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SBE INC
Form S-8
May 08, 2002

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 8, 2002
Registration No. 333-

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SBE, INC.
(Exact name of registrant as specified in its charter)

Delaware

94-1517641

(State of Incorporation) (I.R.S. Employer Identification No.)

2305 CAMINO RAMON, SUITE 200
SAN RAMON, CALIFORNIA 94583
(Address of principal executive offices)

1992 EMPLOYEE STOCK PURCHASE PLAN
1996 STOCK OPTION PLAN
(Full title of the plans)

DAVID W. BRUNTON
CHIEF FINANCIAL OFFICER, VICE PRESIDENT, FINANCE
AND SECRETARY
SBE, INC.

2305 CAMINO RAMON, SUITE 200
SAN RAMON, CALIFORNIA 94583
(925) 355-2000

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

Copies to:
CHRISTOPHER A. WESTOVER
COOLEY GODWARD LLP
ONE MARITIME PLAZA, 20TH FLOOR
SAN FRANCISCO, CA 94111
(415) 693-2000

CALCULATION OF REGISTRATION FEE

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TITLE OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)	AMOUNT OF REGISTRATION
Shares of Common Stock, par value \$0.001 per share, reserved for future grant under the 1992 Employee Stock Purchase Plan and the 1996 Stock Option Plan.	250,000	\$ 1.90	\$ 475,000.00	\$ 92.00

- (1) This registration statement is intended to cover the offering of up to 100,000 shares of the Registrant's Common Stock pursuant to its 1992 Employee Stock Purchase Plan, as amended (the "Employee Plan"), and up to 150,000 shares of the Registrant's Common Stock pursuant to its 1996 Stock Option Plan, as amended (the "1996 Plan"). This registration statement shall also cover any additional shares of Common Stock that becomes issuable under the Employee Plan or 1996 Plan by reason of any stock dividend, stock split, recapitalization or any other similar transaction without receipt of consideration that results in an increase in the number of shares of the Registrant's outstanding Common Stock.
- (2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(c). The price per share and aggregate offering price are based upon the high and low sales prices of Registrant's Common Stock on May 6, 2002 as reported on the Nasdaq National Market System.

INCORPORATION BY REFERENCE OF CONTENTS OF
 REGISTRATION STATEMENTS ON FORM S-8
 NOS. 33-45998, 33-45998, 333-63377,
 33-67821, 333-32896 AND 333-63228

The contents of Registration Statements on Form S-8 Nos. 33-45998, 33-45998, 333-63377, 33-67821, 333-32896 and 333-63228 filed with the Securities and Exchange Commission on February 26, 1992, August 19, 1998, September 15, 1998, November 24, 1998, March 21, 2000 and June 18, 2001, respectively, are incorporated by reference herein.

The Employee Plan and the 1996 Plan were amended in December 2001 by the Board of Directors, and these amendments were subsequently approved by the stockholders in March 2002. The Employee Plan was amended to increase the number of shares of Common Stock of the Registrant reserved for issuance under the Employee Plan by 100,000 shares. The 1996 Plan was amended to increase the number of shares of Common Stock of the Registrant reserved for issuance under the 1996 Plan by 150,000 shares.

EXHIBITS

EXHIBIT

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NUMBER

- 5.1 Opinion of Cooley Godward LLP
- 23.1 Consent of PricewaterhouseCoopers LLP, Independent Auditors
- 23.2 Consent of Cooley Godward LLP is contained in Exhibit 5.1 to this Registration Statement
- 24.1 Power of Attorney is contained on the signature pages
- 99.1 1992 Employee Stock Purchase Plan, as amended
- 99.2 1996 Stock Option Plan, as amended

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Ramon, State of California, on May 8, 2002.

SBE, INC.

By: /s/ David W. Brunton

David W. Brunton
Chief Financial Officer, Vice President,
Finance and Secretary

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints William B. Heye and David W. Brunton, and each or any one of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) 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 attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

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

SIGNATURE	TITLE	DATE
/s/ Raimon L. Conlisk ----- (Raimon L. Conlisk)	Chairman of the Board	May 8, 2002
/s/ William B. Heye ----- (William B. Heye)	President, Chief Executive Officer and Director (principal executive officer)	May 8, 2002
/s/ David W. Brunton ----- (David W. Brunton)	Chief Financial Officer, Vice President, Finance and Secretary (principal financial and accounting officer)	May 8, 2002
/s/ Randall L-W. Caudill ----- (Randall L-W. Caudill)	Director	May 8, 2002
/s/ Ronald J. Ritchie ----- (Ronald J. Ritchie)	Director	May 8, 2002

