

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form S-8
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

ELECTRIC FUEL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

95-4302784
(I.R.S. Employer
Identification Number)

885 Third Avenue
Suite 2900
New York, New York 10022
(Address, including zip code, of
registrant's principal executive offices)

1998 Non-Executive Employee Stock Option and
Restricted Stock Purchase Plan Amended and Restated 1993
Stock Option and Restricted Stock Purchase Plan
(Full title of plan)

Jane D. Goldstein, Esq.
Ropes & Gray
One International Place
Boston, Massachusetts 02110
(617) 951-7000

(Name and address, including zip code, and telephone number,
including area code, of agent for service of process for registrant)

CALCULATION OF REGISTRATION FEE

<TABLE>
<CAPTION>

Title of securities to be registered	Amount to be registered	Proposed maximum offering price per share (3)	Proposed maximum aggregate offering price	Amount of registration fee
<S> Common Stock \$1,381.31	<C> 1,500,000 shares (1)	<C> \$3.3125	<C> \$ 4,968,750	<C>
\$1,381.31	1,500,000 shares (2)	\$3.3125	\$ 4,968,750	
Total \$2,762.63	3,500,000 shares	\$3.3125	\$ 9,937,500	

</TABLE>

- (1) Shares of common stock, \$.01 par value (the "Common Stock"), of Electric Fuel Corporation (the "Company") issuable upon exercise of options granted under the Company's 1998 Non-Executive Employee Stock Option and Restricted Stock Purchase Plan (and an indeterminate number of additional shares of Common Stock which may be issued under such plan as a result of stock splits, stock dividends or similar transactions in accordance with the provisions of such plan).
- (2) Shares of Common Stock issuable upon exercise of options granted under the Company's Amended and Restated 1993 Employee Stock Option and Restricted Stock Purchase Plan (and an indeterminate number of additional shares of Common Stock which may be issued under such plan as a result of stock splits, stock dividends or similar transactions in accordance with the provisions of such plan).
- (3) Determined pursuant to Rule 457(h) under the Securities Act of 1933 solely

for purposes of calculating the registration fee and based on the average of the high and low prices of the Common Stock reported on the Nasdaq National Market on March 9, 1999.

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PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

Note: The document(s) containing the information required by Item 1 of this Form S-8 and the statement of availability of information of Electric Fuel Corporation (the "Company"), and other information required by Item 2 of this Form will be sent or given to employees as specified by Rule 428 under the Securities Act of 1933, as amended (the "Securities Act"). In accordance with Rule 428 and the requirements of Part I of Form S-8, such documents are not being filed with the Securities and Exchange Commission (the "Commission") either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424. The Company shall maintain a file of such documents in accordance with the provisions of Rule 428. Upon request, the Company shall furnish to the Commission or its staff a copy of any or all of the documents included in such file.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The Company hereby incorporates by reference the following documents and information heretofore filed with the Securities and Exchange Commission (the "Commission"):

- (a) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997;
- (b) The Company's Annual Report to Stockholders for the fiscal year ended December 31, 1997;
- (c) The Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1998, June 30, 1998 and September 30, 1998;
- (d) The description of the common stock of the Company contained in the Company's Registration Statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act") on February 2, 1994, and any amendment or report filed for the purpose of updating any such description; and
- (e) All other reports filed by the Company with the Commission pursuant to Section 13(a) or Section 15(d) of the Exchange Act of the since the end of the fiscal year covered by the Registrant's Annual Report referred to above.

All documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act prior to the filing of a post-effective amendment to this Registration Statement that indicates that all securities offered have been sold or which deregisters all securities then remaining unsold shall be deemed to be incorporated by reference herein and to be a part hereof from the date of the filing of such documents.

Item 4. Description of Securities.

Not required.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

The Company is a Delaware corporation. Section 102(b)(7) of the Delaware General Corporation Law (the "DGCL") enables a corporation in its original certificate of incorporation or an amendment thereto to eliminate or limit the personal liability of a director to the corporation or its stockholders for monetary damages for violations of the director's fiduciary duty, except (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the DGCL (providing for liability of directors for unlawful payment of dividends or unlawful stock purchases or redemptions) or (iv) for any transaction from which a director derived an improper personal benefit. The Certificate of Incorporation and By-Laws of the Company contain provisions eliminating the liability of directors to the extent permitted by Section

Section 145 of the DGCL provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil,

criminal or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Section 145 further provides that a corporation similarly may indemnify any such person serving in any such capacity who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor, against expenses actually and reasonably incurred in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or such other court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 10 of the Company's Amended and Restated Certificate of Incorporation ("Certificate of Incorporation") provides that the Company's Directors shall not be liable to the Company or its stockholders for monetary damages for any breach of fiduciary duty as a director to the fullest extent permitted by the DGCL.

