



## **OIL REFINERIES' BOARD APPROVES ESTABLISHMENT OF HYDRO-CRACKER FOR \$670 MILLION INVESTMENT**

**Haifa, Israel, October 15, 2008 - Oil Refineries Ltd. (TASE: ORL.TA) (the "Company")**, Israel's largest oil refiner, announced today that the Board of Directors of the Company approved the establishment of a hydro-cracking unit ("Unit") at the Haifa refinery, for a total investment of \$670 million (including an investment of \$37 million approved by the Board in November 2007 in order to advance the project), as part of the Strategic Plan adopted in November 2007. The Unit, whose primary products will be Diesel Oil and Kerosene (Jet Fuel Oil), will be built to produce 25,000 barrels per day and is expected to be operational during 2011.

The Board of Directors instructed the Company's management to complete the organization of the credit facility through the 'Export Credit Agency', under which the Company will receive required financing to acquire main equipment components from overseas suppliers, as well as to move to receive additional required credit, from various sources, for the funding of the project. The Company already raised part of the required financing for the strategic plan in December 2007.

Mr. Yossi Rosen, Oil Refineries' Chairman of the Board: "This decision to establish a Hydro-Cracker is one of the focal points of Oil Refineries' strategic plan. The Unit is expected to substantially contribute to our profitability and serve as a driving force for the Company, as part of the Company's planned expansion and core-business enhancement process, under the auspice of its shareholders. The Hydro-Cracker will be built to meet the most stringent environmental protection standards serves as an additional stage in the Company's Strategic plan to protect the environment will enable Oil Refineries' to manufacture cleaner and more environmentally friendly products."

Mr. Rosen added that "This decision serves as a clear vote of confidence of the major shareholders in the Company's ability to undertake and finance the projects in particular, and to the Israeli economy, as a whole, at this time. The Board of Directors reached the decision despite the turmoil in the global markets given their long term vision and strong belief in the success of the project. The project's completion will contribute to the employment in the region, and to the country as a whole."

Mr. Yashar Ben-Mordechai, Oil Refineries' Chief Executive Officer added: "Upon activation, the Hydro-Cracker will enable us to produce higher added-value products with each barrel of oil, therefore substantially increasing the complexity of the Haifa refinery. The unit will increase our flexibility in terms of ability to choose the raw materials and product slate, better adapting them to the changing markets. This large scale project leverages the Company's technological expertise and financial strength. There is no doubt that the current project will contribute to strengthening the Israeli economy as a whole and the Haifa Bay Area in particular."

Oil Refineries' management highlights that the said estimations with regards to the expected date for the completion of the Unit, the scope of investments in it, and its production, as well as the Company's ability to raise the required funding to finance the investment, are forward looking statements. These estimations are based on plans prepared by the Company's management and on data received from external professionals. There is no certainty that these estimations will occur as this is a very complex project whose implementation is dependant, among others, upon factors external to the Company, as well as the receipt of various regulatory approvals. Should part or all of these estimations not follow through, this may materially affect the establishment of the Unit, date of establishment, date of completion, cost and expected production.

### **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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### **Company Contact:**

Rami Sasson, EVP Business Development &  
Capital Markets  
Oil Refineries Ltd.; Tel. 972 4 878 8114;  
ContactIREn@orl.co.il

### **Investor Relations Contact:**

Ehud Helft \ Fiona Darmon  
GK Investor Relations  
Tel. 1 646 797 2868 \ 972 54 566 3221  
info@gkir.com