

AMPAL-AMERICAN ISRAEL CORP

FORM 8-K (Unscheduled Material Events)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported) December 5, 2005 (December 1, 2005)

AMPAL-AMERICAN ISRAEL CORPORATION

(Exact Name of Registrant as Specified in Charter)

New York

0-538

13-0435685

State or Other Jurisdiction
of Incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

111 Arlozorov Street, Tel Aviv, Israel

62098

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code 1-866-447-8636

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On December 1, 2005, Ampal-American Israel Corporation (the “Company”), through Merhav Ampal Energy, Ltd., a wholly-owned subsidiary of the Company, entered into an agreement (the “Agreement”) with Merhav M.N.F. Ltd. (“Merhav”) for the purchase from Merhav of a portion of its interest in East Mediterranean Gas Company, an Egyptian joint stock company (“EMG”).

Under the terms of the transaction, the Company acquired the beneficial ownership of 1,200 shares of EMG’s capital stock, representing a 2% beneficial ownership in EMG. The purchase price for the shares was \$29,960,000. Additionally, the Company was granted the exclusive right to negotiate to acquire a substantial portion of Merhav’s remaining shares of EMG. The Company also has the right for a period of time to require Merhav to repurchase the EMG interest.

Yosef A. Maiman, the Chairman of the Company’s Board of Directors (the “Board”) and the Company’s controlling shareholder, is the sole owner of Merhav. Because of the foregoing relationship, a special committee of the Board composed of the Company’s independent directors negotiated and approved the transaction. Houlihan Lokey Howard & Zukin Financial Advisors, Inc. acted as financial advisors to the special committee.

The foregoing description of the Agreement does not purport to be complete and is qualified in its entirety by reference to the Agreement, which the Company intends to file as an exhibit to its next quarterly report.

A copy of the Company’s press release announcing the execution of the Agreement is attached hereto as Exhibit 99.1 and is incorporated in this report by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

The disclosure contained in Item 1.01 above is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	Press Release of Ampal-American Israel Corporation, dated December 5, 2005.

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 hereunto duly authorized.

Date: December 5, 2005

AMPAL-AMERICAN ISRAEL CORPORATION

By: /s/ Yoram Firon

Yoram Firon
Vice President - Investments
and Corporate Affairs



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**Ampal-American Israel Corporation
Acquires Interest in East
Mediterranean Gas**

**Ampal acquired a 2% beneficial ownership in EMG for
\$29,960,000**

**Ampal granted the exclusive right to negotiate for a portion of
Merhav's remaining shares of EMG.**

TEL AVIV, Israel, December 5, 2005 – Ampal-American Israel Corporation (Nasdaq: AMPL) announced today that a wholly-owned subsidiary of the Company has acquired an interest in East Mediterranean Gas Company (“EMG”) from Merhav M.N.F. Ltd. (“Merhav”).

EMG is an Egyptian joint stock company which has been given the right to export natural gas from Egypt to Israel and other locations in the East Mediterranean basin. Egyptian natural gas shall reach the Israeli market via an underwater pipeline, which EMG expects to be completed during 2007.

Under the terms of the transaction, the Company acquired a 2% beneficial ownership in EMG for a purchase price of \$29,960,000. Additionally, the Company was granted the exclusive right to negotiate to acquire a substantial portion of Merhav's remaining shares of EMG. The Company also has the right for a period of time to require Merhav to repurchase the EMG interest.

Yosef A. Maiman, the Chairman of the Company's Board of Directors and the Company's controlling shareholder, is the sole owner of Merhav. The transaction was approved by a special committee of the Board of Directors composed of the Company's independent directors. Houlihan Lokey Howard & Zukin Financial Advisors, Inc. acted as financial advisors to the special committee.

Of the transaction, Mr. Maiman said: "I am committed to Ampal, and I believe in the energy sector in Israel. I believe Ampal can become a main player in the natural gas market. I am extremely pleased that Ampal can now share in what promises to be a very bright future for EMG. Once operational, we believe that the strong cash flow deriving from the pipeline will back future expansion of Ampal's business activity, and will generate value for Ampal shareholders.

Jack Bigio, President and Chief Executive Officer of Ampal : "I am excited by the opportunity that this transaction presents to Ampal and our shareholders. The acquisition supports Ampal's strategy of spotting and investing in companies or ventures with strong potential for growth. We fully intend to pursue a larger interest in EMG in the months to come."

About Ampal

Ampal and its subsidiaries primarily acquire interests in businesses located in the State of Israel or that are Israel-related. Ampal has diversified interests in the following sectors: real estate, leisure-time and other. For more information about Ampal please visit our web site at www.ampal.com.

Certain information in this press release includes forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) and information relating to the Company that are based on the beliefs of management of the Company as well as assumptions made by and information currently available to the management of the Company. When used in this press release, the words "anticipate," "believe," "estimate," "expect," "intend," "plan," and similar expressions as they relate to the Company or the management of the Company, identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events or future financial performance of the Company, the outcome of which is subject to certain risks and other factors which could cause actual results to differ materially from those anticipated by the forward-looking statements, including among others, the economic and political conditions in Israel, the Middle East, and the global business and economic conditions in the different sectors and markets where the Company's portfolio companies operate. Should any of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcome may vary from those described herein as anticipated, believed, estimated, expected, intended or planned. Subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements in this paragraph. Please refer to the Company's annual, quarterly and periodic reports on file with the SEC for a more detailed discussion of these and other risks that could cause results to differ materially.

End of Filing

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