

***** Convenience translation, the only binding version is this of the Hebrew report *****

**OIL REFINERIES LTD
("ORL" or the "Company")**

June 7, 2009

Messrs
Securities Authority
Through the Magna Clearing

Messrs
Tel Aviv Stock Exchange Ltd.
Through the Magna Clearing

Immediate Report on Activities which Deviate from the Corporations Ongoing Activities

Following the Company's Immediate Report announcement of June 28, 2007 (Document No. 2007-01-308884), with regards to the Israel Corporation ("**Israel Corp.**") receiving a Control Permit, its announcement of June 2, 2008 (Document No. 2008-01-156876) with regards to the signing of a Second Letter of Commitment of the Israel Corp. towards Israel Petrochemical Enterprises Ltd. ("**IPE**") and Petroleum Capital Holdings ("**Petroleum**") and its announcement of May 7, 2009 (Document No. 2009-01-156876) with regards to Petroleum having been granted Control Permit, the Company is pleased to announced the following.

1. On June 7, 2009, Israel Corp. and IPE issued announcements with regards to the completion of the signing of a joint control agreement between the Israel Corp., and IPE and Petroleum, as well as on the signing of an addendum to the said control agreement, as detailed in the convenience translation of the Israel's Corp.'s Hebrew announcement attached herewith.
2. Furthermore, on June 7, 1009, the Company received notification from the Israel Companies Authority whereby the Israel Companies Authority notifies the Company of the following:
 - 2.1. The Israeli Prime Minister and Minister of Finance, under the approval of the Minister for National Infrastructures, signed, on June 4, 2009, the Israel Corp.'s and its shareholders' Permit, under section 59(9) of the Government Companies' Law, 1975 – and under sections 3 and 4 of the Government Companies' decree (announcement of critical interests to the country in Oil Refineries Ltd.) 2007, correcting the Control Permit granted to the Israel Corp. in June 2007. Furthermore, it is noted that the Israel Corp. announced, on June 7, 2009, the correction to the said Control Permit, as detailed in the attached announcement, conveniently translated from Hebrew.
 - 2.2. Under the terms of the Control Permit granted to the Israel Corp., under the June 2009 correction, the Israel Corp. is permitted to control the Company and hold 24% or more in the Company's control means, solely, or together with IPE and Petroleum, subject to the conditions in the joint control agreement signed between the said companies and which was attached to the Israel Corp.'s Letter of Commitment issued to IPE on June 1, 2008 (See Company announcement from June 2, 2008 – Document No. 2008-01-156876).
 - 2.3. IPE's representative notified the Israeli Companies Authority that all the conditions outlined in the Control Permit granted to IPE and Petroleum on May 6, 2009 were fulfilled by June 5, 2009.
 - 2.4. Therefore, and subsequent to the noted in IPE's announcement, IPE, Petroleum and the controlling holders in these companies are eligible to control the Company and hold 24% or more of the Company's control means, together with the Israel Corp., subject to the terms set forth in the joint control agreement.

3. On June 7, 2009, the Company's Board of Directors elected Mr. David Federman as a director in the Company, and deputy Chairman, and Mr. Arie Silberberg as a director in the Company. The Board of Directors accepted the resignation of Mr. Uzi Netanel and approved his nomination as an alternate director to Mr. David Federman.
4. The Company's Board of directors also decided that given that the principle conditions serving as the basis of the merger agreement between the Company and Carmel Olefins Ltd. ("CAOL"), not undertaken, are still relevant today, and since the Control Permit by IPE has been received, being the main hurdle which previously prevented the said merger, has been removed, the Company will continue to cooperate with IPE and CAOL in order to advance such process which will serve part of the Company's development.

Please find below convenience translations from Hebrew of Israel Corp.'s two announcements.

FIRST ANNOUNCEMENT

The Israel Corporation (the "Company")

June 7, 2009

Messrs
Securities Authority
Through the Magna Clearing

Messrs
Tel Aviv Stock Exchange Ltd.
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Immediate Report – Agreement between Oil Refineries Ltd. and Israel Petrochemical Enterprises Ltd.

Further to the previous Immediate Report on the subject of the Oil Refineries Ltd ("ORL"), including the Immediate Report of May 10, 2007 (Document No. 2007-01-386384) ("**Report of May 10, 2007**") as well as the Immediate Report of June 1, 2008 (Document No. 2008-01-156534) ("**Report of June 1, 2008**"), the Company hereby announces as follows:

1. On June 6, 2009, the signature on the agreement for joint control in ORL between the Company and Israel Petrochemical Enterprises Ltd. and Petroleum Capital Holdings Ltd. ("**Petroleum**") (jointly: "**The Petrochemicals Group**"), as attached in Appendix to the Letter of Undertaking between the parties dated June 1, 2008, and as described in the framework of the report of March 10, 2007 and the report of June 1, 2008 ("**the Control Agreement**"), was completed. For good order sake, it should be mentioned that the Call option granted to the Petrochemicals Group, by virtue of the control agreement, to compel the Company to sell part of its shares in ORL was not exercised and expired.
2. In addition, on June 6, 2009, an Addendum to the Control Agreement ("**the Addendum**") was signed between the Company and the Petrochemicals Group which stipulates, inter alia, as follows:
 - 2.1 The Addendum will come into force on receipt of the approval of the Ministers to amend the Control Agreement (as mentioned in the Addendum) so that when the Addendum comes into force, it will not harm the validity and/or the conditions of the control permits given to the Petrochemicals Group and to the Company, by virtue of the Order for Protecting the Essential Interests in ORL.

