

AMPAL-AMERICAN ISRAEL CORP
Form PRE 14A
April 20, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

AMPAL-AMERICAN ISRAEL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

AMPAL-AMERICAN ISRAEL CORPORATION
555 MADISON AVENUE
NEW YORK, NY 10022

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 29, 2012

Dear Shareholder:

You are cordially invited to attend the annual meeting (the "Annual Meeting") of the shareholders of Ampal-American Israel Corporation (the "Company" or "Ampal") which will be held at the offices of Bryan Cave LLP, 1290 Avenue of the Americas, 35th floor, New York, NY 10104, on May 29, 2012, at 10:00 a.m., local time, to consider and act upon the following matters:

1. To elect eight (8) directors to the Board of Directors of the Company to hold office for one year terms and until their respective successors shall be elected and qualified;
2. To ratify the appointment of Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited, as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2012;
3. To approve an amendment to the Company's Restated Certificate of Incorporation to effect a reverse stock split of all of the Company's Class A Stock, par value \$1.00 per share, within a range of 1:10 to 1:20; and
4. To transact such other business as may properly come before said meeting or any adjournment(s) or postponement(s) thereof.

Information regarding the matters to be acted upon at the Annual Meeting is contained in the accompanying Proxy Statement.

The Board of Directors of the Company has fixed the close of business on May 11, 2012 as the record date for determining the shareholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment(s) or postponement(s) thereof.

Please vote, date, sign and mail the enclosed Proxy in the return envelope. You will not need postage if you mail it from within the United States. A prompt response will be helpful and appreciated.

By Order of the Board of Directors,

YOSEF A. MAIMAN
Chairman, President and Chief Executive Officer

Tel Aviv, Israel
_____ 2012

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 29, 2012: The Notice of Annual Meeting, the Proxy Statement and the 2011 Annual Report are available at <http://bnymellon.mobular.net/bnymellon/ampl>.

YOUR VOTE IS IMPORTANT. PLEASE VOTE, DATE, SIGN AND MAIL PROMPTLY THE ENCLOSED PROXY, FOR WHICH A RETURN ENVELOPE IS PROVIDED, EVEN IF YOU PLAN TO ATTEND THE ANNUAL MEETING. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.

AMPAL-AMERICAN ISRAEL CORPORATION

PROXY STATEMENT
for
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 29, 2012

This Proxy Statement is being furnished to the holders of Class A Stock, par value \$1.00 per share (the "Class A Stock"), of Ampal-American Israel Corporation (the "Company" or "Ampal") in connection with the solicitation of proxies by the Board of Directors (the "Board" or "Board of Directors") for use at the annual meeting of the shareholders of the Company to be held on May 29, 2012, and at any adjournment(s) or postponement(s) thereof (the "Annual Meeting"). The mailing address of our principal executive office is 555 Madison Avenue, New York, NY 10022. This Proxy Statement and enclosed proxy card are first being mailed to the shareholders of the Company entitled to vote at the Annual Meeting on or about May 16, 2012. If you need directions to attend the Annual Meeting and vote in person, you should contact the Company by telephone at (866) 447-8636. In an effort to present the information contained in this Proxy Statement in a clear manner, the Company has decided to use a question and answer format.

Q: What am I voting on?

The election of Ampal's eight directors for one-year terms, the ratification of the appointment of Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited ("Kesselman & Kesselman"), as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2012 and the approval of an amendment to the Company's Restated Certificate of Incorporation to effect a reverse stock split of all of the Company's Class A Stock (the "Reverse Stock Split") within a range of 1:10 to 1:20. Please see the following pages for more information regarding each of these proposals: the election of directors starting on page 4, the ratification of the appointment of Kesselman and Kesselman starting on page 14, and the Reverse Stock Split starting on page 30.

Q: Who is entitled to vote?

Holders of the Class A Stock as of the close of business on May 11, 2012 (the "Record Date") are entitled to notice of, and to vote at, the Annual Meeting. As of April 30, 2012, the Company has [56,133,764] shares of Class A Stock outstanding (excluding treasury shares). Each shareholder is entitled to one vote for each share of Class A Stock held on the Record Date. The Class A Stock does not have cumulative voting rights.