Section 11 of the Company's Certificate of Incorporation provides that the Company shall, to the maximum extent permitted under the DGCL, indemnify any person who was or is made a party or is threatened to be made a party to any threatened, pending or completed action, suit, proceeding or claim, whether civil, criminal, administrative or investigative (herein a "proceeding"), by reason of the fact that such person is or was or has agreed to be a director or officer of the Company or while a director or officer is or was serving at the request of the Company as a director, officer, partner, trustee, employee, or agent of any corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorney's fees), judgments, fines, penalties and amounts paid in settlement incurred in connection with the investigation, preparation to defend or defense of such action, suit, proceeding or claim.

The Company also maintains directors and officers' insurance.

Item 7. Exemption From Registration Claimed.

Not applicable.

Item 8. Exhibits.

Exhibit

- 4.1. 1998 Non-Executive Employee Stock Option and Restricted Stock Purchase Plan.
- 4.2 Amended and Restated 1993 Stock Option and Restricted Stock Purchase Plan. (1)
- 4.3 Certificate of Incorporation of the Company. (2)
- 4.4 By-Laws of the Company. (2)
- 4.5 Specimen Certificate of Common Stock. (2)
5. Opinion of Ropes & Gray.
- 23.1. Consent of Ropes & Gray (contained in the opinion filed as Exhibit 5 to this Registration Statement).
- 23.2. Consent of Kesselman & Kesselman.
24. Power of Attorney (included in Part II of this Registration Statement under the caption "Signatures").

(1) Filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997.

(2) Incorporated herein by reference to the Company's Registration Statement on Form S-1 (No. 33-73256), which became effective on February 23, 1994.

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in this registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) above shall not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public

policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the 26th day of February, 1999.

ELECTRIC FUEL CORPORATION

By /s/ Robert S. Ehrlich

Name: Robert S. Ehrlich
Title: Vice President, Chairman,
Chief Financial Officer and Director

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated on February 26, 1999.

KNOW ALL MEN BY THESE PRESENTS that each officer and director of Electric Fuel Corporation whose signature appears below constitutes and appoints Robert S. Ehrlich and Yehuda Harats, and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and revocation, for him and in his name, place and stead, in any and all capacities, to execute any and all amendments, or any post-effective amendments and supplements to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature -----	Title -----
/s/ Yehuda Harats ----- Yehuda Harats	Chief Executive Officer, President and Director (Principal Executive Officer)
/s/ Robert S. Ehrlich ----- Robert S. Ehrlich	Chief Financial Officer, Vice President and Director (Principal Financial Officer)
/s/ Stewart J. Edelman ----- Stewart J. Edelman	Treasurer and Controller (Principal Accounting Officer)
/s/ Jay M. Eastman ----- Jay M. Eastman	Director
/s/ Leon S. Gross ----- Leon S. Gross	Director
/s/ Harvey M. Kreuger ----- Harvey M. Kreuger	Director
/s/ Lawrence M. Miller ----- Lawrence M. Miller	Director
/s/ Jack E. Rosenfeld ----- Jack E. Rosenfeld	Director

EXHIBIT INDEX

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ELECTRIC FUEL CORPORATION

1998 NON-EXECUTIVE EMPLOYEE STOCK OPTION AND
RESTRICTED STOCK PURCHASE PLAN

1. Purpose

The purpose of this 1998 Non-Executive Stock Option and Restricted Stock Purchase Plan (the "Plan") is to advance the interests of Electric Fuel

Corporation (the "Company") by enhancing the ability of the Company and its

subsidiaries (a) to attract and retain employees who are in a position to make significant contributions to the success of the Company and its subsidiaries; (b) to reward employees for such contributions; and (c) to encourage employees to take into account the long-term interests of the Company and its subsidiaries through ownership of shares of the Company's common stock, \$.01 par value (the "Stock").

