

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, 2000

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
(State or Other Jurisdiction of
Incorporation or Organization)
No.)

13-0435685
(I.R.S. Employer
Identification

1177 Avenue of the Americas, New York, New York
(Address of Principal Executive Offices)

10036
(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 19,116,822 (as of October 31, 2000).

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

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ITEM 1. FINANCIAL STATEMENTS

**AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME**

NINE MONTHS ENDED SEPTEMBER 30,	2000	1999
(Dollars in thousands, except per share amounts)	(Unaudited)	(Unaudited) (Note 2)
REVENUES		
Equity in earnings of affiliates	\$ 18,595	\$ 14,943
Interest:		
Related parties	23	630
Others	933	962
Real estate income	7,091	5,415
Realized and unrealized gains on investments	9,482	23,176
Gain on sale of real estate rental property	--	9,203
Other	4,503	4,031
	-----	-----
Total revenues	40,627	58,360
	-----	-----
EXPENSES		
Interest:		
Related parties	254	2,225
Others	10,093	5,016
Real estate expenses	6,239	2,652
Loss from impairment of investments	3,500	2,959
Minority interests	(1,334)	(531)
Translation loss	1,313	362
Other	5,604	5,445
	-----	-----
Total expenses	25,669	18,128
	-----	-----
Income from continuing operations before income taxes	14,958	40,232
Provision for income taxes	6,202	13,906
	-----	-----
Income from continuing operations	8,756	26,326
	-----	-----
Discontinued operations:		
Loss from operations	--	(1,083)
Loss on disposition of \$3,593, net of applicable tax benefit of \$2,000	--	(1,593)
	-----	-----
Loss from discontinued operations	--	(2,676)
	-----	-----
NET INCOME	\$ 8,756	\$ 23,650
	=====	=====
Basic EPS		
Earnings per Class A share:		
Earnings from continuing operations	\$.46	\$ 1.20
Loss from discontinued operations	--	(.12)
	-----	-----
Earnings per Class A share	\$.46	\$ 1.08
	=====	=====
Shares used in calculation (in thousands)	18,853	21,772
Diluted EPS		
Earnings per Class A share:		
Earnings from continuing operations	\$.40	\$ 1.04
Loss from discontinued operations	--	(.10)
	-----	-----
Earnings per Class A share	\$.40	\$.94
	=====	=====
Shares used in calculation (in thousands)	21,813	25,208

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

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**AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME**

THREE MONTHS ENDED SEPTEMBER 30,	2000	1999
(Dollars in thousands, except per share data)	(Unaudited)	(Unaudited) (Note 2)
REVENUES		
Equity in earnings of affiliates	\$ 2,539	\$ 3,951
Interest:		
Related parties	11	12
Others	217	459
Real estate income	2,670	1,564
Realized and unrealized gains (losses) on investments	2,873	(3,390)
Gain on sale of real estate rental property	--	9,203
Other	997	1,719
	-----	-----
Total revenues	9,307	13,518
	-----	-----
EXPENSES		
Interest:		
Related parties	210	39
Other	4,112	2,668
Real estate expenses	2,471	883
Loss from impairment of investment	--	400
Minority interests	(816)	(298)
Translation loss	576	414
Other	1,654	1,870
	-----	-----
Total expenses	8,207	5,976
	-----	-----
Income from continuing operations before income taxes	1,100	7,542
Provision for income taxes	741	2,230
	-----	-----
Income from continuing operations	359	5,312
	-----	-----
Discontinued operations:		
Loss from operations	--	(372)
Loss on disposition of \$3,593, net of applicable tax benefit of \$2,000	--	(1,593)
	-----	-----
Loss from discontinued operations	--	(1,965)
	-----	-----
NET INCOME	\$ 359	\$ 3,347
	=====	=====
Basic EPS		
Earnings per Class A share:		
Earnings from continuing operations	\$.02	\$.29
Loss from discontinued operations	--	(.11)
	-----	-----
Earnings per Class A share	\$.02	\$.18
	=====	=====
Shares used in calculation (in thousands)	19,092	18,279
Diluted EPS		
Earnings per Class A share:		
Earnings from continuing operations	\$.02	\$.25
Loss from discontinued operations	--	(.09)
	-----	-----
Earnings per Class A share	\$.02	\$.16
	=====	=====
Shares used in calculation (in thousands)	21,878	21,446

