

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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) December 28, 1999  
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Electric Fuel Corporation  
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(Exact Name of Registrant as Specified in Charter)

Delaware	0-23336	95-4302784
(State or Other Jurisdiction or Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

885 Third Avenue, Suite 2900, New York, New York 10022  
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(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code (212) 826-5536  
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(Former Name or Former Address, if Changed Since Last Report)

Item 5. Other Events

Pursuant to a Securities Purchase Agreement dated December 28, 1999, by and between Electric Fuel and a group of private investors, including Mr. Leon S. Gross, a director of Electric Fuel and one of our existing shareholders, and subject to certain conditions and limitations contained in the Agreement, we issued 1,425,000 shares of our Common Stock, \$.01 par value per share, at a price of \$2.00 per share, for a total purchase price of \$2,850,000. We also issued warrants to purchase an additional 1,425,000 shares of our Common Stock to the purchasers. Of these, warrants to purchase 950,000 shares of Common Stock have an exercise price of \$1.25 per share and are exercisable for a period of 6 months, and warrants to purchase 475,000 shares possess an exercise price of \$4.50 per share and are exercisable for a period of one year. The shares and warrants were issued in a private placement under the Securities Act of 1933, as amended, in reliance on the exemption therefrom provided by Section 4 (2) of the Securities Act. We will use the \$2,707,500 in net proceeds of this offering for marketing and sales and commencement of initial automated production, as well as for the of broadening our product line and other general corporate purposes.

As a result of the private placement and after giving effect to exercise in full of the warrants, Mr. Gross beneficially owns a total of 4,276,004 shares of Common Stock, or 26.6% of our outstanding shares. Following the private placement, Electric Fuel has 17,153,387 shares of Common Stock outstanding (giving effect to conversion of all the warrants), compared to 14,303,387 shares before the offering. The average closing price on the Nasdaq National Market for Electric Fuel Common Stock for the 20 days preceding the date of the purchase agreement was \$1.676 per share.

Pursuant to an Escrow Agreement and the terms of the Purchase Agreement, the securities we issued and the proceeds of the offering were deposited in an interest-bearing escrow account. The funds in the escrow account will be released to us and the securities will be released to the purchasers when a resale registration statement for the securities on Form S-3 is declared effective by the Securities and Exchange Commission. We undertook to file this registration statement promptly after the deposit of the full purchase price in the escrow account. In the event that the Form S-3 is not declared effective by April 30, 2000, the escrow agent will return the securities to us and release the funds in the account to the purchasers. Mr. Gross has waived his rights to require the escrow with respect to his shares and we currently have use of \$750,000 the aggregate purchase price.

Pursuant to the terms of the Purchase Agreement, the purchasers agreed that until September 30, 2004, neither they nor any of their affiliates (as defined in the Securities Act), directly or indirectly or in conjunction with or through any Associate (as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended), will: (a) solicit proxies with respect to any capital stock or

other voting securities of Electric Fuel under any circumstances, or become a "participant" in any "election contest" relating to the election of directors of Electric Fuel (as such terms are used in Rule 14a-11 of Regulation 14A of the Exchange Act); or (b) make an offer for the acquisition of substantially all of the assets or capital stock of Electric Fuel or induce or assist

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any other person to make such an offer; or (c) form or join any "group" within the meaning of Section 13(d)(3) of the Exchange Act with respect to any capital stock or other voting securities of Electric Fuel for the purpose of accomplishing the actions referred to in clauses (a) and (b) above, other than pursuant to the voting rights agreement described below.

The Purchase Agreement also provides that the amount of securities issued under the Purchase Agreement may be reduced, with a corresponding decrease in the aggregate purchase price of the offering, if failure to do so would result in our contravening the shareholder approval requirements of the Nasdaq National Market.

The purchasers also entered into Amendment No. 1 to Voting Rights Agreement dated September 30, 1996, the original parties to which were Electric Fuel, Mr. Gross, Robert S. Ehrlich (our Chairman of the Board and Chief Financial Officer) and Yehuda Harats (our President and Chief Executive Officer). Pursuant to this Amendment, so long as the purchasers own an aggregate of 950,000 shares of Electric Fuel Common Stock, they will be entitled to nominate a director to serve on our board. As a result, our board of directors will be increased to a total of seven members. In addition, under the Voting Rights Agreement, the purchasers and Messrs. Ehrlich and Harats agreed to vote and take all necessary action, so that the nominee of the purchasers, Messrs. Ehrlich, Harats, Gross and Lawrence M. Miller, a current director of Electric Fuel, shall serve as members of the board of directors for a period of five (5) years covering the five (5) annual stockholder meetings following the offering.

