

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 June 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

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 19,086,301 (as of July 31, 2000).

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30,	2000	1999
(Dollars in thousands, except per share data)	(Unaudited)	(Unaudited) (Note 2)
REVENUES		
Equity in earnings of affiliates	\$ 16,056	\$ 10,992
Interest:		
Related parties.....	31	618
Others.....	697	503
Real estate income.....	4,421	3,851
Realized and unrealized gains on investments.....	6,609	26,566
Other.....	3,506	2,312
	-----	-----
Total revenues.....	31,320	44,842
	-----	-----
EXPENSES		
Interest:		
Related parties.....	44	2,186
Other.....	5,981	2,348
Real estate expenses.....	3,768	1,769
Loss from impairment of investments.....	3,500	2,559
Minority interests.....	(518)	(233)
Translation loss (gain).....	737	(52)
Other.....	3,950	3,575
	-----	-----
Total expenses.....	17,462	12,152
	-----	-----
Income from continuing operations before income taxes.....	13,858	32,690
Provision for income taxes.....	5,461	11,676
	-----	-----
Income from continuing operations.....	8,397	21,014
	-----	-----
Discontinued operations:		
Loss from operations.....	-	(711)
	-----	-----
Loss from discontinued operations.....	-	(711)
	-----	-----
NET INCOME.....	\$ 8,397	\$ 20,303
	=====	=====
Basic EPS		
Earnings per Class A share:		
Earnings from continuing operations.....	\$.44	\$.87
Loss from discontinued operations.....	-	(.03)
	-----	-----
Earnings per Class A share.....	\$.44	\$.84
	=====	=====
Shares used in calculation (in thousands).....	18,747	24,105
Diluted EPS		
Earnings per Class A share:		
Earnings from continuing operations.....	\$.38	\$.76
Loss from discontinued operations.....	-	(.03)
	-----	-----
Earnings per Class A share.....	\$.38	\$.73
	=====	=====
Shares used in calculation (in thousands).....	21,785	27,716

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 JUNE 30,	2000	1999
(Dollars in thousands, except per share data)	(Unaudited)	(Unaudited) (Note 2)
REVENUES		
Equity in earnings of affiliates	\$ 13,190	\$ 10,181
Interest:		
Related parties.....	5	514
Others.....	349	282
Real estate income.....	2,248	1,973
Realized and unrealized gains on investments.....	3,366	17,478
Other.....	1,407	560
	-----	-----
Total revenues.....	20,565	30,988
	-----	-----
EXPENSES		
Interest:		
Related parties.....	44	1,190
Other.....	3,444	1,360
Real estate expenses.....	2,038	897
Loss from impairment of investments.....	2,000	2,500
Minority interests.....	(590)	(310)
Translation (gain) loss.....	(316)	85
Other.....	1,928	1,924
	-----	-----
Total expenses.....	8,548	7,646
	-----	-----
Income from continuing operations before income taxes.....	12,017	23,342
Provision for income taxes.....	4,782	8,305
	-----	-----
Income from continuing operations.....	7,235	15,037
	-----	-----
Discontinued operations:		
Loss from operations.....	-	(286)
	-----	-----
Loss from discontinued operations.....	-	(286)
	-----	-----
NET INCOME.....	\$ 7,235	\$ 14,751
	=====	=====
Basic EPS		
Earnings per Class A share:		
Earnings from continuing operations.....	\$.38	\$.62
Loss from discontinued operations.....	-	(.01)
	-----	-----
Earnings per Class A share.....	\$.38	\$.61
	=====	=====
Shares used in calculation (in thousands).....	18,981	24,117
Diluted EPS		
Earnings per Class A share:		
Earnings from continuing operations.....	\$.33	\$.54
Loss from discontinued operations.....	-	(.01)
	-----	-----
Earnings per Class A share.....	\$.33	\$.53
	=====	=====
Shares used in calculation (in thousands).....	21,916	27,716