Options granted and purchase grants made pursuant to the Plan will not be "incentive stock options," as defined in section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

The following Plan provisions are subject to the special provisions for participants in the Plan who are Israeli residents, attached in Addendum I hereto.

2. Administration

The Plan shall be administered by the Board of Directors of the Company (the "Board").

The Board may, in its discretion, delegate its powers with respect to the Plan to a committee (the "Committee"), in which event all references herein to

the Board shall be deemed to be references to the Committee. The Committee shall consist of at least three Directors. A majority of the members of the Committee shall constitute a quorum, and all determinations of the Committee under the Plan may be made without notice or meeting of the Committee by a writing signed by a majority of the Committee members.

The Board shall have authority, not inconsistent with the express provisions of the Plan, (a) to grant options and make purchase grants to such eligible employees as the Board may select; (b) to determine the time or times when options shall be granted or purchase grants made and the number of shares of Stock subject to each option or purchase grant; (c) to determine the terms and conditions of each option and purchase grant; (d) to prescribe the form or forms of any instruments evidencing options and purchase grants and any other instruments required under the Plan and to change such forms from time to time; (e) to adopt, amend and rescind rules and regulations for the administration of the Plan; and (f) to interpret

the Plan and to decide any questions and settle all controversies and disputes that may arise in connection with the Plan. Subject to Section 8, the Board shall also have the authority, both generally and in particular instances, to waive compliance by an employee with any obligation to be performed by him or her under an option or purchase grant, to exercise any right of repurchase with respect to Stock issued under the Plan pursuant to a purchase grant, to waive any condition or provision of an option or purchase grant, and to amend or cancel any option or purchase grant (and if an any option or purchase grant is canceled, to grant a new option or purchase grant on such terms as the Board shall specify).

All such determinations and actions of the Board shall be conclusive and shall bind all parties. The Board may delegate to the Chief Executive Officer of the Company the authority to grant options and make purchase grants under the Plan to eligible employees.

3. Effective Date and Term of Plan

The Plan shall become effective on the date on which the Plan is adopted by the Board. Grants of options and purchase grants under the Plan may be made by the Chief Executive Officer prior to such date, provided that the Plan and such grants are subsequently approved and ratified by the Board.

No option shall be granted and no purchase grant made under the Plan after the completion of ten years from the date on which the Plan was adopted by the Board of Directors, but options previously granted and purchase grants

previously made may extend beyond that date.

4. Shares Subject to the Plan

(a) Number of Shares. Subject to adjustment as provided in Section 4(c), the maximum aggregate number of shares of Stock that may be delivered upon the exercise of options and purchase grants granted under the Plan shall be 1,500,000. If any option or purchase grant granted under the Plan terminates without having been exercised in full, or upon exercise is satisfied other than by delivery of Stock, the number of shares of Stock as to which such option or purchase grant was not exercised shall be available for future grants within the limits set forth in this Section 4(a). In addition, if any shares of Stock issued under the Plan pursuant to purchase grants are subsequently repurchased by the Company pursuant to Section 7(g), such shares shall be available for future grants under the Plan.

The maximum number of shares for which options may be granted to any individual over the life of the Plan shall be 100,000.

(b) Shares to be Delivered. Shares delivered under the Plan shall be authorized but unissued Stock or, if the Board so decides in its sole discretion, previously issued Stock

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acquired by the Company and held in treasury. No fractional shares of Stock shall be delivered under the Plan.

(c) Changes in Stock. In the event of a stock dividend, stock split or combination of shares, reorganization, recapitalization or other change in the Company's capital stock, the number and kind of shares of Stock or securities of the Company subject to options or purchase grants then outstanding or subsequently granted or made under the Plan, the maximum number of shares or securities that may be delivered under the Plan, the exercise price and other relevant provisions shall be appropriately adjusted by the Board, whose determination shall be binding on all persons.

The Board may also adjust the number of shares subject to outstanding options, the exercise price of outstanding options and the terms of outstanding options, to take into consideration material changes in accounting practices or principles, extraordinary dividends, and, except as described in Sections 6(h) and 7(h), consolidations, mergers acquisitions or dispositions of Stock or property or any other event if it is determined by the Board that such adjustment is appropriate to avoid distortion in the operation of the Plan.

