

# 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): April 14, 1999

## AMPAL-AMERICAN ISRAEL CORPORATION

(Exact Name of Registrant as Specified in Charter)

New York

0-538

13-0435685

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

(Commission  
File Number)

(I.R.S. Employer  
Identification

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 or Former Address, if Changed Since Last Report.)

## Item 2. Acquisition or Disposition of Assets.

On April 14, 1999, Ampal (Israel) Ltd. ("Ampal Israel"), a wholly-owned subsidiary of the Registrant, sold its 46% equity interest in Moriah Hotels Ltd. ("Moriah"), which owns and operates hotels in Israel, to Koor Tourism Enterprises Ltd. and Sheraton International Ltd. (collectively, the "Purchaser") for \$29.6 million.

Prior to the sale, on April 12, 1999 Ampal Israel received a dividend in the amount of \$7.9 million from Moriah.

The purchase price was determined by inviting proposals from interested purchasers subsequent to setting a minimum fair market value of \$80 million for Moriah (prior to the issuance of dividends).

The sale was made pursuant to an agreement entered into between Ampal Israel and the Purchaser on January 25, 1999 (the "Agreement").

Gmul Investment Co. Ltd. and Amot Investments Ltd., entities which collectively owned a 47% equity interest in Moriah, sold their equity interest on the same terms as Ampal Israel.

HVE - Hevrat Ovdim Investments Ltd. ("HVE"), the owner of a 7% equity interest in Moriah was given the option to sell its equity interest to the Purchaser on the same terms offered to Ampal Israel. To the Registrant's best knowledge, HVE has exercised its option.

At the time of the disposition, Bank Hapoalim B.M. ("Hapoalim") had a 25.5% equity interest in the Registrant (assuming the conversion of all of Hapoalim's Preferred shares in the Registrant) and a 22.5% equity interest in Koor. The Registrant and Koor do not have any common directors. Hapoalim does not have a controlling interest or the right to nominate officers in either the Registrant or Koor.

## Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(b) Pro Forma Financial Information  
Page

Pro Forma Consolidated Balance Sheet as of December 31, 1998 (Unaudited)	3
Pro Forma Consolidated Statement of Income for the Year Ended December 31, 1998 (Unaudited)	4
Notes and Management's Assumptions to Pro Forma Consolidated Financial Statements for the Year Ended December 31, 1998 (Unaudited)	5

## Item 7(b) PRO FORMA FINANCIAL INFORMATION

The following Pro Forma Consolidated Balance Sheet as of December 31, 1998, and the Pro Forma Consolidated Statement of Income for the year ended December 31, 1998, have been prepared to reflect the disposition transaction and the adjustments described in the accompanying notes. The pro forma financial information is based on the historical consolidated financial statements of Ampal-American Israel Corporation (the "Registrant") and its Subsidiaries (collectively, the "Company") and should be read in conjunction with the notes and management's assumptions with respect thereto. The Pro Forma Consolidated Balance Sheet was prepared as if the disposition transaction occurred on December 31, 1998. The Pro Forma Consolidated Statement of Income for the year ended December 31, 1998 was prepared assuming the disposition transaction occurred on the first day of the period presented. The pro forma financial information is unaudited and not necessarily indicative of the consolidated results which actually would have occurred if the disposition transaction had been consummated at the beginning of the period presented, nor does it purport to represent the future financial position and results of operations for future periods.

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES  
 PRO FORMA CONSOLIDATED BALANCE SHEET (UNAUDITED)  
 (Dollars in thousands)

	December 31, 1998		
	-----	-----	-----
	Historical	Pro Forma Adjustments	Pro Forma
	-----	-----	-----
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,047		\$ 37,922
Deposits, notes and loans receivable	27,816	\$ 25,875 (a)	27,816
Investments	214,421		214,421
Investment held for sale	25,104	(25,104) (b)	-
Real estate rental property, less accumulated depreciation of \$6,492	29,735		29,735
Property and equipment, less accumulated depreciation of \$2,608	3,227		3,227
Other assets	16,896		16,896
	-----		-----
<b>TOTAL ASSETS</b>	<b>\$329,246</b>		<b>\$330,017</b>
	=====		=====
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Notes and loans payable:			
Related parties	\$ 57,557		\$ 57,557
Others	40,636		40,636
Debentures	32,817		32,817
Accounts and income taxes payable, accrued expenses and minority interests	37,071	(7,286) (c)	29,785
	-----		-----
<b>Total liabilities</b>	<b>168,081</b>		<b>160,795</b>
	-----		-----
 <b>SHAREHOLDERS' EQUITY</b>			
4% Cumulative Convertible Preferred Stock, \$5 par value; authorized 189,287 shares; issued and outstanding 172,238 shares	861		861
6-1/2% Cumulative Convertible Preferred Stock, \$5 par value; authorized 988,055 shares; issued and outstanding 925,279 shares	4,626		4,626
Class A Stock, \$1 par value; authorized 60,000,000 shares; issued 24,684,822 shares; outstanding 24,079,422 shares	24,685		24,685
Additional paid-in capital	57,829		57,829
Retained earnings	90,615	8,057 (d)	98,672
Treasury Stock, 605,400 shares of Class A Stock at cost	(3,829)		(3,829)
Accumulated other comprehensive loss	(13,622)		(13,622)
	-----		-----
<b>Total shareholders' equity</b>	<b>161,165</b>		<b>169,222</b>
	-----		-----
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$329,246</b>		<b>\$330,017</b>
	=====		=====

The accompanying notes and management's assumptions to the pro forma consolidated financial statements are an integral part of this statement.

