

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended SEPTEMBER 30, 1997

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 0-538

AMPAL-AMERICAN ISRAEL CORPORATION

(Exact name of registrant as specified in its charter)

NEW YORK

13-0435685

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1177 AVENUE OF THE AMERICAS, NEW YORK, NEW YORK

10036

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code

(212) 782-2100

Former name, former address and former fiscal year, if changed since last
report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

The number of shares outstanding of the issuer's Class A Stock, its only authorized common stock, is 23,807,385 (as of October 31, 1997).

AMPAL-AMERICAN ISRAEL CORPORATION

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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

 CONSOLIDATED STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30,	1997	1996

(Dollars in thousands, except per share data) (Unaudited)	(Unaudited)	(Note 2)
REVENUES		
Equity in earnings of affiliates	\$ 17,504	\$ 1,445
Manufacturing (Note 6)	8,450	7,773
Interest:		
Related parties.....	5,991	8,253
Others.....	1,979	1,571
Rental income.....	5,480	8,729
Realized and unrealized gains on investments.....	5,750	1,820
Other.....	1,559	1,540
	-----	-----
Total revenues.....	46,713	31,131
	-----	-----
EXPENSES		
Manufacturing (Note 6).....	9,229	8,823
Interest:		
Related parties.....	1,942	3,021
Others.....	5,545	7,895
Rental property operating expenses.....	2,256	4,291
Loss from impairment of investments.....	977	1,271
Other.....	6,203	5,335
	-----	-----
Total expenses.....	26,152	30,636
	-----	-----
Income from continuing operations before income taxes.....	20,561	495
Provision for income taxes.....	8,663	1,508
	-----	-----
Income (loss) from continuing operations.....	11,898	
(1,013)		
Loss from discontinued operations.....	-	
(2,635)	-----	-----
	-----	-----
NET INCOME (LOSS).....	\$ 11,898	\$
(3,648)	=====	=====
	=====	=====
Earnings (loss) per Class A share (Note 4):		
Earnings (loss) from continuing operations.....	\$.43	
\$(.04)		
Loss from discontinued operations.....	-	
(.09)	-----	-----
	-----	-----
Earnings (loss) per Class A share.....	\$.43	
\$(.13)	=====	=====
	=====	=====
Weighted average number of Class A and equivalent shares outstanding (in thousands).....	27,614	24,613

The accompanying notes are an integral part of the consolidated financial statements.

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

 CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS ENDED SEPTEMBER 30,	1997	1996

(Dollars in thousands, except per share data) (Unaudited)	(Unaudited)	(Note 2)
REVENUES		
Equity in earnings of affiliates.....	\$ 8,293	\$ 97
Manufacturing (Note 6).....	2,164	2,569
Interest:		
Related parties.....	1,666	2,048
Others.....	751	441
Rental income.....	1,773	3,003
Realized and unrealized gains (losses) on investments.....	727	(311)
Other.....	522	596
	-----	-----
Total revenues.....	15,896	8,443
	-----	-----
EXPENSES		
Manufacturing (Note 6).....	2,494	3,368
Interest:		
Related parties.....	650	907
Others.....	1,780	2,011
Rental property operating expenses.....	173	1,408
Loss from impairment of investment.....	-	1,143
Other.....	2,042	2,021
	-----	-----
Total expenses.....	7,139	10,858
	-----	-----
Income (loss) from continuing operations before income taxes.....	8,757	(2,415)
Provision for income taxes.....	4,149	150
	-----	-----
Income (loss) from continuing operations.....	4,608	(2,565)
Loss from discontinued operations	-	(60)
	-----	-----
NET INCOME (LOSS).....	\$ 4,608	\$ (2,625)
	=====	=====
Earnings (loss) per Class A share (Note 4)	\$.17	\$ (.09)
	=====	=====
Weighted average number of Class A and equivalent shares outstanding (in thousands).....	27,616	24,613

The accompanying notes are an integral part of the consolidated financial statements.

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

 CONSOLIDATED BALANCE SHEETS

31, ASSETS AS AT	September 30, 1997	December 1996
(Dollars in thousands)	(Unaudited)	(Note 2)
Cash and cash equivalents.....	\$ 24,273	\$ 20,633
Deposits, notes and loans receivable.....	59,407	57,041
Investments.....	128,313	123,084
Real estate rental property, less accumulated depreciation of \$5,710 and \$6,215 (Note 3).....	28,899	58,199
Property and equipment, less accumulated depreciation of \$2,565 and \$4,041	3,605	5,571
Other assets.....	17,590	19,023
	-----	-----
TOTAL ASSETS.....	\$262,087	\$283,551
	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

 CONSOLIDATED BALANCE SHEETS

LIABILITIES AND 31, SHAREHOLDERS' EQUITY AS AT	September 30, 1997	December 1996
(Dollars in thousands)	(Unaudited)	(Note 2)

LIABILITIES Notes and loans payable:		
Related parties.....	\$ 16,800	\$ 34,005
Others.....	5,854	10,538
Debtentures.....	42,696	57,871
Accounts and income taxes payable, accrued expenses and minority interests.....	35,777	29,017
	-----	-----
Total liabilities.....	101,127	131,431
	-----	-----
SHAREHOLDERS' EQUITY		
4% Cumulative Convertible Preferred Stock, \$5 par value; authorized 189,287 and 650,000 shares; issued and outstanding 184,371 and 190,936 shares.....	922	955
6-1/2% Cumulative Convertible Preferred Stock, \$5 par value; authorized 988,055 and 4,282,850 shares; issued and outstanding 972,333 and 1,002,483 shares.....	4,861	5,012
Class A Stock, \$1 par value; authorized 60,000,000 shares; issued 24,382,695 and 24,256,420 shares; outstanding 23,777,295 and 23,651,020 shares.....	24,383	24,257
Additional paid-in capital.....	57,483	57,410
Retained earnings.....	86,841	74,943
Treasury Stock, 605,400 shares of Class A Stock, at cost.....	(3,829)	
(3,829)		
Cumulative translation adjustments.....	(9,701)	
(6,530)		
Unrealized loss on marketable securities.....	-	
(98)		
	-----	-----
Total shareholders' equity.....	160,960	152,120
	-----	-----
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	 \$262,087	 \$283,551
	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

 CONSOLIDATED STATEMENTS OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30,	1997	1996

(Dollars in thousands)	(Unaudited)	
(Unaudited)		(Note 2)
Cash flows from operating activities:		
Net income (loss).....	\$ 11,898	\$ (3,648)
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in earnings of affiliates.....	(17,504)	(1,445)
Loss from discontinued operations.....	-	2,635
Realized and unrealized gains on investments.....	(5,750)	(1,820)
Depreciation expense.....	1,232	1,526
Amortization expense.....	1,379	2,882
Loss from impairment of investments.....	977	1,271
Minority interests.....	(360)	(379)
Decrease (increase) in other assets.....	760	(1,996)
Increase (decrease) in accounts and income taxes payable, accrued expenses and minority interests.....	7,422	(1,284)
Investments made in trading securities.....	(7,624)	(1,610)
Proceeds from sale of trading securities.....	5,751	2,471
Dividends received from affiliates.....	7,921	-
	-----	-----
Net cash provided by (used in) operating activities.....	6,102	(1,397)
	-----	-----
Cash flows from investing activities:		
Deposits, notes and loans receivable collected.....	13,975	15,527
Deposits, notes and loans receivable granted.....	(993)	(3,453)
Investments made in:		
Available-for-sale securities.....	-	(228)
Affiliates and others.....	(7,449)	(5,107)
Proceeds from sale of investments:		
Available-for-sale securities.....	1,537	-
Others.....	16,768	5,362
Proceeds from sale of real estate rental property.....	15,046	-
Purchase of property and equipment.....	(843)	(494)
Purchase of real estate rental property.....	(1,018)	(895)
	-----	-----
Net cash provided by investing activities.....	37,023	10,712
	-----	-----

The accompanying notes are an integral part of the consolidated financial statements.

