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AMPAL AMERICAN ISRAEL CORP /NY/
Form 10-Q
May 15, 2001

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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 March 31, 2001

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

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The number of shares outstanding of the issuer's Class A Stock, its only authorized common stock, is 19,152,478 (as of April 30, 2001).

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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

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ITEM 1. FINANCIAL STATEMENTS

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31,	2001	2000

(Dollars in thousands, except per share amounts)	(Unaudited)	(Unaudited)

REVENUES		
Equity in earnings of affiliates.....	\$ 843	\$ 2,86
Interest.....	215	37
Real estate income.....	3,123	2,17
Realized and unrealized (losses) gains on investments.....	(866)	3,24
Gain on sale of real estate rental property.....	7,971	
Other.....	559	2,09
	-----	-----
Total revenues.....	11,845	10,75
	-----	-----
EXPENSES		
Interest.....	4,198	2,53
Real estate expenses.....	3,009	1,73
Loss from impairment of investments.....	1,250	1,50
Minority interests.....	(735)	7
Translation (gain) loss.....	(842)	1,05
Other.....	2,151	2,02
	-----	-----
Total expenses.....	9,031	8,91
	-----	-----
Income before income taxes.....	2,814	1,84
Provision for income taxes.....	2,454	67
	-----	-----
NET INCOME.....	\$ 360	\$ 1,16
	=====	=====
Basic EPS		
Earnings per Class A share.....	\$.02	\$.0
Shares used in calculation (in thousands).....	19,142	18,52
Diluted EPS		
Earnings per Class A share.....	\$.02	\$.0
Shares used in calculation (in thousands).....	19,923	21,72

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

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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS

ASSETS AS AT	March 31, 2001	December 31, 2000
(Dollars in thousands)	(Unaudited)	
Cash and cash equivalents.....	\$ 15,960	\$ 5,840
Deposits, notes and loans receivable.....	17,106	14,800
Investments.....	294,870	307,600
Real estate property, less accumulated depreciation of \$6,973 and \$9,310.....	68,436	87,480
Other assets.....	25,426	30,900
TOTAL ASSETS.....	\$421,798 =====	\$446,620 =====

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

LIABILITIES AND SHAREHOLDERS' EQUITY AS AT	March 31, 2001	December 2000
(Dollars in thousands)	(Unaudited)	
LIABILITIES		
Notes and loans payable:		

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Related parties.....	\$ 9,046	\$ 11,60
Others.....	153,930	165,93
Debentures.....	22,112	24,03
Accounts and income taxes payable, accrued expenses and minority interests.....	81,021	80,65
	-----	-----
Total liabilities.....	266,109	282,22
	-----	-----
SHAREHOLDERS' EQUITY		
4% Cumulative Convertible Preferred Stock, \$5 par value; authorized 189,287 shares; issued 154,470 and 156,401 shares; outstanding 151,120 and 153,051 shares.....	772	78
6-1/2% Cumulative Convertible Preferred Stock, \$5 par value; authorized 988,055 shares; issued 743,339 and 745,814 shares; outstanding 620,803 and 623,278 shares.....	3,717	3,72
Class A Stock, \$1 par value; authorized 60,000,000 shares; issued 25,320,082 and 25,303,002 shares; outstanding 19,151,918 and 19,134,838 shares.....	25,320	25,30
Additional paid-in capital.....	58,199	58,19
Retained earnings.....	119,301	118,94
Treasury stock, at cost.....	(33,275)	(33,27
Accumulated other comprehensive loss.....	(18,345)	(9,27
	-----	-----
Total shareholders' equity.....	155,689	164,40
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$421,798	\$446,62
	=====	=====

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

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

THREE MONTHS ENDED MARCH 31,	2001	2000
-----	-----	-----
(Dollars in thousands)	(Unaudited)	(Unaudit

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Cash flows from operating activities:		
Net income.....	\$ 360	\$ 1,16
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in earnings of affiliates.....	(843)	(2,86
Realized and unrealized losses (gains) on investments.....	866	(3,24
Gain on sale of real estate rental property.....	(7,971)	
Depreciation expense.....	715	42
Amortization expense.....	96	24
Loss from impairment of investments.....	1,250	1,50
Translation (gain) loss.....	(842)	1,05
Minority interests.....	(735)	7
Decrease in other assets.....	4,059	4,57
Increase in accounts and income taxes payable, accrued expenses and minority interests.....	2,608	49
Investments made in trading securities.....	-	(14,33
Proceeds from sale of trading securities.....	2,965	9,92
Dividends received from affiliates.....	48	3,42
	-----	-----
Net cash provided by operating activities.....	2,576	2,44
	-----	-----
Cash flows from investing activities:		
Deposits, notes and loans receivable collected.....	2,369	7,80
Deposits, notes and loans receivable granted.....	(5,211)	(19
Investments made in:		
Available-for-sale securities.....	(752)	(2,12
Affiliates and others.....	(7,604)	(9,18
Proceeds from sale of investments:		
Available-for-sale securities.....	2,800	
Others	134	1,13
Proceeds from sale of real estate property, net of commissions and transfer taxes.....	31,723	
Capital improvements.....	(1,253)	(5,76
	-----	-----
Net cash provided by (used in) investing activities.....	22,206	(8,33
	-----	-----