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

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS AS AT	June 30, 2000	December 31, 1999
(Dollars in thousands)	(Unaudited)	
Cash and cash equivalents.....	\$ 6,641	\$ 7,409
Deposits, notes and loans receivable.....	16,073	22,336
Investments.....	330,950	273,174
Real estate property, less accumulated depreciation of \$8,168 and \$7,463.....	83,699	72,809
Other assets.....	15,706	21,052
TOTAL ASSETS.....	\$453,069 =====	\$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	June 30, 2000	December 31, 1999

(Dollars in thousands)	(Unaudited)	
LIABILITIES		
Notes and loans payable:		
Related parties.....	\$ 15,217	\$ 14,564
Others.....	149,233	131,296
Debentures.....	23,204	28,659
Accounts and income taxes payable, accrued expenses and minority interests.....	85,523	65,427
	-----	-----
Total liabilities.....	273,177	239,946
	-----	-----
SHAREHOLDERS' EQUITY		
4% Cumulative Convertible Preferred Stock, \$5 par value; authorized 189,287 shares; issued 161,560 and 165,823 shares; outstanding 158,210 and 162,473 shares.....	808	829
6-1/2% Cumulative Convertible Preferred Stock, \$5 par value; authorized 988,055 shares; issued 759,942 and 891,763 shares; outstanding 637,406 and 769,227 shares.....	3,800	4,459
Class A Stock, \$1 par value; authorized 60,000,000 shares; issued 25,234,223 and 24,817,445 shares; outstanding 19,066,059 and 18,289,264 shares.....	25,234	24,817
Additional paid-in capital.....	56,641	57,896
Retained earnings.....	126,759	118,362
Treasury stock, at cost.....	(33,275)	(35,552)
Accumulated other comprehensive loss.....	(75)	(13,977)
	-----	-----
Total shareholders' equity.....	179,892	156,834
	-----	-----
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	 \$453,069	 \$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

SIX MONTHS ENDED JUNE 30,	2000	1999
(Dollars in thousands)	(Unaudited)	(Unaudited) (Note 2)
Cash flows from operating activities:		
Net income.....	\$ 8,397	\$ 20,303
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in earnings of affiliates.....	(16,056)	(10,992)
Loss from discontinued operations.....	-	711
Realized and unrealized gains on investments.....	(6,609)	(26,566)
Depreciation expense.....	859	539
Amortization expense.....	489	666
Loss from impairment of investments.....	3,500	2,559
Translation loss (gain).....	737	(52)
Minority interests.....	(518)	(233)
Decrease (increase) in other assets.....	3,312	(1,347)
Increase in accounts and income taxes payable, accrued expenses and minority interests.....	6,973	2,195
Investments made in trading securities.....	(15,965)	(14,247)
Proceeds from sale of trading securities.....	14,763	9,845
Dividends received from affiliates.....	3,507	10,120
	-----	-----
Net cash provided by (used in) operating activities.....	3,389	(6,499)
	-----	-----
Cash flows from investing activities:		
Deposits, notes and loans receivable collected.....	7,810	9,077
Deposits, notes and loans receivable granted.....	(1,212)	(3,951)
Investments made in:		
Available-for-sale securities.....	(2,127)	(24,147)
Affiliates and others.....	(12,857)	(2,973)
Proceeds from sale of investments:		
Affiliate.....	-	29,622
Others.....	1,134	1,072
Return of capital by partnership.....	722	-
Capital improvements.....	(10,497)	(787)
	-----	-----
Net cash (used in) provided by investing activities.....	(17,027)	7,913
	-----	-----