(d) Replacement Options. The Board may grant options under the Plan in substitution for options held by employees of another corporation who concurrently become employees of the Company or a subsidiary as a result of a merger or consolidation of the employing corporation with the Company or a subsidiary or the acquisition by the Company or a subsidiary of property or stock of the employing corporation. The Board may direct that the replacement options be granted on such terms and conditions as the Board considers appropriate in the circumstances.

5. Eligibility

Employees eligible to receive options or purchase grants under the Plan shall be those employees of the Company and its subsidiaries who, in the opinion of the Board, are in a position to make a significant contribution to the success of the Company or such subsidiaries; provided, however, that

employees that are (i) subject to the provisions of Section 16 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), by virtue of their

status as director or executive officer of the Company or as holder of at least 10% of the outstanding shares of Stock, or (ii) subject to the provisions of Section 162(m) of the Code, shall not be eligible to receive options or purchase grants under the Plan. A subsidiary for purposes of the Plan shall be a corporation in which the Company owns, directly or indirectly, stock possessing 50% or more of the total combined voting power of all classes of stock.

Receipt of options or purchase grants under the Plan or of awards under any other employee benefit plan of the Company or any of its subsidiaries shall not preclude an employee from receiving options or purchase grants or additional options or purchase grants under the Plan.

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6. Terms and Conditions of Options

(a) Exercise Price. The exercise price of each option shall be determined by the Board, but shall not be less, in the case of an original issue of authorized stock, than par value per share.

(b) Duration of Options. Options shall be exercisable during such period

or periods as the Board may specify. In no case shall an option be exercisable more than ten years from the date the option was granted or such earlier date as the Board may specify at the time the option is granted (the "Final Exercise

Date").

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(c) Exercise of Options.

(1) Each option shall be made exercisable at such time or times, whether or not in installments, and upon such conditions as the Board shall prescribe at the time an option is granted.

In the case of an option not immediately exercisable in full, the Board may at any time accelerate the time at which all or any part of the option may be exercised.

(2) Any exercise of an option shall be in writing, signed by the proper person and delivered or mailed to the Company, accompanied by (a) the option certificate and any other documents required by the Board and (b) payment in full for the number of shares for which the option is exercised.

(3) The Board shall have the right to require that the individual exercising an option remit to the Company an amount sufficient to satisfy any federal, state, local or foreign withholding tax requirements (or make other arrangements satisfactory to the Company with regard to such taxes) prior to the delivery of any Stock pursuant to the exercise of the option. If permitted by the Board, either at the time of the grant of the option or the time of exercise, the individual may elect, at such time and in such manner as the Board may prescribe, to satisfy such withholding obligation by (i) delivering Stock to the Company (which in the case of Stock acquired from the Company shall have been owned by the individual for at least six months prior to the delivery date) having a fair market value equal to such withholding obligation, or (ii) requesting that the Company withhold from the shares of Stock to be delivered upon the exercise a number of shares of Stock having a fair market value equal to such withholding obligation.

(4) If an option is exercised by the executor or administrator of a deceased employee, or by the person or person to whom the option has been transferred by the employee's will or the applicable laws of descent and distribution, the Company shall be under no obligation to deliver Stock pursuant to such exercise until the Company is satisfied as to the authority of the person or persons exercising the option.

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(d) Payment For and Delivery of Stock. Stock purchased under the Plan upon the exercise of options shall be paid for as follows: (i) in cash or by certified check, bank draft or money order payable to the order of the Company, or (ii) if so permitted by the Board, through the delivery of shares of Stock (which, in the case of Stock acquired from the Company, shall have been held for at least six months prior to delivery) having a fair market value on the last business day preceding the date of exercise equal to the purchase price, or (iii) if so permitted by the Board by a combination of such types of payment, or (iv) if so permitted by the Board by delivery of an unconditional and irrevocable undertaking by a broker to deliver promptly to the Company sufficient funds to pay the exercise price, or (v) if so permitted by the terms of the option, by delivery of a promissory note of the employee containing such terms and conditions, including without limitation, interest rate and maturity, as the Board may specify in the option (except that the option may provide that the rate of interest on the note will be such rate as is sufficient at all times to avoid the imputation of any interest under the applicable provisions of the Code or of the Israeli Income Tax Ordinance), or by a combination of cash (or cash and Stock) and such a promissory note; provided, that if the Stock delivered upon exercise of the option is an original issue of authorized Stock, at least so much of the exercise price as represents the par value of such Stock shall be paid in cash or by a combination of cash and Stock.