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

 CONSOLIDATED STATEMENTS OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30,	1997	1996

(Dollars in thousands)	(Unaudited)	
(Unaudited)		(Note 2)
Cash flows from financing activities:		
Notes and loans payable received:		
Related parties.....	\$ 1,244	\$ 1,053
Others.....	590	5,535
Notes and loans payable repaid:		
Related parties.....	(18,701)	
(4,606)		
Others.....	(4,959)	
(1,573)		
Debentures repaid.....	(16,204)	
(16,237)		
	-----	-----
Net cash (used in) financing activities.....	(38,030)	
(15,828)		
	-----	-----
Effect of exchange rate changes on cash and		
cash equivalents.....	(1,455)	
(1,781)		
	-----	-----
Net increase (decrease) in cash and cash		
equivalents.....	3,640	
(8,294)		
Cash and cash equivalents at beginning of		
period.....	20,633	25,734
	-----	-----
Cash and cash equivalents at end of period.....	\$ 24,273	\$ 17,440
	=====	=====
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period:		
Interest:		
Related parties.....	\$ 968	\$ 1,800
Others.....	2,933	3,073
	-----	-----
Total interest paid.....	\$ 3,901	\$ 4,873
	=====	=====
Income taxes paid.....	\$ 568	\$ 2,844
	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

NINE MONTHS ENDED SEPTEMBER 30,	1997	1996
(Dollars in thousands, except share amounts) (Unaudited)	(Unaudited)	
4% PREFERRED STOCK		
Balance, beginning of year.....	\$ 955	\$ 995
Conversion of 6,565 and 3,507 shares into Class A Stock..... (17)	(33)	
Balance, end of period.....	\$ 922	\$ 978
6-1/2% PREFERRED STOCK		
Balance, beginning of year.....	\$ 5,012	\$ 5,263
Conversion of 30,150 and 35,228 shares into Class A Stock..... (176)	(151)	
Balance, end of period.....	\$ 4,861	\$ 5,087
CLASS A STOCK		
Balance, beginning of year.....	\$ 24,257	\$ 21,066
Issuance of shares upon conversion of Preferred Stock.....	123	123
Issuance of additional shares.....	3	-
Balance, end of period.....	\$ 24,383	\$ 21,189
COMMON STOCK		
Balance, beginning of year.....	\$ -	\$ 3,000
Balance, end of period.....	\$ -	\$ 3,000
ADDITIONAL PAID-IN CAPITAL		
Balance, beginning of year.....	\$ 57,410	\$ 57,310
Conversion of Preferred Stock.....	61	70
Issuance of additional shares.....	12	-
Balance, end of period.....	\$ 57,483	\$ 57,380
RETAINED EARNINGS		
Balance, beginning of year.....	\$ 74,943	\$ 85,559
Net income (loss)..... (3,648)	11,898	
Balance, end of period.....	\$ 86,841	\$ 81,911
CUMULATIVE TRANSLATION ADJUSTMENTS		
Balance, beginning of year..... (4,354)	\$ (6,530)	\$
Foreign currency translation adjustment..... (1,749)	(3,171)	
Balance, end of period..... (6,103)	\$ (9,701)	\$
UNREALIZED LOSS ON MARK		
Balance, beginning of year..... (595)	\$ (98)	\$
Unrealized gain, net.....	98	40

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. As used in these financial statements, the term "Company" refers to Ampal-American Israel Corporation ("Ampal") and its consolidated subsidiaries.

2. The December 31, 1996 consolidated balance sheet presented herein was derived from the audited December 31, 1996 consolidated financial statements of the Company.

Reference should be made to the Company's consolidated financial statements for the year ended December 31, 1996 for a description of the accounting policies which have been continued without change. Also, reference should be made to the notes to the Company's December 31, 1996 consolidated financial statements for additional details of the Company's consolidated financial condition, results of operations and cash flows. The details in those notes have not changed except as a result of normal transactions in the interim. Certain amounts in the 1996 consolidated financial statements have been reclassified to conform with the current period's presentation. All adjustments (of a normal recurring nature) which are, in the opinion of management, necessary for a fair presentation of the results of the interim period have been included.

3. On January 31, 1997, the Company sold to the Government of Israel (the "Government") for \$31 million a condominium unit in the 290,000 square-foot office building located at 800 Second Avenue, New York, New York which is occupied by the Government. As a result of this transaction, the Company recorded a loss of \$1.1 million (\$.6 million net of taxes) in its December 31, 1996 financial statements.

4. In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 128, Earnings Per Share. This statement establishes standards for computing and presenting earnings per share ("EPS"), replacing the presentation of currently required Primary EPS with a presentation of Basic EPS. For entities with complex capital structures, the statement requires the dual presentation of both Basic EPS and Diluted EPS on the face of the Statement of Income. Under this new standard, Basic EPS is computed based on the weighted average number of shares actually outstanding during the period. Diluted EPS includes the effect of potential dilution from the conversions of 6-1/2% and 4% Preferred Stocks to Class A Stock. SFAS No. 128 is effective for financial statements issued for periods ending after December 15, 1997, and earlier application in the interim financial statements is not permitted. When adopted, the Company will be required to restate its EPS data for all prior periods presented.

Had the Company applied the principles of SFAS No. 128, earnings per share data on a pro forma basis would be as follows:

Nine months ended September 30,	1997 ----	1996 ----
Basic EPS:		
Earnings (loss) from continuing operations.. (.05)	\$.50	\$
Loss from discontinued operations..... (.11)	-	
	-----	-----
Earnings (loss) per Class A share..... (.16)	\$.50	\$
	=====	=====

Nine months ended September 30,	1997	1996
	----	----
Diluted EPS:		
Earnings (loss) from continuing operations..	\$.42	\$
(.05)		
Loss from discontinued operations.....	-	
(.09)		
	-----	-----
Earnings (loss) per Class A share.....	\$.42	\$
(.14)		
	=====	=====
Shares used in calculation (in thousands):		
Basic EPS.....	23,722	23,524
Diluted EPS.....	27,614	27,613
Three months ended September 30,	1997	1996
	----	----
Basic EPS:		
Earnings (loss) per Class A share.....	\$.19	\$
(.12)		
	=====	=====
Diluted EPS:		
Earnings (loss) per Class A share.....	\$.16	\$
(.10)		
	=====	=====
Shares used in calculation (in thousands):		
Basic EPS.....	23,767	23,566
Diluted EPS.....	27,616	27,613

5. On May 8, 1997, the Company sold all of its direct holdings in Orlite Industries (1959) Ltd. ("Orlite") and a wholly-owned subsidiary which held a separate interest in Orlite to Investment Company of Bank Hapoalim for an aggregate purchase price of \$5.3 million plus interest. The Company recorded a gain on sale of \$.3 million in its June 30, 1997 consolidated financial statements.

