SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2001.

Commission file number: 0-23336

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

Delaware	954302784
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
632 Broadway, Suite 301, New York, New York	10012
(Address of principal executive offices)	(Zip Code)

(212) 529-9200
(Registrant's telephone number, including area code)

120 Wood Avenue South, Suite 300, Iselin, New Jersey 08830
(Former address, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [_]

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of the issuer's common stock as of May 11, 2001 was 26,359,397.

INDEX

PART I - FINANCIAL INFORMATION
<TABLE>
<CAPTION>
Item 1 - Interim Consolidated Financial Statements (Unaudited):
<S> <C>
Consolidated Balance Sheets at March 31, 2001 and December 31, 2000 3-4
Consolidated Statements of Operations for the Three Months Ended March 31, 2001 and 2000 5
Consolidated Statements of Changes in Stockholders' Equity during the Three-Month Period Ended March 31, 2001 6
Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2001 and 2000 7-8
Note to the Interim Consolidated Financial Statements 9

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations 10

Item 3 - Quantitative and Qualitative Disclosures about Market Risk 14

PART II - OTHER INFORMATION

Item 2 - Change in Securities 15

SIGNATURES 16
</TABLE>

ELECTRIC FUEL CORPORATION

Item 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	March 31, 2001	December 31, 2000
ASSETS	(Unaudited)	(Audited)
CURRENT ASSETS:		
Cash and cash equivalents	$ 7,743,541	$ 11,596,225
Trade receivables	489,799	2,212,434
Other receivables	2,462,202	2,418,715
Inventories	5,709,150	3,208,948
Total current assets	16,405,092	19,436,322
Notes receivable from stockholders	797,854	778,677
Severance pay fund	1,026,283	995,283
FIXED ASSETS:		
Cost	10,955,556	10,572,954
Less - accumulated depreciation and amortization	4,390,888	4,126,890
	6,564,668	6,446,064
	$ 24,793,897	$ 27,656,346

</TABLE>

The accompanying notes are an intergal part of the Financial Statements.

ELECTRIC FUEL CORPORATION

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	March 31, 2001	December 31, 2000
	(Unaudited)	(Audited)
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	$ 2,896,181	$ 3,242,460
Other payables	1,665,294	1,544,975
Total current liabilities	4,561,475	4,787,435
Liability for Employee Rights Upon Retirement	2,963,626	2,790,542
Total liabilities	7,525,101	7,577,977

STOCKHOLDER'S EQUITY:		
Common stock - $0.01 par value Authorized - 100,000,000 shares Issued - 21,422,691 shares and 21,985,983 shares as of December 31, 2000 and March 31, 2001 respectively Outstanding - 21,417,358 shares and 21,980,650 shares as of December 31, 2000 and March 31, 2001 respectively	219,858	214,227
Preferred stock - $0.01 par value Authorized - 1,000,000 shares, no shares outstanding	-	-
Additional paid-in capital	90,595,581	87,658,990
Deferred stock compensation	(13,285)	(17,240)
Accumulated deficit	(66,874,637)	(63,449,673)
Treasury stock, at cost (common stock - 5,333 shares)	(37,731)	(37,731)
Notes receivable from stockholders	(6,620,990)	(4,290,204)
Total stockholders' equity	17,268,796	20,078,369
	$ 24,793,897	$ 27,656,346

</TABLE>

The accompanying notes are an integral part of the Financial Statements.

ELECTRIC FUEL CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

<TABLE>
<CAPTION>

	Three months ended March 31,	
	2001	2000
<S>	<C>	<C>
Revenues *)	$ 725,959	$ 652,946
Cost of revenues *)	961,785	-
Gross loss *)	(235,826)	-
Research and development expenses, net *)	769,939	2,090,221
Sales and marketing expenses	1,797,888	448,034
General and administrative expenses	896,180	583,878
	3,464,007	3,122,133
Operating loss	(3,699,833)	(2,469,187)
Financial income (expenses), net	274,869	(4,560)
Loss for the period	$ (3,424,964)	$ (2,473,747)
Loss per share	$ (0.16)	$ (0.14)
Weighted average number of shares outstanding	21,802,499	17,166,343

</TABLE>

*) In the first quarter of 2000, the Company's cost of revenues was combined with research and development costs, since (i) the Company's production was integrated with the product development process, (ii) it was impossible to segregate the cost of revenue from the research and development expenses, and (iii) these expenses were interrelated by their nature.