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

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30,	2000	1999
(Dollars in thousands)	(Unaudited)	(Unaudited) (Note 2)
Cash flows from financing activities:		
Notes and loans payable received:		
Related parties.....	\$ -	\$ 14,466
Others.....	28,470	-
Notes and loans payable repaid:		
Related parties.....	-	(1,281)
Others.....	(10,363)	(94)
Proceeds from exercise of stock options.....	759	-
Debentures repaid.....	(6,402)	(5,783)
	-----	-----
Net cash provided by financing activities.....	12,464	7,308
	-----	-----
Effect of exchange rate changes on cash and cash equivalents.....	406	263
	-----	-----
Net (decrease) increase in cash and cash equivalents.....	(768)	8,985
Cash and cash equivalents at beginning of period.....	7,409	12,047
	-----	-----
Cash and cash equivalents at end of period.....	\$ 6,641	\$ 21,032
	=====	=====
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period:		
Interest:		
Related parties.....	\$ -	\$ 612
Others.....	2,202	921
	-----	-----
Total interest paid.....	\$ 2,202	\$ 1,533
	=====	=====
Income taxes paid.....	\$ 264	\$ 10,037
	=====	=====

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

SIX MONTHS ENDED JUNE 30,	2000	1999
(Dollars in thousands, except share amounts)	(Unaudited)	(Unaudited)
4% PREFERRED STOCK		
Balance, beginning of year.....	\$ 829	\$ 861
Conversion of 4,263 and 3,292 shares into Class A Stock.....	(21)	(16)
Balance, end of period.....	\$ 808 =====	\$ 845 =====
6-1/2% PREFERRED STOCK		
Balance, beginning of year.....	\$ 4,459	\$ 4,626
Conversion of 131,821 and 10,465 shares into Class A Stock.....	(659)	(52)
Balance, end of period.....	\$ 3,800 =====	\$ 4,574 =====
CLASS A STOCK		
Balance, beginning of year.....	\$ 24,817	\$ 24,685
Issuance of shares upon conversion of Preferred Stock.....	417	48
Balance, end of period.....	\$ 25,234 =====	\$ 24,733 =====
ADDITIONAL PAID-IN CAPITAL		
Balance, beginning of year.....	\$ 57,896	\$ 57,829
Conversion of Preferred Stock.....	263	20
Issuance of shares upon exercise of stock options.....	(1,518)	-
Balance, end of period.....	\$ 56,641 =====	\$ 57,849 =====
RETAINED EARNINGS		
Balance, beginning of year.....	\$118,362	\$ 90,615
Net income.....	8,397	20,303
Balance, end of period.....	\$126,759 =====	\$110,918 =====

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

SIX MONTHS ENDED JUNE 30,	2000	1999
(Dollars in thousands, except share amounts)	(Unaudited)	(Unaudited)
TREASURY STOCK		
4% PREFERRED STOCK		
Balance, end of period.....	\$ (84)	\$ -
6-1/2% PREFERRED STOCK		
Balance, end of period.....	(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	-
Balance, end of period - 6,168,164 and 605,400 shares, at cost.....	(31,338)	(3,829)
Balance, end of period.....	\$ (33,275)	\$ (3,829)
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Cumulative translation adjustments:		
Balance, beginning of year.....	(17,676)	(18,580)
Foreign currency translation adjustment.....	263	956
Balance, end of period.....	(17,413)	(17,624)
Unrealized gain on marketable securities:		
Balance, beginning of year.....	3,699	4,958
Unrealized gain (loss), net.....	13,639	(208)
Sale of available-for-sale security.....	-	(3,247)
Transfer to trading securities.....	-	(1,711)
Balance, end of period.....	17,338	(208)
Balance, end of period.....	\$ (75)	\$(17,832)

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

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

SIX MONTHS ENDED JUNE 30,	2000	1999
(Dollars in thousands)	(Unaudited)	(Unaudited)
Net income.....	\$ 8,397	\$ 20,303
Other comprehensive income(loss), net of tax:		
Foreign currency translation adjustments.....	263	956
Unrealized gain (loss) on securities.....	13,639	(208)
Other comprehensive income.....	13,902	748
Comprehensive income.....	\$ 22,299	\$ 21,051
Related tax (expense) of other comprehensive income:		
Foreign currency translation adjustments.....	\$ (4)	\$ (153)
Unrealized gain (loss) on securities.....	\$ (9,584)	\$ 112

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

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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 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.

