



**Convenience translation from Hebrew -  
The binding version is the Hebrew version only**

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**Supplementary Report to the Immediate Report regarding a Significant Private Offer**

Further to the Immediate Report published on November 7, 2011 regarding a significant private offer of option warrants to the Company's CEO, Mr. Pinhas Buchris ("**the Original Report**"), the Company is pleased to publish a supplementary report regarding decisions of the Company's Audit Committee and Board of Directors of January 1, 2012 regarding an amendment of certain conditions in the CEO's option warrants.

According to the decision of the Company's Board of Directors, the terms of the option warrants as set forth in the Original Report, to which Mr. Buchris is entitled, will be amended as follows:

1. The option warrants will vest in three equal tranches on April 30 of each of the years 2012-2014 and not on October 30 of each of the above years, as reported in the Original Report.
2. The exercise period of the option warrants, which will vest for the first tranche only, will be extended for 6 months and will end on October 31, 2014. Consequently, the exercise periods are from the date of vesting of every tranche until the following dates: October 31, 2014 regarding the first and second tranches and October 31, 2015 regarding the third tranche.
3. Should the employment of Mr. Boukhris be discontinued before the vesting date of the second tranche, under circumstances which will entitle him to severance pay, in accordance with the terms of his employment agreement with the Company, Mr. Buchris will be entitled to bring forward the vesting period of the option warrants included in the second tranche; and should Mr. Buchris's employment be discontinued, including on his initiative, under circumstances of transferring control in the Company, as set forth in the Report of April 4, 2011 regarding terms of employment of Mr. Buchris, Mr. Buchris will be entitled to bring forward the vesting period of the option warrants not yet vested up to that date, and they may be exercised up to the end of the period mentioned in clause 5.3.2 of the Original Report.<sup>1</sup>

There will be no change in the other terms of the option warrants.

The following are the reasons of the Audit Committee and Board of Directors for amending the terms of the option warrants: these amendments create a matching of the dates of the start of service of Mr. Buchris as CEO of the Company and the dates of the vesting of the option warrants; between the terms of Mr. Buchris's employment agreement and the terms of the option warrants regarding everything connected with the termination of Mr. Buchris's employment under certain circumstances which entitle him to severance pay, and circumstances where there is a change in control of the Company, these changes do not significantly increase the Company's expense for granting the option warrants (the accumulated economic value of the option warrants, after the amendment of the conditions is approx. 9.16 million NIS, in comparison to approx. 8/5 million NIS).

*Oil Refineries Ltd.*

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<sup>1</sup> Available in Hebrew (Condensed convenience translation is available in the company investor's website)