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

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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

31, ASSETS AS AT	September 30, 2000	December 1999

(Dollars in thousands)	(Unaudited)	
Cash and cash equivalents	\$ 14,556	\$ 7,409
Deposits, notes and loans receivable .	15,654	22,336
Investments	338,004	273,174
Real estate property, less accumulated depreciation of \$8,714 and \$7,463 .	85,802	72,809
Other assets	18,301	21,052
	-----	-----
TOTAL ASSETS	\$472,317 =====	\$396,780 =====

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

**AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

LIABILITIES AND SHAREHOLDERS' EQUITY AS AT	September 30, 2000 ----- (Unaudited)	December 31, 1999 -----
(Dollars in thousands)		
LIABILITIES		
Notes and loans payable:		
Related parties	\$ 15,281	\$ 14,564
Others	160,520	131,296
Debentures	23,711	28,659
Accounts and income taxes payable, accrued expenses and minority interests	87,468	65,427
	-----	-----
Total liabilities	286,980	239,946
	-----	-----
SHAREHOLDERS' EQUITY		
4% Cumulative Convertible Preferred Stock, \$5 par value; authorized 189,287 shares; issued 158,675 and 165,823 shares; outstanding 155,325 and 162,473 shares	793	829
6-1/2% Cumulative Convertible Preferred Stock, \$5 par value; authorized 988,055 shares; issued 749,628 and 891,763 shares; outstanding 627,092 and 769,227 shares	3,748	4,459
Class A Stock, \$1 par value; authorized 60,000,000 shares; issued 25,280,190 and 24,817,445 shares; outstanding 19,112,026 and 18,289,264 shares	25,280	24,817
Additional paid-in capital	56,672	57,896
Retained earnings	127,118	118,362
Treasury stock, at cost	(33,275)	(35,552)
Accumulated other comprehensive income (loss)	5,001	(13,977)
	-----	-----
Total shareholders' equity	185,337	156,834
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 472,317	\$ 396,780
	=====	=====

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,	2000	1999
(Dollars in thousands)	(Unaudited)	(Unaudited) (Note 2)
Cash flows from operating activities:		
Net income	\$ 8,756	\$ 23,650
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in earnings of affiliates	(18,595)	(14,943)
Loss from discontinued operations	--	2,676
Realized and unrealized gains on investments	(9,482)	(23,176)
Gain on sale of real estate rental property .	--	(9,203)
Depreciation expense	1,534	763
Amortization expense	677	1,010
Loss from impairment of investments	1,000	2,959
Minority interests	(1,334)	(531)
Translation loss	1,313	362
Decrease in other assets	3,056	2,186
Increase in accounts and income taxes payable, accrued expenses and minority interests	9,826	3,879
Investments made in trading securities	(21,946)	(18,104)
Proceeds from sale of trading securities	31,440	18,634
Dividends received from affiliates	3,629	10,120
	-----	-----
Net cash provided by operating activities ...	9,874	282
	-----	-----
Cash flows from investing activities:		
Deposits, notes and loans receivable collected	8,893	9,429
Deposits, notes and loans receivable granted .	(1,665)	(4,502)
Investments made in:		
Available-for-sale securities	(2,127)	(24,147)
Affiliates and others	(20,723)	(7,178)
Proceeds from sale of investments:		
Affiliate	--	29,622
Others	2,149	1,072
Return of capital by partnership	722	--
Proceeds from sale of real estate rental property	--	14,703
Capital improvements	(13,704)	(1,572)
	-----	-----
Net cash (used in) provided by investing activities	(26,455)	17,427
	-----	-----

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,	2000	1999
(Dollars in thousands)	(Unaudited)	(Unaudited) (Note 2)
Cash flows from financing activities:		
Notes and loans payable received:		
Related parties	\$ --	\$ 8,139
Others	49,803	13,347
Notes and loans payable repaid:		
Related parties	(49)	--
Others	(21,066)	(6,236)
Proceeds from exercise of stock options	759	--
Issuance of shares	10	--
Debentures repaid	(6,402)	(5,785)
Purchase of treasury stock	--	(31,724)
	-----	-----
Net cash provided by (used in) financing activities	23,055	(22,259)
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	673	(694)
	-----	-----
Net increase (decrease) in cash and cash equivalents	7,147	(5,244)
Cash and cash equivalents at beginning of period	7,409	12,047
	-----	-----
Cash and cash equivalents at end of period	\$ 14,556	\$ 6,803
	=====	=====
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period:		
Interest:		
Related parties	\$ --	\$ 613
Others	4,685	1,716
	-----	-----
Total interest paid	\$ 4,685	\$ 2,329
	=====	=====
Income taxes paid	\$ 301	\$ 10,964
	=====	=====