The accompanying notes are an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Additional paid-in capital	Deferred Stock Compensation	Accumulated deficit
BALANCE AT DECEMBER 31, 2000 - AUDITED	21,422,691	$ 214,227	$ 87,658,990	$ (17,240)	$ (63,449,673)
CHANGES DURING THE THREE-MONTH PERIOD ENDED MARCH 31, 2001:					
Accrued interest on notes receivable from stockholders					
Issuance of shares, net	562,929	5,631	2,936,591		
Amortization of deferred stock compensation				3,955	
Loss					(3,424,964)
BALANCE AT MARCH 31, 2001 - UNAUDITED	21,985,620	$ 219,858	$ 90,595,581	$ (13,285)	$ (66,874,637)

	Treasury stock	Notes receivable from shareholders	Total
BALANCE AT DECEMBER 31, 2000 - AUDITED	$ (37,731)	$ (4,290,204)	$ 20,078,369
CHANGES DURING THE THREE-MONTH PERIOD ENDED MARCH 31, 2001:			
Accrued interest on notes receivable from stockholders		(133,286)	(133,286)
Issuance of shares, net		(2,197,500)	744,722
Amortization of deferred stock compensation			3,955
Loss			(3,424,964)
BALANCE AT MARCH 31, 2001 - UNAUDITED	$ (37,731)	$ (6,620,990)	$ 17,268,796

The accompanying notes are an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Three months ended March 31, 2001	Three months ended March 31, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the period	$ (3,424,964)	$ (2,473,747)
Adjustments required to reconcile loss to net cash used in operating activities:		
Depreciation and amortization	275,000	

		34,750
Expenses due to options and shares granted to suppliers	84,295	107,000
Amortization of deferred stock compensation	3,955	-
Interest accrued on notes from stockholders	(152,465)	(20,069)
Liability for employee rights upon retirement, net	142,084	40,887
Changes in operating asset and liability items:		
Decrease (increase) in accounts receivable	2,054,246	(143,263)
Increase in inventories	(2,500,202)	(198,430)
Increase in accounts payable and accruals	1,270	57,999
Net cash used in operating activities	(3,516,781)	(2,594,873)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(393,604)	(402,513)
Repayment of suppliers due to purchase of fixed assets	(227,230)	-
Loans granted to shareholders	-	(921,656)
Net cash used in investing activities	(620,834)	(1,324,169)
FORWARD	(4,137,615)	$ (3,919,043)

</TABLE>

The accompanying notes are an integral part of the Financial Statement.

ELECTRIC FUEL CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

	Three months ended March 31,	
	2001	2000
<S>	<C>	<C>
FORWARD	$ (4,137,615)	$ (3,919,043)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of share capital, net	(40,294)	3,062,500
Proceeds from exercise of options and warrants	325,225	4,653,329
Net cash provided by financing activities	284,931	7,715,829
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (3,852,684)	3,796,787
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,596,225	2,555,645
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF PERIOD ....$	7,743,541	$ 6,352,432

SUPPLEMENTARY INFORMATION ON ACTIVITIES NOT INVOLVING CASH FLOW:		
Issuance of share capital (including additional paid-in capital) upon notes receivable	$ 2,221,000	$ 658,325
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION - CASH (PAID) RECEIVED DURING THE PERIOD FOR:		
Interest	$ 103,554	$ 56,636
Advances to income tax authorities	$ (3,659)	$ (20,176)

</TABLE>

The accompanying notes are an integral part of the Financial Statements.

NOTE TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

GENERAL

The interim consolidated financial statements of Electric Fuel Corporation reflect all adjustments, consisting only of normal recurring accruals, which are, in the opinion of our management, necessary for a fair statement of results for the periods presented. Operating revenues and expenses for any interim period are not necessarily indicative of results for a full year.