EXHIBIT INDEX

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99.2	1996 Stock Option Plan, as amended

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Donald Lovell (1)	\$5,250 -- \$5,250
Max Pridgeon	\$5,250 -- \$5,250
Frans Sluiter	\$5,250 -- \$5,250

1. Mr. Lovell died in February 2008.

INFORMATION RELATING TO EXECUTIVE OFFICERS WHO ARE NOT DIRECTOR NOMINEES

The following individuals are not directors or director nominees, but served as executive officers of the Company or its subsidiaries during 2007.

NAME	AGE	POSITION
Edy Francis	31	Chief Financial Officer
Yossi Levy	55	Branch Manager, Israel Branch

Edy Francis was appointed Chief Financial Officer on August 2, 2007. From December 2003 through August 2007, Mr. Francis was affiliated with the Tel Aviv based office of Brightman Almagor & Co., Certified Public Accountants and a member firm of Deloitte Touche Tohmatsu where his areas of practice included auditing publicly traded companies, auditing internal controls and preparing tax assessments. Prior to that, from May 2000 to June 2002, he was self employed primarily in the import and distribution of household pet products.

Yossi Levy has been Branch Manager of the Company's Branch Office in Israel since August 1996. Since 1988 Mr. Levy has held the position of General Manager of Naphtha - Israel Petroleum Corp. Ltd. (Naphtha), a public company primarily engaged in the oil and gas business in Israel. Since January 1, 2002, Mr. Levy has been the general manager of J.O.E.L. - Jerusalem Oil Exploration Ltd. (JOEL), the parent company of Naphtha.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We paid Israel Oil Company ("I.O.C") \$226 thousand and, \$235 thousand for the years ended December 31, 2007 and 2006, respectively, for rent and office, secretarial and computer services. I.O.C is fully owned by Naphtha Israel Petroleum Corp. Naphtha is the sole shareholder of Naphtha Holdings, Ltd., which is the record holder of 48.4% of our outstanding common stock and which may be deemed to be controlled by Haim Tsuff, the Chairman of the Board of Directors and Chief Executive Officer of Isramco. In addition, We paid Israel Oil Company Ltd \$120 thousand consulting fee for Isramco's projects in the U.S.

Isramco Oil and Gas Ltd. ("IOG"), a wholly-owned subsidiary of Isramco, is the general partner of Isramco-Negev 2 Limited Partnership, from which we received management fees and expense reimbursements of approximately \$480 thousand for each of the years ended December 31, 2007, 2006, and 2005. On December 31, 2007 we sold IOG to related party.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") requires the Company's executive officers, directors and persons who beneficially own more than 10% of a registered class of the Company's equity securities (collectively, the "Reporting Persons") to file certain reports regarding ownership of, and transactions in, the Company's securities with the Securities and Exchange Commission (the "SEC"). These officers, directors and stockholders are also required by SEC rules to furnish the Company with copies of all Section 16(a) reports that they file with the SEC.

Based solely on review of the copies of such forms received by the Company with respect to 2007, the Company believes that all of the filing obligations of officers, directors and 10% stockholders under Section 16 (a) during 2007 have been complied with.

PROPOSAL NO. 1
ELECTION OF DIRECTORS

The Board of Directors of the Company currently consists of five (5) members. The persons named below have been nominated by the Board of Directors for election to hold office until the next annual meeting and until their successors are elected and have been qualified.

It is the intention of the persons named in the accompanying proxy to vote FOR the election of the persons named below as directors of the Company, unless authority to do so is withheld. Proxies cannot be voted for a greater number of persons than the nominees named. If events not now known or anticipated make any of the nominees unwilling or unable to serve, the proxies will be voted (in the discretion of the holders of such proxies) for other nominees not named herein in lieu of those unwilling or unable to serve. The Board of Directors is not aware of any circumstances likely to cause any nominee to become unavailable for election.

NAME	AGE	POSITION
Haim Tsuff	51	Chairman of the Board, Chief Executive Officer and Director
Jackob Maimon	52	President, Director
Max Pridgeon	40	Director
Frans Sluiter	40	Director
Michelle R. Cinnamon Flores	33	Director

Haim Tsuff has been a director of the Company since January 1996 and the Chairman of the Board of Directors and Chief Executive Officer since May 1996. Mr. Tsuff is the sole director and owner of United Kingsway Ltd. and Chairman of YHK General Manager Ltd. (which entity effectively controls Equital Ltd., JOEL, Naphtha and Naphtha Holdings Ltd.) and may be deemed to control the Company.