SIX MONTHS ENDED JUNE 30,	2000	1999
(Dollars in thousands)		
Revenues:		

Finance	\$ 10,273	\$ 29,468
Real estate.....	4,421	3,851
Leisure-time.....	795	755
Intercompany adjustments.....	(225)	(224)
	-----	-----
Total.....	\$ 15,264	\$ 33,850
	=====	=====
Pretax Operating (Loss) Income:		

Finance	\$ (2,620)	\$ 19,963
Real estate.....	(129)	1,410
Leisure-time.....	33	92
	-----	-----
Total.....	\$ (2,716)	\$ 21,465
	=====	=====
Total Assets:		

Finance	\$361,145*	\$311,402*
Real estate.....	88,933	36,321
Leisure-time.....	13,766	12,894
Intercompany adjustments.....	(10,775)	(10,360)
	-----	-----
Total.....	\$453,069	\$350,257
	=====	=====

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 an investment in MIRS Communications Ltd. of \$111 million.

4. The following table summarizes securities that were outstanding as of June 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)	June 30,	
-----	2000	1999
-----	-----	-----
Options and Rights	2,375	1,100

5. On April 18, 2000, the Company completed the sale of its indirect holdings in Combox Ltd. ("Combox"), through its 42.5%-owned affiliate, Ophir Holdings Ltd. ("Ophir"), to Terayon Communications Systems, Inc. ("Terayon"), a leading supplier of broadband network systems of Terayon. Ophir exchanged its 19.7% interest in Combox for approximately 300,000 shares of Terayon, as adjusted for stock split of 2 shares for 1 share, 220,000 shares of which were sold short at June 30, 2000. Ophir acquired Combox for approximately \$2.3 million. During the second quarter of 2000, Ophir changed the classification of its investment in Terayon from an available-for-sale security to a trading security. Ophir recorded an unrealized gain in the amount of \$13.6 million (\$8.7 million net of income taxes) in its June 30, 2000, statement of income.

6. On March 23, 2000, the Company's investee, BreezeCOM Ltd. ("BreezeCOM"), a developer and manufacturer of wireless access products, completed an initial public offering of 5 million shares in the United States and raised \$100 million (at \$20 per share). The Company holds approximately 815,000 shares of BreezeCOM which were acquired for \$1.1 million. At June 30, 2000, the Company recorded unrealized gains on its investment in BreezeCOM in the amounts of \$7.7 million (\$5 million net of income taxes), with respect to the hedging of its position in BreezeCOM, and \$25.4 million (\$16.2 million net of income taxes) in its consolidated statement of income and in accumulated other comprehensive loss on its consolidated balance sheet, respectively.

7. On August 2, 2000, the Company's investee, Floware Wireless Systems, Ltd. ("Floware"), a developer of products that enable the transmission of broadband wireless services, completed an initial public offering of 4.5 million shares in the United States and raised \$58.5 million (at \$13 per share). The Company holds 501,300 shares of Floware, which were acquired for approximately \$2 million. The market price of Floware's shares as at the market close on August 10, 2000 was \$16-7/8 per share.

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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

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

Results of Operations

Six months ended June 30, 2000 compared to six months ended June 30, 1999

Consolidated income from continuing operations decreased to \$8.4 million for the six-month period ended June 30, 2000, from \$21 million for the same period in 1999. The decrease in income is primarily attributable to lower realized and unrealized gains on investments, higher interest expense, increased loss from impairment of investments, and a translation loss in 2000 as compared to a translation gain in 1999. 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 \$4.3 million of unrealized gains on investments which are classified as trading securities in the six-month period ended June 30, 2000, as compared to \$11 million in the same period in 1999. The unrealized gains recorded in 2000 are primarily attributable to the Company's investment in BreezeCOM Ltd. ("BreezeCOM") (see "Other Developments"), which were partially offset by the unrealized losses on shares of Arel Communications Ltd. ("Arel"), while in 1999, the gains were attributable to the investments in the shares of Bank Leumi le'Israel B.M. ("Leumi") and Fundtech Ltd. At June 30, 2000 and December 31, 1999, the aggregate fair value of trading securities amounted to approximately \$47.6 million and \$40.4 million, respectively.

