Delek Group Announces Consolidated Results for the First Quarter of 2010

Tel Aviv, May 31, 2010 Delek Group Ltd. (TASE: DLEKG , OTCQX: DGRLY) (hereinafter: "Delek Group" or "The Group") announced today its results for the three month period ending March 31, 2010. The full financial statements will be available in English on Delek Group's website at: www.delek-group.com.

FIRST QUARTER 2010 HIGHLIGHTS

- **Improvement in profitability across majority of subsidiaries; first quarter net income of NIS 205 million grew significantly by 31% over first quarter of 2009**
- **Delek Group distributes a dividend of NIS 150 million in the quarter;**
- **Natural gas reserves discovered in the Tamar field remain on track for commercialization in 2012 and additional exploration ongoing;**

Group revenues for the first quarter of 2010 were NIS 11.4 billion, a 25% increase compared with NIS 9.1 billion in the first quarter of 2009. The increase in revenues was primarily due to revenues from the US refinery which while was operational in the quarter, was not operating in the first quarter of last year. Additional revenue growth was due to an increase in the price of oil compared with that of last year. In addition, the company saw improved revenues in Automotive, Insurance and Finance operations.

Net income for the first quarter of 2010 totaled NIS 205 million, a 31% increase compared with a net income of NIS 157 million in the first quarter of 2009. Net income increased due to an improvement across the majority of sectors, in particular the automotive, financial and insurance sector.

Group total assets as of March 31, 2010, amounted to NIS 86.2 billion, compared with NIS 84.4 billion as of December 31, 2009.

Mr. Asaf Bartfeld, CEO of Delek Group commented, "The strong results that we reported today represent another solid quarter of improvements in our core group activities. They are as a direct consequence of the correct strategic actions that were taken by the management of Delek Group and its subsidiaries throughout the past year, a strategy which has proven itself. We intend to reinvest the substantial fruits of our efforts over the past years back into the Company and expand our core activities."

Continued Mr. Bartfeld, "The majority of our subsidiaries all had solid quarters, but in particular we are very pleased with the performance of the Phoenix Insurance company and our Automotive subsidiary. We have continued to enhance our net asset value and strengthen our balance sheet across the Group and all its subsidiaries, and this remains a constant core element of our strategy. We have seen improvements in a number of key metrics including a strong growth in revenues and net profit. Delek Group will continue its focus on energy and infrastructure, as well as its automotive and finance activities, and we remain vigilant in identifying business opportunities that can generate synergies among the activities of our subsidiaries."

MAIN BUSINESS HIGHLIGHTS

CONTRIBUTION OF PRINCIPAL OPERATIONS TO NET INCOME* (NIS MILLIONS)

	Q1 2010	Q1 2009	Q2 2009	Q3 2009	Q4 2009	FY 2009
US Fuel Sector Operations	(42)	(2)	97	(14)	(54)	27
Israeli Fuel Sector Operations	24	32	29	9	12	82
Delek Europe	16	7	41	(2)	13	59
Restructuring expenses at Delek Europe	-	(4)	-	-	(12)	(16)
Oil and Gas Exploration	30	(34)	2	52	3	23
Automotive Operations	94	54	53	65	78	250
Insurance and Finance Operations	95	82	6	23	70	181
Capital Gains & Others	(12)	27	(5)	(73)	314	263
Net Income excl. Real Estate Activities	**205**	**162**	**223**	**60**	**424**	**869**
Real Estate activities	-	(5)	-	-	-	(5)
Net income attributed Group's shareholders	205	157	223	60	424	864

* Parts of the above table have been extracted from Delek Group's First Quarter 2010 and Full Year 2009 Directors Report.
Please review the full report available on the Group's website www.delek-group.com to view the notes for each of the items above.

ENERGY & INFRASTRUCTURE

The Oil and Gas Exploration, and Gas Production sector. In July 2009, the partners in the drilling at the 'Tamar' field received a third party reserve report, showing the amount of 2P (proved and probable) reserves of natural gas to be as high as 7.7 TCF (218 BCM) at the Tamar Field. On March 28, 2010, it was announced by the partners of the gas fields, the purchase of additional equipment and services required for further development of the gas fields, totaling US$157 million.