6. On June 26, 1997, the main factory of the Company's 85%-owned subsidiary, Paradise Industries Ltd. ("Paradise"), was heavily damaged by a fire and has been closed since then. Paradise carries both fire damage and business interruption insurance covering the factory. Paradise was, however, able to resume its activities at the end of the third quarter by assembling mattresses and sofa beds out of its newly-built assembly plant rather than manufacturing them. Paradise uses imported and domestically produced components in its assembly process. Paradise expects to reach a settlement with its insurance company by the end of the year. It is too early to determine the amount of such settlement at this time, and there is no assurance that such settlement will be reached.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

RESULTS OF OPERATIONS

**NINE MONTHS ENDED SEPTEMBER 30, 1997 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30,
1996:**

Consolidated income from continuing operations increased to \$11.9 million for the nine-month period ended September 30, 1997, from a \$1 million loss for the same period in 1996. The increase resulted primarily from the increases in equity in earnings of affiliates, realized and unrealized gains on investments, and net interest income in 1997 as compared to net interest expense in 1996.

Equity in earnings of affiliates increased from \$1.4 million for the nine months ended September 30, 1996, to \$17.5 million for the same period in 1997. The increase is primarily attributable to the significantly improved earnings of Ophir Holdings Ltd. ("Ophir"), the Company's 42.5%-owned affiliate, which is a holding company with interests in high technology and real estate companies, and to increased earnings of Coral World International Ltd. ("CWI"), the Company's 50%-owned affiliate, which owns and operates marine parks in Eilat (Israel) and Perth and Manly (Australia). The increase in Ophir's 1997 earnings resulted from the realized and unrealized gains on its investment in Teledata Communications Ltd. ("Teledata"), a gain on sale of office and commercial real estate located in Petach Tikva, Israel and lower interest expense which resulted from repayments of loans.

CWI reported earnings in 1997 as compared to losses it incurred in the nine-month period ended September 30, 1996. The losses recorded by CWI in 1996 were primarily attributable to the company's investments in marine parks in Nassau (Bahamas) and St. Thomas (U.S. Virgin Islands), which were sold in September 1996 and April 1997, respectively.

The increases noted above were partially offset by the losses recorded by the Company's 50%-owned affiliate, Trinet Venture Capital Ltd. ("Trinet"), a high-technology venture capital fund which recorded unrealized losses on its investments in the nine months ended September 30, 1997 as compared to unrealized gains in the same period in 1996, and losses of Carmel Container Systems Limited ("Carmel"), the Company's 20.7%-owned affiliate, which is a manufacturer of paper-board packaging and related products. Carmel recorded losses in the nine months ended September 30, 1997 as compared to earnings in the same period in 1996 primarily because of a decrease in sales volume as a result of the economic slowdown in Israel, a decrease in sales prices as a result of escalating competition, an increase in costs associated with the running-in of a new plant and the one-time expenses incurred with respect to the closing of old plants.

In the nine months ended September 30, 1997, the Company recorded \$4.2 million of gains on sale of investments, \$2.9 million of which is attributable to its direct investment in Teledata, as compared to \$1.7 million of gains on sale of investments, including \$.9 million with respect to Teledata, recorded in the same period in 1996.

The Company also recorded \$1.6 million of unrealized gains on investments which are classified as trading securities as compared to \$.1 million of unrealized gains on investments in trading securities in the same period in 1996. At September 30, 1997 and December 31, 1996, the aggregate fair value of trading securities amounted to approximately \$9 million and \$4.7 million, respectively.

The Company recorded net interest income in the nine months ended September 30, 1997, as compared to net interest expense in the same period in 1996. The increase in net

interest income is primarily attributable to debt reduction in connection with the sale of a condominium unit in an office building ("800 Second Avenue") located at 800 Second Avenue New York, New York. See Liquidity and Capital Resources.

On June 26, 1997, the main factory of the Company's 85%-owned subsidiary, Paradise Industries Ltd. ("Paradise"), was heavily damaged by a fire and has been closed since then. Paradise carries both fire damage and business interruption insurance covering the factory. Paradise was, however, able to resume its activities at the end of the third quarter by assembling mattresses and sofa beds out of its newly-built assembly plant rather than manufacturing them. Paradise uses imported and domestically produced components in its assembly process. Paradise expects to reach a settlement with its insurance company by the end of the year. It is too early to determine the amount of such settlement at this time, and there is no assurance that such settlement will be reached.

In 1997, the Company recorded a \$1 million loss from impairment of its investment in a distribution software company. In the nine-month period ended September 30, 1996 the Company recorded a \$1.3 million loss from impairment of its investment in M.D.F. Industries Ltd. ("M.D.F.").

The decreases in rental income and rental property operating expenses are attributable to the sale of a condominium unit in 800 Second Avenue.

The change in the effective income tax rate in 1997 as compared to 1996 is mainly attributable to the losses of certain Israeli subsidiaries in 1996 for which no tax benefits were available.

THREE MONTHS ENDED SEPTEMBER 30, 1997 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 1996:

Consolidated income from continuing operations increased to \$4.6 million for the three-month period ended September 30, 1997, from a \$2.6 million loss for the same period in 1996. The increase in income resulted primarily from the increases in equity in earnings of affiliates, realized and unrealized gains on investments, the loss from impairment of the Company's investment in M.D.F. recorded in the third quarter of 1996 and lower net interest expense in 1997 as compared to the same period in 1996.

Equity in earnings of affiliates increased from \$.1 million for the three months ended September 30, 1996, to \$8.3 million for the same period in 1997. The increase is primarily attributable to the improved earnings of Ophir which recorded realized and unrealized gains on its investment in Teledata and lower interest expense.

In the quarter ended September 30, 1997, the Company recorded \$.1 million of gains on sale of investments, as compared to \$.6 million of gains on sale of investments which are primarily attributable to its direct investment in Teledata recorded in the same period in 1996.

The Company also recorded \$.6 million of unrealized gains on investments which are classified as trading securities in the three-month period ended September 30, 1997, as compared to \$.9 million of unrealized losses on investments in trading securities in the same period in 1996.

The Company recorded lower net interest expense in the three months ended September 30, 1997, as compared to the same period in 1996. See Discussion on Results of Operations - Nine months ended September 30, 1997 compared to nine months ended September 30, 1996.

The decreases in rental income and rental property operating expenses are attributable to the sale of a condominium unit in 800 Second Avenue.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 1997, cash and cash equivalents were approximately \$24.3 million as compared with approximately \$20.6 million at December 31, 1996. In addition, Ampal had approximately \$7.5 million of highly liquid interest bearing securities included in the investments caption at September 30, 1997 as compared with \$14.5 million at December 31, 1996.

The significant factors which affected the Company's cash flow were as follows:

Scheduled debenture redemptions amounted to approximately \$16 million. For the balance of 1997, scheduled debenture redemptions aggregate approximately \$1.1 million.

The Company received \$14 million in repayment of deposits and notes and loans receivable.

In September 1997, the Company received a \$7.9 million dividend from Ophir Holdings Ltd.