Jackob Maimon has been President of the Company since November 1999. Mr. Maimon is the Chairman of the Board of Directors of Naphtha Israel Petroleum Corporation Ltd. ("Naphtha"), an Israeli entity, which holds indirectly through Naphtha Holdings, Ltd., another Israeli entity, approximately 48.4% of the issued and outstanding stock of the Company. Mr. Maimon has held the position at Naphtha since August 1996.

Max Pridgeon has been a director of the Company since April 2001. Since December 2002, Mr. Pridgeon has served as a director and executive officer of Griffin Decorations, a business which he founded. From March 1995 through December 2002, he served as director of MAXIM Wholesale and Marketing Co., a company which he founded. Concurrently, from February 1999, Mr. Pridgeon has also served as a manager of sales for Europe and the Middle East for Blenfin XI, Netherlands, a company that engages in the distribution of wooden picture frames. From April 1996 through January 1999, Mr. Pridgeon served as a property acquisitions consultant to M.A. Realistic Estate, Netherlands, a company engaged in the ownership and management of hotels in the Netherlands. From September 1989 through March 1995, Mr. Pridgeon served as account manager and then export manager at VERNON Holland, a company engaged in the marketing and distribution of oil paintings.

Frans Sluiter has been a director since December 12, 2006. Mr. Sluiter will also serve on the Company's audit committee. Mr. Sluiter, age 39, has over 15 years' experience successfully bringing business solutions to fortune 500 companies worldwide. He has held several senior management positions where he managed and delivered complex system implementation projects for clients in Europe, the Middle East, South America, and the U.S. From January 1, 2006 to the present time, he has been a managing partner of Singularity LLC, a Dallas based entity engaged in IT Services. From November 2004 to January 2006, he was senior vice president responsible for sales and delivery at Intelligroup, a New Jersey based company engaged in IT Consulting Services. From March 2003 to October 2004, Mr. Sluiter served as a Program Director at Intelligroup. From July 2000 to February 2003, he was Senior Project Manager for AtosOrigin in Saudi Arabia.

Michelle R. Cinnamon Flores was appointed to the Company's Board of Directors on February 11, 2008. Since March 2007, been serving as Assistant Vice President of Finance for a private company engaged in property management. Previous to that position, from July 2005 to March 2007, she was Controller, Human Resources, for Stevens Hospitality, where she was primarily responsible for cash management and financial statement preparation. Between October 2003 and July 2005, she was at Emporio Turistico where she served as General Manager. Ms. Flores replaced Mr. Donald Lovell, who died in February 2008.

All officers serve until the next annual meeting of directors and until their successors are elected and qualified. There are no family relationships between any of the above director nominees, and there is no arrangement or understanding between any of the above director nominees and any other person pursuant to which he was selected as a director nominee.

INFORMATION ABOUT THE BOARD OF DIRECTORS

INDEPENDENCE AND MEETINGS

During the fiscal year ended December 31, 2007, the Board met and acted by unanimous written consent on 10 occasions. During the fiscal year ended December 31, 2007, each Board member attended 75% or more of the aggregate of the meetings of the Board and of the committees on which he served, held during the period for which he was a director or committee member, respectively.

The Board does not have a formal policy with respect to Board members attendance at annual stockholder meetings, though it encourages directors to attend such meetings. None of the directors attended the 2007 annual meeting.

The Board of Directors reviewed the independence of each of the Company's directors in April 2008 on the basis of the standards adopted by Nasdaq. During this review, the Board considered transactions and relationships between the Company, on the one hand, and each director, members of his or her immediate family, and other entities with which he or she is affiliated, on the other hand. The purpose of this review was to determine which of such transactions or relationships were inconsistent with a determination that the director is independent under the Nasdaq rules. As a result of this review, the Board of Directors affirmatively determined that each of the Company's directors other than Messrs. Haim Tsuff and Jakob Maimon are "independent directors" within the meaning of the Nasdaq rules.

BOARD COMMITTEES

The Board of Directors has established three standing committees: the audit committee (the "Audit Committee"); the compensation committee (the "Compensation Committee"); and the nominating committee (the "Nominating Committee").

