section contains a discussion of the material elements of compensation awarded to, earned by or paid to the principal executive and principal financial officers of the Company, and the other three most highly compensated executive officers of the Company. These individuals are referred to as the Named Executive Officers.

The objectives of our compensation program are (i) to attract and retain qualified personnel in the Israeli marketplace, (ii) to provide incentives and rewards for their contributions to the Company, and (iii) to align their interests with the long-term interests of the Company s shareholders.

Our Named Executive Officers compensation has three primary components: salary, an annual cash incentive bonus and stock option awards. In addition, we provide our Named Executive Officers with benefits that are generally available to our salaried employees.

We determine the appropriate level for each compensation component based in part, but not exclusively, on competitive benchmarking consistent with a broad spectrum of companies in Israel and in the United States.

Due to the small size of our executive team and the need to tailor each Named Executive Officer s compensation package for retention and recruitment purposes, we have not adopted any formal policies or guidelines for allocating compensation between long term and currently payable compensation, between cash and non cash compensation or among different forms of compensation.

Responsibilities

Prior to September 19, 2006, the Stock Option and Compensation Committee of the Board (the Compensation Committee) was responsible for determining all facets of executive compensation including annual base salary and bonuses for executive officers, administration of the Company s 1998 Long Term Incentive Plan and the Company s 2000 Incentive Plan (collectively, the Option Plans), and director compensation. The Compensation Committee is composed of independent directors as defined under the rules of NASDAQ and the SEC. The Compensation Committee does not operate pursuant to a written charter.

On September 19, 2006, the members of the Board engaged in discussions regarding the appropriate scope of the responsibilities of the Compensation Committee in light of the Company s controlled company status under the rules of NASDAQ and the fact that Mr. Yosef A. Maiman was appointed as the Chief Executive Officer of Ampal. During these discussions, the Board decided to re-allocate certain of the responsibilities with regard to executive compensation to Yosef A. Maiman, the Chairman, President and Chief Executive Officer.

Effective as of September 19, 2006, the Board determined that the Compensation Committee will continue to be responsible for (i) administering the Option Plans and determining the officers and key employees who are to be granted options under the Option Plans and the number of shares subject to such options and (ii) determining the annual base salary and non-equity based annual bonus for Mr. Maiman in his capacity as Chairman, President and Chief Executive Officer.

Effective as of September 19, 2006, the Board also determined that Mr. Maiman will be responsible for (i) determining the annual base salary and non-equity based annual bonuses for all executive officers(other than the Chief Executive Officer) and for (ii) recommending to the Board director compensation and benefit programs. Mr. Maiman also may attend and participate in meetings of the Compensation Committee.

No outside compensation consultant is engaged by the Company at this time, although the Company may elect to do so in the future.

Elements of Compensation

The material elements of the Company s executive compensation program for Named Executive Officers includes three primary components: salary, an annual cash incentive bonus and stock option awards, In addition, we provide our Named Executive Officers with benefits that are generally available to our salaried employees.

Base Salary

We set our salaries for our Named Executive Officers generally based on what we believe enables us to hire and retain individuals in the competitive environment in Israel and rewards individual performance and the contribution to our overall business goals. We also take into account the base salaries paid by similarly situated companies in Israel and in the United States which we believe we generally compete for talent. There are no formal guidelines or formulas used by us to determine annual base salary for our Named Executive Officers, as annual salary determinations are made on a case by case basis from year to year to react to compensation market trends in Israel and to take into account the Named Executive Officer s performance. Additionally, stock price performance has not been a factor in determining annual compensation because the price of the Company s common stock is subject to a variety of factors outside our control. Our approach to annual base salary is designed to retain our Named Executive Officers so that they will continue to operate at high levels in the best interests of the Company.

Determinations for annual base salary for the fiscal year ended December 31, 2006 were made by the Compensation Committee in consultation with Mr. Maiman and other executive officers.