In 1997, the Company made several new investments in the high-technology field aggregating \$6.2 million, notably (1) a \$1 million investment in UNIC View Ltd., a manufacturer and marketer of a liquid screen display projector for video, large-screen television and computer projection systems and a developer of a new projector engine for home use, (2) a \$.75 million investment in FundTech Ltd., a developer of software for worldwide banking institutions to facilitate fund transfers, (3) a \$1 million investment in NKO, Inc., a developer of low-cost facsimile transmission services, (4) a \$.4 million investment for approximately 12% of X-Acct Technologies Ltd., a developer of billing, auditing and accounting software for TCP/IP networks which allows such networks to generate reports of network transactions and services by treating them exactly like telephone calls,

(5) a \$2 million investment in PowerDsine, a developer, manufacturer and marketer of innovative modules and components for the telecommunications industry and (6) a \$.5 million investment for 24.99% of Ortek Ltd., a developer and manufacturer of electro-optical devices and systems for the military and civilian markets. Ortek is a subsidiary of ELOP Electro-Optical Industries Ltd., the industry leader in electro-optics in Israel.

On November 3, 1997, the Company invested \$1.25 million to acquire approximately 12% of Shiron Satellite Communications (1996) Ltd., a developer of satellite modems which achieve high data rates, designed to answer the requirements of satellite data and voice applications such as rural telephone, video conferencing and other applications. In addition, Shiron is developing a two-way fast Internet access via satellite system. The Company has preliminarily agreed, subject to execution of a formal agreement, to invest \$2 million to acquire approximately 10% of Shellcase Ltd., an Israeli company which has developed a packaging process for computer chips. These packages are the smallest available to the computer industry.

On January 31, 1997, the Company sold a condominium unit in 800 Second Avenue to the Government of Israel (the "Government") for \$31 million. At that time the Government paid \$15 million and gave the Company a note for the remaining \$16 million which is payable on January 30, 1998. The decrease in real estate rental property and notes and loans payable are primarily attributable to the aforementioned sale.

As a result of the improvement in the Company's earnings in 1997 together with its significant reduction of debt, the Company's debt to equity ratio has decreased from .67 to 1 at December 31, 1996, to .41 to 1 at September 30, 1997.

RECENTLY ISSUED ACCOUNTING STANDARDS

In February 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 128, Earnings Per Share. This statement establishes standards for computing and presenting earnings per share

("EPS"), replacing the presentation of currently required primary EPS with a presentation of Basic EPS. For entities with complex capital structures, the statement requires the dual presentation of both Basic EPS and Diluted EPS on the face of the statement of income. Under this new standard, Basic EPS is computed based on the weighted average number of shares actually outstanding during the period. Diluted EPS includes the effect of potential dilution from the conversions of 6-1/2% and 4% Preferred Stocks to Class A Stock. SFAS No. 128 is effective for financial statements issued for periods ending after December 15, 1997, and earlier application is not permitted. When adopted, the Company will be required to restate its EPS data for all prior periods presented. The Company reflected the effect of adoption of SFAS No. 128, on a pro forma basis, in Note 4 to its September 30, 1997 consolidated financial statements.

In June 1997, the FASB issued SFAS No. 130, Reporting Comprehensive Income. This statement establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements. This statement requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. This statement does not require a specific format for that financial statement but requires that an enterprise display an amount representing total comprehensive income for the period in that financial statement. SFAS No. 130 is effective for fiscal years beginning after December 15, 1997 with earlier application permitted. When adopted, the Company will be required to reclassify financial statements for all prior periods presented. The Company does not plan to adopt SFAS No. 130 prior to the effective date.

AMPAL-AMERICAN ISRAEL CORPORATION

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS - None.

Item 2. CHANGES IN SECURITIES AND USE OF PROCEEDS - None.

Item 3. DEFAULTS UPON SENIOR SECURITIES - None.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS - None.

Item 5. OTHER INFORMATION - Pursuant to an agreement dated September 9, 1997 (with an effective date of January 1, 1997) between Mr. Raz Steinmetz and Ampal Industries (Israel) Limited, a wholly-owned subsidiary of Ampal, Mr. Steinmetz agreed to devote not less than 50% of his business time to Ampal-related matters. As compensation, Mr. Steinmetz will receive \$100,000 per annum plus benefits. Mr. Steinmetz's agreement is attached hereto as Exhibit 10. Mr. Steinmetz is a director of Ampal and Chairman of Ampal's Executive Committee. He is also an executive officer and director of Rebar Financial Corp., Ampal's principal shareholder.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Index to Exhibits:

Exhibit 3a - Amended and Restated Certificate of Incorporation of Ampal dated May 28, 1997 (filed as Exhibit 3a to Form 10-Q for the quarter ended June 30, 1997 and incorporated herein by reference. File No. 0-538)

Exhibit 3b - By-Laws of Ampal as amended on September 10, 1997..... Page 17

Exhibit 10 - Agreement dated September 9, 1997, between Ampal Industries (Israel) Limited and Raz Steinmetz..... Page 45

Exhibit 11 - Schedule Setting Forth Computation of Earnings Per Class A Share..... Page 47

Exhibit 27 - Financial Data Schedule.

(b) Reports on Form 8-K. No Reports on Form 8-K were filed between July 1, 1997 and September 30, 1997.

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMPAL-AMERICAN ISRAEL CORPORATION

BY: /s/ Yehoshua Gleitman

Yehoshua Gleitman
Chief Executive Officer
(Principal Executive Officer)

BY: /s/ Alan L. Schaffer

Alan L. Schaffer
Vice President - Finance
and Treasurer
(Principal Financial Officer)

BY /s/ Alla Kanter

Alla Kanter
Vice President - Accounting
and Controller
(Principal Accounting
Officer)

Dated: November 14, 1997

AMPAL-AMERICAN ISRAEL CORPORATION

Exhibit Index

Exhibit No.	Description	
3a	Amended and Restated Certificate of Incorporation of Ampal dated May 28, 1997 (filed as Exhibit 3b to Form 10-Q for the quarter ended June 30, 1997 and incorporated herein by reference. File No. 0-538)	
17	3b By-Laws of Ampal as amended on September 10, 1997....	Page
45	10 Agreement dated September 9, 1997, between Ampal Industries (Israel) Limited and Raz Steinmetz..	Page
47	11 Schedule Setting Forth Computation of Earnings Per Share of Class A Stock.....	Page
27	Financial Data Schedule.	

EXHIBIT 3b

BY-LAWS

OF

AMPAL-AMERICAN ISRAEL CORPORATION

ARTICLE I

OFFICES

Section 1.1 OFFICES. The principal office of the corporation shall be located in the City, County and State of New York; other offices, either within or without the State of New York, shall be at such place or places as the Board of Directors may from time to time determine or the business of the corporation requires.

ARTICLE II

SHAREHOLDERS

Section 2.1 ANNUAL MEETINGS. Annual meetings of the shareholders for the election of directors and for transaction of other business shall be held at such time and on such date as shall be designated by the Board of Directors, at the principal office of the corporation in the State of New York or at such other place within or without the State of New York as shall be designated by the Board of Directors and specified in the notice of each such meeting.