The foregoing descriptions of the Purchase Agreement and Amendment No.1 to the Voting Rights Agreement are qualified in their entirety by reference to the agreements themselves. Copies of the Purchase Agreement and Amendment No.1 to the Voting Rights Agreement are attached to this report as Exhibits 4a and 4b respectively, and are incorporated herein by reference.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(c) Exhibits. A list of exhibits required is given in the Exhibit Index that precedes the exhibits filed with this report.

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#### 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.

ELECTRIC FUEL CORPORATION  
(Registrant)

By: /s/ Robert S. Ehrlich  
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Robert S. Ehrlich  
Chairman and Chief Financial Officer

Date: January 6, 2000

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#### EXHIBIT INDEX

The following exhibits are filed with the Current Report on Form 8-K.

Exhibit No.	Description
4a	Securities Purchase Agreement between Electric Fuel Corporation and the Purchasers listed on Exhibit A thereto, dated December 28, 1999.
4b	Form of Warrant to purchase Common Stock issued under the Securities Purchase Agreement.
4c	Amendment No.1 to Voting Rights Agreement between Electric Fuel Corporation, Leon S. Gross, Robert S. Ehrlich, Yehuda Harats and the Purchasers listed in the Securities Purchase

Agreement, dated December 28, 1999.

99a Press Release re: Securities Purchase Agreement  
between Electric Fuel Corporation and the  
Purchasers listed on Exhibit A thereto, issued by  
Electric Fuel Corporation on December 28, 1999.

ELECTRIC FUEL CORPORATION

SECURITIES PURCHASE AGREEMENT

December 28, 1999

TO THE PURCHASERS SET FORTH ON EXHIBIT A

Ladies and Gentlemen:

Electric Fuel Corporation, a Delaware corporation (the "Company"), proposes to sell (the "Offering") to the purchasers set forth on Exhibit A (the "Purchasers") 1,425,000 shares (the "Shares") of its common stock, \$.01 par value per share (the "Common Stock") and warrants to purchase 1,425,000 shares of Common Stock (the "Warrants", and together with the Shares, the "Securities"), in the amounts and for the price set forth opposite each Purchaser's name on Exhibit A. In connection with and in consideration for the sale and purchase of the Securities, the Company and the Purchasers agree to abide by the mutual covenants contained herein.

1. Sale and Purchase of the Securities. On the basis of the

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representations, warranties and agreements contained in, and subject to the terms and conditions of, this stock purchase agreement (the "Agreement"), the Company agrees to sell to the Purchasers, and the Purchasers agree to purchase from the Company, the Securities. The Purchasers will purchase the Shares at a price of \$2.00 per share. Of the Warrants, Warrants to purchase 950,000 shares shall have an exercise price of \$1.25 per share and shall expire on the date which is six months after the Closing Date, and Warrants to purchase 475,000 shares shall have an exercise price of \$4.50 per share and shall expire on the first anniversary of the Closing Date. The Warrants shall be in the form attached hereto.

2. Delivery and Payment.

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(a) On the Closing Date, the Purchasers will pay to Yigal Arnon & Co., as escrow agent (the "Escrow Agent"), for the benefit of the Company an aggregate of U.S.\$2,850,000 (the "Purchase Price") and the Company shall deliver the Securities to the Escrow Agent for the benefit of the Purchasers. Payment of the Purchase Price shall be made by wire transfer in immediately available funds in U.S. dollars or by delivery of a check for U.S. dollars to the Escrow Agent in accordance with the wiring or delivery instructions provided below, provided,

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however, that the Purchasers may, at their option wire or deliver New Israeli

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Shekels in lieu of U.S. dollars at the Bank HaPoalim U.S. dollar cash sell rate (i.e. the rate at which the bank sells to buyers) as of the close of business on December 27, 1999. Notwithstanding the foregoing, the Purchasers agree that \$14,250 shall be paid to the Company in accordance with the wire transfer instructions set forth on Annex I hereto. To the extent that monies are wired to the Escrow Agent, they should be wired as follows: to account number 716383 in the name of Yigal Arnon & Co. Trust Account, at Israel Discount Bank, Shlomzion Hamalka Branch, branch number 11-063, and to the extent that payment is made via check, delivery should be made to the attention of Barry Levenfeld, Adv. c/o Yigal Arnon & Co., 22 Rivlin Street Jerusalem 91000, Israel. The Closing of the Offering shall take place at the offices of the Company, Western Industrial Zone, Bet Shemesh, Israel on December 28, 1999 or at such place and time on such other date as shall be agreed upon by the Company and the Purchasers. The day on which the Closing takes place shall be referred to herein as the "Closing Date."