On February 19, 2010 the partners signed a letter of intent to supply natural gas to Southern Power Station Ltd, and DSI Silica Industries Dimona, Ltd. Tamar's partners have already signed agreements totalling over $11bn for the supply of natural gas following commercialisation, which is expected in 2012 and remains on track.

The partnership also confirmed its participation in drilling two additional production wells in the gas fields 'Mary', in areas known as Mary-B 8 and Mary-B 9, at a total cost (for all partners) of approximately $85 million. In March 2010, a study conducted by NSAI, estimated that proved natural gas reserves at Mary B, amounts to 13.3 BCM, an increase of about BCM 1.9 compared with previous estimates, and proved and probably natural-gas reserves amounts to BCM 14.0, an increase of about BCM1.2 compared with previous estimates.

The Company, along with its partner Noble Energy Inc, is continuing additional seismic studies in the surrounding area and expects the results of these studies in the coming months.

During the quarter, revenues from the sale of oil and gas reached NIS 103 million compared with NIS 90 million in the same period last year. The growth was due to an increase in sales to the Israel Electric Company due primarily to an increase in sale price, based on agreements signed with the Israel Electric Company and Israel Chemicals at the end of December 2009. At the same time, a reduced volume of gas was sold compared with the same period last year. This was due to reduced public demand for electricity due to more temperate weather conditions in the first months of the year, as well as increased sales by the alternative gas supplier EMG to the IEC. Despite the decline in gas volumes sold, there was no significant change in net income due to the increased price of gas and currency exchange rate impacts.

Net income from the sector for first quarter of 2010 was NIS 30 million, as compared to a net loss of NIS 34 million in the first quarter of 2009.

Delek US (NYSE: DK; Delek Group holds 73% end-Q1 2010): Revenues in the first quarter of 2010 were NIS 3.3 billion compared with NIS 1.5 billion in the first quarter of 2009. It is important to note that in the first quarter of 2009 the refinery at Tyler, Texas was closed for repairs and upgrades.

Net loss in the first quarter of 2010 was NIS 57 million compared with a loss of NIS 2 million in the first quarter of 2009. The first quarter results were adversely impacted by a combination of severe winter weather in several of core retail markets during January and February, in addition to weak Gulf Coast refining economics which persisted for most of the quarter.

Contribution margin from the refining and marketing sectors was a profit of NIS 39 million in the first quarter of 2010 compared with a profit of NIS 93 million in the first quarter 2009. Within the retail segment, same-store merchandise sales improved for the third consecutive quarter during the first quarter 2010, due in part to increased contributions from reimaged store locations open more than one year. A slight decline in the same-store fuel gallons sold was offset by an increase in the first quarter retail fuel margin, when compared to the year-ago period.

Looking ahead, Delek US' management believes that entering the second quarter, there is increased demand for refined products sold in the refining, retail and marketing segments. This uplift in demand is primarily attributable to a combination of favorable seasonal trends and improving economic conditions in regional markets.

Delek – the Israel Fuel Company Ltd. (TASE: DLKIS.TA; Delek Group holds 77% end-Q1 2010): Revenues in the first quarter of 2010 were NIS 1.2 billion compared with 856 million in the first quarter of last year, representing an increase of 37%. This increase was due primarily to the increased price of gas compared with that of last year, as well as an increase in sales of gasoline for commercial enterprises, and an increase in sales at convenience stores.

Net income in the first quarter of 2010 amounted to NIS 34 million compared with a net income of NIS 38 million in the same period in 2009.

Delek Europe. Delek is an operator of 850 gas stations across the Benelux region. Revenues in the first quarter of 2010 were €537 million compared with €456 million in the same period last year, mainly due to the increased price of gas compared with that of last year. Net income in the quarter was €3 million, compared with a net income of €1 million in the first quarter of 2009.

During the quarter, Delek Europe made an offer to BP for the acquisition of its retail fuels and convenience business in France, including 416 petrol stations and its interests in 3 terminals. Delek Europe has offered to pay €180 million, subject to working capital and other adjustments at completion.

IDE (water desalination, 50% indirectly held by Delek Group). IDE achieved a net income (100%) of NIS 47 million in the first quarter of 2010. On March 14, IDE issued a dividend for the first time, amounting to NIS 40 million for 2009.