Q: How can I get a copy of Ampal's annual report on Form 10-K?

Upon request, the Company will provide, without charge to any shareholder entitled to vote at the Annual Meeting, a copy of Ampal's annual report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") for the fiscal year ended December 31, 2011. Such request should be made to the Secretary of the Company at the address shown on the accompanying Notice of Annual Meeting of Shareholders. The Company's annual report on Form 10-K, as well as its other filings with the SEC, are available via the Internet at the Company's website at <http://www.ampal.com> and at the SEC's website at <http://www.sec.gov>. In connection with the Annual Meeting, the Company's annual report on Form 10-K is also available via the Internet at <http://bnymellon.mobular.net/bnymellon/ampl>.

Q: How can I review Ampal's financial statements for the fiscal year ended December 31, 2011?

A copy of Ampal's 2011 annual report on Form 10-K containing the Company's audited financial statements for the fiscal year ended December 31, 2011 has been mailed with this Proxy Statement to all holders of Class A Stock entitled to vote at the Annual Meeting on or about May 16, 2012. In connection with the Annual Meeting, the Company's annual report on Form 10-K is also available via the Internet at <http://bnymellon.mobular.net/bnymellon/ampl>.

Q: Who are the principal shareholders of Ampal and how will they vote?

A group of shareholders (the "Controlling Shareholder Group") consisting of Yosef A. Maiman, Ohad Maiman, Noa Maiman, and Yoav Maiman, and the companies Merhav (M.N.F.) Ltd. ("Merhav"), De Majorca Holdings Ltd. ("De Majorca") and Di-Rapallo Holdings Ltd. ("Di-Rapallo"), beneficially owns approximately 61.5% of the voting power of our Class A Stock (excluding shares issuable upon the exercise of outstanding options). The Controlling Shareholder Group was formed in recognition of the Maiman family's strong connection with the Company and in furtherance of the group's common goals and objectives as shareholders, including the orderly management and operation of the Company. By virtue of its ownership of Ampal, the Controlling Shareholder Group is able to control our affairs and to influence the election of the members of our Board of Directors. (See the sections below entitled "Security Ownership of Certain Beneficial Owners" and "Security Ownership of Management" for more details regarding the principal shareholders.) The Controlling Shareholder Group has advised the Company that it will vote in favor of the Board's slate of nominees for directors, in favor of the ratification of the appointment of Kesselman & Kesselman as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2012, and in favor of the Company's Reverse Stock Split.

Q: Who is bearing the cost of preparing this Proxy Statement?

The costs of preparing, assembling and mailing the Notice of Annual Meeting of Shareholders, this Proxy Statement and the proxy card, are being borne by the Company. The Company will also reimburse brokers who are holders of record of shares of the Company for their expenses in forwarding proxies and proxy soliciting material to the beneficial owners of the shares held by them.

Q: Besides shareholders, who else will attend the Annual Meeting?

Some of the directors of Ampal, senior management of Ampal and representatives of BNY Mellon Shareowner Services, the Company's transfer agent, will be present at the Annual Meeting. Additionally, representatives of Kesselman & Kesselman, whom the Audit Committee has appointed to be its independent registered public accounting firm for the fiscal year ending December 31, 2012, are expected to be present and will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from shareholders.

Q: What constitutes a quorum?

The holders of record of one-third of the outstanding Class A Stock entitled to vote at any meeting of shareholders shall constitute a quorum for the Annual Meeting. As of April 30, 2012, a quorum of shares of Class A Stock outstanding (excluding treasury shares) therefore equals [18,711,255] shares of Class A Stock. All votes will be tabulated by the inspector of elections appointed for the meeting. The inspector of elections will also determine whether or not a quorum is present. Votes for and against, abstentions and "broker non-votes" will each be counted as present for purposes of determining the presence of a quorum.

Q: How do I vote using the proxy?