An option holder shall not have the rights of a shareholder with regard to awards under the Plan except as to Stock actually received by him or her under the Plan.

The Company shall not be obligated to deliver any shares of Stock (a) until, in the opinion of the Company's counsel, all applicable federal, state and foreign laws and regulations have been complied with, and (b) if the outstanding Stock is at the time listed on any stock exchange, until the shares to be delivered have been listed or authorized to be listed on such exchange upon official notice of issuance, and (c) until all other legal matters in connection with the issuance and delivery of such shares have been approved by the Company's counsel. If the sale of Stock has not been registered under the Securities Act of 1933, as amended (the "Securities Act") the Company may

require, as a condition to exercise of the option, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of such Act and may require that the certificates evidencing such

Stock bear an appropriate legend restricting transfer.

(e) Nontransferability of Options. Except as the Board may otherwise determine, no option may be transferred other than by will or by the laws of descent and distribution, and during an employee's lifetime an option may be exercised only by him or her.

(f) Death. If an employee's employment with the Company and its subsidiaries terminates by reason of death, each option held by the employee immediately prior to death shall become immediately exercisable by his or her executor or administrator, or by the person or persons to whom the option is transferred by will or the applicable laws of descent and

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distribution, at any time within the three-year period ending with the third anniversary of the employee's death, but in no event beyond the Final Exercise Date.

(g) Other Termination of Employment. If an employee's employment with the Company and its subsidiaries terminates for any reason other than death, all options held by the employee that are not then exercisable shall terminate. Options that are exercisable on the date of termination shall continue to be exercisable for a period of three months (subject to Section 6(b)) (or such longer period as the Board may determine, but in no event beyond the Final Exercise Date) unless the employee was discharged for cause that, in the opinion of the Board, casts such discredit on him or her as to justify termination of his or her options. In any event, if the employee's employment contract includes a provision that defines termination for cause, and the employee was terminated for cause within the meaning of his or her employment contract, the Board may terminate the employee's options. Furthermore, the Board may terminate an employee's options upon such employee's resignation other than following his or her demotion, loss of title or office or a substantial reduction in his or her salary or a change in his or her place of employment to a location outside of the general area in which he or she was employed on the date of the grant. After completion of the three-month period following termination, options not otherwise previously terminated or expired shall expire without further action by the Board. For purposes of this Section 6(g), employment shall not be considered terminated (i) in the case of sick leave or other bona fide leave of absence approved for purposes of the Plan by the Board, so long as the employee's right to reemployment is guaranteed either by statute or by contract, or (ii) in the case of a transfer of employment between the Company and a subsidiary or between subsidiaries, or to the employment of a corporation (or a parent or subsidiary corporation of such corporation) issuing or assuming an option in a transaction to which section 424(a) of the Code applies (e.g., a merger or acquisition).

(h) Mergers, etc. In the event of a consolidation or merger in which the Company is not the surviving corporation or which results in the acquisition of substantially all the Company's outstanding Stock by a single person or entity or by a group of persons and/or entities acting in concert, or in the event of the sale or transfer of substantially all the Company's assets, all outstanding options shall thereupon terminate, provided that all outstanding options shall

become exercisable immediately prior to consummation of such merger, consolidation or sale of assets unless, if there is a surviving or acquiring

corporation, the Board has arranged, subject to consummation of the merger, consolidation or sale of assets, for the assumption of the options or the grant to participants of replacement options by that corporation or an affiliate of that corporation.

7. Terms and Conditions of Purchase Grants

(a) Purchase Price. The purchase price of Stock purchased pursuant to purchase grants under the Plan shall be determined in the same manner as the exercise price for options (subject to appropriate adjustment by the Board upon the occurrence of an adjustment made

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pursuant to Section 4(c), and the Board's determination of such matter shall be final and binding).