- 2.2 Notwithstanding the provisions of the Control Agreement, it was agreed between the parties that the core control shares in ORL will comprise 40% of the issued and paid up share capital of ORL (instead of 50.25% as stipulated in the Control Agreement) ("**the core control in ORL**"). In other words, the core control shares in ORL will be 800 million shares of ORL of which 577.75 million shares in ORL owned by the Company and 222.5 million shares in ORL owned by Petroleum. This change will not change the number of ORL shares owned by the Company, but will reduce the Company's share in the core control of ORL from 77.9% to 72.22%.
- 2.3 If and to the extent that the Ministers will not agree that the core control in ORL will be 40% of the issued and paid up share capital of ORL, then the internal distribution between the parties of the core control shares in ORL, as will be determined by the Ministers, will be as follows: 72% of the core control shares in ORL will be shares owned by the Company, and 28% of the core control shares in ORL will be shares owned by Petroleum.
- 2.4 Should the Company request to sell to a third party all its core control shares in ORL, and should the Petrochemicals Group not make use of its 'tag-along right' for the sale granted to it by virtue of the Control Agreement ("**the tag-along right**"), the Petrochemicals Group undertook to inform the Ministers that it has no objection that its control permit will be amended in such a way that in every case where words the "Israel Corporation" appear, they will be replaced by the name of the third party and the reference to the control permit will be to it.
- 2.5 Should the Ministers oppose approving the transfer to the third party and grant it a control permit in ORL or delay in granting such a permit, for any reason originating from the Petrochemicals Group or the control permit of the Petrochemicals Group ("**the Objection**"), then should the Petrochemicals Group not cause the removal of the objection within 30 days, the Company will be entitled to announce the cancellation of the Control Agreement during the 30 days after the end of such a date ("**the cancellation notice**") without this giving the Petrochemicals Group any contention and/or grounds for any claim, provided: (a) that the Petrochemicals Group will be entitled to reconsider and exercise its 'tag-along right' within 15 days from the date of the cancellation notice, and (b) that the cancellation will come into force on the date of the transfer to the third party, and as from that date the Control Agreement will be considered as being void. Should the Petrochemicals Group not exercise such tag-along right, the Company will be entitled to complete the transfer to the third party. Should the transfer to the third party not be executed, the Control Agreement will continue to remain in force.

Yours sincerely,

Noga Yatziv

SECOND ANNOUNCEMENT

The Israel Corporation (the "Company")

June 7, 2009

Messrs
Securities Authority
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Tel Aviv Stock Exchange Ltd.
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Immediate Report – Agreement between Oil Refineries Ltd. and Israel Petrochemical Enterprises Ltd.

Further to the previous Immediate Report on the subject of the Oil Refineries Ltd ("ORL"), including the Immediate Report of June 28, 2007 as well as today's prior Immediate Report ("**Today's Prior Immediate Report**"), the Company hereby announces as follows:

1. With regards to Today's Prior Immediate Report with regards to the completion of the signing of the joint control agreement in ORL ("**Joint Control Agreement**") between the Company and Israel Petrochemical Enterprises Ltd. ("**IPE**") and Petroleum Capital Holdings Ltd. ("**Petroleum**"), and following the immediate report of June 28, 2007 under which the Company announced the receipt of a Control Permit in ORL (under the terms outlined there) ("**ORL Control Permit**"), the Company hereby announces that today it received a letter from the Israel Government Companies Authority which included a correction to the Control Permit in ORL from the Government ("**Correction to the Permit**"), under which it was determined, among others: (1) the Company, solely, or together with IPE and Petroleum, subject to the Joint Control Agreement, will control and undertake control means, at ORL, and (2) the individuals Control Permit holders (Messrs. Idan Ofer, Eyal Ofer and Ehud Angel – as outlined in ORL's Control Permit) will control or hold control means in ORL, through the Company, which will indirectly hold control and control means in ORL, solely or together with IPE and Petroleum based on the Joint Control Agreement, and (3) the Control Permit relates to the Control Approval and holding 24% or more in ORL's control means, and (4) the validity of the corrected Control Permit is subject to the validity of the ORL Control Permit granted to IPE and Petroleum and should the latter be canceled or expire, the Company's Control Permit in ORL will revert back to its wording prior to the validation of the Control permit Correction.
2. With regards to Today's Prior Immediate Report, it is hereby clarified for good order that the date of signing of the Joint Control Agreement and the date of signing of its addendum is June 5, 2009 (and not June 6, 2009 as outlined in sections 1 and 2 of Today's Prior Immediate Report).

Yours sincerely,

Noga Yatziv