Annual Cash Incentive Bonus Compensation

The non-equity based annual bonus compensation is based on each Named Executive Officer s individual performance for the Company over the fiscal year, which is measured in terms of overall effort, performance and contribution to the Company. In the past, bonuses were based on a multiple of the Named Executive Officer s base salary, but in the interest of flexibility, we no longer exclusively utilize this approach. In 2006, we considered the performance of our Named Executive Officers with respect to certain material transactions and the amount of funds raised during the year and allocated an amount among the Named Executive Officers who were involved in those special efforts. We take into account the amount of annual base salary paid to each Named Executive Officers in determining such Named Executive Officers non-equity based annual bonus compensation. Determinations for non-equity based annual bonus compensation for the fiscal year ended December 31, 2006 were made by Mr. Maiman.

Long-Term Equity Incentive Compensation

At this time, we do not award long-term equity incentive compensation to our Named Executive Officers on an annual basis, however we may elect to award this form of compensation in the future. Following the April 2002 acquisition by Y.M. Noy Investments Ltd. of a controlling interest in the Company, we awarded long-term equity incentive compensation in April 2002 to provide the new management team with incentives aligned with shareholder interests and in December 2004, in recognition of the Named Executive Officers assistance to a Special Committee of the Board of Directors that had been appointed to consider alternatives available to the Company to maximize shareholder value. In December 2006, the Stock Option Committee granted Mr. Maiman an option to acquire 250,000 shares of our Class A Stock for his service as Chairman of the Board. The amount of this award was consistent with the amount of the option grant previously awarded to Mr. Maiman in August 2002, which previous option grant became fully vested in August 2006.

While our current policy is to award option grants to our executive officers and directors, the awards granted under the Option Plans may be in the form of options, restricted stock, dividend equivalent awards and/or stock appreciation rights. There are no formal guidelines or formulas used by us to determine equity compensation awards for our Named Executive Officers.

Beginning January 1, 2006, the Company accounts for all options in accordance with SFAS 123R

As stated above, the Compensation Committee is responsible for determining long-term equity incentive compensation in accordance with the Option Plans. Such determinations are made in consultation with Mr. Maiman and other executive officers from time to time.

Perquisites

As is customary in Israel, we provide each Named Executive Officer with the use of a car, mobile phone, one meal per day, telephone expenses, economic newspapers, and stipends for traveling out of the country from time to time. The value of the specific car an employee receives varies according to his or her pay grade within the Company.

Additionally, consistent with practice in the Israeli marketplace, the Company reimburses the Named Executive Officers for a portion of the taxes associated with the use of the car and mobile phone.

Severance and Change of Control Benefits

Israeli labor laws and agreements require payment of severance pay upon dismissal of an employee or upon termination of employment in certain other circumstances, including retirement. The Company s severance pay is calculated based upon length of service and the latest monthly base salary (one month s salary for each year worked). Severance pay is paid from a fund into which the Company contributes up to 8 1/3% of the employee s base salary each month, in accordance with Israeli law and the customary practice in Israel. The Company s liability for severance pay pursuant to Israeli law is partly offset by insurance policies, where the Named Executive Officers are the beneficiaries of such insurance policies.

In addition to the above the Named Executive Officers are eligible to participate in a Pension Plan in which both the employee and the Company contribute up to 5% of the employee s base salary each month. The Named Executive Officers are eligible to receive the fund upon termination of employment, including retirement.

In addition to the above benefits, each of the employment agreements of certain executive officers provide that such executive officer shall receive an additional payment of six months salary (together with all related benefits for the six month period including social benefits, use of a vehicle, mobile telephone and any other rights accompanying the executive officer s employment by the Company) in the event (i) of a change of control of Ampal and (ii) such executive officer s employment is terminated within six months from the date of the change of control of Ampal. These arrangements were designed to provide these key employees with an additional benefit consistent with Israeli practice for employees in comparable positions.

Pursuant to the terms of the employment agreements of each of the certain executive officers, following the termination of employment, such executive officers shall not be involved, directly or indirectly, with any business or entity that is in the field of the Company s activities and/or is in direct competition in the field of the Company s activities for a period of six months following the termination of employment. Furthermore, during the term of employment at the Company and for a period of twenty four months following the termination of employment, each of these executive officers shall abstain from providing services in any manner whatsoever, including consulting services, either paid or not paid, to any business or occupation in which the Company was involved.