(b) Pursuant to the terms of an Escrow Agreement to be entered into in connection with the Closing in form and substance reasonably satisfactory to the Company, the Purchasers and the Escrow Agent (the "Escrow Agreement"), the Escrow Agent shall pay the Purchase Price to the Company and deliver the Securities to the Purchasers upon receiving written notice from the Company to the effect that the Securities and Exchange Commission has declared effective a Form S-3 registration statement (the "Form S-3") filed by the Company to register the resale of the Shares, the Warrants and the shares of Common Stock issuable upon exercise of the Warrants (the "Effective Date") pursuant to the terms of Section 8 below. The Escrow Agent shall hold the Purchase Price and the Securities in escrow until the Effective Date.

(c) Notwithstanding anything in this Agreement to the contrary, the

Parties agree that the amount of Securities to be sold under this Agreement may be reduced if without such reduction the Offering would require approval of the Company's stockholders. In the event such reduction is required, the amount of Securities by which the size of the Offering shall be reduced shall be apportioned pro rata among the Purchasers.

3. Offering of Common Stock. The Common Stock will be offered and sold to

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the Purchasers without being registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance on the exemption therefrom provided by Section 4(2) of the Securities Act.

Immediately after the Closing, the Company shall file the Form S-3 in accordance with Section 8 below. At the Closing, the Company will also amend the voting rights agreement by and

among the Company, Leon S. Gross, Robert S. Ehrlich and Yehuda Harats dated as of September 30, 1996 so as to amend such agreement as of the Closing Date (the "Amended Voting Rights Agreement"). Pursuant to the Amended Voting Rights Agreement, the Purchasers shall be entitled to have one designated nominee elected to the Board of Directors of the Company so long as the Purchasers hold in the aggregate 950,000 shares of Common Stock. This Agreement, the Escrow Agreement and the Amended Voting Rights Agreement are hereinafter referred to collectively as the "Operative Documents."

4. Representations and Warranties of the Company. The Company hereby

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represents and warrants to the Purchasers as follows:

(a) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the state of Delaware. The Company's wholly-owned Israeli subsidiary, Electric Fuel (E.F.L.) Limited ("EFL"), is duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation. Each of the Company and EFL is qualified and in good standing as a foreign corporation in each jurisdiction in which the character or location of its assets or properties (owned, leased or licensed) or the nature of its business makes such qualification necessary, except for such jurisdictions where the failure to so qualify, individually or in the aggregate, would not have a material adverse effect on the assets or properties, business, results of operations or financial condition, taken as a whole, of the Company and EFL.

(b) All necessary corporate action has been duly and validly taken to authorize the execution, delivery and performance of the Operative Documents by the Company. This Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles. The Escrow Agreement and the Amended Voting Rights Agreement have been duly and validly authorized, and when executed and delivered, will constitute the legal, valid and binding obligations of the Company enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(c) Neither the execution, delivery and performance of the Operative Documents by the Company nor the consummation of any of the transactions contemplated hereby or thereby (including, without limitation, the issuance and sale by the Company of the Securities) will give rise to a right to terminate or accelerate the due date of any payment due under, or conflict with or result in the breach of any term or provision of, or constitute a default (or an event which with notice or lapse of time or both would constitute a default) under, or require any consent or waiver under, or result in the execution or

imposition of any material lien, charge or encumbrance upon any properties or assets of the Company pursuant to the terms of, any material indenture, mortgage, deed of trust or other agreement or instrument to which the Company is a party or by which the Company or any of its properties or businesses is bound, or any franchise, license, permit, judgment, decree, order, statute, rule or regulation applicable to the Company, or violate any provision of the charter or by-laws of the Company or EFL, except for such consents or waivers that have already been obtained and are in full force and effect, or, except for in connection with the Form S-3, require any consent, approval, authorization or other order of or registration or filing with, any court, regulatory body, administrative agency or other governmental body, agency or official, or such consents or waivers the failure to so obtain would not individually or in the aggregate, have a material adverse effect upon the assets or properties, business, results of operations or financial condition, taken as a whole, of the Company and

EFL.

(d) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, the Company's Form 10-Qs for the fiscal periods ended March 31, 1999, June 30, 1999 and September 30, 1999 and all documents filed with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act") (such documents are hereinafter referred to as the "Exchange Act Documents") were filed in a timely manner and, when they were filed (or, if any amendment with respect to any such document was filed, when such amendment was filed), conformed in all material respects to the requirements of the Exchange Act, and the rules and regulations thereunder, and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. Subsequent to the respective dates as of which information was given in the Exchange Act Documents, except as described therein, there has not been any material adverse change, and, to the Company's knowledge, no event has occurred which with notice or lapse of time or both, that would constitute such a material adverse change, in the assets or properties, business, results of operations or financial condition of the Company taken as a whole.

(e) There are no claims for brokerage commissions or finder's fees on similar compensation in connection with the transactions by this Agreement based on any arrangement or agreement made by or on behalf of the Company other than as previously disclosed to the Purchasers, and the Company agrees to indemnify and hold the Purchasers harmless against any damages incurred as a result of any such claims.