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,	2000	1999
(Dollars in thousands)	(Unaudited)	(Unaudited)
4% PREFERRED STOCK		
Balance, beginning of year	\$ 829	\$ 861
Conversion of 7,148 and 5,658 shares into Class A Stock	(36)	(28)
Balance, end of period	\$ 793 =====	\$ 833 =====
6-1/2% PREFERRED STOCK		
Balance, beginning of year	\$ 4,459	\$ 4,626
Conversion of 142,135 and 26,535 shares into Class A Stock	(711)	(132)
Balance, end of period	\$ 3,748 =====	\$ 4,494 =====
CLASS A STOCK		
Balance, beginning of year	\$ 24,817	\$ 24,685
Issuance of shares upon conversion of Preferred Stock	463	107
Balance, end of period	\$ 25,280 =====	\$ 24,792 =====
ADDITIONAL PAID-IN CAPITAL		
Balance, beginning of year	\$ 57,896	\$ 57,829
Conversion of Preferred Stock	284	53
Issuance of shares	10	--
Issuance of shares upon exercise of stock options	(1,518)	--
Balance, end of period	\$ 56,672 =====	\$ 57,882 =====
RETAINED EARNINGS		
Balance, beginning of year	\$ 118,362	\$ 90,615
Net income	8,756	23,650
Balance, end of period	\$ 127,118 =====	\$ 114,265 =====

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,	2000	1999
(Dollars in thousands, except per share amounts)	(Unaudited)	(Unaudited)
TREASURY STOCK		
4% PREFERRED STOCK		
Balance, end of period	\$ (84)	\$ (84)
6-1/2% PREFERRED STOCK		
Balance, end of period	(1,853)	(1,853)
CLASS A STOCK		
Balance, beginning of year - 6,528,181		
and 605,400 shares, at cost	(33,615)	(3,829)
Issuance of shares upon exercise of 360,017		
stock options	2,277	--
Purchase of 5,922,781 shares, at cost	--	(29,786)
Balance, end of period - 6,168,164 and		
6,528,181 shares, at cost	(31,338)	(33,615)
Balance, end of period	\$ (33,275)	\$ (35,552)
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Cumulative translation adjustments:		
Balance, beginning of year	\$ (17,676)	\$ (18,580)
Foreign currency translation adjustment	572	356
Balance, end of period	(17,104)	(18,224)
Unrealized gain (loss) on marketable securities:		
Balance, beginning of year	3,699	4,958
Unrealized gain (loss), net	18,406	(2,247)
Sale of available-for-sale security	--	(3,247)
Transfer to trading securities	--	(1,711)
Balance, end of period	22,105	(2,247)
Balance, end of period	\$ 5,001	\$ (20,471)

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

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

NINE MONTHS ENDED SEPTEMBER 30,	2000	1999
(Dollars in thousands)	(Unaudited)	(Unaudited)
Net income	\$ 8,756	\$ 23,650
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	572	356
Unrealized gain (loss) on securities	18,406	(2,247)
Other comprehensive income (loss)	18,978	(1,891)
Comprehensive income	\$ 27,734	\$ 21,759
Related tax (expense) benefit of other comprehensive income:		
Foreign currency translation adjustments	\$ (80)	\$ 349
Unrealized gain (loss) on securities	\$(12,268)	\$ 1,263

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

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

(Unaudited)

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

2. The December 31, 1999 consolidated balance sheet presented herein was derived from the audited December 31, 1999 consolidated financial statements of the Company.

Reference should be made to the Company's consolidated financial statements for the year ended December 31, 1999 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, 1999 consolidated financial statements for additional details of the Company's consolidated financial condition, results of operations and cash flows. Certain amounts in the 1999 consolidated statements of income and cash flows have been reclassified to conform with the current period's presentation. The details in those notes have not changed except as a result of normal transactions in the interim. All adjustments (of a normal recurring nature) which are, in the opinion of management, necessary to a fair presentation of the results of the interim period have been included.