Education Fund

The Named Executive Officers are eligible to participate in an education fund in which both the employee and the Company contribute up to 2.5% and 7.5% respectively of the employee s base salary each month. The Named Executive Officers are eligible to receive the fund upon termination of employment, including retirement. The education fund contribution, which is customary in Israel, can be used by the Named Executive Officers at any time for professional education and every 6 years for any other purpose. As is customary in Israel, the Company also reimburses the Named Executive Officers for taxes associated with Company contributions to this fund beyond the maximum contributed amount allowed according to the Israel Tax law.

Vacation Provision and Recreation Pay

The Named Executive Officers are eligible to take one month vacation per year. Additionally, pursuant to Israeli employment laws, each Named Executive Officer is entitled to a certain amount of recreation pay to be used for any other purpose. Each Named Executive Officer is entitled to receive 13 days of recreation pay, which amounts to approximately $1,690 on an annual basis.

Stock Ownership and Retention Guidelines

The Company does not have any stock ownership or retention guidelines or policies.

Summary Compensation Table
For Fiscal Year Ended December 31, 2006

The following table sets forth all of the compensation awards to our Named Executive Officers for the year ended December 31, 2006.

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards (12)	All Other Compensation (7)	Total (9)
		$	$	$	$	$	$
Yosef A. Maiman (1) (8) Chairman of the Board, President and CEO	2006	632,144	984,627	-	68,947	30,605 (10)	1,716,323
Irit Eluz (2) (8) CFO - SVP Finance & Treasurer	2006	263,848	673,692	-	152,928	152,928	1,243,133
Yoram Firon (3) (8) Secretary, Vice President Investments	2006	206,194	173,964	-	107,504	80,235	567,897
Amit Mantsur (4) Vice President Investments	2006	141,538	49,704	-	37,969	50,902	280,114
Giora Bar Nir (5) Vice President Accounting & Controller	2006	152,196	29,822	-	30,501	57,362	269,882
Jack Bigio (6)(8) Former President & CEO	2006	388,346	206,580	-	148,935	662,570 (11)	1,406,431

(1) Mr. Maiman has been employed by Ampal since April 25, 2002 as Chairman of the Board; On September 19, 2006 Mr. Maiman was appointed as the President and CEO of Ampal.

(2) Ms. Eluz has been employed by Ampal since April 25, 2002.

(3) Mr. Firon has been employed by Ampal since April 25, 2002.

(4) Mr. Mantsur has been employed by Ampal since February 2, 2003.

(5) Mr. Bar-Nir has been employed by Ampal since June 17, 1990.

(6) Mr. Bigio served as President and CEO from April 25, 2002 until September 30, 2006. The amounts include final account settlement. Mr. Bigio exercised 150,000 options on October 4 , 2006.

(7) Comprised of Ampal (Israel s) contribution pursuant to: (i) Ampal (Israel s) pension plan and (ii) Ampal (Israel s) education fund and (iii) use of car and (iv) use of mobile and (v) final account settlement and (vi) redemption of vacation provision and (vii) reimbursed for the payment of taxes.

(8) Eligible to receive an additional payment of up to six months salary (i) in the event of a change of control of the Company and (ii) such executive officer s employment is terminated within six months from the date of the change of control of the Company.

(9) All cash compensation is paid in New Israeli Shekels. The amounts in the table are converted from the New Israeli Shekel to U.S. Dollars based on the exchange rate of 4.225, which represents the exchange rate as of December 31, 2006.

(10) Of such amount, for services as director, $22,000 was paid in cash.

(11) Of such amount, for services as director, $4,500 was paid in cash.

(12) Represents the compensation cost in 2006 in accordance with SFAS No. 123R for stock options, which includes amounts from awards granted in and prior to 2006.

Grants of Plan-Based Awards
For Fiscal Year Ended December 31, 2006

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards (5)	Grant Date Fair Value of Stock and Option Awards (1)
Yosef A. Maiman	12/12/06	250,000	5.06	591,610

(1) Represents the grant date fair value of stock option awards computed in accordance with SFAS No. 123R.