Sign your name exactly as it appears in the proxy, and return it in the enclosed prepaid envelope. IF YOU SIGN YOUR PROXY BUT DO NOT INDICATE YOUR VOTING PREFERENCES, YOUR VOTE WILL BE COUNTED FOR ALL OF THE BOARD'S NOMINEES FOR DIRECTORS AND FOR THE RATIFICATION OF THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, AND AGAINST THE REVERSE STOCK SPLIT. THE PROXIES, IN THEIR DISCRETION, ARE AUTHORIZED TO VOTE UPON ANY OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY ADJOURNMENT(S) OR POSTPONEMENT(S) THEREOF.

Q: May I revoke my proxy?

A proxy may be revoked at any time before it is exercised at the Annual Meeting by notifying the Company's Secretary in writing or by returning a later-dated proxy. You may also revoke your proxy by voting in person at the meeting (although your attendance at the Annual Meeting will not in and of itself constitute revocation of a proxy).

Q: How many votes are needed for the election of a director?

The election of a nominee director requires a plurality of the votes cast by the holders of shares present in person or represented by proxy at the Annual Meeting. Proxies cannot be voted for a greater number of persons than the number of nominees listed in the Proxy Statement. The Board of Directors of Ampal unanimously recommends the election of the following persons to the Board of Directors: Yosef A. Maiman, Leo Malamud, Revital Degani, Menahem Morag, Erez Meltzer, Daniel Vaknin, Irit Eluz and Sabih Saylan. Set forth below in this Proxy Statement is information about each nominee, including biographical data for at least the last five years.

Q: How many votes are needed for the ratification of the appointment of Kesselman & Kesselman as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2012?

The ratification of the appointment of Kesselman & Kesselman as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2012 requires a plurality of the votes cast by the holders of shares present in person or represented by proxy at the Annual Meeting. The Board of Directors of Ampal unanimously recommends the ratification of the appointment of Kesselman & Kesselman as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2012.

Q: How many votes are needed for the approval of the Reverse Stock Split?

The approval of the Reverse Stock Split requires a majority of the votes of the holders of shares of Class A Stock then outstanding entitled to vote, present in person or represented by proxy at the Annual Meeting. The Board of Directors of Ampal unanimously recommends the approval of the Company's Reverse Stock Split.

Q: How will abstentions and broker non-votes be treated with respect to the proposals to be voted upon at the Annual Meeting?

Abstentions and broker non-votes (i.e., shares held by a broker or nominee which are represented at the Annual Meeting, but with respect to which the broker or nominee is not empowered to vote on a particular matter) will have no effect on the outcome of these proposals. As you may know, the Dodd-Frank Wall Street Reform and Consumer Protection Act, required, among other things, that national securities exchanges revise their rules to prohibit brokers from voting shares they do not beneficially own, unless they have specific voting instructions from the beneficial owners, in connection with the election of directors (except for a vote with respect to an uncontested election of a member of a board of directors of a registered investment company), executive compensation proposals, and any other “significant matter” as determined by the SEC. As a result, the NASDAQ Stock Market recently revised its rules to prohibit brokers from voting on a discretionary basis on any of the matters set forth in the preceding sentence. Therefore, your broker will not be able to vote on your behalf with respect to the election of directors without voting instructions from you.

Q: Will any other matters be brought before the Annual Meeting?

Management does not presently know of any other matters which will be brought before the Annual Meeting. If, however, other matters requiring the vote of the shareholders, not now known or contemplated, do properly come before the meeting or any adjournment or postponement thereof, it is the intention of the persons named in the proxy to vote the proxies held by them in accordance with their judgment in such matters.

THE FOLLOWING QUESTIONS AND ANSWERS RELATE TO THE NOMINEES FOR
ELECTION TO THE BOARD OF DIRECTORS

Q: How many directors does Ampal have?

The Company’s By-Laws provide that the entire Board shall be constituted of not less than three and not more than 29 persons, with the actual number serving set by the Board. In connection with the nomination of the persons listed below to the Board of Directors, the Board set the number of directors at eight. The Board recommends that the shareholders elect the eight persons nominated by the Board.

Q: Who recommended the Company’s slate of nominees?

All of the nominees for directors were nominated by the Board and recommended by management.

Q: Who are the Board's nominees for directors?

The following is a description of each of the nominees for director setting forth their ages, their principal occupations and employment during the past five years and their tenure on the Board.