5. Representations and Warranties of the Purchasers. Each Purchaser  
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represents and warrants to Company that:

(a) Such Purchaser has full power and authority to execute, deliver and perform each of this Agreement, the Escrow Agreement and the Amended Voting Rights Agreement. This Agreement constitutes a valid and legally binding obligation of such Purchaser, enforceable against such Purchaser in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(b) The Securities to be received by such Purchaser will be acquired for investment for such Purchaser's own account, and not with a view to the distribution of any part thereof. Such Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. Such Purchaser does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer, or grant participation to such person or to any third person, with respect to any of the Securities.

(c) Such Purchaser understands that the Securities may not be sold, transferred, or otherwise disposed of without registration under the Securities Act, or an exemption therefrom, and that in the absence of an effective registration statement covering the Securities or an available exemption from registration under the Securities Act, the Securities must be held indefinitely. In the absence of an effective registration statement covering the Securities, such Purchaser will sell, transfer, or otherwise dispose of the Securities only in a manner consistent with its representations and agreements set forth herein.

(d) Such Purchaser understands that until the Securities are registered under the Securities Act, the certificates evidencing the Securities may bear substantially the following legends:

(i) "THE SECURITIES EVIDENCED HEREBY WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 5 OF THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND APPLICABLE STATE LAW, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM (IN EACH CASE BASED UPON DOCUMENTATION SATISFACTORY TO THE COMPANY, INCLUDING AN OPINION OF COUNSEL SATISFACTORY TO IT THAT REGISTRATION UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE LAWS IS NOT REQUIRED) OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT."

(ii) Any legend required by the Escrow Agreement, the Amended Voting Agreement or any applicable law.

(e) Such Purchaser is an "accredited investor" as such term is defined in Rule 501(a)(1) promulgated pursuant to the Securities Act.

(f) Such Purchaser's financial condition is such that he is able to bear the risk of holding the Securities for an indefinite period of time.

(g) Such Purchaser has such knowledge and experience in financial and business matters and in making high risk investments of this type that he is capable of evaluating the merits and risks of the purchase of the Securities.

(h) Such Purchaser has been furnished access to the business records of the Company and such additional information and documents as such Purchaser has requested and has been afforded an opportunity to ask questions of and receive answers from representatives of the Company concerning the business, operations, market potential, capitalization, financial condition and prospects, and all other matters deemed relevant by such Purchaser.

(i) There are no claims for brokerage commissions or finder's fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of such Purchaser, and such Purchaser agrees to indemnify and hold the Company harmless against any damages incurred as a result of any such claims.

(j) Such Purchaser acknowledges that the Company will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations and agreements are no longer accurate, he shall promptly notify the Company.

6. Conditions of the Purchaser's Obligations. The obligation of the  
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Purchasers to purchase the Securities is subject to each of the following terms and conditions:

(a) The representations and warranties of the Company contained in this Agreement shall be true and correct when made and on and as of the Closing Date as if made on such date and the Company shall have performed all covenants and agreements and satisfied all the conditions contained in this Agreement required to be performed or satisfied by it at or before the Closing Date.

(b) The Company shall have executed and delivered the Escrow Agreement and the Amended Voting Rights Agreement and delivered the Securities to the Escrow Agent.

7. Conditions of the Company's Obligations. The obligation of the Company  
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to sell the Securities is subject to each of the following terms and conditions:

(a) The representations and warranties of the Purchasers contained in this Agreement shall be true and correct when made and on and as of the Closing Date as if made on such date and the Purchasers shall have performed all covenants and agreements and satisfied all the conditions contained in this Agreement required to be performed or satisfied by it at or before the Closing Date.

(b) Receipt by the Escrow Agent of the Purchase Price from the Purchasers and receipt by the Company of \$14,250.

(c) The Purchasers shall have executed and delivered the Escrow Agreement and the Amendment No. 1 to Voting Rights Agreement.

8. Registration Rights. Promptly following the Closing, the Company shall  
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file and use its reasonable best efforts to have declared effective, the Form S-3 registering for resale the Securities issued pursuant to this Agreement. The Company shall use its reasonable efforts to maintain the effectiveness of the Form S-3 until the date that is eighteen months after the Closing.

9. Covenant of the Company. The Company covenants and agrees as follows:  
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The Company shall use its reasonable best efforts to do and perform all things required or necessary to be done and performed under this Agreement by the Company prior to the Closing Date, and to satisfy all conditions precedent to the delivery of the Common Stock.

10. Covenants of the Purchaser. The Purchasers covenant and agree as  
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follows:

(a) The Purchasers shall use their reasonable best efforts to do and perform all things required or necessary to be done and performed under

this Agreement by the Purchasers prior to the Closing Date, and to satisfy all conditions precedent to the delivery of the Securities.