For the purpose of these interim consolidated financial statements, certain information and disclosures normally included in financial statements have been condensed or omitted. These unaudited statements should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2000.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve inherent risks and uncertainties. When used in this discussion, the words "believes," "anticipated," "expects" and similar expressions are intended to identify such forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors including, but not limited to, those set forth elsewhere in this report. Please see "Important Factors Regarding Forward-Looking Statements," filed as Exhibit 99 to our annual report on Form 10-K for the year ended December 31, 2000 and incorporated herein by reference.

Electric Fuel(R) is a registered trademark of Electric Fuel Corporation. Instant Power(TM), PowerCartridge(TM) and SmartCord(TM) are trademarks of Electric Fuel Corporation. All company and product names mentioned may be trademarks or registered trademarks of their respective holders.

The following discussion and analysis should be read in conjunction with the interim financial statements and notes thereto appearing elsewhere in this Quarterly Report. We have rounded amounts reported here to the nearest thousand, unless such amounts are more than 1.0 million, in which event we have rounded such amounts to the nearest hundred thousand.

Subsequent Developments

In April 2001, we announced a major price reduction for our Instant Power line of disposable cellphone batteries, lowering the manufacturer's suggested retail price (MSRP) to $9.95. We had previously reduced the MSRPs on our Instant Power charger (SmartCord and PowerCartridge together) to $19.95 ($24.95 for PDA kits) and on the PowerCartridge alone to $9.95. These price cuts were enabled by improved efficiencies achieved through the full operation of our automated production line. These price reductions will result in a proportionate writedown of certain portions of our inventory.

In May 2001, we sold an aggregate of 4,045,454 shares of our common stock to a group of institutional investors for an aggregate of $11,125,000. Investors in the offering also received an aggregate of 2,696,971 warrants to purchase shares of common stock at an exercise price of $3.22 per share.

General

During this past quarter, we accelerated our efforts to further develop, commercialize and market our disposable Instant Power Zinc-Air batteries and chargers for cellular phones and PDAs. These products use the proprietary high-rate primary zinc-air technology that we developed in the last three years for use in portable electronic devices. We also focused during the past quarter on expanding the distribution channels for our products, in order to continue the transition from a research and development company to a global consumer goods company, and on expanding the range of products that we offer.

Our line of existing products now includes batteries for Nokia 5100/6100/7100 phones, Motorola MicroTAC phones, the Ericsson 600/800/1000 line, the Samsung SCH-3500 phone, and an auxiliary battery for the Motorola StarTAC, and chargers with SmartCords for various series and models of Nokia,

Motorola, Ericsson, Panasonic, Siemens, Samsung, Audiovox, Mitsubishi, Sagem and Philips cellphones, models of Pocket PC, Palm, Handspring, HP and Compaq PDAs and Novatel wireless modems.

During the first quarter of 2001 we consolidated and increased our marketing presence with respect to our Instant Power line, particularly in Germany, where we signed an exclusive distribution agreement with respect to our chargers with DNT GmbH. Additionally, we had signed distributorship agreements or received orders in the U.S., the U.K., Australia, Croatia, the Czech Republic, Greece, Hong Kong, Iceland, Israel (where seven retail chains carry Instant Power products), Italy, Poland, Spain and Switzerland. These retailers and distributors include Circuit City, CompUSA, Fred Meyer Stores, CarToys, Wal-Mart (under the EverActive brand name) in the United States, and the Carphone Warehouse, the PocketPhone Shop and BT Retail in the UK. We are also selling through other, smaller distributors and online at www.iGo.com and our own website, www.electric-fuel.com, among others. Additionally, our products are available in airport shops in the United States (AltiTUNES and Laptop Lane), the U.K. and Israel.

While we have successfully marketed our products to retailers such as Wal-Mart, certain of our customers have indicated to us in response to slower than anticipated initial sales results that we would benefit from educating consumers as to the advantages of disposable batteries and chargers for cellphones and PDAs. We have begun addressing this need, both on our own and in cooperative programs with certain of our retailers, through an advertising and public relations campaign in national newspapers, in-flight and consumer magazines and at major airports, as well as through in-store point-of-sale efforts.