In the six months ended June 30, 2000, the Company recorded \$2.3 million of gains on the sale of various marketable securities. In the six months ended June 30, 1999, the Company recorded \$15.6 million of gains on the sale of investments, which were primarily 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.

Equity in earnings of affiliates increased to \$16.1 million for the six months ended June 30, 2000, from \$11 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., 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 half 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 the first half of 2000, while in the same period in 1999, Am-Hal's results were recorded in equity in earnings of affiliates.

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

The Company recorded higher interest expense in the first half of 2000, as compared to the same period in 1999, as a result of increased borrowings in connection with

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new investments made and the acquisition of the Company's shares from Bank Hapoalim B.M. in July, 1999.

In the six-month period ended June 30, 2000, the Company recorded an additional \$3.5 million loss from impairment of its investment in M.D.F. Industries Ltd. ("M.D.F."), which continues to experience operational problems. In the same period in 1999 the Company recorded a \$2.5 million of losses on impairment of its investments in M.D.F. (\$1.5 million) and Unic View Ltd. (\$1 million).

The Company recorded a translation loss of \$.7 million in the six months ended June 30, 2000, as compared to a translation gain of \$.1 million in the same period in 1999. The translation loss in 2000 is attributable to the foreign exchange forward contracts executed by the Company, which were outstanding during the first half of 2000.

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

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

Consolidated net income from continuing operations decreased to \$7.2 million for the three-month period ended June 30, 2000, from \$15 million for the same period in 1999. The decrease in net income is primarily attributable to the lower gains on sale of investments, which were partially offset by the increase in the equity in earnings of affiliates.

In the quarter ended June 30, 2000, the Company recorded \$.3 million of gains on sale of various marketable securities. In the quarter ended June 30, 1999, the Company recorded \$14.7 million of gains on sale of investments, \$13.5 million of which is attributable to the sale of its investment in Moriah.

The Company also recorded \$3.1 million of unrealized gains on investments in the three-month period ended June 30, 2000, as compared to \$2.8 million of unrealized gains on investments in the same period in 1999. (See "Discussion on Results of Operations - Six months ended June 30, 2000 compared to six months ended June 30, 1999).

Equity in earnings of affiliates increased to \$13.2 million for the three months ended June 30, 2000, from \$10.2 million for the same period in 1999. The increase is primarily attributable to the unrealized gains on investments recorded by Trinet in the second quarter of 2000. (See "Discussion on Results of Operations - Six months ended June 30, 2000 compared to six months ended June 30, 1999.")

The increase in other income in the second quarter of 2000, as compared to the second quarter of the previous year, is attributable to the higher dividend income on securities.

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

Liquidity and Capital Resources

At June 30, 2000, cash and cash equivalents were \$6.6 million as compared with \$7.4 million at December 31, 1999. The decrease in cash is primarily attributable to the new investments made in the first half of 2000. The decrease in deposits, notes and loans receivable and debentures is primarily attributable to scheduled repayments. The decrease in other assets and 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. The increase in notes and loans payable is attributable to the increased borrowings with respect to the

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construction of the new senior citizens facility by Am-Hal, and in connection with the new investments made by the Company.

During the first half of 2000, the Company made the following investments, aggregating \$20.3 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 \$2.75 million investment in Netformx (net equity interest - 20.2%, including net indirect equity through Trinet), a developer of network design tools; (3) 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; (4) 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; (5) a \$1.25 million investment to acquire a 12.2% interest in RealM Technologies Ltd. (total equity interest - 18%, 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; (6) a \$1 million investment to acquire a 2.9% interest in BridgeWave Communications Inc., a developer of wireless solutions for cable companies; (7) a \$1 million investment in preferred stock of APA Optics Inc., a manufacturer of fiber optics communications equipment; (8) a \$1 million investment to acquire a 0.5% interest in SeraNova, Inc., a provider of E-business services; (9) a \$.75 million investment to acquire a 20% interest in Xpert Integrated Systems Ltd., a software and systems integrator specializing in systems security; (10) 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, (11) 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; (12) 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 relative to service targets and allocate service resources to maximize their success; (13) a \$.5 million investment to acquire a 5.6% interest in Zactus Inc., a developer of websites for musicians and (14) an additional \$.4 million investment in ShellCase Ltd., (total equity interest - 17.6%), a developer of the smallest packages for semiconductor chips.