Name	Age	Position with Ampal	Director Since
Yosef A. Maiman	66	Chairman of the Board, Director, President and CEO	2002
Leo Malamud	60	Director	2002
Menahem Morag	61	Director	2004
Daniel Vaknin	57	Director	2008
Erez I. Meltzer	55	Director	2008
Irit Eluz	45	Senior Vice President – Finance and Treasurer, CFO and Director	2010
Sabih Saylan	53	Director	2010
Revital Degani	56	Director	2011

YOSEF A. MAIMAN, 66, has been the Chairman of the Board of Ampal since April 25, 2002 and President and Chief Executive Officer of Ampal since October 1, 2006. Mr. Maiman has been President and Chief Executive Officer of Merhav, one of the largest international project development companies based in Israel and member of the Controlling Shareholder Group, since its founding in 1975. Mr. Maiman is the Chairman of the Board of Directors of Gadot (as defined below), a wholly owned subsidiary of the Company. Mr. Maiman is also the Chairman of the Board of Directors of Channel 10 Ltd. (“Channel 10”), a commercial television station in Israel, a director of Eltek, Ltd. (“Eltek”), an Israeli public company, a foreign private issuer, traded on NASDAQ. Eltek is a leading Israeli printed circuit boards (PCB) manufacturer and developer, and of East Mediterranean Gas Company S.A.E. (“EMG”), in which the Company has a 12.5% interest. Mr. Maiman is an Honorary Consul to Israel from Peru. Mr. Maiman is also a member of the Board of Trustees of the Tel Aviv University, Chairman of the Israeli Board of the Jaffee Center for Strategic Studies at Tel Aviv University, a member of the Board of Governors of Ben Gurion University, and the Chairman of the Board of Trustees of the International Policy Institute for Counter Terrorism. Mr. Maiman, as Chairman, President and Chief Executive Officer of the Company, has approximately six years of management and operating experience with the Company and approximately ten years of experience leading the Board as its Chairman. As a member of the Controlling Shareholder Group since 2002, Mr. Maiman’s interests are aligned with that of the other shareholders of the Company. Mr. Maiman has extensive experience with the types of international business transactions that the Company engages in and has an in-depth knowledge of the business of the Company’s operating subsidiaries. Based on his current role as President and Chief Executive Officer of the Company, his history with the Company and his experience with international business transactions, Mr. Maiman provides the Board with skillful leadership and in-depth knowledge of the Company’s business.

LEO MALAMUD, 60, has been a director of Ampal since March 6, 2002. Since 1995, Mr. Malamud is Senior Vice President of Merhav. Mr. Malamud is also a director of Gadot, EMG, Channel 10, 10 News Ltd. and Nana 10 Ltd. Mr. Malamud, as Senior Vice President of Merhav, a company specializing in developing complex international projects, including in the energy sector and in developing countries. Merhav is also a member of the Controlling Shareholder Group. Mr. Malamud is also a director of Gadot, one of the Company's largest operating subsidiaries, and together with his other directorships and experience with Merhav, Mr. Malamud brings to the Board extensive experience and knowledge of the Company's business as it relates to international transactions and the energy and chemicals industry.

MENACHEM MORAG, 61, has been a director of Ampal since January 27, 2004. From 1996 to 1999, Mr. Morag was the Head of Finance and Budget at the Israeli Prime Minister's office in Tel Aviv. From 1999 to 2001, Mr. Morag was the Controller and Ombudsman at the Israeli Prime Minister's office in Tel Aviv. From 2001 to 2003, Mr. Morag was the Head of the Human Resources Department at the Israeli Prime Minister's office in Tel Aviv. From 2003 until 2006, Mr. Morag served as the Head of the Council of the Pensioners Association of the Israeli Prime Minister's office in Tel Aviv. Mr. Morag has also served as a director in Palram Industries from 2004 until 2006, and from 2005 until 2006 he was the CEO of Keren-Shemesh Foundation for the Encouragement of Young Entrepreneurs. From 2006 to 2010, Mr. Morag served as a Deputy General Manager – Head of Resources Division of Union Bank of Israel Ltd. and as a director in several of the subsidiaries of Union Bank of Israel Ltd. In 2010, Mr. Morag was promoted to Senior Deputy General Manager of Union Bank of Israel Ltd. Mr. Morag, through his experience as Head of Finance and Budget at the Israeli Prime Minister's office in Tel Aviv and as Deputy General Manager – Head of Resources Division of Union Bank of Israel Ltd., brings to the Board a broad-based and extensive background in finance, which strengthens the Board's ability to analyze the financial aspects of the Company's various transactions. Mr. Morag is also an independent director under the rules of the NASDAQ Stock Market, serves as a member of the Company's Audit Committee and is an "audit committee financial expert" for purposes of the rules promulgated by the SEC.