(b) The Purchasers agree that from the date hereof until the fifth anniversary of the Closing Date, they will not, and will not permit any of his Affiliates, as defined in the Securities Act, to directly or indirectly or in conjunction with or through any Associate (as defined in Rule 12b-2 of the Exchange Act), (i) solicit proxies with respect to any capital stock or other voting securities of the Company under any circumstances, or become a "participant" in any "election contest" relating to the election of directors of the Company (as such terms are used in Rule 14a-11 of Regulation 14A of the Exchange Act) or (ii) make an offer for the acquisition of substantially all of the assets or capital stock of the Company or induce or assist any other person to make such an offer or (iii) form or join any "group" within the meaning of Section 13(d)(3) of the Exchange Act with respect to any capital stock or other voting securities of the Company for the purpose of accomplishing the actions referred to in clauses (i) and (ii) above other than pursuant to the Amended Voting Rights Agreement.

(c) The holders of a majority of the Securities may act on behalf of the Purchasers.

11. Miscellaneous. This Agreement has been and is made for the benefit of

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the Purchasers and the Company, and their respective successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchasers of Securities from the Purchasers merely because of such purchase.

All notices and communications hereunder shall be in writing and mailed or delivered or by telephone or telegraph if subsequently confirmed in writing, (a) if to the Purchasers to the address set forth on Exhibit A; and (b) if to the Company, to Yehuda Harats, Electric Fuel Ltd., Western Industrial Zone, P.O. Box 641, Bet Shemesh 99000, Israel, with a copy to Jane D. Goldstein, Esq., Ropes & Gray, One International Place, Boston, MA 02110 and David S. Glatt, Adv., Meitar, Liquornik, Geva & Co., 16 Abba Hillel Silver Road, Ramat Gan 52506, Israel.

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to any conflicts or choice of law principles which would cause the application of the internal laws of any jurisdiction other than the State of Delaware.

This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

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Please confirm that the foregoing correctly sets forth the agreement among us.

Very truly yours,

ELECTRIC FUEL CORPORATION

By /s/ Robert Ehrlich  
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Title: Chairman and CFO

Agreed and accepted:

THE PURCHASERS

/s/ Gal Erez  
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/s/ Gadi Regev  
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/s/ Federman Holdings  
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/s/ Apax Mutavim  
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/s/ Leader Holdings and Investments Ltd.

- - - - -  
/s/ Sunny  
- - - - -  
/s/ Yosef Stogo  
- - - - -  
/s/ Dvir Katchman  
- - - - -  
/s/ Joe Nahumi  
- - - - -  
/s/ Dalia Pkornik  
- - - - -  
  
/s/ Shlomo Shefi  
- - - - -  
/s/ Shuki Herskovitch  
- - - - -  
/s/ Uri Akerman  
- - - - -  
/s/ Moshe Nehoray  
- - - - -  
/s/ Volter Rozental  
- - - - -  
/s/ Leon Gross  
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FORM OF WARRANT

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR AN APPLICABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS OF SUCH ACT OR SUCH LAWS.

ELECTRIC FUEL CORPORATION  
COMMON STOCK PURCHASE WARRANT

\_\_\_\_\_ Shares

This certifies that, for value received, \_\_\_\_\_ (the "Holder"), is entitled, subject to the terms and conditions hereinafter set forth, at any time, at or before the Expiration Date (as defined herein), but not thereafter, to purchase up to \_\_\_\_\_ shares of Common Stock, par value \$.01 per share (the "Common Stock"), of Electric Fuel Corporation, a Delaware corporation (together with its successors, the "Corporation"). The purchase price per share payable upon the exercise of this Warrant shall be the Purchase Price. Upon exercise or conversion, the Holder shall receive a certificate or certificates for the Common Stock of the Corporation so purchased, upon presentation and surrender of this Warrant to the Corporation, with the form of subscription duly executed, and accompanied by payment of the Purchase Price of each share purchased as hereinafter provided. Payment of the Purchase Price shall be made by certified check or wire transfer.

This Warrant is subject to the following terms and conditions:

Section 1. Certain Definitions. For all purposes of this Warrant, unless \_\_\_\_\_ the context otherwise requires:

- (1) "Common Stock" shall mean shares of Common Stock, par value \$.01 per share, of the Corporation.
- (2) "Exercise Date" shall mean the date on which any holder shall exercise its right to purchase Common Stock hereunder.
- (3) "Expiration Date" shall mean the date that is [six months after the Closing][12 months after the Closing].
- (4) "Purchase Price" shall mean [\$1.25 per share][\$4.50 per share].
- (5) "Securities Act" shall mean the Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

Section 2. Exercise of Warrant.  
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(1) General. The holder of this Warrant may, at any time, but not later \_\_\_\_\_ than the Expiration Date, exercise this Warrant at the times and for the number of shares of Common Stock indicated, less the number of shares of Common Stock as to which this Warrant has been previously exercised, at the Purchase Price in effect on the Exercise Date.