Other Developments

On April 18, 2000, the Company completed the sale of its indirect holdings in Combox Ltd. ("Combox"), through Ophir, to Terayon Communications Systems, Inc. ("Terayon") a leading supplier of broadband network systems. Ophir exchanged its 19.7% interest in Combox for approximately 300,000 shares of Terayon, as adjusted for stock split of 2 shares for 1 share, 220,000 shares were sold short at June 30, 2000. Ophir acquired Combox for approximately \$2.3 million. During the second quarter of 2000, Ophir changed the classification of its investment in Terayon from an available-for-sale security to a trading security. Ophir recorded an unrealized gain in the amount of \$13.6 million (\$8.7 million net of income taxes) in its June 30, 2000, statement of income.

On March 23, 2000, the Company's investee, BreezeCOM Ltd. ("BreezeCOM"), a developer and manufacturer of wireless access products, completed an initial public offering of 5 million shares in the United States and raised \$100 million (at \$20 per share). The Company holds approximately 815,000 shares of BreezeCOM which were acquired for \$1.1 million. At June 30, 2000, the Company recorded unrealized gains on its investment in BreezeCOM in the amounts of \$7.7 million (\$5 million net of income taxes), with respect to the hedging of its position in BreezeCOM, and \$25.4 million (\$16.2 million net of income taxes) in its consolidated statement of income and in accumulated other comprehensive loss on its consolidated balance sheet, respectively.

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On August 2, 2000, the Company's investee, Floware Wireless Systems, Ltd. ("Floware"), a developer of products that enable the transmission of broadband wireless services, completed an initial public offering of 4.5 million shares in the United States and raised \$58.5 million (at \$13 per share). The Company holds 501,300 shares of Floware which were acquired for approximately \$2 million. The market price of Floware's shares as at the market close on August 10, 2000 was \$16-7/8 per share.

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 June 30, 2000, and are sensitive to the above market risks.

Interest Rate Risks

At June 30, 2000, the Company had financial assets totalling \$21.3 million and financial liabilities totalling \$187.7 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 June 30, 2000, the Company had fixed rate financial assets of \$16 million and variable rate financial assets of \$5.3 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 \$.2 million.

At June 30, 2000, the Company had fixed rate debt of \$46.1 million and variable rate debt of \$141.6 million. A ten percent decrease in interest rates would increase the unrealized fair value of the fixed rate debt by approximately \$.5 million.

The net decrease in earnings for the next year resulting from a ten percent interest rate increase would be approximately \$.9 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 June 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 loss) would increase by \$.6 million.

Equity Price Risk

The Company's investments at June 30, 2000 included marketable securities (trading and available-for-sale) which are recorded at fair value of \$90.7 million, including net unrealized gains of \$32.4 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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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

PART II - OTHER INFORMATION

Item 1. Legal Proceedings - None.

Item 2. Changes in Securities and Use of Proceeds - Pursuant to a Letter

Agreement, dated as of March 1, 1997, among Ampal, Ampal Realty Corporation, an indirect wholly-owned subsidiary of Ampal, and Emmes Asset Management Corp. ("Emmes"), Ampal agreed to issue to Mr. Andrew Davidoff, as custodian, 100 shares of Class A Stock for each of his three children each year for the duration of the term of the letter agreement. Emmes and Mr. Davidoff provide general asset management and property advisory services with respect to the building located at 800 Second Avenue. On July 7, 2000, Ampal issued 600 shares (representing allocation for 1999 and 2000) to Mr. Davidoff, as custodian. The issuance to Mr. Davidoff of such shares was exempted from registration under the Securities Act of 1933, as amended, pursuant to Section 4(2) of such Act.