Outstanding Equity Awards
For Fiscal Year Ended December 31, 2006

Option Awards

Name	Number of Securities Underlying Unexercised Options (Exercisable) (1)	Number of Securities Underlying Options (Unexercisable) (1)	Option Exercise Price ($)	Option Expiration Date (1)
Yosef A. Maiman	250,000		3.12	August 15, 2012
		250,000	5.06	December 11, 2016
Irit Eluz	78,500		3.12	August 15, 2012
	140,000	140,000	3.5	October 27, 2014
Yoram Firon	68,500		3.12	August 15, 2012
	95,000	95,000	3.5	October 27, 2014
Amit Mantsur	54,375	3,625	3.69	February 12, 2013
	7,500	7,500	3.5	October 27, 2014
Giora Bar Nir	63,500		3.12	August 15, 2012
	15,000	15,000	3.5	October 27, 2014
Jack Bigio	0	0	-	-

(1) Options expire 10 years from the grant date and vest in sixteen equal installments on the three month anniversary of the date of grant and each three month period thereafter.

Option Exercises and Stock Vested
as of Fiscal Year Ended December 31, 2006

Option Awards

Name	Number of Shares Acquired on Exercise	Value Realized on Exercise ($)
Jack Bigio	150,000	242,994

Q: What other benefits does the Company provide for its employees?

Ampal previously maintained a money purchase pension plan (Pension Plan) for all full-time employees of Ampal except non-resident aliens outside the United States. Pursuant to the cessation of the Company s U.S. operations, the Ampal-American Israel Corporation Money Purchase Pension Plan and the Ampal-American Israel Corporation Savings Plan were terminated effective December 31, 2004.

In March 1998, the Board approved a Long-Term Incentive Plan (1998 Plan) permitting the granting of options to all employees, officers, directors and consultants of the Company and its subsidiaries to purchase up to an aggregate of 400,000 shares of Class A Stock. The 1998 Plan was approved by a majority of the Company s shareholders at the June 19, 1998 annual meeting of shareholders. The 1998 Plan remains in effect for a period of ten years. As of December 31, 2006, no options of the 1998 Plan are outstanding.

On February 15, 2000, the Compensation Committee approved a new Incentive Plan (2000 Plan), under which the Company has reserved 4 million shares of Class A Stock, permitting the granting of options to all employees, officers and directors. The 2000 Plan was approved by the Board of Directors at a meeting held on March 27, 2000 and was approved by a majority of the Company s shareholders at the June 29, 2000 annual meeting of shareholders. The 2000 Plan remains in effect for a period of ten years. As of December 31, 2006, 2,164,500 options of the 2000 Plan are outstanding.

The options granted under the 1998 Plan and the 2000 Plan (collectively, the Plans) may be either incentive stock options, at an exercise price to be determined by the Compensation Committee but not less than 100% of the fair market value of the underlying options on the date of grant, or non-incentive stock options, at an exercise price to be determined by the Compensation Committee. The Compensation Committee may also grant, at its discretion, restricted stock, dividend equivalent awards, which entitle the recipient to receive dividends in the form of Class A Stock, cash or a combination of both and stock appreciation rights, which permit the recipient to receive an amount in the form of Class A Stock, cash or a combination of both, equal to the number of shares of Class A Stock with respect to which the rights are exercised multiplied by the excess of the fair market value of the Class A Stock on the exercise date over the exercise price. The options granted under the Plans were granted either at market value or above.

Under each of the Plans, all granted but unvested options become immediately exercisable upon the occurrence of a change in control of the Company. Prior to January 1, 2006 the Company accounted for all plans under APB Opinion No. 25, under which no compensation costs were incurred in the years ended December 31, 2004 and 2005. If compensation cost for the options under the above Plans had been determined in accordance with SFAS No. 123, the Company s net income (loss) would have been ($6.8 million) and ($19.0 million) for the years 2005 and 2004, respectively.

Effective January 1, 2006, the Company adopted SFAS No. 123R SFAS No. 123R revises SFAS No. 123, and supersedes Accounting Principles Board (APB) Opinion No. 25, SFAS No. 123R requires the cost of all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values at grant date, over the requisite service period. For the year ended December 31, 2006 the Company recorded $720,000 as compensation expenses.

THE FOLLOWING QUESTIONS AND ANSWERS RELATE TO THE COMPANY S CLASS A STOCK

Q: How has the Company's stock performed over the past five years?

The following graph compares the percentage change in cumulative total return (change in the stock price plus reinvested dividends) of Ampal Class A Stock, the S&P 500 Stock Index and a peer group index composed of Koor Industries (an Israeli holding company) and First Israeli Fund (an American closed-end fund that acquires equity interests in companies located in Israel) for the period December 31, 2001 through December 31, 2006. The stock price performances shown on the graph are not intended to forecast or be indicative of future price performance.