DANIEL VAKNIN, 57, has been a director of Ampal since November 5, 2008. Since 2011, Mr. Vaknin has been the Chief Executive Officer and owner of Dany Vaknin Management and Investments Ltd., a private Israeli company in the business of finance consultancy and investment banking. From August 2007 to November 2011 Mr. Vaknin has served as Chief Executive Officer of Israel Financial Levers Ltd. From 2005 to 2007, Mr. Vaknin served as the Chief Executive Officer of Phoenix Investments and Finance Ltd. From 2004 to 2005, Mr. Vaknin served as the Vice Chief Executive Officer of I.D.B Development Company Ltd. Prior to that Mr. Vaknin was a Senior Partner at Kesselman & Kesselman. Mr. Vaknin brings to the Board extensive and in-depth experience and knowledge of finance and accounting through his prior experience as a former Senior Partner at Kesselman & Kesselman and through his various positions with finance and investment firms. Mr. Vaknin is also an independent director under the rules of the NASDAQ Stock Market, serves as a member of the Company's Audit Committee and is an "audit committee financial expert" for purposes of the rules promulgated by the SEC.

EREZ I. MELTZER, 55, has been a director of Ampal since November 5, 2008. Since November 2008, Mr. Meltzer has served as Chief Executive Officer of Gadot, a wholly owned subsidiary of Ampal. Mr. Meltzer also serves as a director and Executive Vice Chairman of Gadot. Since 2009, Mr. Meltzer has been a director of Eltek, and since 2010, Mr. Meltzer has been the Chairman of the Board of Directors of Eltek. From 2006 to 2007, Mr. Meltzer was the Chief Executive Officer of Africa Israel Group. From 2002 to 2006, Mr. Meltzer was the President and Chief Executive Officer of Netafim Ltd. From 1999 to 2001, Mr. Meltzer was the President and Chief Executive Officer of CreoScitex. Mr. Meltzer serves as an external director of Gaon Industries Ltd. and as the Chairman of the Board of Directors of Ericom Software Ltd. Mr. Meltzer served as a colonel in the Israeli Defense Forces – Armored Corps (reserves). Mr. Meltzer has been the Chairman of the Lowenstein Hospital Friends Association since 1999, and the honorary chairman of the Israeli Chapter of YPO (the Young Presidents Organization). Mr. Meltzer brings to the Board strong leadership and management skills through his various chief executive positions with private and public companies and his current position as Chief Executive Officer of Gadot, one of the Company's largest operating subsidiaries. His knowledge of Gadot's business and strategy to strengthen its business is an invaluable asset to the Board.

IRIT ELUZ, 45, has been a director of Ampal since May 5, 2010. Ms. Eluz has been the Chief Financial Officer and Senior Vice President – Finance and Treasurer of Ampal since October 2004. From May 2002 until October 2004, Ms. Eluz was Chief Financial Officer and Vice President – Finance and Treasurer. Ms. Eluz serves as a director of Gadot. Since July 2006, Ms. Eluz has been an external director of Kamor Ltd. From January 2000 until April 2002, Ms. Eluz was the Associate Chief Financial Officer of Merhav. From June 1995 until December 1999, Ms. Eluz was the Chief Financial Officer of Kamor Group.

SABIH SAYLAN, 53, has been a director of Ampal since May 5, 2010. Since 2006, Mr. Saylan has been a Senior Vice President of Merhav, and a Vice President of Merhav since 1997. Mr. Saylan, through his 32 years of experience with Merhav and as a member of the Controlling Shareholder Group, brings to the Board a broad-based and in-depth knowledge of the types of international business transactions in which the Company typically engages.