(2) Mechanics of Exercise. In order to exercise this Warrant in whole or \_\_\_\_\_ in part, the holder hereof shall deliver to the Corporation the following: (i) a written notice of such holder's election to exercise this Warrant, which notice shall be in substantially the form of the Subscription Notice attached hereto as Exhibit A and shall specify the number of shares of Common Stock to be purchased, (ii) a certified check or checks or wire transfer payable to the Corporation in an amount equal to the aggregate Purchase Price of the number of shares of Common Stock being purchased, and (iii) this Warrant. The Corporation shall, as promptly as practicable, and in any event within 10 days thereafter, execute and deliver or cause to be executed and delivered, in accordance with said notice, a certificate or certificates representing the aggregate number of shares of Common Stock specified in said notice. The stock certificate or certificates so delivered shall be in such denominations as may be specified in said notice and shall be registered in the name of such holder or such other name as shall be designated in said notice. Such certificate or certificates shall be deemed to have been issued and such holder or any other person designated to be named therein shall be deemed for all purposes to have become a holder of record of such shares as of the date said notice and payment is

received by the Corporation as stated above. If this Warrant shall have been exercised only in part, the Corporation shall, at the time of delivery of said certificate or certificates, deliver to such holder a new Warrant evidencing the rights of such holder to purchase the shares comprising the remaining shares of Common Stock called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant, other than as provided for in Section 7 hereof or, at the request of such holder, appropriate notation may be made on this Warrant and the same returned to such holder. The Corporation shall pay all expenses, taxes and other charges payable in connection with the preparation, issue and delivery of stock certificates and new Warrants under this Section.

(3) Fractional Shares. No fractional shares or scrip representing

fractional shares shall be issued upon the exercise of any Warrant. If, upon the exercise of any Warrant, the registered holder would, except for the provisions of this Section 2, be entitled to receive a fractional share of Common Stock, then an amount equal to such fractional share multiplied by the then fair market value of a share of such Common Stock shall be paid by the Corporation in cash to such registered holder.

Section 3. Legend on Certificates; Exercise Subject to Compliance with

Laws; Transfer Restricted.

(1) Legend. The holder understands that each certificate representing

shares of Common Stock issued upon exercise of all or part of this Warrant shall be stamped or otherwise imprinted with a legend in substantially the following form:

"The shares represented by this certificate have been acquired for investment and have not been registered under the Securities Act of 1933, as amended (the "Securities Act") or any applicable state securities laws and may not be offered, sold or otherwise transferred without an effective registration statement related thereto or an opinion of counsel in form and substance satisfactory to the Corporation that such registration is not required under the Securities Act or such state laws."

(2) Compliance with Laws. The holder acknowledges and agrees that the

exercise of this Warrant is subject to compliance with all federal and state securities laws applicable to such exercise. The holder of this Warrant may not exercise, sell, transfer or otherwise assign this Warrant unless there is a registration statement under the Securities Act effective with regards to it or unless the Corporation is provided with an opinion of counsel reasonably satisfactory in form and substance to the Corporation, or such other assurances as it may reasonably require, to the effect that such exercise, sale, transfer, or assignment does not violate the Securities Act or applicable state securities laws. This Warrant and the Shares of Common Stock issuable upon exercise hereof shall be "Registrable Securities" as defined under the Registration Rights Agreement entered into on the date hereof by the Holder, the Corporation and other Purchasers identified therein.

(3) Warrant Holder Not Deemed A Stockholder. No holder of this Warrant

shall, as such, be entitled to vote or to receive dividends or be deemed the holder of Common Stock that may at any time be issuable upon exercise of such Warrant for any purpose whatsoever, nor shall anything contained herein be construed to confer upon the holder of this Warrant, as such, any of the rights of a stockholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issue or reclassification of stock, change of par value or change of stock to no par value, consolidation, merger or conveyance or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights, until such holder shall have exercised such Warrant and been issued shares of Common Stock in accordance with the provisions hereof.

Section 4. Reservation of Shares; Validly Issued Shares.

(1) Reservation of Shares. The Corporation covenants that it will at all

times reserve and hold available out of its authorized Common Stock, solely for the purpose of issue upon exercise of the Warrants, such number of shares of Common Stock as shall then be issuable upon the exercise of all outstanding Warrants.