3. Segment information presented below results primarily from operations in Israel.

NINE MONTHS ENDED SEPTEMBER 30,	2000	1999

(Dollars in thousands)		
Revenues:		
Finance	\$ 13,954	\$ 27,882
Real estate	7,091	14,619*
Leisure-time	1,353	1,274
Intercompany adjustments	(366)	(358)
	-----	-----
Total	\$ 22,032	\$ 43,417
	=====	=====
Pretax Operating (Loss) Income:		
Finance	\$ (4,005)	\$ 13,693
Real estate	(1,084)	10,949*
Leisure-time	118	116
	-----	-----
Total	\$ (4,971)	\$ 24,758
	=====	=====
Total Assets:		
Finance	\$ 375,912**	\$ 289,885**
Real estate	93,507	30,901
Leisure-time	13,724	13,165
Intercompany adjustments	(10,826)	(10,333)
	-----	-----
Total	\$ 472,317	\$ 323,618
	=====	=====

Corporate office expense is principally applicable to the financing operation and has been charged to that segment above. Revenues and pretax operating income above exclude equity in earnings of affiliates and minority interests. Total assets exclude assets from discontinued operations.

The real estate segment consists of rental property owned in Israel and the United States leased to related and unrelated parties and of the operations of Am-Hal Ltd. (in 2000 only), the Company's wholly-owned subsidiary which owns and operates a chain of senior citizens facilities located in Israel. The leisure-time segment consists primarily of Moriah Hotels Ltd. (hotel chain in Israel, 1999 only), Coral World International Limited (marine parks located around the world) and Country Club Kfar Saba (the company's 51%-owned subsidiary located in Israel).

*Includes a gain on sale of real estate rental property of \$9 million. **Includes an investment in MIRS Communications Ltd. of \$111 million.

4. The following table summarizes securities that were outstanding as of September 30, 2000 and 1999, but not included in the calculations of diluted earnings per Class A share because such shares are antidilutive.

(Shares in thousands)	September 30,	
	2000	1999
----- Options and Rights	2,375	563

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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Nine months ended September 30, 2000 compared to nine months ended September 30, 1999

Consolidated income from continuing operations decreased to \$8.8 million for the nine-month period ended September 30, 2000, from \$26.3 million for the same period in 1999. The decrease in income is primarily attributable to lower realized and unrealized gains on investments, the gain on sale of real estate rental property in 1999, which was absent in 2000, and higher interest expense and translation loss in 2000. These decreases were partially offset by the increase in the equity in earnings of affiliates and larger dividend income in 2000.

Ampal-American Israel Corporation ("Ampal") and its subsidiaries (the "Company") recorded \$2.8 million of unrealized losses on investments which are classified as trading securities in the nine-month period ended September 30, 2000, as compared to \$6.9 million of gains in the same period in 1999. The unrealized losses in 2000 are primarily attributable to the Company's investment in shares of Arel Communications Ltd. ("Arel"), while in 1999, the unrealized gains were attributable to the investments in the shares of Bank Leumi le'Israel B.M. ("Leumi") and Fundtech Ltd. ("Fundtech"). At September 30, 2000 and December 31, 1999, the aggregate fair value of trading securities amounted to approximately \$38 million and \$40.4 million, respectively.

In the nine months ended September 30, 2000, the Company recorded \$12.3 million of gains on the sale of marketable securities, \$9.5 million of which were attributable to the Company's investment in BreezeCOM Ltd. ("BreezeCOM"). In the nine months ended September 30, 1999, the Company recorded \$16.3 million of gains on the sale of investments, \$13.5 million which were attributable to the sale of its 46% equity interest in Moriah Hotels Ltd. ("Moriah") to Koor Tourism Enterprises Ltd. and Sheraton International Ltd. on April 14, 1999.

On July 6, 1999, the Company sold real estate rental properties to a subsidiary of Bank Hapoalim B.M., and recorded a gain on the sale of \$9.2 million (\$6 million net of taxes) in its September 30, 1999, consolidated financial statements.