COMPARE 5-YEAR CUMULATIVE TOTAL RETURN
AMONG AMPAL-AMERICAN ISRAEL CORP.,
S&P 500 INDEX AND PEER GROUP INDEX

ASSUMES $100 INVESTED ON JAN. 01, 2002
ASSUMES DIVIDENDS REINVESTED
FISCAL YEAR ENDING DEC. 31, 2006

Q: Who are Ampal s principal shareholders?

The following table sets forth information as of November 14, 2007, as to the holders known to Ampal who beneficially own more than 5% of the Class A Stock, the only outstanding series of voting securities of Ampal. As of November 14, 2007, there were 57,702,532 (not including treasury shares) shares of Class A Stock of Ampal outstanding.

Security Ownership of Certain Beneficial Owners

Name and Address of Beneficial Owner	Title of Class	Number of Shares and Nature of Beneficial Ownership	Percent of Outstanding Shares of Class A Stock
Di-Rapallo Holdings Ltd., of 33 Havazelet Hasharon St., Herzliya, Israel	Class A Stock	9,650,132(1)	16.7%
De-Majorca Holdings Ltd., of 33 Havazelet Hasharon St., Herzliya, Israel	Class A Stock	18,850,153(2)	32.7%
Yosef A. Maiman 33 Havazelet Hasharon St., Herzliya, Israel	Class A Stock	33,289,174(1)(2)(3)(4)	57.4%
Ohad Maiman 33 Havazelet Hasharon St., Herzliya, Israel	Class A Stock	28,500,285(1)(2)	49.4%
Noa Maiman 33 Havazelet Hasharon St., Herzliya, Israel	Class A Stock	28,500,285(1)(2)	49.4%
Yoav Maiman 33 Havazelet Hasharon St., Herzliya, Israel	Class A Stock	28,500,285(1)(2)	49.4%
Merhav (M.N.F.) Ltd. 33 Havazelet Hasharon St., Herzliya, Israel	Class A Stock	4,476,389	7.8%

(1) Consists of 9,650,132 shares of Class A Stock held directly by Di-Rapallo Holdings Ltd. Yosef A. Maiman owns 100% of the economic shares and one-fourth of the voting shares of Di-Rapallo Holdings Ltd.. In addition, Mr. Maiman holds an option to acquire the remaining three quarters of the voting shares of Di-Rapallo Holdings Ltd. (which are currently owned by Ohad Maiman, Noa Maiman and Yoav Maiman, the son, daughter and son, respectively, of Mr. Maiman).

(2) Consists of 18,850,153 shares of Class A Stock held directly by De-Majorca Holdings Ltd. Yosef A. Maiman owns 100% of the economic shares and one-fourth of the voting shares of De-Majorca Holdings Ltd.. In addition, Mr. Maiman holds an option to acquire the remaining three quarters of the voting shares of De-Majorca Holdings Ltd. (which are currently owned by Ohad Maiman, Noa Maiman and Yoav Maiman, the son, daughter and son, respectively, of Mr. Maiman).

(3) Includes 312,500 shares of Class A Stock underlying options which are currently exercisable by Mr. Maiman.

(4) Includes 4,476,389 shares of Class A Stock held directly by Merhav (M.N.F.) Ltd. by virtue of Yosef A. Maiman s 100% ownership interest in Merhav (M.N.F.) Ltd.

Q: What percentage of Class A Stock do the directors and officers own?

Security Ownership of Management

The following table sets forth information as of November 14, 2007 as to each class of equity securities of Ampal or any of its subsidiaries beneficially owned by each director and named executive officer of Ampal listed in the Summary Compensation Table above and by all directors and named executive officers of Ampal as a group. All ownership is direct unless otherwise noted. The table does not include directors or named executive officers who do not own any such shares:

Name	Number of Shares and Nature of Beneficial Ownership of Class A Stock	Percent of Outstanding Shares of Class A Stock
Yosef Maiman	33,289,174(1)	57.4%
Irit Eluz	288,500(2)	*
Yoram Firon	211,000(2)	*
Amit Mantsur	69,250(2)	*
Leo Malamud	157,500(2)	*
Dr. Joseph Yerushalmi	120,000(2)	*
Dr. Nimrod Novik	45,000(2)	*
Eitan Haber	53,438(2)	*
Yehuda Karni	53,438(2)	*
Menahem Morag	52,500(2)	*
Giora Bar-Nir	86,000(2)	*
Jack Bigio	150,000	*
All Directors and Executive Officers as a Group	34,575,800(2)	58.5%

* Represents less than 1% of the class of securities.