AUDIT COMMITTEE

The members of the Audit Committee are Max Pridgeon, Frans Sluiter and, as of February 11, 2008, Michelle R. Cinnamon Flores. Until his death in February 2008, Mr. Donald D. Lovell served on the audit committee. The Board of Directors has determined that each of Messrs. Pridgeon and Sluiter and Ms. Flores meet the independence criteria set out in Rule 4200(a)(14) of the Marketplace Rules of the National Association of Securities Dealers ("NASD"). Mr. Lovell was the chairman of the Audit Committee until his death in February 2008. The Board has determined that Ms. Flores is an "audit committee financial expert" as defined by the rules of the SEC. The Audit Committee met five times in 2007.

The Board has adopted a charter governing the duties and responsibilities of the Audit Committee. A copy of the Audit Committee charter is filed as Annex A to this Proxy Statement. The principal function of the Audit Committee

is to assist the Board in its oversight responsibilities relating to the financial accounting, reporting and controls. The Audit Committee monitors and evaluates periodic reviews of the adequacy of the accounting and financial reporting processes and systems of internal control that are conducted by senior management and the independent auditors, is directly responsible for the appointment, compensation and oversight of the work of the Company's independent auditors, reviews and evaluates the qualifications, independence and performance of the independent auditors, monitors the Company's compliance with legal and regulatory requirements, monitors the performance of internal audit function and facilitates communication among independent auditors, senior management and the Board.

THE NOMINATING COMMITTEE

In April 2004, the Board of Directors formed the Nominating Committee to address Board development matters. The current members of the Nominating Committee are _ Frans Sluiter _ and Max Pridgeon. The Nominating Committee did not meet in 2007. The Board has adopted a charter governing the duties and responsibilities of the Nominating Committee and a copy of such charter is attached. The duties of the Nominating Committee are fully set forth in the charter adopted by that committee, a copy of which was included as Annex B to this Proxy Statement.

The Nominating Committee will consider many factors when evaluating candidates for the nomination to the Board of Directors, with the goal of fostering a Board of Directors comprised of directors with a variety of experience and backgrounds. Important factors that will be considered as part of the Nominating Committee's evaluation include (without limitation) diversity, skill, specialized expertise, experience, business acumen, understanding of strategy and policy-setting. Depending upon the Company's then-current needs, certain factors may be weighed more or less heavily. In considering candidates for the Board of Directors, the Nominating Committee will consider the entirety of each candidate's credentials and does not have any specific minimum qualifications that must be met. However, the Nominating Committee does believe that all members of the Board of Directors should have the highest character and integrity and sufficient time to devote to Company matters.

The Nominating Committee will consider persons recommended by stockholders as candidates for nomination as a director. In evaluating such nominations, the Nominating Committee will use the same selection criteria the Nominating Committee uses to evaluate other potential nominees. Recommendations should be submitted to the Secretary of the Company. Each recommendation should include a personal biography of the suggested candidate, an indication of the background or experience that qualifies such person for consideration, and a statement that such person has agreed to serve if nominated and elected. Stockholders who wish to nominate a person for election to the Board of Directors themselves, rather than recommending a candidate to the Nominating Committee for potential nomination by the Board of Directors, must comply with applicable law.

COMPENSATION COMMITTEE

In April 2004, the Board of Directors formed the Compensation Committee, which is responsible for reviewing the compensation arrangements in effect for the Company's executive officers. The Compensation Committee currently consists of Frans Sluiter and Max Pridgeon. The Board of Directors has determined that Messrs. Sluiter and Pridgeon meet the independence criteria set out in the NASD's Marketplace Rule 4200(a)(14). Mr. Pridgeon is the Chairman of the Compensation Committee. The Compensation Committee did not meet in 2007 but acted by unanimous written consent on two occasions.

The principal functions of the Compensation Committee are to review the Company's incentive compensation programs for executive officers and approve the annual compensation for executive officers.

CODE OF BUSINESS ETHICS AND CONDUCT

The Company has adopted a Code of Business Ethics and Conduct (the "Code of Conduct") that applies to all of its employees. A copy of the Code of Conduct has been filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2005. If the Company makes any substantive amendment to the Code of Conduct or grants any waiver from a provision of the Code of Conduct to any executive officer or director, the Company will promptly disclose the nature of the amendment or waiver.

STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Although the Company does not have formal procedures for stockholder communication with the Board of Directors, stockholders of the Company are encouraged to communicate directly with the members of the Board. Persons interested in communicating their concerns or issues to the independent directors may address correspondence to a particular director, or to the independent directors generally in care of the Chief Executive Officer and Chairman of the Board, Mr. Haim Tsuff. If no particular director is named, letters will be forwarded, depending on the subject matter, to the Chairman of the Audit Committee. Company personnel will not screen or edit such communications and will forward them directly to the intended member of the Board.

REPORT OF THE AUDIT COMMITTEE

The following report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other of the Company's filings under the Securities Act of 1933 or under the Securities Exchange Act of 1934, except to the extent the Company specifically incorporate this report by reference.

The following is the report of the Audit Committee with respect to the Company's audited financial statements for the fiscal year ended December 31, 2007, which include the consolidated balance sheets of the Company as of December 31, 2005 and 2004, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2005 and the notes thereto.

REVIEW WITH MANAGEMENT. The Audit Committee has reviewed and discussed the Company's audited financial statements with management.

REVIEW AND DISCUSSIONS WITH INDEPENDENT ACCOUNTANTS. The Audit Committee has discussed with M&B, the Company's independent accountants, the matters required to be discussed by SAS 61 (Codification of Statements on Accounting Standards) that includes, among other items, matters related to the conduct of the audit of the Company's financial statements. The Audit Committee has also received disclosures and the letter from Mann required by Independence Standards Board Standard No. 1 (that relates to the accountant's independence from the Company and its related entities) and has discussed with the auditors its independence from the Company.

CONCLUSION. Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

Dated: April 25, 2008

AUDIT COMMITTEE

MAX PRIDGEON

FRANS SLUITER

MICHELLE R. CINNAMON FLORES

BOARD RECOMMENDATION

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF ALL OF THE NOMINEES TO THE BOARD OF DIRECTORS.

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PROPOSAL NO. 2

RATIFICATION OF APPOINTMENT OF MALONE & BAILEY, PC
 AS THE COMPANY'S INDEPENDENT PUBLIC ACCOUNTING FIRM
 FOR THE YEAR ENDING DECEMBER 31, 2006

The Audit Committee has selected Malone & Bailey, PC ("M&B") as the Company's independent public accounting firm for the year ending December 31, 2008. The Board has directed that such appointment be submitted for ratification by the shareholders at the Annual Meeting.

It is anticipated that a member of M&B will be present at the Annual Meeting and will be available to respond to questions.

If the Stockholders do not ratify the selection of M&B as the Company's independent public accounting firm for the year ending December 31, 2008, the Audit Committee will reconsider the appointment. However, even if the Stockholders do ratify the selection, the Audit Committee may still appoint a new independent public accounting firm at any time during the year if it believes that such a change would be in the best interests of Company and its stockholders.

FEES

The following table presents fees for professional audit services rendered by M&B for the audit of the Company's annual financial statements for fiscal years 2007 and 2006 and fees billed for other services rendered during 2007 and 2006.

Type of Service/Fee	Fiscal 2007a	Fiscal 2006
Audit Fees (1)	\$ 230,000	\$ 89,500
Audit Related Fees (2)	--	--
Tax Fees (3)	\$ 20,000	\$ 25,000
All Other Fees (4)	--	--

(1) Audit Fees consist of fees for professional services rendered for the audit of the Company's consolidated financial statements included in its Annual Report on Form 10-K and the review of the interim financial statements included in its Quarterly Reports on Form 10-Q, and for the services that are normally provided in connection with regulatory filings or engagements.

(2) Includes fees associated with assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. This category includes fees related to consultation regarding generally accepted accounting principles.

(3) Tax Fees consist of fees for tax compliance, tax advice and tax planning.

(4) All Other Fees consist of fees for products and services not included in the above categories.

The Audit Committee reviewed the non-audit services rendered for fiscal 2007 and fiscal 2006 as set forth in the above table and concluded that such services were compatible with maintaining the public accounting firm's independence. The Audit Committee's policy is to pre-approve all audit services and all non-audit services that Company's independent public accounting firm is permitted to perform for Company under applicable federal securities regulations. As permitted by the applicable regulations, the Audit Committee's policy utilizes a combination of specific pre-approval on a case-by-case basis of individual engagements of the independent public accounting firm and general pre-approval of certain categories of engagements up to predetermined dollar thresholds that are reviewed annually by the Audit Committee. Specific pre-approval is mandatory for the annual financial statement audit engagement, among others.

