



OIL REFINERIES BOARD OF DIRECTORS RECOMMEND APPROVING DIVIDEND PAYMENT AND CHAIRMAN'S EMPLOYMENT TERMS

Haifa, Israel, August 20, 2007 - Oil Refineries Ltd. (TASE: ORL) (the "Company" or "ORL"), Israel's largest oil refiner, announced today that on August 19, 2007, the Company's Board of Directors approved the convening of a special general meeting to approve the distribution of a dividend, as well as the employment terms of Mr. Yossi Rosen, the new Chairman of the Board of the Company.

Dividend Declaration

The Company's Board of Directors recommended approving a dividend payment to the Company's shareholders, to the amount of NIS 280 million (approx. NIS 0.14 per share). The outstanding distributable retained earnings, as defined in section 302 to the Israel Companies Law, totaled NIS 1,088,659 thousand and will total NIS 808,659 thousand after the dividend distribution.

Chairman Employment Terms

The Company's Board of Directors also recommended that the General Meeting approve the employment terms of Mr. Yossi Rosen, the Company's Chairman of the Board (the "Chairman"). The terms, previously approved by the Audit Committee and Board of Directors on August 19, 2007, are as follows

1. Starting from July 1, 2007, a monthly salary to the amount of NIS 75 thousand;
2. Accompanying terms as is common with Company managers' and employees', including educational fund and social benefits;
3. The Chairman of the Board will have the right to 18 vacation days per annum, as well as recuperation days and sick days, as is common with senior Company employees;
4. The Company will make available to the Chairman a suitable car and driver. In addition, the chairman will have the right to benefits common among senior Company employees, such as repayment of cellular telephone expenses, landline telephone expenses etc.
5. The contract with the Chairman will be for a set period of three years. Should the Chairman choose to terminate his position, he will be required to supply six months prior notice.
6. The Chairman will have the right to undertake additional activities, beyond his position with the Company (including paid services), so long as the number of hours dedicated to his role in the Company will not fall below 2/3 of a full time position.

When determining the Chairman of the Board's employment terms, the following parameters, among other things, were taken into account: (a) Comparison to what is accepted in similar sized companies, with regards to the Chairman of the Board's employment terms; (b) Comparison to what is accepted in the Company itself, i.e. the employment terms of the outgoing chairman, as well as taking into account the change in the Company's status by becoming a public company.

The Board of Directors reviewed and contemplated the employment terms of the incoming Chairman of the Board, also taking in to account the above noted parameters, and approved the terms, as outlined above, and this, among other things, based on the following reasons and considerations:

- a. The Comparison to what is accepted in similar sized companies, with regards to the Chairman's employment terms, showed that the Chairman of the Board's employment terms are similar to what is common in similar companies, and, at times, lower than what is common in such similar companies
- b. Appropriate and reasonable employment terms for senior managers of the Company in general, and, for the Chairman of the Company in particular, comes to serve the Company's best interest, including increasing profitability.
- c. the Company believes that the combination of predetermined employment terms, as well as future compensation by means of grants and stock option plans (subject to approvals required by law), creates appropriate compensation for its senior managers, serving primarily, among other things, to aptly incentivize in order to encourage higher Company profits and drive financial results.

The Audit Committee, as well as the Board of Directors of the Company, saw full justification in approving the employment terms of the incoming Chairman, as outlined, stating that they are appropriate and reasonable under these conditions.

No directors voted against the said approval.

The Board of Directors authorized the Company's management to determine a date for the convening of a general meeting, determine a date for concluding a shareholder's right of to vote at the general meeting, a date for concluding a shareholder's right to receive dividend and a date for the dividend payment, which will be set according to the date of the general meeting.

Privatization Grant

In addition, on August 19, 2007, the Company's Board of Directors and Audit Committee approved the distribution of government-paid privatization grants to 11 Company position-holders, who are not directors in the Company, in the total sum of approx. NIS 3.1 millions. As detailed in the company's first quarter 2007 Financial Statements, the privatization grant, in an amount of NIS 118 million for all the Company's employees, was received from the State of Israel and recorded as an expense in the first quarter of 2007. The receipt from the State was carried to a capital reserve (a net amount of NIS 106 million after the tax effect). These approved grants to the 11 Company position holders, are part of the said NIS 118 million amount, and do not require approval of the Company's General Meeting. For additional details please view the Company's Immediate Report filings with the Israel Securities Authority (in Hebrew).

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

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