(1) Attributable to 9,650,132, 18,850,153 and 4,476,389 shares of Class A Stock held directly by Di-Rapallo Holdings Ltd , De-Majorca Holdings Ltd. and Merhav (M.N.F.) Ltd., respectively. See Security Ownership of Certain Beneficial Owners. In addition, this represents 312,500 shares underlying options for Yosef Maiman which are presently exercisable.

(2) Represents shares underlying options which are presently exercisable or exercisable in 60 days.

Q: Have the Company s officers, directors and shareholders filed all appropriate beneficial ownershipreports with the SEC?

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Ampal s executive officers and directors, and persons who own more than 10% of a registered class of Ampal s equity securities, to file with the Securities and Exchange Commission initial statements of beneficial ownership (Form 3), and statements of changes in beneficial ownership (Forms 4 and 5), of Class A Stock of Ampal. To the Company s knowledge, based solely on its review of the copies of such forms received by it, all filing requirements applicable to its executive officers, directors and greater than 10-percent stockholders were complied with, except that Leo Malamud did not timely file a Form 4 reporting the stock option award granted on December 12, 2006.

Q: Does the Company enter into transactions with affiliated parties?

The Company, through Merhav Ampal Energy, Ltd., a wholly-owned subsidiary of the Company, entered into an agreement with Merhav (M.N.F.) Ltd. (Merhav) for the purchase from Merhav a portion of its interest in East Mediterranean Gas Co. S.A.E., an Egyptian joint stock company (EMG). The sole owner of Merhav is Yosef A. Maiman, who is also the Chairman, President and CEO of the Company and a member of the controlling shareholder group of Ampal.

On August 1, 2006 the Company acquired the beneficial ownership of 4.6% of the outstanding shares of EMG s capital stock from Merhav. The transaction was accounted for as a transfer of assets between entities under common control, which resulted in Merhav transferring the investment in EMG to Ampal at carrying value. Due to the nature of Merhav s operations, this entity would be treated as an investment company under US GAAP, and as such, the carrying value of the investment in EMG would equal fair value. On this basis, the 4.6% investment in EMG was transferred to the Company at carrying value, which also equals fair value. The purchase price for the shares was $100.0 million, of which, $50.0 million was paid in cash and the balance was paid in 10,248,002 shares of the Company Class A Stock (based on a purchase price of $4.88 per share) that was accounted for at a fair value of $49.0 million (the fair value was determined based on the average price per share from 2 days before the agreement press release through 2 days after the agreement press release). The issuance of the shares of Class A Stock received the approval of the shareholders of the Company as required by the marketplace rules of the NASDAQ Global Market. As a result of this transaction, the Company beneficially owned 6.6% of the total outstanding shares of EMG. Through August 2008, the purchase price may be adjusted downward should Merhav sell any of its remaining shares of EMG to a third-party purchaser at a purchase price per share lower than the price per share paid by the Company pursuant to the agreement. Additionally, pursuant to the agreement, the Company was granted an option for a period of up to two years to have the right to acquire up to an additional 5.9% of the total outstanding shares of EMG stock.

Yosef A. Maiman, the Chairman, President and CEO of the Company and a member of the Controlling Shareholder Group of the Company, is the sole owner of Merhav. Because of the foregoing relationships, a special committee of the Board of Directors composed of the Company s independent directors, who also constitute all of the members of the Company s Audit Committee, negotiated and approved the transaction. Houlihan Lokey Howard & Zukin Financial Advisors, Inc., which was retained as financial advisor to the special committee, delivered a fairness opinion to the special committee regarding the transaction.

On August 22, 2006, EMG called for additional capital from all of its shareholders. As a result, the Company paid an additional $2.7 million in order to maintain its pro rata beneficial interest in EMG.