(2) Validly Issued Shares. The Corporation covenants that all shares of

Common Stock, which shall be issuable upon exercise of this Warrant, shall, at the time of delivery, be duly authorized, validly issued, fully paid, nonassessable, and free from all taxes, liens, and charges with respect to the

issue thereof (other than those

which the Corporation shall promptly pay or discharge).

(c) Stock Dividends. If and whenever at any time the Corporation shall

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declare a dividend or make any other distribution upon any class or series of stock of the Corporation payable in Common Shares or securities convertible into or exercisable for Common Stock, the number of Common Shares to be obtained upon exercise of this Warrant shall be proportionately adjusted to reflect the issuance of any such securities issuable in payment of such dividend or distribution.

(d) Subdivision or Combination of Stock. If and whenever the Corporation

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shall at any time subdivide its outstanding Common Shares into a greater number of shares, the Purchase Price in effect immediately prior to such subdivision shall be proportionately reduced, and conversely, in case the outstanding Common Shares of the Corporation shall be combined into a smaller number of shares, the Purchase Price in effect immediately prior to such combination shall be proportionately increased.

(e) Recapitalizations. If at any time or from time to time (a) there

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shall be any capital reorganization or reclassification of the capital stock of the Corporation, consolidation or merger of the Corporation with another corporation (other than a consolidation or merger in which the Corporation is the continuing corporation and which does not result in any reclassification of the Common Stock) or (b) the Corporation pays any distribution or dividend in cash or property of the Corporation in complete or partial liquidation (but not including ordinary periodic cash dividends) (any such event being referred to herein as a "recapitalization"), provision shall be made so that the holder of this Warrant shall thereafter be entitled to receive upon exercise of the Warrant the number of shares of stock or other securities or cash or property of the Corporation (or of the successor corporation resulting from any consolidation or merger) to which a holder of Common Shares deliverable upon exercise would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 5(e) with respect to the rights of the holder of the Warrant after the recapitalization to the end that the provisions of this Section 5(e) (including adjustment of the Purchase Price then in effect and the number of shares for which the Warrant may be exercised) shall be applicable after that event in as nearly an equivalent manner as may be practicable. The Corporation shall not effect any such recapitalization, consolidation or merger unless, upon the consummation thereof, the successor corporation shall assume by written instrument the obligation to deliver to the holder of this Warrant such shares of stock, securities, cash or property as such holder shall be entitled to purchase in accordance with the foregoing provisions. The Corporation shall provide at least ten days advance written notice to the holder of record of this Warrant of the occurrence of any event which would be covered by this Section 5(e).

Section 5. Notices.

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Any notice or other document required or permitted to be given or delivered to the holder of record of the Warrant shall be (i) delivered personally; (ii) mailed first class postage prepaid, or (iii) sent by overnight courier, next day delivery, to such holder at the last address shown on the books of the Corporation maintained for the registry and transfer of the Bonus Warrant. Any notice or other document required or permitted to be given or delivered to the Corporation shall be (i) delivered personally; (ii) mailed first class postage prepaid or (iii) sent by overnight courier, next day delivery, to the principal office of the Corporation at 885 Third Avenue, New York, New York 10022-4834, or to its offices in the Western Industrial Zone, P.O. Box 641, Bet Shemesh 99000, Israel, or delivered to such other address within the United States of America as shall have been furnished by the Corporation to the holder of record of the Warrant.

Section 6. Governing Law. This Warrant shall be governed by and construed

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under the internal laws of the State of Delaware (except for the conflict of laws rules thereof). Any disputes with respect to this Warrant shall be resolved by litigation in the Courts of the State of Delaware. The Corporation and the holder of this Warrant each hereby irrevocably submit to the jurisdiction of said Court and agree that neither will sue in connection with any matter covered under this Warrant in any other court.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Corporation has caused this Warrant to be signed in its name by a duly authorized officer.

Dated:

ELECTRIC FUEL CORPORATION

By: \_\_\_\_\_

AMENDMENT NO. 1 TO  
VOTING RIGHTS AGREEMENT

This Amendment No. 1 to Voting Rights Agreement (the "Amendment") made as of December 28, 1999, by and among Electric Fuel Corporation, a Delaware corporation (the "Company"), Leon S. Gross, Robert S. Ehrlich, Yehuda Harats and the purchasers listed in the Securities Purchase Agreement dated as of December 28, 1999, by and among the Company and the purchasers listed therein (the "SPA" and such purchasers, the "1999 Investors").

WHEREAS, the Company, Gross, Ehrlich and Harats (the "Original Parties") entered into a Voting Rights Agreement dated as of September 30, 1996 (the "Voting Rights Agreement"); and

WHEREAS, the Original Parties and the 1999 Investors (together, the "Parties") desire to amend the Voting Rights Agreement in connection with the closing of the SPA. Capitalized terms used herein and not defined shall have the meanings assigned to them in the Voting Rights Agreement.

