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FOR IMMEDIATE RELEASE

OIL REFINERIES' COMPLETES ACQUISITION OF BALANCE OF CARMEL OLEFINS FROM ISRAEL PETROCHEMICAL INDUSTRIES

Haifa, Israel, December 30, 2009 - Oil Refineries Ltd. (TASE: ORL.TA) (hereinafter: the "Company", "ORL"), Israel's largest oil refiner, announced today that, following its announcement of October, 2009 regarding the signing of the agreement with Israel Petrochemical Enterprises Ltd. (hereinafter: "IPE") to acquire IPE's share in Carmel Olefins Ltd. ("CAOL"), in exchange for the Company's allocating 17.75% of its issued share capital (following allotment), the Companies have completed the transaction.

Among other things, the Companies announced that the consideration was determined based on the updated Oil Refineries and CAOL valuation, which was conducted by the office of Prof. Y. Swary for the Companies and which was approved, in a fairness report, prepared by Prof. Amir Barnea for ORL and by Prof. Yoram Eden for IPE.

Following completion of the transaction, ORL holds 100% of CAOL, while IPE increases its holding in ORL to 30.7%, and the Israel Corp. and the public will respectively hold 37.1% and 32.2% of the Company. In parallel to the completion of the transaction, the Israeli Government has approved an amendment to the Control Permit which broadens IPE's Control Rights in ORL, which is now jointly controlled by the Israel Corp. and IPE.

Chairman of Oil Refineries' Board of Directors, Mr. Yossi Rosen: "The completion of this process is a focal point in the ORL's strategic plan to expand its operations into the petrochemical sector. The consolidated company will move to strengthen its standing, by leveraging significant synergies, with a view to presenting ongoing growth. The merger will be undertaken with the full cooperation of the employees and managers of both bodies."

Mr. Rosen further commented: "The merger will enable us to fully leverage existing synergies between the two companies in the areas of energy, feedstocks, and organization. This step is expected to substantially contribute to the Company's business results already in 2010, and more so in the coming years, once the Hydro-cracker is completed and gas pipeline reaches ORL. The shift to natural gas use is a key step in the Company's strategic plan. Both ORL and Carmel Olefin are now prepared to receive natural gas after having invested \$45 million in necessary preparations. We expect that the involvement of the Prime Minister and his office's Director General will shortly bring about an end to the delays in bringing natural gas to Haifa Bay."

Chief Executive Officer of Oil Refineries, Mr. Yashar Ben Mordechai: "We have completed all necessary requirements to realize the merger and to quickly reap the fruits of the merger. The world is still recovering from its economic lows, and the best way for ORL, as a Company, to contend with any crises, is to join forces, while creating an efficient operating system, matched by the optimum use of our economies of scale."

Chairman of Carmel Olefins, Mr. David Federman added that: “The Company’s shareholders and employees have, for many years, believed that a merger between ORL and Carmel Olefin is a positive step that will drive the Company forward to present ongoing growth and will contribute to improved profitability.” Mr. Federman also noted that the merger will significantly advance the welfare of all plant employees, and will generate added value for the shareholders, further thanking all those who took part in this step, and noted that he is pleased that the process has been completed.

Chief Executive Officer of Israel Petrochemical Enterprises, Mr. Eran Schwartz: "The completion of the merger and the amendment of the Control Permit, are the result of significant steps taken by the group over the past two years, with a view to reaching this strategic and important phase. The completion of the merger will enable ORL to optimize full production and increase operating flexibility, while benefiting from its synergetic strengths." Mr. Schwartz thanked the efforts of the dedicated teams of both companies and all consultants who worked together contributing to completing the process."

CAOL which is located adjacent to ORL's refinery in the Haifa Bay area, serves as a downstream plant for the refinery. The vast majority of CAOL's raw materials have, to date, been sold to it by ORL. Concurrently, the by-products created in CAOL's production process are returned to ORL, and are used by both ORL and Gadiv Petrochemical Industries Ltd. (hereinafter: "Gadiv"), a wholly owned subsidiary of ORL, whose facilities are also adjacent to ORL, in their production processes.

ORL's acquisition of CAOL's entire share capital will lead to the full realization of potential synergies between the refining, aromatic and polymer industries, and will facilitate total optimization of the production processes in the three plants (of the Company, of CAOL and of Gadiv), enabling total planning in the crude oil and feedstock purchase process, optimization of the production functions in all the plants as a whole, and in each of them in particular, as well as the direction of each material to the site in which it will obtain the highest added value.

Furthermore, the acquisition will enable investment planning in the refinery, the CAOL plant and the Gadiv plant, maximizing the effectiveness of the entire system, further to saving redundant costs resulting from the existence of separate entities, while taking advantage of economies of scale and increasing operating effectiveness.

The annual revenues of the combined company total approximately \$5.3 billion, based on third quarter 2009 revenues.

A convenience translation of the announcement with regards to the shareholders' addendum to the joint control agreement becoming effective will be available in English on the Company's website tomorrow.

About Oil Refineries Ltd.

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 9.8 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 Polymers (through Carmel Olefins Ltd.) and Aromatics (through wholly-owned Gadiv Petrochemical Industries 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

Forward Looking Statements

The above includes forward looking statements based on Company data as well as on the Company's plans and estimates based on this said data. The activity, results and other data may in reality be materially different given lack of clarity and various risks, including those outlined under risk factors in the Company's published financial statements and management reports.