Section 2.2 SPECIAL MEETINGS OF SHAREHOLDERS. Special meetings of the shareholders may be held either within or without the State of New York, at any time and place and for any purpose or purposes, unless otherwise prescribed by law or by the Certificate of Incorporation, and shall be called by the Chief Executive Officer, President or Secretary or by any officer of the corporation, by order of the Board of Directors, or upon the request in writing of shareholders representing at least 25% of the voting power of the outstanding shares entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 2.3 NOTICE OF MEETINGS. Notice of all meetings of shareholders shall be in writing, shall state the place, date and hour of the meeting and, except in the case of the annual meeting, indicate that it is being issued by or at the direction of the person or persons calling the meeting. Notice of any special meeting shall also state the purpose or purposes for which the meeting is called. If, at any meeting, action is proposed to be taken which would, if taken, entitle shareholders fulfilling the statutory requirements to receive payment for their shares, the notice of such meeting shall include a statement of that purpose and to that effect. A copy of the notice of any meeting shall be given, personally or by mail, not less than ten nor more than fifty days before the date of the

meeting to each shareholder entitled to vote at such meeting. If mailed, such notice shall be deemed given when deposited in the United States mail, with postage thereon prepaid, directed to the shareholder at his address as it appears on the record of shareholders, or, if he shall have filed with the Secretary of the corporation a written request that notices to him be mailed to some other address, then directed to him at such other address.

Section 2.4 ADJOURNED MEETINGS. The shareholders present at a meeting of shareholders may adjourn the meeting despite the absence of a quorum. Notice of any adjourned meeting of the shareholders shall not be required, if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, but if after the adjournment the Board of Directors fixes a new record date for the adjourned meeting, notice of the adjourned meeting shall be given to each shareholder of record on the new record date entitled to notice.

Section 2.5 FIXING RECORD DATE. The Board of Directors may fix, in advance, a date as the record date for the purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to or to dissent from any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividend or the allotment of any

rights, or for the purpose of any other action. Such date shall be not more than fifty nor less than ten days before the date of such meeting, nor more than fifty days prior to any other action. If no record date is fixed, the record date for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of the business day preceding the day on which notice is given; the record date for determining shareholders for any purpose other than that specified in the preceding clause shall be at the close of business on the day on which the resolution of the directors relating thereto is adopted.

Section 2.6 QUORUM. Except as otherwise provided by law, by the Certificate of Incorporation, or by these By-Laws, the holders of record of one-third of the shares entitled to vote at any meeting of shareholders, present in person or by proxy shall be necessary to constitute a quorum for the transaction of any business. When a quorum is once present to organize a meeting of shareholders, it is not broken by the subsequent withdrawal of any of the shareholders.

Section 2.7 VOTE OF SHAREHOLDERS. Except as otherwise required by law, at any meeting at which a quorum is present, all elections shall be had and all questions decided by a plurality of the votes cast by the shareholders so present in person or represented by proxy or, in cases where any class of stock votes

as a class, by a plurality of the votes cast by the holders of such class of stock so present in person or by proxy. All voting shall be by voice vote unless the person presiding at the shareholders' meeting shall direct that the vote be by written ballot, or the owners and holders of not less than 20% of the shares entitled to vote shall in writing demand that the vote in question be by ballot.

Section 2.8 PROXIES. Every shareholder entitled to vote at a meeting of the shareholders or to express consent or dissent without a meeting may authorize another person to act for him by proxy. Every proxy must be in writing and signed by the shareholder or his attorney-in-fact, and no proxy shall be valid after the expiration of eleven months from the date thereof, unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the shareholder executing it, except as otherwise provided by law.

Section 2.9 LIST OF SHAREHOLDERS AT MEETINGS. A list of shareholders as of the record date, certified by the Secretary or other officer responsible for its preparation or by the transfer agent, shall be produced at any meeting of shareholders upon the request thereat or prior thereto of any shareholder. If the right to vote at any meeting is challenged, the inspectors of election, if any, or person presiding thereat, shall require such list of shareholders to be produced as evidence of the right of

the persons challenged to vote at such meeting, and all persons who appear from such list to be shareholders entitled to vote thereat may vote at such meeting.

Section 2.10 INSPECTORS AT SHAREHOLDERS' MEETING. The Board of Directors, in advance of any shareholders' meeting, may appoint one or more inspectors to act at the meeting or any adjournment thereof. If inspectors are not so appointed, the person presiding at a shareholders' meeting may, and on the request of any shareholder entitled to vote thereat shall, appoint one or more inspectors. In case any person appointed fails to appear or act, the vacancy may be filled by appointment made by the Board in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability.

Section 2.11 WAIVER OF NOTICE. Notice of a shareholders' meeting need not be given to any shareholder who submits a signed waiver of notice, in person or by proxy, whether before or after the meeting. The attendance of any shareholder at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him.

Section 2.12 WRITTEN CONSENT OF SHAREHOLDERS WITHOUT A MEETING. Any shareholder action required as permitted by law, the Certificate of Incorporation or these By-Laws, to be taken by vote may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of all outstanding shares entitled to vote thereon.

ARTICLE III

DIRECTORS

Section 3.1 POWERS OF THE BOARD OF DIRECTORS. Except as otherwise provided by law, by the Certificate of Incorporation or by these By-Laws, the property, business and affairs of the corporation shall be managed by the Board of Directors (sometimes hereinafter referred to as the "Board").

Section 3.2 NUMBER, ELECTION, TENURE AND QUALIFICATIONS OF DIRECTORS. Until changed by amendment to these By-Laws or resolution of the Board of Directors the number of directors shall be not less than 3 nor more than 29 members, with the actual number of members of the Board of Directors to be set from time to time by resolution of the Board of Directors. Such an amendment or resolution shall require the affirmative vote of a majority of the entire Board. Directors need not be shareholders. Except as otherwise provided by law or these By-Laws, the directors shall be elected at the annual meetings of the

shareholders, and each director shall hold office until the next annual meeting of shareholders and until his successor has been elected and qualified. No decrease in the number of directors by amendment of these By-Laws shall shorten the term of any incumbent director.

Section 3.3 NEWLY CREATED DIRECTORSHIPS AND VACANCIES. Newly created directorships resulting from an increase in the authorized number of directors and vacancies occurring in the Board through death, resignation or disqualification or for any other reason, including the removal of directors without cause, may be filled by the vote of a majority of the directors then in office, although less than a quorum exists, or by the shareholders, and the directors so chosen shall hold office until the next annual meeting of shareholders and until their successors shall be duly elected and qualified unless sooner displaced.

Section 3.4 REGULAR MEETINGS. Regular meetings of the Board of Directors may be held without call or formal notice at such place either within or without the State of New York, and at such times as the Board may by vote from time to time determine. There shall be a regular meeting of the Board of Directors which may be held without call or formal notice immediately after and at the same place as the annual meeting of the shareholders or any special meeting of the shareholders at which a Board of

Directors is elected.

Section 3.5 SPECIAL MEETINGS. Special meetings of the Board of Directors may be held at any place within or without the State of New York at any time when called by the Chief Executive Officer, the President or Secretary or two or more directors, notice of the time and place thereof being given to each director by leaving such notice with him at his residence or usual place of business or by mailing, cabling, telegraphing or telexing it, prepaid, addressed to him at his post office address as it appears on the books of the corporation, at least two days before the meeting. Notice shall be deemed given when sent in accordance with these By-Laws. Neither the call, notice nor waiver of notice need specify the purpose of any special meeting of the Board of Directors.