Equity in earnings of affiliates increased to \$18.6 million for the nine months ended September 30, 2000, from \$14.9 million for the same period in 1999. The increase is primarily attributable to the increased earnings of the Company's 50%-owned affiliate, Trinet Venture Capital Ltd. ("Trinet"), which recorded unrealized gains on its investments in Smart Link Ltd., Netformx Ltd. ("Netformx") and Sim-Player.com Ltd. Granite Hacarmel Investments Ltd., ("Granite"), the Company's 20.2%-owned affiliate, which is one of the largest distributors of refined, petroleum products, recorded higher earnings in 2000 primarily as a result of a gain on sale of investees.

The increase in real estate income and expenses in the first nine months of 2000 as compared to the same period in 1999 is attributable to the operations of Am-Hal Ltd. ("Am-Hal"), the Company's wholly-owned subsidiary, which owns and operates a chain of senior citizens facilities in Israel. The Company acquired an additional 50% interest in Am-Hal on December 31, 1999. As a result, Am-Hal's statement of income was consolidated with the Company's consolidated statement of income in 2000, while in 1999, Am-Hal's results were recorded in equity in earnings of affiliates.

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The increase in other income in the nine months ended September 30, 2000, as compared to the same period in 1999, is attributable to higher dividend income on marketable securities and a larger dividend received from MIRS Communications Ltd.

The Company recorded higher interest expense in the nine months ended September 30, 2000, as compared to the same period in 1999, as a result of increased borrowings in connection with new investments made and the acquisition of the Company's shares from Bank Hapoalim B.M. in July, 1999.

In the nine-month period ended September 30, 2000, the Company recorded an additional loss from impairment of \$3.5 million with respect to bank guarantees in connection with its investment in M.D.F. Industries Ltd. ("M.D.F."). The Company paid the banks \$2.5 million in September, 2000 and another \$2.5 million in October, 2000 (total provision at September 30, 2000 was \$5 million). In the same period in 1999, the Company recorded \$3 million of losses on impairment of its investments in M.D.F. (\$1.5 million), Unic View Ltd. (\$1 million) and MuTek Solutions Ltd. (\$.4 million).

The Company recorded a translation loss of \$1.3 million in the nine months ended September 30, 2000, as compared to \$.4 million in the same period in 1999. The increase in the translation loss in 2000 is attributable to the foreign exchange forward contracts executed by the Company, which were outstanding during 2000.

The increase in the effective income tax rate in 2000 as compared to 1999 is mainly attributable to translation losses and to the losses of certain Israeli subsidiaries for which no tax benefits were available.

Three months ended September 30, 2000 compared to three months ended September 30, 1999:

Consolidated net income from continuing operations decreased to \$.4 million for the three-month period ended September 30, 2000, from \$5.3 million for the same period in 1999. The decrease in net income is primarily attributable to the absence of the gain on sale of real estate rental property, higher interest expense, decrease in the equity in earnings of affiliates and lower dividend income. These decreases were partially offset by the unrealized gains on investments in 2000, as compared to losses in 1999.

The Company recorded \$2.8 million of unrealized gains on investments in the three-month period ended September 30, 2000, as compared to \$3.4 million of unrealized losses on investments in the same period in 1999. The unrealized gains in the third quarter of 2000 are primarily attributable to the Company's investment in the shares of BreezeCom and Leumi, while the unrealized losses in 1999 were attributable to the investments in shares of Leumi and Fundtech.

Equity in earnings of affiliates decreased to \$2.5 million for the three months ended September 30, 2000, from \$4 million for the same period in 1999. The decrease is attributable to the decreased earnings of those companies accounted for by the equity method.

The decrease in other income in the third quarter of 2000, as compared to the third quarter of the previous year, is attributable to the lower dividend income on marketable securities.

Interest expense increased in the quarter ended September 30, 2000 as compared to the same period in 1999 for the same reasons as discussed in "Results of Operations --

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nine months ended September 30, 2000 compared to nine months ended September 30, 1999."

The increase in the effective income tax rate in the three months ended September 30, 2000, as compared to the same period in 1999 is primarily attributable to the losses of certain Israeli subsidiaries for which no tax benefits were available.

