OIL REFINERIES UPDATES ON GLOBAL FUEL PRICE FLUCTUATION IMPACT ON ITS 2008 RESULTS

Follows description outlined in third quarter 2008 financial statements

Expect to report annual net loss of approx. $125 million, primarily following decline in basic inventory's value
Working capital requirements reduced by approx. $300 million following decline in fuel prices

Haifa, Israel, February 23, 2009 - Oil Refineries Ltd. (TASE: ORL.TA) (the "Company" or "ORL"), Israel's largest oil refiner, today released information with regards to the expected impact, mainly of the decline in crude oil and oil-products prices, on the Company's consolidated financial statements for full year 2008. As a reminder, the Company outlined in its third quarter 2008 financial statements, reported on November 24, 2008, information with regards to the expected impact of these changes during the fourth quarter (until the reporting date), on the Company's results through end-2008.

Global Fluctuations in Crude Oil Prices

During 2008 crude oil prices dropped from approx. $96 per barrel at the end of the fourth quarter 2007, to $36.5 dollar per barrel at the end of 2008. The majority of the decline occurred starting at the end of the third quarter 2008, when the price per barrel of oil totaled approx. $94. On an ongoing basis, and as part of its business policy, the Company holds a basic un-hedged inventory of 600,000 tons of crude oil. The changes in the value of this inventory do not represent a cash exposure to the Company. Therefore, and based on initial analysis of additional financial statement factors, the Company estimates that it expects to record a net loss of approximately $125 million in its financial statements for 2008.

As at the date of this announcement the price per barrel totaled $40, 10% higher than that of the end of 2008.

Mr. Yossi Rosen, Chairman of the Board of Oil Refineries: "ORLs announcement highlights the global fuel price decline affecting the Company's basic inventory - inventory that the Company has deemed to hold, as an ongoing policy, in order to guarantee the smooth ongoing operation of its facilities. The change in value of this basic inventory does not affect the Company's cash flow and therefore, such as in the instance when an increase in fuel prices drew a non-cash income, a decline in fuel prices is recorded as a non-cash loss."

Mr. Rosen added that: "It is important to highlight that the decline in fuel prices positively contributed to the Company's working capital requirements, contributing to an increase in liquidity, freeing up resources for various financing and investment activities."

Mr. Yashar Ben Mordechai, CEO of Oil Refineries commented: "The inventory decline is a global trend affecting all fuel and refining companies' worldwide, including the European and regional companies. ORL continues to take active measures to improve the efficiency and effectiveness of its units, as already visible in the Company's recent financial statements. ORL will continue to implement its strategic plan, strengthening its core business, while fulfilling its long term development plan."

Company Refining Margin for the Year

The Company estimates that its refining margin for 2008, excluding the impact of the change in inventory value and change in fair value of commodity derivatives, will total approximately USD/bbl 5.4, compared to the fourth quarter 2008 Mediterranean Ural Cracking Margin average as quoted by Reuters of USD/bbl 5.5. Refining margin for 2007 totaled USD/bbl 6.1, compared to the USD/bbl 5.3 Reuters quoted Ural benchmark.

Working Capital Improvements

The decline in the prices of both crude oil and fuel products positively contributes to the Company's working capital requirements (trade receivables and inventory, net of trade payables) in such a manner that at the end of 2008, the Company's working capital requirements dropped by roughly $300 million relative to the beginning of the year. This decline in working capital requirements grants the Company additional flexibility in utilizing available financial resources.

Forward Looking Statements

These evaluations are only estimates, serving as forward looking statements, whose fulfillment is not guaranteed and which are based – among others – on data available to the Company at the current reporting date. The data available to the Company are – partially – not final or incomplete. The gathering of data, review and processing has not yet been completed and the figures have not yet been audited by the Company's accountants. Therefore, there is a possibility that the data outlined in the current report, including the financial results for 2008, will be different than what has been noted in this report.

About Oil Refineries

Oil Refineries Ltd. (ORL), located in the bay area of the city of Haifa, operates 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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