



## **OIL REFINERIES COMMENTS ON UPDATED CREDIT RATING BY STANDARD & POOR'S MAALOT**

**Haifa, Israel, November 13, 2008 - Oil Refineries Ltd. (TASE: ORL.TA) (the "Company" or "ORL"),** Israel's largest oil refiner, announced today that on November 12, 2008 Standard and Poor's Maalot ("Maalot") downgraded the Company's debentures (Series A, B and C as well as untraded debentures) from AA/Stable to A/Negative. The full Maalot report is available in Hebrew on the Company's website under Investor Relations - Company Releases.

The Company requests to emphasize that when the debentures (Series A – C) were issued in December 2007 and were rated AA/Stable by Maalot, the Company, as well as, Maalot, took into account the Company's coming years' investment forecasts for the implementation of its strategic plan, and accordingly, the terms of the debentures (Series A – C), whereby the majority of the repayments will start from 2012 onwards, during which time the Company expects to generate large cash inflows on these investments.

The Company also wishes to note that since the credit rating was granted in November 2007, and to date, there have been several positive developments, as outlined below:

1. Improved operational availability of the facilities and increased production and sales capacities.
2. Improved liquidity and free cash flow, following the sharp decline in crude oil prices.
3. The forecasted future margins for the Hydro-Cracker produced products (mainly Diesel Oil and Kerosene) have substantially increased since the strategic plan was approved.
4. The Company continues to invest in strengthening its core businesses, while increasing the refining complexity and flexibility of the facilities as well as adding other margin components, in order to increase its profits and reduce risk over time.

ORL examined its steps in detail, during the preparation of the strategic plan; re-evaluation of the chosen directions shows that the changes in the market, strengthens them. This plan further emphasizes ORL's strengths, including its human resources, which are among the highest in terms of technological aptitude worldwide, integration of the petrochemical and refining industries, excellent strategic location with good accessibility to a wide selection of crude oils, close proximity to growing markets, and strong modern infrastructure in its main Haifa facility.

The Company estimates that its strategic plan, the ensuing investments, as well as the organizational changes and the efficiency measures adopted, strengthen the Company as compared to where it stood at the time of the rating issuance, on the eve of the debenture offering in 2007.

The Company wishes to emphasize that the said statements, with regards to refining margins, the impact of the implementation of the strategic plan on the Company, and the Company's meeting its commitments, are forward looking statements. These estimates are based on the strategic plan prepared by the Company's management and on information received from external professionals. There is no certainty that these estimates will bear fruition as the market conditions may differ from those forecast by these professionals. Furthermore, the strategic plan is complex and is subject to the receipt of various regulatory approvals. Should these estimates not be realized as a whole, or in part, this may materially affect the Company's profitability and repayment capabilities.

### **About Oil Refineries Ltd.**

Oil Refineries Ltd. (ORL), located in the bay area of the city of Haifa, is Israel's largest oil refinery. ORL operates sophisticated and state-of-the-art industrial facilities with refining capacity of 9 million tons of crude oil per year, with a Nelson complexity index of 7.4, providing a variety of quality products used in industrial operation, transportation, private

consumption, agriculture and infrastructure. The Company is also active in the area of Aromatics and Polymers through wholly-owned Gadiv Petrochemical Industries Ltd. and 50% owned Carmel Olefins Ltd. ORL is traded on the Tel Aviv Stock Exchange under the ticker ORL. For additional information please visit the Company's website: [www.orl.co.il](http://www.orl.co.il)

## **Contacts**

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