On December 21, 2006, the Company acquired the beneficial ownership of an additional 5.9% of the outstanding shares of EMG s capital stock pursuant to an option granted by Merhav in August 2006. The transaction was accounted for as a transfer of assets between entities under common control, which resulted in Merhav transferring the investment in EMG to Ampal at carrying value. Due to the nature of Merhav s operations, this entity would be treated as an investment company under US GAAP, and as such, the carrying value of the investment in EMG would equal fair value. On this basis, the 5.9% investment in EMG was transferred to Ampal at carrying value, which also equals fair value.

The purchase price for the shares was approximately $128.3 million, of which approximately $68.3 million was paid in cash, $40 million was paid in 8,602,151 shares of the Company s Class A Stock and the balance was satisfied by the issuance of a promissory note in the principal amount of $20 million (the Convertible Promissory Note), which, at the option of Merhav, was payable in cash, additional shares of the Company s Class A Stock (based on a price per share of $4.65 per share), or a combination thereof. As permitted under the stock purchase agreement, Merhav assigned its right to the 8,602,151 Shares to De Majorca Holdings Ltd. as part of Merhav s restructuring process. The Convertible Promissory Note bore interest at 6 months LIBOR (5.375%) and matured on September 20, 2007. The Company could have prepaid the Convertible Promissory Note at any time in whole or in part. The maximum number of shares that could have been issued in this transaction (including accrued interest payable through the maturity date on the Convertible Promissory Note) was 13,078,540 shares of Class A Stock. As a result of this transaction, Ampal beneficially owns 12.5% of the total outstanding shares of EMG. The issuance of the 8,602,151 shares and the shares underlying the Convertible Promissory Note received the approval of the shareholders of the Company on February 7, 2007, as required by the marketplace rules of the NASDAQ Global Market. Due to the agreement of the Controlling Shareholder Group to vote in favor of the issuance of these shares to Merhav as of the closing date of the EMG transaction (which ensured that the proposal would be adopted by the requisite shareholder vote on February 7, 2007), the Company classified for accounting purposes the sale of these shares as part of the exchange with Merhav on December 21, 2006, and recognized the $40 million within shareholders equity as Receipt on account of unallocated shares. The investment in EMG is included in the energy segment.

On September 20, 2007 Merhav exercised its option to convert the outstanding balance of $20,815,208 (which includes interest) on the Convertible Promissory Note into 4,476,389 shares of Class A Stock of the Company.

The Board of Directors (including all the independent directors) have approved a transaction with Merhav involving the development of an ethanol producing facility in Colombia. The transaction involves (i) an option for Ampal to purchase a significant equity interest in the ethanol project and (ii) a loan of $20,000,000 to Merhav for financing the purchase of property and other costs and expenses relating to the ethanol project, which loan will be convertible into all or a portion of the equity interest purchased pursuant to the option.

Yosef A. Maiman, the Chairman, President and CEO of the Company and a member of the Controlling Shareholder Group of the Company, is the sole owner of Merhav. Because of the foregoing relationships, a special committee of the Board of Directors composed of the Company s independent directors, who also constitute all of the members of the Company s Audit Committee, negotiates and approves the transactions. Houlihan Lokey Howard & Zukin Financial Advisors, Inc., which was retained as financial advisor to the special committee, advises the special committee on these transactions.

Review and Approval of Transactions with Management and Others

Pursuant to its written charter and the marketplace rules of the NASDAQ Global Market, the Audit Committee, acting as a special committee, must review with management and approve all transactions or courses of dealing with parties related to the Company. In determining whether to approve a related person transaction, the Audit Committee will consider a number of factors including whether the related person transaction is on terms and conditions no less favorable to us than may reasonably be expected in arm s-length transactions with unrelated parties. The Audit Committee has the authority to engage independent legal, financial and other advisors. The Audit Committee has reviewed and approved the terms of each of the transactions described above.

OTHER MATTERS

Other Business

The Board of Directors knows of no business other than that described in this Proxy Statement that will be presented for consideration at the Special Meeting. If other business shall properly come before the Special Meeting, shares represented by valid proxies will be voted on such matters in accordance with the best judgment of the persons named as proxies on the proxy cards, or their duly authorized designees.