INSURANCE AND FINANCIAL SERVICES

The activities of this segment are primarily conducted through two insurance companies; Israeli insurance company, Phoenix Holdings Ltd. (TASE: PHOE), and general US insurer, Republic Companies, Inc. that is an indirectly wholly owned subsidiary. The insurance and financial services sector contributed NIS 95 million to the Group's net income in the first quarter, compared to a net income of NIS 82 million in the same period last year.

The results were improved over those of last year due to the significant improvement in the capital market environment globally and in Israel in the past year.

AUTOMOTIVE OPERATIONS

Delek Automotive Systems Ltd. (TASE: DLEA.TA; Delek Group holds 55% end-Q1 2010): Delek Automotive is the exclusive distributor of Mazda and Ford in Israel. Revenues in the quarter grew to NIS 1.1 billion compared to NIS 1.0 billion in the same period of 2009. Net income at Delek Automotive in the first quarter of 2010 reached NIS 161 million compared to a net income of NIS 90 million in the same period in 2009. Delek Automotive sold 9,706 cars in the first quarter of 2010 compared with 9,494 in the first quarter of last year.

DIVIDEND DISTRIBUTION

On May 31, 2010, the Board of Directors of Delek Group declared a cash dividend distribution for first quarter of 2010 in the amount of approximately NIS 150 million (approximately NIS 13.18 per share) to the shareholders on record as of June 16, 2010. The ex-date is June 17, 2010 and the dividend will be paid on July 01, 2010.

CONFERENCE CALL DETAILS

The Company will be hosting a **conference call in English** on Tuesday, June 1, 2010. Management will also be available to answer investor questions.

To participate, please call one of the following teleconferencing numbers. Please begin placing your calls at least 5 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

US Dial-in Number: 1 888 668 9141
UK Dial-in Number: 0 800 917 5108
ISRAEL Dial-in Number: 03 918 0610
INTERNATIONAL Dial-in Number: +972 3 918 0610
At:
8am Eastern Time, 2pm UK Time, 4pm Israel Time

On the call, CEO Asaf Bartfeld, CFO Barak Mashraki and VP Investor Relations, Dalia Black, will review and discuss the results, and will be available to answer your questions.

About The Delek Group

Delek Group is the leading energy & infrastructure group based out of Israel with investments in upstream & downstream energy, water desalination and power plants globally. In addition, Delek is the number one importer & distributor of vehicles in Israel and owns insurance assets in Israel and the US. Earlier this year, Delek Group, through its subsidiaries, discovered significant quantities of high quality natural gas off the coast of Israel. Delek Group sales reached 43 billion Israeli shekels in 2009.

For more information on Delek Group please visit www.delek-group.com.

Contact

Dalia Black	**Kenny Green / Ehud Helft**
Head of Investor Relations	International Investor Relations
Delek Group	GK Investor Relations
Tel: +972 9 863 8444	Tel: (US) 1 646 201 9246
Email: **black_d@delek.co.il**	E-mail: **delek-group-ir@gkir.com**

Delek Group Income Statement (NIS Millions)

	Q1 2010	Q1 2009	2009
Revenue	11,365	9,118	43,447
Cost of revenue	9,669	7,482	37,032
Gross profit	**1,696**	**1,636**	**6,415**
Sales, marketing and operating expenses – gas stations	844	855	3,426
General and administrative expenses	402	422	1,768
Other income (expenses), net	(13)	68	386
Profit from operating activities	**437**	**427**	**1,607**
Financing income, net	217	174	633
Financial expenses, net	273	308	1,449
Profit (loss) after financing	**381**	**293**	**791**
Profit from realization of investments in associates and others, net	-	-	518
Group's equity in profits (losses) of associates and partnerships, net	70	65	92
Profit (loss) before income tax	**451**	**358**	**1,401**
Income tax (tax benefit)	107	100	215
Profit (loss) from continuing operations	**344**	**258**	**1,186**
Profit (loss) from discontinued operations	**-**	**17**	**17**
Profit (loss)	**344**	**275**	**1,203**
Attributable to:			
Company shareholders	205	157	864
Non-controlling interest	139	118	339
	344	**275**	**1,203**

The notes are an integral part of the financial statement and can be found at www.delek-group.com