As of March 31, 2001, we had 32 unexpired U.S. patents and 15 corresponding European patents issued covering general aspects and various applications of our zinc-air technology. We also have more than 50 new applications filed, focusing specifically on Instant Power batteries and chargers for consumer electronic devices and cellphones.

We are continuing to develop other applications for our disposable Instant Power batteries and chargers, including for other portable consumer electronic devices, such as camcorders, as well as devices for the telecommunications, hand-held computer and defense markets.

Our Electric Vehicle Division is continuing its American all-electric transit bus development project in Nevada, subcontracted by the Federal Transit Administration (FTA) and supported by the Israel-US Binational Industrial Research and Development (BIRD) Foundation. On July 12, 2000, we announced that we had successfully completed the first actual driving tests of our all-battery electric bus. This event successfully completed phase I of the FTA program. Phase II of the program, which focuses on conducting evaluation of the system and vehicle performance, including track testing and limited on-road demonstrations, enhancing the all-electric propulsion system developed in Phase I, including incorporating ultracapacitors and associated interface controls, and testing and evaluating the zinc-air battery system, received approval in the fourth quarter of 2000.

Our Safety Products Division is continuing with the introduction of the new emergency lights for the marine life jackets market, and sales are steadily increasing.

We have experienced significant fluctuations in the sources and amounts of our revenues and expenses, and we believe that the following comparisons of results of operations for the periods presented do not necessarily provide a meaningful indication of our development. During these periods, we have received periodic lump-sum payments relating to licensing and other revenues from our strategic partners, which

have been based on the achievement of certain milestones, rather than ratably over time. Our expenses have been based upon meeting the contractual requirements under our agreements with various strategic partners and, therefore, have also varied according to the timing of activities, such as the need to provide prototype products and to establish and engineer refueling and regeneration facilities. Our research and development expenses have been offset, to a limited extent, by the periodic receipt of research grants from Israel's Office of the Chief Scientist. We expect that, because of these and other factors, including general economic conditions and delays due to legislation and regulatory and other processes and the development of competing technologies, future results of operations may not necessarily be meaningfully compared with those of current and prior periods. Thus, we believe that period-to-period comparisons of its past results of operations should not necessarily be relied upon as indications of future performance.

We incurred significant operating losses for the years ended December 31, 2000, 1999 and 1998 and the first three months of 2001. While we expect to continue to derive revenues from the sale of batteries for portable electronic devices, components of the Electric Fuel Electric Vehicle System, including refueling and Electric Fuel services and defense and safety products that we manufacture, as well as from licensing rights to the Electric Fuel technology to third parties, there can be no assurance that we will ever derive significant revenues or achieve profitability.

On May 17, 2000, we entered into a purchase agreement with Koor Industries Ltd. pursuant to which Koor agreed to purchase one million shares of our common stock at $10.00 per share, for a total cash investment of $10 million. We and Koor also entered into a registration rights agreement pursuant to which we agreed to register the shares issued to Koor, and Koor agreed to certain limitations on the resale of the shares in the six months following the investment. The purchase agreement with Koor provided that we would issue additional shares to Koor based on the extent to which the average closing price of our common stock on the Nasdaq for the thirty trading days immediately preceding the six-month anniversary of the closing date was below $10.00 per share. Pursuant to the terms of this provision, we authorized the issuance of an additional 92,952 shares of common stock to Koor in April 2001.

Functional Currency

We consider the United States dollar to be the currency of the primary economic environment in which our Israeli subsidiary, Electric Fuel (E.F.L) Limited ("EFL") operates. Further, we believe that the operations of EFL's subsidiaries are an integral part of the Israeli operations. EFL has therefore adopted and is using the United States dollar as its functional currency. Transactions and balances originally denominated in U.S. dollars are presented at the original amounts. Gains and losses arising from non-dollar transactions and balances are included in net income.

Results of Operations

Three months ended March 31, 2001, compared to the three months ended March 31, 2000.