Liquidity and Capital Resources

At September 30, 2000, cash and cash equivalents were \$14.6 million as compared with \$7.4 million at December 31, 1999. The increase in cash is primarily attributable to proceeds received from the sale of the trading securities in the first nine months of 2000. The decrease in deposits, notes and loans receivable and debentures is primarily attributable to scheduled repayments. The increase in accounts payable is primarily attributable to the increase in the deferred tax provision with respect to the unrealized gains on the available-for-sale securities and the increase in Am-Hal's deposits from tenants. The increase in notes and loans payable is attributable to the increased borrowings with respect to the construction of the new senior citizens facility by Am-Hal, and in connection with the new investments made by the Company. The increase in accumulated other comprehensive income is primarily attributable to the Company's investments in BreezeCOM, Floware Wireless Systems Ltd. and Compugen Ltd.

During the first nine months of 2000, the Company made the following investments, aggregating \$27.5 million, notably: (1) a \$6.2 million investment to acquire a 4.9% interest in Arel, a leading provider of interactive distance learning systems; (2) an additional \$3.3 million investment in Camelot Information Technologies Ltd. (total equity interest is 19%, including net indirect equity through OphirTech Ltd.), a developer of innovative software solutions to secure organizational communication networks; (3) a \$2.8 million investment to acquire a 4% interest in BridgeWave Communications Inc., a developer of wireless solutions for cable companies; (4) an additional \$2.75 million investment in Netformx (net equity interest - 20.2%, including net indirect equity through Trinet), a developer of network design tools; (5) a \$2 million investment to acquire a 0.4% interest in Sonic Foundry Inc., a developer of digital media and Internet software tools, services and systems; (6) an additional \$1.8 million investment in PowerDsine Ltd. (total equity interest -- 10.8%), a leading developer of power supply devices for the telecommunications industry; (7) a \$1.25 million investment to acquire a 12.2% interest in RealM Technologies Ltd. (total equity interest -- 17%, including net indirect equity through Ophir), a developer of a network of servers, which will allow the introduction of the next generation of applicable services, while maximizing performance and optimizing bandwidth usage; (8) a \$1.25 million investment in Star Venture Capital Fund, which focuses on investments in communications, Internet, software and medical devices; (9) an additional \$1.1 million investment in Compugen Ltd. (total equity interest - 1.6%), a pioneer in the field of computational genomics and proteomics; (10) a \$1 million investment to acquire a 0.5% interest in SeraNova, Inc., a provider of E-business services; (11) a \$.75 million investment to acquire a 20% interest in Xpert Integrated Systems Ltd., a software and systems integrator specializing in systems security; (12) a \$.75 million investment to acquire a 9.5% equity interest in mPrest Technologies Ltd. (formerly WapDWap Ltd.), a developer of web-based applications for cellular phones; (13) an additional \$.6 million investment to maintain its interest in Shiron Satellite Communications, Ltd. (1996) (equity interest -- 9%), a developer and marketer of two-way multimedia satellite communication products; (14) a \$.5 million investment to acquire a 13% interest in Enbaya Inc., a developer and marketer of a 3D browser that enables fast viewing, compression and streaming of 3D models; (15) a \$.5 million investment to acquire a 10.8% interest in Oblicore Ltd., a provider of a unique solution that enables businesses to track service performance

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relative to service targets and allocate service resources to maximize their success; (16) a \$.5 million investment to acquire a 5.6% interest in Zactus Inc., a developer of websites for musicians and (17) an additional \$.4 million investment in ShellCase Ltd., (total equity interest - 17.6%), a developer of the smallest packages for semiconductor chips.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

MARKET RISKS AND SENSITIVITY ANALYSIS

The Company is exposed to various market risks, including changes in interest rates, foreign currency rates and equity price changes. The following analysis presents the hypothetical loss in earnings, cash flows and fair values of the financial instruments which were held by the Company at September 30, 2000, and are sensitive to the above market risks.

Interest Rate Risks

At September 30, 2000, the Company had financial assets totalling \$22.1 million and financial liabilities totalling \$199.5 million. For fixed rate financial instruments, interest rate changes affect the fair market value but do not impact earnings or cash flows. Conversely, for variable rate financial instruments, interest rate changes generally do not affect the fair market value but do impact future earnings and cash flows, assuming other factors held constant.

At September 30, 2000, the Company had fixed rate financial assets of \$16.5 million and variable rate financial assets of \$5.6 million. Holding other variables constant, a ten percent increase in interest rates would decrease the unrealized fair value of the fixed financial assets by approximately \$.1 million.