Section 3.6 QUORUM. One-third of the entire Board of Directors shall constitute a quorum, but in no case less than two directors. A majority of the directors present, whether or not a quorum exists, may adjourn a meeting to another time and place without further notice until a quorum shall attend.

Section 3.7 ACTION BY THE BOARD OF DIRECTORS. The vote of a majority of the directors present at the time of the vote, if a quorum is present at such time, shall be the act of the Board, except where a larger vote is required by law, by the Certificate of Incorporation or these By-Laws.

Section 3.8 COMPENSATION OF DIRECTORS. The Board of Directors shall have authority to fix the compensation of directors for services in any capacity.

Section 3.9 RESIGNATION AND REMOVAL OF DIRECTORS.

(a) Any director may resign at any time by giving written notice thereof to the Chief Executive Officer, the President or to the Board of Directors, and such resignation shall take effect at the time therein specified without the necessity of further action by the Board.

(b) Any director elected by the holders of the Preferred Stock of the corporation voting as a separate class may be removed with or without cause by vote of the holders of the class of stock electing such director at a meeting. Any other director may be removed with or without cause by vote of the shareholders at a meeting or for cause by vote of the Board of Directors at a meeting.

Section 3.10 INTERESTED DIRECTORS.

(a) Unless previously disclosed or otherwise known, each director of the corporation shall inform the Board or the committee thereof considering any contract or other transaction with any other corporation, firm, association or entity if such director is a director or officer of such other corporation, firm, association or other entity or has a substantial financial interest therein;

(b) No contract or other transaction between the corporation and one or more of its directors, or between the corporation and any other corporation, firm, association or other entity in which one or more of its directors are directors or officers, or have a substantial financial interest, shall be either void or voidable for this reason alone or by reason alone that such director or directors are present at the meeting of the Board, or of a committee thereof, which approves such contract or transaction, or that his or their votes are counted for such purpose:

(1) If the material facts as to such director's interest and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the Board or committee, and the Board or committee approves such contract or transaction by a vote sufficient for such purpose without counting the vote or votes of such interested director or directors or, if the votes of the disinterested directors are insufficient to constitute an act of the Board as provided by law, by unanimous vote of the disinterested directors; or

(2) If the material facts as to such director's interest and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the shareholders entitled to vote thereon, and such

contract or transaction is approved by vote of such shareholders.

(3) If there is no good faith disclosure of the material facts as to the director's interest in the contract or transaction and if there is no knowledge of such interest, or if the vote of such interested director was necessary for the approval of such contract or transaction at a meeting of the Board or committee at which it was approved, and the party or parties thereto shall establish affirmatively that the contract or transaction was fair and reasonable as to the corporation at the time it was approved by the Board or committee or the Shareholders.

(c) Interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which approves such contract or transaction.

Section 3.11 WAIVER OF NOTICE. Notice of a meeting need not be given to any director who signed a waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him.

Section 3.12 THE ENTIRE BOARD OF DIRECTORS. As used in these By-Laws the term "the entire Board of Directors" or "the entire Board" means the number of directors the Board would have if there were no vacancies.

Section 3.13 PARTICIPATION AT MEETINGS BY USE OF COMMUNICATIONS EQUIPMENT. Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or a committee thereof by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 3.14 CONSENT IN LIEU OF MEETING. Unless otherwise restricted by the certificate of incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent in writing to the adoption of a resolution authorizing the action and the resolution and the written consents thereto are filed with the minutes of the proceedings of the Board or committee.

ARTICLE IV
EXECUTIVE COMMITTEE AND OTHER COMMITTEES
OF THE BOARD

Section 4.1 HOW CONSTITUTED AND POWERS. The Board of Directors, by resolution adopted by a majority of the entire Board, may designate from among its members an Executive

Committee and other committees, each consisting of three or more directors. No such committee shall have authority as to the following matters:

- (1) The submission to shareholders of any action that needs shareholders' authorization by law.
- (2) The filling of vacancies in the Board of Directors or in any committee.
- (3) The fixing of compensation of the directors for serving on the Board or on any committee.
- (4) The amendment or repeal of By-Laws, or the adoption of new By-Laws.
- (5) The amendment or repeal of any resolution of the Board which by its terms shall not be so amendable or repealable.

Except as provided above and except to the extent the Board, by resolution, withholds from or denies to the Executive Committee any power or authority, the Executive Committee shall have all the authority of the Board of Directors. Except as provided above, each other committee designated by the Board of Directors shall have such authority as is specifically delegated to it by resolution of the Board of Directors.

Section 4.2 ALTERNATE COMMITTEE MEMBERS. The Board may designate one or more directors as alternate members of any committee established under this Article, who may replace any

absent member or members at any meeting of such committee.

Section 4.3 ORGANIZATION, ETC. The Executive Committee (or other committee established under this Article) may choose its own Chairman and Secretary and shall keep minutes of all of its acts and proceedings and report the same from time to time to the Board of Directors.

Section 4.4 MEETINGS. Regular meetings of the Executive Committee (or other committee established under this Article), of which no notice shall be necessary, shall be held at such times and in such places as shall be fixed by a majority of the Committee. Special meetings of the Committee shall be called at the request of any member of the Committee. Notice of each special meeting of the Committee shall be sent by mail, telegraph, cable or wireless or telephone not later than the day before the date on which the meeting is to be held. Notice of any such meeting need not be given to any member of the Committee, however, if waived by him in writing or by telegraph, cable or wireless, before or after the meeting; and any meeting of the Committee shall be a legal meeting without notice thereof having been given, if all the members of the Committee shall be present thereat.

Section 4.5 QUORUM AND MANNER OF ACTING. A majority of the Executive Committee (or other committee established under this Article), shall constitute a quorum for the transaction of

business, and the act of a majority of those present at the meeting at which a quorum is present shall be the act of the Executive Committee.

Section 4.6 GENERAL. Each committee established by the Board of Directors shall serve at the pleasure of the Board of Directors, which may fill vacancies in any such committee.

ARTICLE V

OFFICERS

Section 5.1 AUTHORIZED OFFICERS. The officers of the corporation shall be a Chairman of the Board of Directors, a Chief Executive Officer, a President, one or more Vice-Presidents, a Secretary, a Treasurer and a Controller, and such other officers, including one or more Assistant Vice-Presidents, Assistant Secretaries, Assistant Treasurers and Assistant Controllers, as the Board may from time to time determine as the business of the corporation may require. The President shall be chosen from among the directors, but no other officer need be a director. One person may hold the office of, and perform the duties of, any one or more of the above mentioned positions, except those of President and Secretary or Assistant Secretary.

Section 5.2 ELECTION OR APPOINTMENT AND TERM OF OFFICE. The officers of the corporation shall be elected by the Board of Directors and, except as otherwise provided by these By-Laws,

shall hold office until the first meeting of the Board following the next annual meeting of shareholders and until his successor has been elected or appointed and qualified.

Section 5.3 RESIGNATION AND REMOVAL. Any officer may resign at any time by giving written notice thereof to the Chief Executive Officer, President or to the Board of Directors, and such resignation shall take effect at the time therein specified. Any officer may be removed from office, with or without cause by a vote of a majority of the entire Board of Directors.