Shareholder Proposals

Any holder of Class A Stock who wishes to submit a proposal to be presented at the next annual meeting of shareholders must forward such proposal to the Secretary of the Company at the address in the Notice of Annual Meeting so that it is received by the Company no later than July 23, 2008. Such a proposal must comply with such rules as may be prescribed from time to time by the SEC regarding proposals of security holders.

By Order of the Board of Directors,

YOSEF A. MAIMAN
Chairman of the Board of Directors,
President and Chief Executive Officer

November 20, 2007

Please Mark Here for Address Change or Comments o
SEE REVERSE SIDE

Please mark your votes as indicated in this example X

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSALS 1 and 2.

1. ELECTION OF DIRECTORS

Nominees:	**FOR** all nominees listed to the left (except as marked to the contrary)	**WITHHOLD AUTHORITY** to vote for all nominees listed to the left
01 Y. Maiman 02 J. Bigio 03 L. Malamud 04 J. Yerushalmi 05 N. Novik 06 Y. Karni 07 E. Haber 08 M. Morag	o	o

WITHHELD FOR: (INSTRUCTION: To withhold authority to vote for any individual nominee(s), print the name of such nominee(s) below.)

	FOR	AGAINST	ABSTAIN
2. RATIFICATION OF THE APPOINTMENT OF KESSELMAN & KESSELMAN, A MEMBER FIRM OF PRICEWATERHOUSECOOPERS INTERNATIONAL LIMITED, AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE COMPANY FOR THE FISCAL YEAR ENDING DECEMBER 31, 2007.	o	o	o

3. IN THEIR DISCRETION, UPON ANY OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY ADJOURNMENT(S) OR POSTPONEMENT(S) THEREOF.

Dated: ____________________, 2007

Signature

Signature

Please sign exactly as name appears. In the case of joint tenancies, coexecutors or co-trustees, both should sign. If acting as attorney, executor, administrator, trustee, officer of a corporation, or in other representative capacity, please give full title under signature.

5 **FOLD AND DETACH HERE** 5

Choose **MLink**SM for fast, easy and secure 24/7 online access to your future proxy materials, investment plan statements, tax documents and more. Simply log on to **Investor ServiceDirect**® at www.bnymellon.com/shareowner/isd where step-by-step instructions will prompt you through enrollment.

PROXY

AMPAL-AMERICAN ISRAEL CORPORATION

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Irit Eluz and Yoram Firon, and each of them, as proxy for the undersigned, with full power of substitution, to vote and otherwise represent all of the shares of Class A Stock of Ampal-American Israel Corporation held of record by the undersigned on November 14, 2007, at the Annual Meeting of Shareholders to be held on December 4, 2007, and any adjournment(s) or postponement(s) thereof, with the same effect as if the undersigned were present and voting such shares, on all matters as further described in the accompanying Proxy Statement. By executing this Proxy, the undersigned hereby revokes any proxy previously given with respect to such shares. The undersigned acknowledges receipt of the Notice of Annual Meeting of Shareholders and the accompanying Proxy Statement and Annual Report.

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE SPECIFICATIONS MADE. IF THIS PROXY IS EXECUTED BUT NO SPECIFICATION IS MADE, THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED FOR EACH OF THE BOARD OF DIRECTORS NOMINEES AND FOR PROPOSAL 2. THE PROXIES, IN THEIR DISCRETION, ARE AUTHORIZED TO VOTE UPON ANY OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY ADJOURNMENT(S) OR POSTPONEMENT(S) THEREOF.

(Continued, and to be signed and dated on reverse side.)

Address Change/Comments (Mark the corresponding box on the reverse side)

5 **FOLD AND DETACH HERE** 5

You can now access your Ampal-American Israel Corporation account online.

Access your Ampal-American Israel Corporation shareholder account online via Investor ServiceDirect® (ISD).

The transfer Agent for Ampal-American Israel Corporation, now makes it easy and convenient to get current information on your shareholder account.

View account status	Make address changes
View certificate history	Establish/change your PIN

Visit us on the web at http://www.bnymellon.com/shareowner

For Technical Assistance Call 1-877-978-7778 between 9am-7pm
Monday-Friday Eastern Time

PRINT AUTHORIZATION

To commence printing on this proxy card please sign, date and fax this card to: 732-802-0260

SIGNATURE:____ DATE:_________

O Mark this box if you would like the Proxy Card EDGARized: O ASCII O EDGAR II (HTML)

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