(b) Purchase of Stock Pursuant to Grants. An employee receiving a purchase grant under the Plan may purchase the Stock subject to such purchase grant at any time within 60 days after the purchase grant is made (or, in the case of purchase grants made subject to stockholder approval of this Plan, 60 days after such approval). If a purchase grant is exercised by the executor or administrator of a deceased employee, or by the person or persons to whom the purchase grant has been transferred by the employee's will or the applicable laws of descent and distribution, the Company shall be under no obligation to deliver Stock pursuant to such exercise until the Company is satisfied as to the authority of the person or persons exercising the purchase grant.

(c) Payment For and Delivery of Stock. Stock purchased pursuant to purchase grants shall be paid for as follows: (i) in cash or by certified check, bank draft or money order payable to the order of the Company in an amount not less than the par value of the Stock being purchased, determined on the date of purchase, and (ii) by delivery of a nonrecourse promissory note of the employee in a principal amount equal to the balance of such purchase price and containing the following terms and conditions together with such other terms and conditions as the Board may specify at the time of purchase:

(1) The rate of interest on the note will be such rate as is sufficient at all times to avoid the imputation of any interest under the applicable provisions of the Code and the rules and regulations promulgated thereunder, and of the Income Tax Ordinance of Israel and the rules and regulations promulgated thereunder, all as from time to time in effect.

(2) Interest will be payable quarterly, or upon such terms and conditions as the Board may specify at the time of the payment grant, and at the option of the participant, interest which is due and payable will be treated as a new loan to the participant evidenced by the same note.

(3) The principal of the note, and all accrued and unpaid interest, will be due and payable on such date as may be specified by the Board at the time of the payment grant, but in no event longer than ten years from the date of issuance of the note.

(4) The note at all times will be secured by all of the Stock issued upon exercise of the purchase grant.

(5) Except as stated in (4) above, the note will be without recourse to the participant or any of his or her assets.

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(6) If the participant sells any of the Stock securing the note, all proceeds from such sale will first be applied, to the extent necessary therefor, to the payment in full of the principal of, and all accrued and unpaid interest on, the note.

(7) At any time or from time to time, a participant may specify that 25%, 50%, 75% or 100% of the original principal amount of the note delivered upon purchase of the Stock (plus all accrued and unpaid interest thereon and all accrued interest that has been added to the principal of the note) shall in the future be with recourse to him or her and to all of his or her assets, in which event the nonrecourse note shall be exchanged for a recourse and a nonrecourse note in the specified amounts, the Stock securing the original nonrecourse note shall be divided pro rata between the two new notes, and otherwise the two new notes shall be identical to the old note (except, in the case of the new recourse note, with respect to recourse to the participant and his or her other assets).

A purchase grantee shall not have the rights of a shareholder with regard to awards under the Plan except as to Stock actually purchased and received by him or her under the Plan.

The Company shall not be obligated to deliver any shares of Stock (a) until, in the opinion of the Company's counsel, all applicable federal and state laws and regulations have been complied with, and (b) if the outstanding Stock is at the time listed on any stock exchange, until the shares to be delivered have been listed or authorized to be listed on such exchange upon official notice of issuance, and (c) until all other legal matters in connection with the issuance and delivery of such shares have been approved by the Company's counsel. If the sale of Stock has not been registered under the Securities Act, the Company may require, as a condition to exercise of the purchase grant, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of such Act and may require that the certificates evidencing such Stock bear an appropriate legend restricting transfer. Upon delivery, such Stock shall bear a notation in form and substance satisfactory to the Company.

(d) Nontransferability of Grants. Except as provided in Section 7(b) hereof, no purchase grant may be transferred, and a purchase grant may be exercised only by the employee.

(e) Death. If an employee's employment with the Company and its subsidiaries terminates by reason of death, each unexercised purchase grant held by the employee immediately prior to death shall immediately terminate.

(f) Other Termination of Employment. If an employee's employment with the Company and its subsidiaries terminates for any reason other than death, all purchase grants held by the employee shall immediately terminate. For purposes of this Section 7(f),

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employment shall not be considered terminated (i) in the case of sick leave or

other bona fide leave of absence approved for purposes of the Plan by the Board, so long as the employee's right to reemployment is guaranteed either by statute or by contract, or (ii) in the case of a transfer of employment between the Company and a subsidiary or between subsidiaries.

