

AMERICAN ISRAELI PAPER MILLS LTD
Form 6-K
December 26, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For December 26, 2007

AMERICAN ISRAELI PAPER MILLS LTD.

(Translation of Registrant's Name into English)

P.O. Box 142, Hadera, Israel
(Address of Principal Corporate Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____

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American Israeli Paper Mills Ltd. (the Registrant or Company) announced that on December 23, 2007, an agreement was signed (the Agreement) with Prisma Investment House Ltd. (Prisma) for the market making of the Company s shares, as was approved by the Company s Board of Directors on December 20, 2007.

The Agreement was signed for a period of two years. Each party is entitled to conclude the Agreement at the end of the first year, subordinate to 45 days advanced notice.

Prisma shall act to the extent and in terms as described in the Agreement and subordinate to the Israeli s Stock Exchange articles and instructions.

In exchange for the market making activity the Company shall pay Prisma, a monthly payment, in an amount not essential to the Company. The Israeli s Stock Exchange approved the Agreement with the market maker. The market making shall be implemented in the Company s shares owned by Prisma.

SIGNATURE

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.

AMERICAN ISRAELI PAPER MILLS LTD.
(Registrant)

By: /s/ Lea Katz

Lea Katz
Corporate Secretary

Dated: December 26, 2007
