

AMPAL-AMERICAN ISRAEL CORP  
 Form 4  
 December 10, 2008

**FORM 4**

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

OMB APPROVAL

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**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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**KARNI YEHUDA**

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)

3. Date of Earliest Transaction  
 (Month/Day/Year)  
**12/08/2008**

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

**C/O AMPAL-AMERICAN ISRAEL CORPORATION, 10 ABBA EVEN ST.**

(Street)

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

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

**HERZLIYA, ISRAEL, L3 46733**

(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 Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

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

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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 Amount of Underlying Securities (Instr. 3 and 4)	
					(A)	(D)	Date Exercisable	Expiration Date	Title	Amount of Underlying Shares
Stock Option (Right to Buy)	\$ 1.17	12/08/2008		A	180,000		(1)	12/07/2018	Class A Stock	180,000
Stock Option (Right to Buy)	\$ 3.12	12/08/2008		D	15,000		(3)	08/15/2012	Class A Stock	15,000
Stock Option (Right to Buy)	\$ 3.69	12/08/2008		D	45,000		(4)	10/09/2015	Class A Stock	45,000
Stock Option (Right to Buy)	\$ 5.06	12/08/2008		D	30,000		(5)	12/11/2016	Class A Stock	30,000
Stock Option (Right to Buy)	\$ 5.35	12/08/2008		D	90,000		(6)	09/02/2017	Class A Stock	90,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KARNI YEHUDA C/O AMPAL-AMERICAN ISRAEL CORPORATION 10 ABBA EVEN ST. HERZLIYA, ISRAEL, L3 46733	X			

## Signatures

/s/ Yehuda Karni  
12/10/2008

\*\*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).

This option vests and becomes exercisable as follows: (i) option to purchase 90,000 shares is vested and exercisable on December 8, 2008, (ii) option to purchase 11,250 shares vests and becomes exercisable in installments of 2,812.5 shares, beginning on January 10,

- (1) 2009 and each three month anniversary thereafter, (iii) option to purchase 16,875 shares vests and becomes exercisable in installments of 1,875 shares, beginning on December 12, 2008 and each three month anniversary thereafter, and (iv) option to purchase 61,875 shares vests and becomes exercisable in installments of 5,625 shares, beginning on March 3, 2009 and each three month anniversary thereafter.
- (2) In connection with the repricing of certain options by the Issuer, the options granted to the reporting person on August 16, 2002, October 10, 2005, December 12, 2006 and September 3, 2007 were cancelled in exchange for a new option with a lower exercise price.
- (3) This option was granted on August 16, 2002 and vested in equal installments of 937.5 shares beginning on November 16, 2002 and each three month anniversary thereafter.
- (4) This option was granted on October 10, 2005 and vested in equal installments of 2,812.5 shares beginning on January 10, 2006 and each three month anniversary thereafter.
- (5) This option was granted on December 12, 2006 and vested in equal installments of 1,875 shares beginning on March 12, 2007 and each three month anniversary thereafter.
- (6) This option was granted on September 3, 2007 and vested in equal installments of 5,625 shares beginning on December 3, 2007 and each three month anniversary thereafter.

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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