Section 5.4 VACANCIES. A vacancy occurring in any office shall be filled by the Board of Directors.

Section 5.5 COMPENSATION. Each officer shall receive such salary as compensation as may be determined by the Board of Directors, and no officer shall be prevented from receiving such compensation by reason of the fact that he is also a director of the corporation.

Section 5.6 CHAIRMAN OF THE BOARD OF DIRECTORS. The Chairman of the Board of Directors shall, when present, preside at all meetings of the shareholders and the Board of Directors.

Section 5.7 CHIEF EXECUTIVE OFFICER. The Chief Executive Officer of the corporation, subject to the direction of the Board of Directors, shall have general and active control of its affairs and business and general supervision of its offices, agents and employees. The Chief Executive Officer shall see that

all orders and resolutions of the Board are carried into effect. He may sign deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed. He shall perform all duties incident to the office of Chief Executive Officer and such other duties as may be prescribed by the Board of Directors from time to time. He shall have custody of the treasurer's bond, if any. In the event of the absence, death, or incapacity of the President, the Chief Executive Officer shall have the powers and duties of the President.

Section 5.8 PRESIDENT. The President, subject to the direction of the Board of Directors, shall have general and active control of the operations, affairs and business of the corporation in North America and general supervision of the corporation's officers, agents and employees in North America. He may sign deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed.

In the event of the absence, death or incapacity of the Chief Executive Officer, the President shall have the powers and the duties of the Chief Executive Officer.

Section 5.9 VICE-PRESIDENTS. Each Vice-President shall assist the Chief Executive Officer and the President and shall perform such duties as may be assigned to him by the Chief Executive Officer, the President or the Board of Directors. In the event of the absence, death or incapacity of both the Chief Executive Officer and the President, the Vice-Presidents in the order designated by the Board of Directors, or if no such designation has been made, in order of seniority in office, shall have the powers and duties of the Chief Executive Officer and President. Any Vice-President may sign, with the Secretary or other proper officer of the corporation thereunto authorized by the Board of Directors, certificates representing shares of the corporation.

Section 5.10 THE SECRETARY. The Secretary shall act as Secretary of all meetings of the Board of Directors and of the Executive Committee and of the stockholders of the corporation, and shall keep the minutes thereof in the proper book or books to be provided for that purpose; he shall see that all notices required to be given by the corporation are duly given and served; he may, with the President or Chief Executive Officer or any of the Vice-Presidents, sign certificates for stock of the

corporation; he shall be custodian of the seal of the corporation and shall affix the seal or cause it to be affixed to all certificates for stock of the corporation and to all documents the execution of which on behalf of the corporation under its corporate seal is duly authorized in accordance with the provisions of these By-Laws; he shall have charge of the stock records and also of the other books, records and papers of the corporation relating to its organization and management as a corporation, and shall see that the reports, statements and other documents required by law are properly kept and filed; and shall, in general, perform all the duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the Board of Directors or by the Executive Committee, the Chief Executive Officer or the President.

Section 5.11 TREASURER. The Treasurer shall have charge and custody of, and be responsible for, all funds, securities, evidences of indebtedness and other personal property of the corporation and shall deposit, or cause to be deposited, the same in accordance with instructions of the Board of Directors. He shall receive and give receipts and acquittances for moneys paid in on account of the corporation, and shall pay out of the funds on hand all bills, payrolls and other just debts of the corporation. He shall enter regularly in the books belonging to the corporation to be kept by him for that purpose, full and

accurate accounts of all moneys received and paid out by him on account of the corporation. He shall have the right to require, from time to time, reports or statements giving such information as he may desire with respect to any and all financial transactions of the corporation from the officers or agents transacting the same. Upon the request of the Board, the Chief Executive Officer, the President or the Executive Committee, he shall make such reports to them as they shall require from time to time relating to the financial condition of the corporation and all his transactions as Treasurer. He shall perform all other duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Chief Executive Officer, the President, the Board of Directors or the Executive Committee. He may sign, with the Chief Executive Officer, the President or a Vice-President, certificates for stock of the corporation.

The Treasurer shall, if required by the Board of Directors, give the corporation a bond in such sums and with such securities as may be satisfactory to the Board, conditioned upon the faithful performance of his duties and for the restoration to the corporation in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind belonging to the corporation in his possession or under his control.

Section 5.12 ASSISTANT SECRETARIES, ASSISTANT TREASURERS AND ASSISTANT CONTROLLERS. The Assistant Secretary, Assistant Treasurer and Assistant Controller, or, if there be more than one, the Assistant Secretaries, Assistant Treasurers and Assistant Controllers in the order determined by the Board of Directors shall, in the absence or disability of the Secretary, Treasurer or the Controller, perform the duties of the Secretary, the Treasurer and the Controller, respectively, and shall perform such other duties and have such other powers as from time to time may be assigned to them or any of them by the Chief Executive Officer, President or Board of Directors or Executive Committee. The Assistant Treasurer or Treasurers shall, if required by the Board of Directors, give the corporation a bond in such sums and with such securities as shall be satisfactory to the Board, conditioned upon the faithful performance of their duties and for the restoration to the corporation in case of their death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind belonging to the corporation in their possession or under their control.

ARTICLE VI

SHARES

Section 6.1 CERTIFICATES FOR SHARES. Certificates for stock of the corporation shall be in such form as shall be approved by the Board of Directors. The certificates for such stock shall be numbered in the order of their issue, shall be signed by the Chief Executive Officer, President or one of the Vice-Presidents and by the Secretary, an Assistant Secretary, the Treasurer or an Assistant Treasurer, and the seal of the corporation shall be affixed thereto, which seal may be facsimile, engraved or printed. Where any such certificate is signed by a transfer agent or transfer clerk acting on behalf of the corporation and by a registrar, the signatures of the Chief Executive Officer, the President, a Vice President, Secretary, Assistant Secretary, Treasurer or Assistant Treasurer upon such certificate may be facsimiles, engraved or printed. In case any officer or officers who shall have signed or whose signature or facsimile signature or signatures shall be used on any such certificate or certificates shall cease to be such officer or officers of the corporation, whether because of death, resignation, removal or otherwise, before such certificate or certificates shall have been delivered by the corporation, such certificate or certificates shall nevertheless, unless otherwise ordered by the Board of Directors, be issued and delivered as

though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures shall have been used thereon had not ceased to be such officer or officers of the corporation.

Section 6.2 TRANSFER OF SHARES. Upon surrender to the corporation or to a transfer agent of the corporation of a certificate representing shares, duly endorsed or accompanied with proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, and cancel the old certificate. The corporation shall be entitled to treat the holder of record of any shares or share of stock as the holder in fact thereof, and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not the corporation shall have express or other notice thereof, except as may be required by law.

Section 6.3 RECORD OF SHAREHOLDERS. The corporation shall keep at its principal office in the State of New York, or at the office of its transfer agent or registrar in the State of New York a record in written form, or in any other form capable of being converted into written form within a reasonable time, which shall contain the names and addresses of all the shareholders, the number and class of shares held by each, the dates when they

respectively became the owners thereof, and, when shares are originally issued by the corporation, the amount paid therefor.