NOW THEREFORE, in consideration of the premises and agreements set forth herein, the Parties agree with each other as follows:

1. Paragraph 1 of the Voting Rights Agreement shall be amended such that the penultimate sentence thereof shall read as follows:

"Subject to the terms and conditions hereof, until the later of (i) the fifth anniversary of the Closing or (ii) the fifth Meeting of Stockholders following the Closing, each Stockholder agrees to vote all shares of Common Stock or other voting securities of the Company over which such Stockholder has voting control, whether directly or indirectly, and to take other necessary or desirable actions within his or its control (whether as stockholder, director or officer of the Company or otherwise, including without limitation attendance at meetings in person or by proxy for purposes of obtaining a quorum and execution of written consents in lieu of meetings), so that each of Lawrence M. Miller (or, if applicable, Alternate Director), Robert S. Ehrlich, Yehuda Harats and one person to be designated for nomination by the 1999 Investors (so long as the 1999 Investors collectively own 950,000 shares of the Common Stock) shall serve as members of the Board."

2. The 1999 Investors shall become parties to the Voting Agreement by countersignature of this Amendment.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be duly executed as of the date first above written,

ELECTRIC FUEL CORPORATION

By: /s/ Robert Ehrlich

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Chairman and CFO

/s/ Leon S. Gross

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/s/ Robert S. Ehrlich

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/s/ Yehuda Harats

PURCHASERS

/s/ Gal Erez

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/s/ Gadi Regev

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/s/ Federman Holdings

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/s/ Apex Mutavim

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/s/ Leader Holdings and Investments Ltd.

/s/ Sunny

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/s/ Yosef Strogo

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/s/ Dvir Katchman

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/s/ Joe Nahumi

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/s/ Dalia Pkornik

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/s/ Shlomo Shefi

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/s/ Shuki Hershkovitch

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/s/ Uri Akerman

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/s/ Moshe Nehoray

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/s/ Volter Rozental

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/s/ Leon Gross

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Company Press Release

SOURCE: Electric Fuel Corporation

Electric Fuel Corporation Announces  
\$2,850,000 Equity Financing - Total of \$6,175,000 If  
Warrants Fully Exercised -

NEW YORK, Dec. 28 /PRNewswire/ -- Electric Fuel Corporation (Nasdaq: EFCX -news) announced today that a group led by Israeli investors have purchased a combination of common shares and warrants in an initial amount of \$2,850,000. The total investment, if the warrants are fully exercised, would amount to \$6,175,000. All the warrants expire in one year or less.

The Investors include Suny Electronics, the Israeli importer and distributor of Korea's Samsung cellular phones, Leader Holdings, Federman Holdings and Apex Mutavim, leading Israeli investment and fund managing companies, are included in the group of Israeli investors. Mr. Leon Gross, Electric Fuel's largest shareholder, has also purchased shares in this transaction.

The Company plans to use the proceeds of the financing for marketing and sales, and for commencement of initial automated production, as well as for broadening the Company's product line.

The Company has recently begun initial distribution in the United States, United Kingdom, South Africa, and most recently Argentina. The Company plans to expand its marketing, advertising and sales activities in the United States, Europe, South America and Asia. The Company is seeking to expand its channels to market, using traditional cellular accessory distributors, and to seek new large accounts including carriers and specialty retailers. The company is scheduled to exhibit its products at the Consumer Electronic Show starting Thursday, January 6th, 2000 in Las Vegas, Nevada.

The Company's automated production line is projected to be in operation at the Company's plant in Beit Shemesh, Israel, in the first quarter of 2000. In full production the line will be capable of producing 500,000 cell phone batteries per month.

The Company plans to expand its product line with batteries for new models of cellular phones, as well as batteries for next generation internet phones, smartphones and wireless PDA's.

"Our vision is to make available to the fast-growing mass market of cellphones and personal advanced communication devices, a power source solution offering the highest capacity, at low cost and with the convenience of instant power - right out of the pack," said Yehuda Harats, President and CEO of Electric Fuel Corporation. "The new financing is a step forward to make this vision a reality."

Electric Fuel Corporation <http://www.electric-fuel.com>, with corporate offices

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in New York City and manufacturing and R&D facilities in Israel and Alabama, is pioneering the use of zinc-air battery technology for consumer electronic products, electric vehicles, and industrial applications.

NOTE: This press release contains forward-looking statements. There are certain important factors that could cause results to differ materially from those anticipated by the statements made above as set forth in Electric Fuel's annual report on Form 10-K for the fiscal year ended December 31, 1998. Among, but not limited to these factors, are the stage of development of the Electric Fuel's products, the uncertainty of the market for disposable cellular telephone batteries, and significant future capital requirements. Furthermore, there is no assurance that the Company will be able to obtain funding required to put its automated production line into operation.