Revenues. Revenues for the first quarter of 2001 totaled $726,000, compared to $653,000 in the comparable period in 2000, an increase of $73,000, or 11%. This increase was the result of an increase in revenues from the Instant Power Division that resulted from increased marketing of our Instant Power batteries and chargers for cellular phones, an increase that was only partly offset by the completion of phase I of the FTA program and the concomitant drop-off in revenues in the Electric Vehicle Division attributable to that program.

During the first quarter of 2001, we recognized revenues from the sale of lifejacket lights and sale of consumer batteries. We also recognized revenues from subcontracting fees received in connection with

the United States Department of Transportation (DOT) program which began in 1998 and, after we completed Phase I in July of 2000, was extended in the fourth quarter of 2000. We participate in this program as a member of a consortium seeking to demonstrate the ability of the Electric Fuel battery system to power a full-size, all-electric transit bus. The total program cost of Phase II is approximately $2.7 million, 50% of which will be covered by the DOT subcontracting fees. Subcontracting fees cover less than all of the expenses and expenditures associated with our participation in the program. In 2000, we derived revenues principally from the sale of lifejacket lights and consumer batteries. Additionally, we also recognized revenues from activities related to the DOT program.

During the first quarter of 2001, revenues were $221,000 for the Instant Power division (compared to $363,000 in the comparable period in 2000, a decrease of $142,000, or 39%), $197,000 for the Electric Vehicle division (there were no revenues for this division in 2000) and $306,000 for the Defense and Safety division (compared to $286,000 in the comparable period in 2000, an increase of $20,000, or 7%).

Cost of revenues and gross loss. Cost of revenues totaled $962,000 during the first quarter of 2001. Gross loss was $236,000 during the first quarter of 2001. In the first quarter of 2000, our cost of revenues was combined with research and development costs, since (i) our production was integrated with the product development process, (ii) it was impossible to segregate the cost of revenue from the research and development expenses, and (iii) these expenses were interrelated by their nature. Hence, we are unable to provide comparative data for the comparable quarter of 2000.

Direct expenses for our three divisions during the first quarter of 2001 were $2.9 million in the Instant Power division (compared to $1.9 million during the first quarter of 2000, an increase of $1.0 million, or 53%), $210,000 in the Electric Vehicle division (compared to $160,000 during the first quarter of 2000, an increase of $50,000, or 31%), and $247,000 in the Defense and Safety division (compared to $210,000 during the first quarter of 2000, an increase of $37,000, or 18%).

Research and development expenses, net. Research and development expenses less royalty-bearing grants for the first quarter of 2001 were $770,000. In the first quarter of 2000, our cost of revenues was combined with research and development costs, since (i) our production was integrated with the product development process, (ii) it was impossible to segregate the cost of revenue from the research and development expenses, and (iii) these expenses were interrelated by their nature. Hence, we are unable to provide comparative data for the comparable quarter of 2000.

Our 2001 grant applications have been approved by the Research Committee of the Office of the Chief Scientist of the Ministry of Industry and Trade. As a result, royalty-bearing grants of up to $1.0 million will be available to us during 2001 to offset R&D expenses. $186,000 of these royalty-bearing grants was recognized in the first quarter of 2001 (compared to $0 in the first quarter of 2000, since as of the end of that quarter in 2000 our grant applications had not yet been approved by the relevant authorities).

Selling expenses. Selling expenses for the first quarter of 2001 were $1.8 million, compared to $448,000 in the first quarter of 2000, an increase of $1.4 million, or 301%, primarily attributable to increased sales and marketing expenses in the Instant Power division. We expect further increases in selling expenses, particularly with respect to marketing expenses, as we continue to market our products to consumers and expand the applications for our technology.

General and administrative expenses. General and administrative expenses for the first quarter of 2001 were $896,000 compared to $584,000 in the first quarter of 2000, an increase of $312,000, or 53%. This increase was primarily attributable to the absence in the first quarter of 2001 of certain one-time accrual adjustments that took place in the first quarter of 2000, and litigation expenses incurred in the first quarter of 2001 but not in the comparable period in 2000 in connection with our lawsuit against ElectroFuel, Inc., which lawsuit was described in Item 3 of our annual report on Form 10-K for the year ended December 31, 2000.