BOARD RECOMMENDATION

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF MALONE & BAILEY, PC AS THE COMPANY'S INDEPENDENT PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2007.

OTHER MATTERS

Management does not intend to present to the meeting any matters other than matters referred to herein, and as of this date Management does not know of any matter that will be presented by other persons named in the attached proxy to vote thereon in accordance with their best judgment on such matters.

STOCKHOLDER PROPOSALS

Under the rules of the SEC, proposals of Stockholders intended to be presented at the 2009 annual meeting of Stockholders must be made in accordance with the by-laws of the Company and received by the Company at its principal executive offices for inclusion in the Company's proxy statement for that meeting no later than March 29, 2009. The Board of Directors will review any stockholder proposals that are filed as required and will determine whether such proposals meet applicable criteria for inclusion in its 2009 proxy statement.

ANNUAL/QUATERLY REPORTS

Enclosed is the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and the Quarterly Report on Form 10-Q for the three months ended March 31, 2008. The Annual Report on Form 10-K and the Quarterly Report on Form 10-Q do not form any part of the material for the solicitation of proxies.

SOLICITATION OF PROXIES

The Company will pay the cost of the solicitation of proxies. Solicitation of proxies may be made in person or by mail, telephone, or telecopy by directors, officers, and employees of the Company. The Company may also engage the services of others to solicit proxies in person or by telephone or telecopy. In addition, the Company may also request banking institutions, brokerage firms, custodians, nominees, and fiduciaries to forward solicitation material to the beneficial owners of Common Stock held of record by such persons, and the Company will reimburse such persons for the costs related to such services.

It is important that your shares be represented at the Annual Meeting. If you are unable to be present in person, you are respectfully requested to sign the enclosed proxy and return it in the enclosed stamped and addressed envelope as promptly as possible.

BY ORDER OF THE BOARD OF DIRECTORS

Haim Tsuff

Chairman of the Board

Chief Executive Officer

Date: May 22, 2008

ISRAMCO, INC.
4801 Woodway Drive, Suite 100E.
Houston, Texas 77056

PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF THE
COMPANY FOR THE ANNUAL MEETING OF STOCKHOLDERS ON JUNE 26, 2008

The undersigned hereby constitutes and appoints HAIM TSUFF, YOSSI LEVY AND EDY FRANCIS and each of them, with full power of substitution, attorneys and proxies to represent and to vote all the shares of common stock, par value \$.001 per share, of ISRAMCO, INC. (the "Company"), that the undersigned would be entitled to vote, with all powers the undersigned would possess if personally present, at the 2008 Annual Meeting of Stockholders of the Company, to be held on June 26, 2008, and at any adjournment thereof, on the matters set forth on the reverse side and such other matters as may properly come before the meeting.

1. ELECTION OF DIRECTORS. Nominees: HAIM TSUFF, JACKOB MAIMON, MAX PRIDGEON, FRANS SLUITER AND MICHELL R. CINNAMON FLORES (Mark only one of the following boxes.)

VOTE FOR ALL NOMINEES LISTED ABOVE, EXCEPT VOTE WITHHELD AS TO THE FOLLOWING NOMINEES (IF ANY): _____

VOTE WITHHELD FROM ALL NOMINEES

2. PROPOSAL TO RATIFY THE APPOINTMENT OF MALONE & BAILEY, PC AS THE COMPANY'S INDEPENDENT PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2008.

FOR AGAINST ABSTAIN

3. In Their Discretion, Upon Any Other Business That May Properly Come Before the Meeting or Any Adjournment Thereof.

This proxy when properly executed will be voted in the manner directed herein by the undersigned stockholder. If no direction is made, this proxy will be voted FOR the election as directors of the nominees of the Board of Directors; FOR the ratification of the appointment of Malone & Bailey, PC as the Company's independent public accounting firm for the fiscal year ended December 31, 2008; and in the discretion of the proxies named herein on any other proposals to properly come before the Annual Meeting.

The undersigned acknowledges receipt of the accompanying Proxy Statement dated May 22, 2008 .

Dated: _____

SIGNATURE OF SHAREHOLDER(S)

(When signing as attorney, trustee, executor, administrator, guardian, corporate officer, etc., please give full title. If more than one trustee, all should sign. Joint owners must each sign.)

Please date and sign exactly as name appears above.

I plan I do not plan to attend the Annual Meeting.