(g) Call Option. At the time an employee purchases any Stock under the Plan, he shall execute and deliver to the Company a Call Option in substantially the form of Exhibit I hereto. The Board shall specify the terms and conditions

to be contained as a Call Option related to a particular purchase grant at the time of such purchase grant.

(h) Mergers, etc. In the event of a consolidation or merger in which the Company is not the surviving corporation or which results in the acquisition of substantially all the Company's outstanding Stock by a single person or entity or by a group of persons and/or entities acting in concert, or in the event of the sale or transfer of substantially all the Company's assets, all outstanding purchase grants shall thereupon terminate, provided that all outstanding purchase grants shall become exercisable immediately prior to consummation of such merger, consolidation or sale of assets unless, if there is a surviving or acquiring corporation, the Board has arranged, subject to consummation of the merger, consolidation or sale of assets, for the assumption of the purchase grants or the grant to participants of replacement purchase grants by that corporation or an affiliate of that corporation.

8. Employment Rights

None of the adoption of the Plan, the grant of options or the making of purchase grants shall confer upon any employee any right to continued employment with the Company or any parent or subsidiary or affect in any way the right of the Company or parent or subsidiary to terminate the employment of an employee at any time. Except as specifically provided by the Board in any particular case, the loss of existing or potential profit in options granted or purchase grants made under this Plan shall not constitute an element of damages in the event of termination of the employment of an employee even if the termination is in violation of an obligation of the Company to the employee by contract or otherwise.

9. Effects of Discontinuance, Cancellation, Amendment and Termination

None of the adoption of the Plan nor the grant of options or the making of purchase grants to an employee shall affect the Company's right to grant to such employee options that are not subject to the Plan, to issue to such employees Stock or purchase grants as a bonus or otherwise, or to adopt other plans or arrangements under which Stock may be issued to employees.

The Board may at any time discontinue granting options and making purchase grants under the Plan. With the consent of the employee, the Board may at any time cancel an existing option or purchase grant in whole or in part and grant or make to the employee

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another option or purchase grant for such number of shares as the Board specifies. The Board may at any time or times amend the Plan for the purpose of satisfying applicable legal requirements or for any other purpose which may at the time be permitted by law, or may at any time terminate the Plan as to any further grants of options or purchase grants, provided that (except to the extent expressly required or permitted herein above) no such amendment shall adversely affect the rights of any employee (without his or her consent) under any option previously granted or purchase grant previously made.

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Addendum I

Special Provisions for Plan Participants who are Israeli Residents.

(a) Anything to the contrary herein notwithstanding, with respect to employees who are Israeli residents, the Plan may also be administered pursuant to the provisions of Section 102 ("Section 102") of the Israeli Income Tax

Ordinance (New Version), 1961 (the "Tax Ordinance"), the rules promulgated thereunder and the Israeli Companies Ordinance (New Version), 1983 or any substantially similar arrangement under Section 3(tet) of the Tax Ordinance. Details regarding the terms and conditions of options granted and purchase grants made pursuant to the provisions of Section 102 in addition to those set forth herein, will be delivered to the participants who are Israeli residents along with the remaining terms and conditions.

(b) Anything herein to the contrary notwithstanding, each option and purchase grant, and each share with respect to which an option or purchase

grant has been exercised by an employee who is an Israeli resident, may be issued by the Company to, and held in trust (the "Trust") for the benefit

of such employee by a trustee (the "Trustee") designated by the Board of

Directors of the Company or its subsidiaries, as appropriate, pursuant to Section 102. All certificates representing shares issued to the Trustee under the Plan shall be deposited with the Trustee, and shall be held by the Trustee until such time that such shares are released from the Trust as herein provided. The Trustee shall hold the same pursuant to the instructions of Directors of the Company or its subsidiaries, as appropriate, from time to time. The Trustee shall not use the voting rights vested in such shares and shall not exercise such rights in any way whatsoever, except in cases when at its discretion and after consulting with the Board of Directors of the Company or its subsidiaries, as appropriate, the Trustee believes that the said rights should be exercised for the protection of the option holders and purchase grantees as a minority among the Company's shareholders.