Financial income (expense). Financial income, net of interest expenses and exchange differentials, totaled approximately $275,000 in the first quarter of 2001 compared to $5,000 financial expense in the same quarter in 2000, an increase of $280,000, due primarily to higher balances of invested funds as a result of the deposit of the proceeds of private placements of our securities conducted in 2000.

Income taxes. We and our Israeli subsidiary EFL incurred net operating losses or had earnings arising from tax-exempt income during the quarters ended March 31, 2001 and 2000 and, accordingly, we were not required to make any provision for income taxes. Taxes in these entities incurred in 2001 and 2000 are primarily composed of United States federal alternative minimum taxes.

Net loss. Due to the factors cited above, we reported a net loss of $3.4 million in the first quarter of 2001, compared to a net loss of $2.5 million in the first quarter of 2000, an increase of $900,000, or 36%.

Liquidity and Capital Resources

As of March 31, 2001 (prior to the sale of securities discussed under "Recent Developments," above), we had cash and cash equivalents of approximately $7.7 million, compared to $6.4 million as of March 31, 2000.

We used available funds in the first three months of 2001 primarily for continued research and development expenditures, and other working capital needs. We increased our investment in fixed assets by $394,000 during the quarter ended March 31, 2001, primarily in the Instant Power Division. Our fixed assets amounted to $6.6 million as at quarter end.

Our Israeli subsidiary EFL presently has a line of credit with the First International Bank of Israel Ltd. (FIBI) of up to $750,000, guaranteed by our receivables (up to 75% of the receivables total amount as determined from time to time). This credit facility imposes financial and other covenants on EFC and EFL. As of March 31, 2001, the bank had issued letters of credit and bank guarantees totaling approximately $342,000.

We believe that our cash position and cash flows from operations as of the date of this report will be sufficient to satisfy our estimated cash requirements for more than the next year.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are exposed to the impact of interest rate changes and foreign currency fluctuations due to our international sales, production and funding requirements.

Our research, development and production activities are primarily carried out by our wholly-owned subsidiary EFL, at its facility in Beit Shemesh, Israel, and we market some of our products in Israel; accordingly we have sales and expenses in New Israeli Shekels. However, the majority of our sales are made outside Israel in U.S. dollars, and a substantial portion of our costs are incurred in U.S. dollars or in New Israeli Shekels linked to the U.S. dollar. Therefore, our functional currency is the U.S. dollar. Although we have a line of credit that may be affected by interest rate changes, given our level of borrowing, we do not believe the market risk from interest rate changes is material.

PART II

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

On January 12, 2001, we issued to certain of our employees a total of 400,000 shares of our common stock, 266,667 Series A warrants to purchase 266,667 shares of our common stock at any time prior to January 12, 2006 at a price of $8.3438 per share, and 133,333 Series B warrants to purchase 133,333 shares of our common stock at any time prior to October 12, 2001 at a price of $7.5094 per share. The total purchase price of $2,225,000 (based on the number of shares of common stock purchased multiplied by the closing sale price of our common stock on the Nasdaq National Market on January 12, 2001, which was $5.5625 per share) was paid by such employees by means of a non-recourse promissory note secured by the shares of common stock and warrants purchased. As part of the consideration for our agreeing to this arrangement, these employees agreed to certain changes in the terms of their employments agreements with us. Additionally, if any of these employees voluntarily leaves our employ prior to the end of the term of his agreement, the shares and warrants purchased by means of this non-recourse note will revert back to us.

Pursuant to the terms of our purchase agreement with Koor Industries Ltd., which provided that we would issue additional shares to Koor based on the extent to which the average closing price of our common stock on the Nasdaq for the thirty trading days immediately preceding the six-month anniversary of the closing date was below $10.00 per share, we issued an additional 92,952 shares of common stock to Koor in late March 2001.

We issued all of the above securities in reliance on the exemption from registration provided by Section 4(2) of the Securities Act as transactions by an issuer not involving a public offering.

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, thereunto duly authorized.

ELECTRIC FUEL CORPORATION

By: /s/ Robert S. Ehrlich

Name: Robert S. Ehrlich
Title: Chairman and Chief Financial Officer

Dated: May 14, 2001