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

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

THREE MONTHS ENDED MARCH 31,	2001	2000
-----	-----	-----
(Dollars in thousands)	(Unaudited)	(Unaudite

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Cash flows from financing activities:

Notes and loans payable received:		
Others.....	\$ 6,940	\$ 19,560
Notes and loans payable repaid:		
Related parties.....	(301)	(7,280)
Others.....	(19,206)	(7,280)
Proceeds from exercise of stock options.....	-	74
Contribution to partnership by minority interests.....	1,295	
Debentures repaid.....	(1,894)	(6,380)
	-----	-----
Net cash (used in) provided by financing activities.....	(13,166)	6,630
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	(1,498)	530
	-----	-----
Net increase in cash and cash equivalents.....	10,118	1,270
Cash and cash equivalents at beginning of period.....	5,842	7,400
	-----	-----
Cash and cash equivalents at end of period.....	\$ 15,960	\$ 8,680
	=====	=====
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period:		
Interest paid to others:.....	\$ 7,223	\$ -
	=====	=====
Income taxes paid.....	\$ 12	\$ 13
	=====	=====

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 CHANGES IN SHAREHOLDERS' EQUITY

THREE MONTHS ENDED MARCH 31,	2001	2000
(Dollars in thousands, except share amounts)	(Unaudited)	(Unaudited)
4% PREFERRED STOCK		
Balance, beginning of year.....	\$ 782	\$ 82
Conversion of 1,931 and 3,324 shares into Class A Stock.....	(10)	(10)
	-----	-----

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Balance, end of period.....	\$ 772	\$ 81
	=====	=====
6-1/2% PREFERRED STOCK		
Balance, beginning of year.....	\$ 3,729	\$ 4,45
Conversion of 2,475 and 119,665 shares into Class A Stock.....	(12)	(59)
	-----	-----
Balance, end of period.....	\$ 3,717	\$ 3,86
	=====	=====
CLASS A STOCK		
Balance, beginning of year.....	\$ 25,303	\$ 24,81
Issuance of shares upon conversion of Preferred Stock.....	17	37
	-----	-----
Balance, end of period.....	\$ 25,320	\$ 25,19
	=====	=====
ADDITIONAL PAID-IN CAPITAL		
Balance, beginning of year.....	\$ 58,194	\$ 57,89
Conversion of Preferred Stock.....	5	23
Issuance of shares upon exercise of stock options.....	-	5
	-----	-----
Balance, end of period.....	\$ 58,199	\$ 58,19
	=====	=====
RETAINED EARNINGS		
Balance, beginning of year.....	\$118,941	\$118,36
Net income.....	360	1,16
	-----	-----
Balance, end of period.....	\$119,301	\$119,52
	=====	=====

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 CHANGES IN SHAREHOLDERS' EQUITY

THREE MONTHS ENDED MARCH 31,	2001	2000
	-----	-----
(Dollars in thousands, except share amounts)	(Unaudited)	(Unaudited)
TREASURY STOCK		
4% PREFERRED STOCK		
Balance, end of period.....	\$ (84)	\$ (8
	-----	-----
6-1/2% PREFERRED STOCK		

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Balance, end of period.....	(1,853)	(1,853)
	-----	-----
CLASS A STOCK		
Balance, beginning of year - 6,168,164 and 6,528,181 shares, at cost.....	(31,338)	(33,618)
Issuance of shares upon exercise of 109,000 stock options.....	-	68
	-----	-----
Balance, end of period - 6,168,164 and 6,419,181 shares, at cost.....	(31,338)	(32,922)
	-----	-----
Balance, end of period.....	\$ (33,275)	\$ (34,860)
	=====	=====
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Cumulative translation adjustments:		
Balance, beginning of year.....	\$ (17,217)	\$ (17,678)
Foreign currency translation adjustment.....	(1,406)	85
	-----	-----
Balance, end of period.....	(18,623)	(16,822)
	-----	-----
Unrealized gain on marketable securities:		
Balance, beginning of year.....	7,945	3,690
Unrealized (loss) gain, net.....	(6,182)	17,518
Sale of available-for-sale securities.....	(1,485)	
	-----	-----
Balance, end of period.....	278	21,218
	-----	-----
Balance, end of period.....	\$ (18,345)	\$ 4,390
	=====	=====