- (c) Anything herein to the contrary notwithstanding, no options granted, purchase grants made or shares purchased pursuant to Section 102 shall be released from the Trust prior to two years after the grant of the options or purchase grant to the Trustee on behalf of the employee (the "Release Date"), or two years from the date of approval of the 1999 Plan by the Israeli Income Tax authorities, whichever is later. Subject to the terms hereof, at any time after the Release Date with respect to any options, purchase grants or shares, each employee may require (but shall not be obligated to require) the Trustee to release such options, purchase grants or shares, provided that no securities shall be released

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from the Trust to the employee unless and until such employee shall have deposited with the Trustee an amount of money which, in the Trustee's opinion, is sufficient and necessary for the discharge of such employee's tax obligations with respect to such shares, or other arrangement for the payment of tax, satisfactory to the Trustee, have been made.

- (d) Upon sale by an employee of any securities held in Trust, the Company shall (or shall cause the Trustee to) withhold from the proceeds of such sale all applicable taxes, shall remit the amount withheld to the appropriate Israeli tax authorities, shall pay the balance thereof directly to such employee, and shall report to such employee the amount so withheld and paid to said tax authorities.
- (e) All shares issued upon the exercise of options or purchase grants granted under the Plan shall entitle the employee thereof to receive dividends with respect thereto, and to vote the same at any meeting of the shareholders of the Company. For as long as shares issued to the Trustee on behalf of the employee are held in the Trust, the cash dividends paid with respect thereto shall be remitted to the Trustee for the benefit of such employee, and the Trustee shall vote all such shares in accordance with the instructions of such employee.
- (f) At the Board's discretion, for purposes of simplicity and in order to ensure compliance with Israel's tax regulations, the exercise of the options and the purchases and sales of shares issued upon the exercise of purchase grants made under the Plan shall be executed by the Company or its subsidiaries, as appropriate.
- (g) With respect to Plan participants who are Israeli residents, the Plan and all instruments issued thereunder or in connection therewith shall be governed by, and interpreted in accordance with, the laws of the State of Israel.
- (h) Any tax consequences arising from the grant or exercise of any options or purchase grants, from the payment for shares covered thereby or from any other event or act (whether of the option holder or purchase grantee or of the Company or its subsidiaries) hereunder, shall be borne solely by the option holder or purchase grantee. Furthermore, such grantee shall agree to indemnify the corporation that employs the option holder or purchase grantee and the Trustee and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the option holder or purchase grantee.

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Ropes & Gray
One International Place
Boston, Massachusetts 02110-2624
Tel. (617) 951-7000

February 26, 1999

Electric Fuel Corporation
885 Third Avenue
New York, New York 10022

Re: Registration Statement on Form S-8

Ladies and Gentlemen:

This opinion is furnished to you in connection with a registration statement on Form S-8 (the "Registration Statement"), filed with the Securities and Exchange Commission (the "Commission") relating to the registration under the Securities Act of 1933, as amended, of (i) 1,500,000 shares of common stock, \$.01 par value (the "Common Stock"), of Electric Fuel Corporation (the "Company") issuable under the Company's Amended and Restated 1993 Stock Option and Restricted Stock Purchase Plan (the "1993 Plan"), and (ii) 1,500,000 shares of Common Stock issuable under the Company's 1998 Non-Executive Employee Stock Option and Restricted Stock Purchase Plan (the "1998 Plan", and together with the 1993 Plan, the "Plans").

We have acted as counsel for the Company in connection with the Plans and are familiar with the actions taken by the Company in connection herewith. For purposes of this opinion, we have examined copies of the Registration Statement, the Plans and such other documents as we have deemed appropriate.

Based upon the foregoing, we are of the opinion that the Shares, when issued and sold in accordance with the terms of the Plan, will have been duly authorized, validly issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion as part of the Registration Statement.

Very truly yours,

/s/ Ropes & Gray
Ropes & Gray

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement on Form S-8 pertaining to Electric Fuel Corporation's 1998 Non-Executive Stock Option and Restricted Stock Purchase Plan and Amended and Restated 1993 Stock Option and Restricted Stock Purchase Plan of our report dated March 20, 1998, with respect to the consolidated financial statements of Electric Fuel Corporation incorporated by reference in its Annual Report (Form 10-K) for the year ended December 31, 1998 filed with the Securities and Exchange Commission.

/s/ Kesselman & Kesselman

Kesselman & Kesselman
Certified Public Accounts (Israel)

Jerusalem, Israel
March 10, 1999