

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): August 31, 2005
(August 30, 2005)

AMPAL-AMERICAN ISRAEL CORPORATION

(Exact Name of Registrant as Specified in Charter)

New York	0-538	13-0435685
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(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 August 30, 2005, Ampal-American Israel Corporation (the "Company"), through Ampal Communications L.P., a limited partnership controlled by the Company, entered into a Stock Purchase and Indemnification Agreement (the "Agreement") to sell to Motorola Israel Ltd. ("Motorola Israel") all its holdings in MIRS Communications Ltd. ("MIRS").

Upon the consummation of the transaction, which is subject to the satisfaction of certain conditions, the Company expects Ampal Communications L.P. to receive approximately US \$89 million of total proceeds composed of US\$67 million for the purchase price and an additional US\$22 million related to guaranteed dividend payments and to record a loss of approximately US\$4.1 million. Ampal Communications L.P. will use approximately US\$73.6 million of the proceeds to repay all outstanding debt to Banks incurred in connection with making the MIRS investment. In addition, in connection with the closing of the transaction, the existing lawsuit among the parties and others relating to MIRS will be dismissed.

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 9.01. Financial Statements and Exhibits.

(c) Exhibits

Exhibit No. -----	Description of Exhibit -----
99.1	Press Release of Ampal-American Israel Corporation, dated August 31, 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: August 31, 2005

AMPAL-AMERICAN ISRAEL CORPORATION

By: /s/ Yoram Firon

Name: Yoram Firon

*Title: Vice President - Investments
and Corporate Affairs*

EXHIBIT INDEX

EXHIBIT

DESCRIPTION

99.1

Press Release of Ampal-American Israel Corporation,
dated August 31, 2005.

[AMPAL LOGO]

FOR: AMPAL-AMERICAN ISRAEL CORPORATION

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FOR: Kwan Communications
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Ampal-American Israel Corporation To Sell Its Holdings of MIRS to Motorola Israel Ltd.

TEL AVIV, Israel, August 31, 2005 - Ampal-American Israel Corporation (Nasdaq:AMPL) announced today that Ampal Communications L.P., a limited partnership controlled by Ampal, has signed an agreement to sell to Motorola Israel Ltd. ("Motorola") all of its holdings of MIRS Communications Ltd. ("MIRS").

Upon the consummation of the transaction, which is subject to the satisfaction of certain conditions, the Company expects Ampal Communications L.P. to receive approximately US \$89 million of total proceeds composed of US\$67 million for the purchase price and an additional US\$22 million related to guaranteed dividend payments and to record a loss of approximately US\$4.1 million. Ampal Communications L.P. will use approximately US\$73.6 million of the proceeds to repay all outstanding debt to Banks incurred in connection with making the MIRS investment. In addition, in connection with the closing of the transaction, the existing lawsuit among the parties and others relating to MIRS will be dismissed.

Ampal Communications L.P. is a limited partnership which holds a 33% interest in MIRS. Ampal American-Israel Corporation holds 75% of Ampal Communications L.P.

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: telecommunication, real estate, capital markets, leisure-time, high technology 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, the global business and economic conditions in the different sectors and markets where the Company's portfolio companies operate, and the ability of the Company to consummate the sale of its holdings in MIRS in accordance with the terms set forth herein. 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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