

AMPAL-AMERICAN ISRAEL CORP

Form 4

September 24, 2007

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
Merhav (m.n.f.) LTD

2. Issuer Name **and** Ticker or Trading
Symbol
AMPAL-AMERICAN ISRAEL
CORP [AMPL]

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

(Last) (First) (Middle)
33 HAVAZELET HASHARON
STREET

3. Date of Earliest Transaction
(Month/Day/Year)
09/20/2007

____ Director ____X____ 10% Owner
____ Officer (give title below) ____ Other (specify below)

(Street)
HERZLIYA, ISRAEL, L3 46106

4. If Amendment, Date Original
Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check
Applicable Line)
X Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Class A Stock	09/20/2007		C(1)(2)		4,476,389 (1) (2)	A	(1) (2) 4,476,389
							D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of
information contained in this form are not
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SEC 1474
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and of Underlyi Securities (Instr. 3 and
Convertible Promissory Note	\$ 4.65	09/20/2007		C ⁽¹⁾⁽²⁾	4,476,389 (1) (2)	02/07/2007 09/20/2007 ⁽¹⁾	Class A Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Merhav (m.n.f.) LTD 33 HAVAZELET HASHARON STREET HERZLIYA, ISRAEL, L3 46106			X	

Signatures

/s/ Merhav (m.n.f.) Limited By: Yosef A. Maiman, President &
CEO 09/24/2007

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) On November 28, 2006, Merhav (M.N.F.) Ltd. ("Merhav") entered into an agreement with a wholly owned subsidiary of the Issuer for the sale of a portion of Merhav's interest in East Mediterranean Gas Co. S.A.E., an Egyptian company ("EMG"). The transaction closed on December 21, 2006. The purchase price for the shares of EMG was approximately \$128.3 million, of which, approximately \$68.3 million was paid to Merhav in cash, \$40 million was paid in 8,602,151 shares of the Company's Class A Stock and the balance was paid by a promissory note in the principal amount of \$20 million (the "Convertible Promissory Note"), which, at the option of Merhav, could be paid in cash, additional shares of the Company's Class A Stock (based on a price per share of \$4.65), or a combination thereof. The Convertible Promissory Note bears interest at 6 months LIBOR (5.375%) and matures in one or more partial payments on the earlier of September 20, 2007 or upon demand by Merhav.

(2) On September 20, 2007, Merhav exercised its option to convert the outstanding balance of \$20,815,208 on the Convertible Promissory Note into 4,476,389 shares of Class A Stock of the Company (based on a price per share of \$4.65). Upon exercising its right to conversion, Merhav surrendered to the Company the Convertible Promissory Note.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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