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

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

THREE MONTHS ENDED MARCH 31,	2001	2000
	-----	-----
(Dollars in thousands)	(Unaudited)	(Unaudited)
Net income.....	\$ 360	\$ 1,168
	-----	-----
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustments.....	(1,406)	85
Unrealized (loss) gain on securities.....	(6,182)	17,518
	-----	-----

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Other comprehensive (loss) income.....	(7,588)	18,36
	-----	-----
Comprehensive (loss) income.....	\$ (7,228)	\$ 19,52
	=====	=====
Related tax benefit (expense) of other comprehensive (loss) income:		
Foreign currency translation adjustments.....	\$ 534	\$ (23
Unrealized (loss) gain on securities.....	\$ 4,193	\$ (9,81

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)

- As used in these financial statements, the term the "Company" refers to Ampal-American Israel Corporation ("Ampal") and its consolidated subsidiaries.
- The December 31, 2000 consolidated balance sheet presented herein was derived from the audited December 31, 2000 consolidated financial statements of the Company.

Reference should be made to the Company's consolidated financial statements for the year ended December 31, 2000 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, 2000 consolidated financial statements for additional details of the Company's consolidated financial condition, results of operations and cash flows. 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.

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

THREE MONTHS ENDED MARCH 31,	2001	2000

(Dollars in thousands)		
Revenues:		

Finance.....	\$ 200	\$ 5,40
Real estate.....	11,094	2,17
Leisure-time.....	447	41
Intercompany adjustments.....	(739)	(10
	-----	-----

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Total.....	\$ 11,002	\$ 7,88
	=====	=====
Pretax Operating Income (Loss):		

Finance.....	\$ (5,626)	\$ (1,04
Real estate.....	6,790	(1
Leisure-time.....	72	10
	-----	-----
Total.....	\$ 1,236	\$ (95
	=====	=====
Total Assets:		

Finance.....	\$339,467*	\$353,34
Real estate.....	75,400	82,14
Leisure-time.....	13,803	14,20
Intercompany adjustments.....	(6,872)	(10,62
	-----	-----
Total.....	\$421,798	\$439,07
	=====	=====

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

The real estate segment consists of rental property owned in Israel and the United States (see Note 5) leased to related and unrelated parties and of the

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operations of Am-Hal Ltd., 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 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 March 31, 2001 and 2000, but not included in the calculations of diluted earnings per Class A share because such shares are antidilutive.

(Shares in thousands)	March 31,	
	2001	2000
	----	----
Options and Rights	3,013	-
6-1/2% Preferred Stock	621	-

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5. On March 28, 2001, the Company concluded the sale of its interest in a building located at 800 Second Avenue in New York City for \$33 million and recorded a pre-tax gain of approximately \$8 million (\$4.3 million net of taxes).

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

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

Results of Operations

Consolidated net income decreased to \$.4 million for the three months ended March 31, 2001, from \$1.2 million for the same period in 2000. The decrease in income is primarily attributable to unrealized losses on investments, the decrease in equity in earnings of affiliates, higher interest expense, higher provision for income taxes, and lower other income. These decreases were partially offset by the gain on sale of real estate rental property in 2001 and a translation gain in 2001, as compared to a translation loss in 2000.

Ampal-American Israel Corporation ("Ampal") and its subsidiaries (the "Company") recorded \$2.2 million of unrealized losses on investments which are classified as trading securities in the three-month period ended March 31, 2001, as compared to \$1.7 million of unrealized gains in the same period in 2000. The unrealized losses recorded in 2001 and the unrealized gains recorded in 2000 are primarily attributable to the Company's investment in shares of Bank Leumi Le'Israel B.M. At March 31, 2001 and December 31, 2000, the aggregate fair value of trading securities amounted to approximately \$18.2 million and \$23.8 million, respectively.

In the three months ended March 31, 2001, the Company recorded \$1.3 million of gains on the sale of investments, which were primarily attributable to its investment in Floware Wireless Systems Ltd. In the quarter ended March 31, 2000, the Company recorded \$1.5 million of gains on the sale of various marketable securities.

Equity in earning of affiliates decreased to \$.8 million for the three months ended March 31, 2001, from \$2.9 million for the same period in 2000. The decrease is primarily attributable to the decreased earnings of the Company's 50%-owned affiliate, Trinet Venture Capital Ltd., which recorded unrealized gains on its investments in Smart Link Ltd., Netformx Ltd. and Sim-Player.com Ltd in 2000, and Ophirtech Ltd., the Company's 42.5%-owned affiliate, which recorded losses from impairment of investments in 2001.