REVITAL DEGANI, 56, has been a director of Ampal since May 5, 2011. Since 2003, Ms. Degani has been the Chief Executive Officer and owner of Engineering Control Ltd., a private Israeli company in the business of engineering consultancy and supervising services. Since 2007, Ms. Degani has been an External Director and a member of the audit committee of Isrotel Ltd., an Israeli public company which owns and operates a chain of hotels in Israel. From 2007 to 2010, Ms. Degani was a Director and a member of the audit committee of Euro-Globe Overseas (1986) Ltd., an Israeli public company. Since March 2012, Ms. Degani has been an external director and member of the audit committee of Euro Globe Limited, an Israeli public company. From 2000 to 2006, Ms. Degani was an independent director and a member of the audit and executive committees of Eltek. Ms. Degani holds an LLB degree from the Tel Aviv University, practices law and acts as a mediator. During her career Ms. Degani has also been an internal legal counsel, company secretary and commercial manager in several public and private Israeli companies. Ms. Degani, through her diverse experience, as a lawyer, executive positions and internal legal counsel to several public and private companies, and as an independent director and audit committee member in public companies, one of which is traded on NASDAQ, brings to the Board a broad based and extensive background in the legal, finance and management fields. Ms. Degani is also an independent director under the rules of the NASDAQ Stock Market and serves as a member of the Company's Audit Committee.

There are no family relationships between any of Ampal's directors and executive officers.

Q: What happens if a nominee becomes unavailable for election?

In case any nominee should become unavailable for election to the Board for any reason, the persons named in the proxy will have discretionary authority in that instance to vote the proxies for a substitute.

Q: How long will each director serve?

Each director will serve for a term of one year and until his or her successor shall be elected and qualified.

Q: What type of compensation do directors receive?

Directors of Ampal (other than Messrs. Maiman and Meltzer and Ms. Eluz) receive \$2,000 per Board meeting attended. Directors of Ampal also receive the same amount for attendance at meetings of committees of the Board, provided that such committee meetings are on separate days and on a day other than the day of a regularly scheduled Board meeting.

Mr. Vaknin is entitled to \$40,000 per year and Mr. Morag and Ms. Degani are entitled to \$30,000 per year, for attending Audit Committee and Special Committee meetings. Each of Messrs. Vaknin and Morag and Ms. Degani are additionally entitled to a fee of \$2,000 per Audit Committee meeting attended.

In connection with the formation of the Special Committee on October 28, 2004, the Company entered into an Indemnification and Compensation Agreement with Mr. Morag. The Company entered into the Indemnification and Compensation Agreement with Mr. Vaknin and Ms. Degani when each of them became a member of the Special Committee. In consideration for serving as a member of the Special Committee, the Company has agreed pursuant to the terms of the Indemnification and Compensation Agreement, among other things, to indemnify and hold harmless each director with respect to his/her service on, and any matter or transaction considered by, the Special Committee to the fullest extent authorized or permitted by law.

On May 5, 2011, the Board of Directors approved the grant, pursuant to the Company's 2010 Incentive Plan, to Ms. Revital Degani, of an option to purchase 180,000 shares of Class A Stock at an exercise price of \$1.21 per share, vesting in sixteen equal installments beginning on August 5, 2011.

For information concerning compensation and option grants to Mr. Maiman, Ms. Eluz and Mr. Meltzer, please see "Q:How are the Company's executives compensated?" below.

Director Compensation For Fiscal Year Ended December 31, 2011

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option(1)(2) Awards (\$)	Non-equity incentive plan compensation (\$)	Nonqualified deferred compensation earnings (\$)	All other compensation	Total (\$)
Yehuda Karni	25,204						25,204
Menahem Morag	44,000	--	--	--	--	--	44,000
Leo Malamud	--	--	--	--	--	--	--
Dr. Yossi Yerushalmi	6,000	--	--	--	--	--	6,000
Dr. Nimrod Novik	2,000	--	--	--	--	--	2,000