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES  
PRO FORMA CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)  
(Dollars in thousands, except per share data)

	Year Ended December 31, 1998		
	Historical	Pro Forma Adjustments	Pro Forma
	-----	-----	-----
REVENUES:			
Equity in earnings of affiliates	\$ 7,328	\$ (440) (a)	\$ 6,888
Manufacturing	6,768		6,768
Interest:			
Related parties	4,339	1,483 (b)	5,822
Others	987		987
Rental income	7,302		7,302
Realized and unrealized (losses) gains on investments	(568)	12,836 (c)	12,268
Gain on issuance of shares by affiliate	1,032		1,032
Other	2,763		2,763
	-----		-----
Total revenues	29,951		43,830
	-----		-----
EXPENSES:			
Manufacturing	8,492		8,492
Interest:			
Related parties	5,122		5,122
Others	7,195		7,195
Rental property operating expenses	3,550		3,550
Loss from impairment of investments	1,890		1,890
Minority interests	(1,345)		(1,345)
Other	6,393		6,393
	-----		-----
Total expenses	31,297		31,297
	-----		-----
(Loss) income before income taxes	(1,346)		12,533
(Benefit) provision for income taxes	(3,521)	4,858 (d)	1,337
	-----		-----
NET INCOME	\$ 2,175		\$ 11,196
	=====		=====
Basic EPS			
Earnings per Class A share	\$ .08		\$ .45
	=====		=====
Shares used in calculation (in thousands)	23,911		23,911
Diluted EPS			
Earnings per Class A share	\$ .07		\$ .39
	=====		=====
Shares used in calculation (in thousands)	27,624		27,624

The accompanying notes and management's assumptions to the pro forma consolidated financial statements are an integral part of this statement.

**AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES**  
**NOTES AND MANAGEMENT'S ASSUMPTIONS**  
**TO PRO FORMA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1998 (UNAUDITED)**

**1. BASIS OF PRESENTATION:**

On April 14, 1999, the Company sold all of its interest in the Moriah Hotels Ltd. ("Moriah") to Koor Tourism Enterprises Ltd. and Sheraton International Ltd. for \$29.6 million. On April 12, 1999, prior to the sale, the Company received a dividend from Moriah in the amount of \$7.9 million.

The accompanying unaudited pro forma consolidated balance sheet is presented as if the disposition transaction occurred on December 31, 1998.

The accompanying unaudited pro forma consolidated statement of income is presented as if the disposition transaction occurred on January 1, 1998.

These pro forma financial statements should be read in conjunction with the historical financial statements and notes thereto of the Company as of December 31, 1998. In management's opinion, all material adjustments necessary to reflect the effects of the disposition transaction by the Company have been made.

The unaudited pro forma consolidated financial statements are not necessarily indicative of the actual financial position of the Company as of December 31, 1998, or what the actual results of operations of the Company would have been assuming the disposition transaction had been completed as of January 1, 1998, nor are they necessarily indicative of the results of operations for future periods.

**2. ADJUSTMENTS TO PRO FORMA CONSOLIDATED BALANCE SHEET**

(a) To reflect proceeds from the sale of the investment in Moriah and the dividend received from Moriah, less payment of taxes, as if the transaction had occurred on December 31, 1998.

(b) To eliminate the investment in Moriah.

(c) To eliminate the deferred tax liability in connection with the sale of Moriah.

(d) To reflect the net gain on the sale of the investment in Moriah.

**3. ADJUSTMENTS TO PRO FORMA CONSOLIDATED STATEMENT OF INCOME**

(a) To reflect a decrease in equity in earnings of affiliates as if the sale of the investment in Moriah had been made at the beginning of the period.

**AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES**  
**NOTES AND MANAGEMENT'S ASSUMPTIONS**  
**TO PRO FORMA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1998 (UNAUDITED)**

- (b) To reflect an increase in interest income (as if the sale had been made at the beginning of the period), based on the 90-day London Interbank Offered Rate ("Libor") minus .1%.
- (c) To reflect the gain on sale of the investment in Moriah.
- (d) To reflect a tax provision on the above pro forma adjustments.

**SIGNATURE**

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

**AMPAL-AMERICAN ISRAEL CORPORATION**

*Date: April 27, 1999*

*By: /s/ ELI S. GOLDBERG*

-----

*Eli S. Goldberg, Secretary*

# End of Filing