On March 28, 2001, the Company concluded the sale of its interest in a building located at 800 Second Avenue ("800 Second Avenue") in New York City for \$33 million and recorded a pre-tax gain of approximately \$8 million (\$4.3 million net of taxes).

The increase in real estate income and expenses in the first quarter of 2001 as compared to the same period in 2000 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. In June 2000, Am-Hal opened its second senior citizen facility which is located in Hod Hasharon, Israel.

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The decrease in other income in the three months ended March 31, 2001, as compared to the same period in 2000, is attributable to a dividend received from MIRS Communications Ltd. ("MIRS") in 2000, which was not distributed by MIRS in 2001.

The Company recorded higher interest expense in the three months ended March 31, 2001, as compared to the same period in 2000, primarily as a result of interest expense attributable to Am-Hal's operations.

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In the three-month period ended March 31, 2001, the Company recorded a \$1.25 million loss from impairment of its investment in Realm Technologies, Ltd., while in the same period in 2000, the Company recorded a \$1.5 million loss from impairment of its investment in M.D.F. Industries Ltd.

The increase in the effective income tax rate in the first quarter of 2001 as compared to the same period in 2000 is attributable to state and local income taxes with respect to the gain on sale of 800 Second Avenue, losses of certain Israeli subsidiaries for which no tax benefits are available and certain expenses which are not deductible for income tax purposes.

The Company recorded a translation gain of \$.8 million in the quarter ended March 31, 2001, as compared to a translation loss of \$1.1 million in the same period in 2000. The translation gain in 2001 is attributable to the devaluation of the new Israeli shekel against the U.S. dollar in the three months ended March 31, 2001, while the translation loss in 2000 was attributable to foreign exchange forward contracts executed by the Company, which were outstanding during the first quarter of 2000.

Liquidity and Capital Resources

At March 31, 2001, cash and cash equivalents were \$16 million, as compared with \$5.8 million at December 31, 2000. The increase in cash and cash equivalents and the decrease in notes and loans payable and real estate property are primarily attributable to the sale of 800 Second Avenue. The increase in accumulated other comprehensive loss is primarily attributable to the unrealized losses on the available-for-sale securities.

On January 22, 2001, the Company made an additional investment of \$1.5 million in Enbaya Ltd., a developer of a 3D browser that enables fast viewing, compression and streaming of 3D models, and increased its equity interest in the company from 12.9% to 20.5%.

On February 23, 2001, the Company made an additional investment of \$5 million in XACCT, a leading provider of business infrastructure software for the next-generation public network. The Company holds an approximate 16.2% equity interest in XACCT.

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 March 31, 2001, and are sensitive to the above market risks.

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Interest Rate Risks

At March 31, 2001, the Company had financial assets totalling \$31.9 million and financial liabilities totalling \$185.1 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 March 31, 2001, the Company had fixed rate financial assets of \$20.4 million and variable rate financial assets of \$11.5 million. Holding other variables constant, a

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ten percent increase in interest rates would decrease the unrealized fair value of the fixed financial assets by approximately \$.2 million.

At March 31, 2001, the Company had fixed rate debt of \$47.6 million and variable rate debt of \$137.5 million. A ten percent decrease in interest rates would increase the unrealized fair value of the fixed rate debt by approximately \$.3 million.

The net decrease in earnings for the next year resulting from a ten percent interest rate increase would be approximately \$.8 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 sometimes enters into various foreign exchange forward purchase contracts. At March 31, 2001, the Company did not have any open foreign exchange forward purchase contracts. Holding other variables constant, if there were a ten percent devaluation of the foreign currency, the Company's cumulative translation loss (reflected in the Company's accumulated other comprehensive loss) would increase by \$1.6 million. Conversely, if there were a 10% revaluation of the foreign currency, the net decrease in earnings would be \$2.6 million.

Equity Price Risk

The Company's investments at March 31, 2001 included marketable securities (trading and available-for-sale) which are recorded at fair value of \$43.1 million, including a net unrealized loss of \$12.4 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 \$4.3 million.

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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

PART II - OTHER INFORMATION

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- 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.
 - (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

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(Principal Financial Officer)

By:/s/ Alla Kanter

Alla Kanter
Vice President - Accounting
and Controller
(Principal Accounting Officer)

Dated: May 15, 2001

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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.....

* This exhibit was included in the copy of this report filed with the Securities and Exchange Commission and is available upon request from Ampal.

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