Section 6.4 LOST CERTIFICATES. In case of the alleged loss, destruction or mutilation of a certificate or certificates representing shares, the Board of Directors may direct the issuance of a new certificate or certificates in lieu thereof upon such terms and conditions in conformity with law as it may prescribe.

ARTICLE VII

INDEMNIFICATION

Section 7.1 INDEMNIFICATION OF CERTAIN PERSONS. To the fullest extent permitted by the laws and statutes of the State of New York:

(a) The corporation shall indemnify any person made, or threatened to be made, a party to an action or proceeding other than one by or in the right of the corporation to procure a judgment in its favor, by reason of the fact that such person, his testator or intestate, is or was a director or officer of the corporation against any reasonable expenses, including attorneys' fees, actually and necessarily incurred by him as a result of such action or proceeding, or any appeal therein, except in relation to matters as to which such person is adjudged to have breached his duty to the corporation; and

(b) The corporation shall indemnify any person made, or threatened to be made a party to an action or proceeding other than one by or in the right of the corporation to procure a judgment in its favor, whether civil or criminal, including without limitation, one by or in the right of any other corporation, domestic or foreign, which any director or officer of the corporation served in any capacity at the request of the corporation, by reason of the fact that such person, his testator or intestate was a director or officer of the corporation, or served in such other corporation, in any capacity, against any and all judgments, fines, amounts paid in settlement, and reasonable expenses, including attorneys' fees, actually and necessarily incurred by him as a result of such action or proceeding, or any appeal therein, if such person acted in good faith, for a purpose which he reasonably believed to be in the best interests of the corporation and, in criminal actions or proceedings in addition had no reasonable cause to believe that his conduct was unlawful.

Section 7.2 INDEMNIFICATION FOR EXPENSES. Indemnification for expenses incurred in any civil or criminal action or proceeding as authorized under

Section 7.1 (a) and (b) may be paid by the corporation 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 the expenses so advanced by the corporation 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.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 SEAL. The corporate seal of the corporation shall be circular in form and shall contain the name of the corporation, the year of its organization and such other legend as may from time to time be determined by the Board.

ARTICLE IX

AMENDMENT AND REPEAL

Section 9.1 MODE OF AMENDMENT OR REPEAL. These By-Laws may be amended, repealed or new By-Laws adopted, by a majority vote of the shares at the time entitled to vote in the election of any directors or, except as provided in

Section 3.2 of these By-Laws, by the affirmative vote of a majority of the members of the Board of Directors present at any meeting duly called and held at which a quorum is present, provided that a reference to the proposed action is contained in the notice or waiver of notice of any meeting held for such purpose. Any By-Law adopted by the Board

may be amended or repealed by the shareholders entitled to vote thereon as herein provided.

Section 9.2 BY-LAWS REGULATING IMPENDING ELECTION. If any By-Law regulating an impending election of directors is adopted, amended or repealed by the Board, there shall be set forth in the notice of the next meeting of shareholders for the election of directors the By-Law so adopted, amended or repealed, together with a concise statement of the changes made.

EXHIBIT 10

9 September 1997

Raz Steinmetz
97 Haeshel Street

Dear Raz:

This letter confirms the terms under which you have been and will be employed by Ampal Industries (Israel) Limited on a part time basis. The terms of this letter agreement shall be effective for all purposes as of 1 January 1997.

1. You will be an employee of Ampal Industries (Israel) Limited and will devote not less than 50% of your business time to Ampal related matters. Your work will involve strategic planning matters, review of new and existing investments and such other matters as you and the Chief Executive Officer of Ampal-American Israel Corporation ("Ampal US") determine to be appropriate.
2. As compensation for your services, you will receive a salary of US\$100,000 per annum, payable in the equivalent in NIS and subject to all required income tax withholding. Social benefits, as required by law and as agreed to between you and the Chief Executive Officer shall be in addition to this salary. You will be also be entitled to reimbursement of all expenses incurred by you in connection with your employment and work for Ampal, subject to documentation in accordance with the customary policies of the company, and for reimbursement of your automobile expenses.
3. Your status as an employee of Ampal Industries (Israel) Limited may be terminated at any time by you or by Ampal (subject to the approval of the Executive Committee of the Board of Directors of Ampal US) on not less than 30 days prior notice. The terms of this agreement may be amended by mutual agreement of you and the company provided such amendment is approved by the Executive Committee of the Board of Directors of Ampal US and by the Related Party Committee of the Board of Directors of Ampal US.

Please sign the enclosed copy of this letter to confirm your agreement to the foregoing.

Very truly yours,

Ampal Industries (Israel) Limited

By: /s/ Yehoshua Gleitman

Accepted and agreed to:

/s/ Raz Steinmetz

Raz Steinmetz

Exhibit 11

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

SCHEDULE SETTING FORTH COMPUTATION OF EARNINGS PER SHARE OF CLASS A STOCK

NINE MONTHS ENDED SEPTEMBER 30, 1997 1996

(Amounts in thousands, except (Unaudited) (Unaudited) per share data)

Weighted average number of shares outstanding:

4% Preferred.....	188
197	
6-1/2% Preferred.....	984
1,035	
Class A.....	23,722
20,523	
Common.....	-
3,000	
	=====
=====	

Weighted average number of shares outstanding assuming conversion of preferred stock into Class A stock:

Class A.....	27,614	100.00%	24,613	
89.14%				
Common.....	-	-	3,000	10.86
	-----	-----	-----	-----
	27,614	100.00%	27,613	
100.00%				
	=====	=====	=====	
=====				

Income (loss) from continuing operations.....	\$11,898
\$(1,013)	
Loss from discontinued operations.....	-
(2,635)	

NET INCOME (LOSS).....	\$11,898
\$(3,648)	
	=====
=====	

Allocation of net income (loss) on the basis of the respective dividend rights of the above classes of stock, pro rata:

Class A.....	\$11,898	100.00%	\$(3,252)	
89.14%				
Common.....	-	-	(396)	10.86
	-----	-----	-----	-----
	\$11,898	100.00%	\$(3,648)	
100.00%				
=====	=====	=====	=====	

Earnings (loss) per Class A share:

Earnings (loss) from continuing operations.....	\$.43
\$(.04)	
Loss from discontinued operations..	-
(.09)	
-----	-----
Earnings (loss) per Class A share.....	\$.43
\$(.13)	
=====	=====

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997.

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 31 1997
PERIOD START	JAN 01 1997
PERIOD END	SEP 30 1997
CASH	24,273
SECURITIES	128,313
RECEIVABLES	59,407
ALLOWANCES	0
INVENTORY	0
CURRENT ASSETS	17,590
PP&E	40,779
DEPRECIATION	8,275
TOTAL ASSETS	262,087
CURRENT LIABILITIES	35,777
BONDS	65,350
PREFERRED MANDATORY	0
PREFERRED	5,783
COMMON	24,383
OTHER SE	130,794
TOTAL LIABILITY ANDEQUITY	262,087
SALES	8,450
TOTAL REVENUES	46,713
CGS	0
TOTAL COSTS	9,229
OTHER EXPENSES	9,436
LOSS PROVISION	0
INTEREST EXPENSE	7,487
INCOME PRETAX	20,561
INCOME TAX	8,663
INCOME CONTINUING	11,898
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	11,898
EPS PRIMARY	.43
EPS DILUTED	.43

End of Filing