At September 30, 2000, the Company had fixed rate debt of \$42 million and variable rate debt of \$157.5 million. A ten percent decrease in interest rates would increase the unrealized fair value of the fixed rate debt by approximately \$.4 million.

The net decrease in earnings for the next year resulting from a ten percent interest rate increase would be approximately \$1 million, holding other variables constant.

Exchange Rate Sensitivity Analysis

The Company's exchange rate exposure on its financial instruments results from its investments and ongoing operations in Israel. To partially hedge this exposure, the Company enters into various foreign exchange forward purchase contracts. At September 30, 2000, the open foreign exchange forward purchase contracts totalled \$15 million. Holding other variables constant, if there were a ten percent adverse change in foreign currency exchange rates, the Company's cumulative translation loss (reflected in accumulated other comprehensive income) would increase by \$.5 million.

Equity Price Risk

The Company's investments at September 30, 2000 included marketable securities (trading and available-for-sale) which are recorded at fair value of \$91.3 million, including net unrealized gains of \$29.1 million. Those securities have exposure to price risk. The estimated potential loss in fair value resulting from a hypothetical 10% decrease in prices quoted by stock exchanges is approximately \$9.1 million.

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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 -- None.

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Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 11 -- Schedule Setting Forth Computation of Earnings per Share of Class A Stock.

Exhibit 27 -- Financial Data Schedule.

(b) Reports on Form 8-K. None.

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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/ Raz Steinmetz

*Raz Steinmetz
President and
Chief Executive Officer
(Principal Executive Officer)*

By:/s/ Shlomo Meichor

*Shlomo Meichor
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, 2000

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Exhibit Index

Exhibit No. -----	Description -----	
11	Schedule Setting Forth Computation of Earnings Per Share of Class A Stock.....	Page *
27	Financial Data Schedule.	

* These exhibits were included in the copy of this report filed with the Securities and Exchange Commission and are available upon request from Ampal.

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

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

NINE MONTHS ENDED SEPTEMBER 30,	2000	1999
(Dollars in thousands, except per share amounts)	(Unaudited)	(Unaudited)
BASIC EPS		
Income from continuing operations	\$ 8,579(1)	\$ 26,110(1)
Loss from discontinued operations	--	(2,676)
Net income	\$ 8,579	\$ 23,434
Earnings per Class A share:		
Earnings from continuing operations	\$.46	\$ 1.20
Loss from discontinued operations	--	(.12)
Earnings per Class A share	\$.46	\$ 1.08
Weighted average number of Class A		
Shares outstanding	18,853	21,772
DILUTED EPS		
Income from continuing operations	\$ 8,756	\$ 26,326
Loss from discontinued operations	--	(2,676)
Net income	\$ 8,756	\$ 23,650
Earnings per Class A share:		
Earnings from continuing operations	\$.40	\$ 1.04
Loss from discontinued operations	--	(.10)
Earnings per Class A share	\$.40	\$.94
Weighted average number of Class A Shares outstanding assuming conversion of		
preferred stock into Class A shares and the exercise		
of stock options	21,813	25,208

(1) After deduction of accrued preferred stock dividends of \$177 and \$216, respectively.

ARTICLE 5
 THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED
 SEPTEMBER 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH.
 MULTIPLIER: 1,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 31 2000
PERIOD START	JAN 01 2000
PERIOD END	SEP 30 2000
CASH	14,556
SECURITIES	338,004
RECEIVABLES	15,654
ALLOWANCES	0
INVENTORY	0
CURRENT ASSETS	18,301
PP&E	94,516
DEPRECIATION	8,714
TOTAL ASSETS	472,317
CURRENT LIABILITIES	87,468
BONDS	199,512
PREFERRED MANDATORY	0
PREFERRED COMMON	4,541
OTHER SE	25,280
TOTAL LIABILITY AND EQUITY	155,516
SALES	472,317
TOTAL REVENUES	0
CGS	40,627
TOTAL COSTS	0
OTHER EXPENSES	15,322
LOSS PROVISION	0
INTEREST EXPENSE	10,347
INCOME PRETAX	14,958
INCOME TAX	6,202
INCOME CONTINUING	8,756
DISCONTINUED	0
EXTRAORDINARY CHANGES	0
NET INCOME	8,756
EPS BASIC	.46
EPS DILUTED	.40

End of Filing