Item 3. Defaults upon Senior Securities - None.

Item 4. Submission of Matters to a Vote of Security Holders - On June 29,

2000, Ampal's shareholders held their annual meeting (the "Annual Meeting"). At such meeting, the shareholders elected the following individuals as directors by the following vote:

AUTHORITY	FOR	WITHHELD
Michael Arnon	17,389,924	20,007
Benzion Benbassat	17,390,250	19,681
Yaacov Elinav	17,390,299	19,632
Kenneth L. Henderson	17,390,324	19,607
Hillel Peled	17,390,399	19,532
Daniel Steinmetz	17,377,215	32,716
Raz Steinmetz	17,377,225	32,706
Avi A. Vigder	17,390,399	19,532
Eliyahu Wagner	17,390,324	19,607

Also at the Annual Meeting, the shareholders approved the Ampal-American Israel Corporation 2000 Incentive Plan (11,898,313 for; 612,408 against; 26,177 abstain).

Item 5. Other Information - After the conclusion of the Annual Meeting,

Ampal's Board of Directors elected the following individuals to serve as officers for the upcoming year:

Steinmetz	Chairman of the Board:	Daniel
	President and Chief Executive Officer:	Raz Steinmetz
	Vice President - Finance and Treasurer:	Shlomo Meichor
	Vice President - Accounting and Controller:	Alla Kanter
	Vice President - Legal and Secretary:	Eli S. Goldberg
Aronowitz	Assistant Controller:	Harold

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: August 14, 2000

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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

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.

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Exhibit 11

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

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

SIX MONTHS ENDED JUNE 30,	2000	1999
(Amounts in thousands, except per share data)	(Unaudited)	(Unaudited) (Note 2)
BASIC EPS		
Income from continuing operations.....	\$ 8,255(1)	\$20,846(1)
Loss from discontinued operations.....	-	(711)
	-----	-----
Net income.....	\$ 8,255 =====	\$20,135 =====
 Earnings per Class A share:		
Earnings from continuing operations.....	\$.44	\$.87
Loss from discontinued operations.....	-	(.03)
	-----	-----
Earnings per Class A share.....	\$.44 =====	\$.84 =====
 Weighted average number of Class A Shares outstanding.....		
	18,747	24,105
 DILUTED EPS		
Income from continuing operations.....	\$ 8,397	\$21,014
Loss from discontinued operations.....	-	(711)
	-----	-----
Net income.....	\$ 8,397 =====	\$20,303 =====
 Earnings per Class A share:		
Earnings from continuing operations.....	\$.38	\$.76
Loss from discontinued operations.....	-	(.03)
	-----	-----
Earnings per Class A share.....	\$.38 =====	\$.73 =====
 Weighted average number of Class A Shares outstanding assuming Conversion of preferred stock into Class A shares and the exercise of stock options.....		
	21,785	27,716

(1) After deduction of accrued preferred stock dividends of \$142 and \$168, respectively

ARTICLE 5
 THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
 JUNE 30, 2000.
 MULTIPLIER: 1,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 2000
PERIOD START	JAN 01 2000
PERIOD END	JUN 30 2000
CASH	6,641
SECURITIES	330,950
RECEIVABLES	16,073
ALLOWANCES	0
INVENTORY	0
CURRENT ASSETS	15,706
PP&E	91,867
DEPRECIATION	8,168
TOTAL ASSETS	453,069
CURRENT LIABILITIES	85,523
BONDS	187,654
PREFERRED MANDATORY	0
PREFERRED	4,608
COMMON	25,234
OTHER SE	150,050
TOTAL LIABILITY ANDEQUITY	453,069
SALES	0
TOTAL REVENUES	31,320
CGS	0
TOTAL COSTS	0
OTHER EXPENSES	11,437
LOSS PROVISION	0
INTEREST EXPENSE	6,025
INCOME PRETAX	13,858
INCOME TAX	5,461
INCOME CONTINUING	8,397
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	8,397
EPS BASIC	.44
EPS DILUTED	.38

End of Filing