Delek Group Announces Consolidated Results for the Third Quarter and First Nine Months of 2008

Tel Aviv, November 30, 2008 - Delek Group Ltd. (TASE: DLEKG.TA) (hereinafter: "Delek Group" or "The Group") announced today its results for the three and nine month period ending September 30, 2008. The full financial statements will be available in English on Delek Group's website from Monday 1st December at: www.delek-group.com.

NINE MONTH HIGHLIGHTS

- **Consolidated revenues up 41% year over year reaching NIS 40.6 billion**
- **NIS 2.1 billion profit from operating income**
- **Automotive, Energy and Infrastructure continue to show solid performance**
- **Net results primarily impacted by overall macroeconomic crisis affecting both real-estate sectors as well as insurance and financial service holdings; subsequently reported net loss of NIS 371 million**

Group revenues for the first nine months of 2008 was NIS 40.6 billion, a growth of 41% compared with NIS 29.4 billion in the same period last year. Revenues for the third quarter of 2008 increased 27% reaching NIS 13.5 billion, compared to NIS 10.6 billion in the same period last year. The increase in revenues is due to an increase in revenues from the sale of fuels in Israel, the USA and Europe, from an increase in refinery revenues in the USA, and from an increase in revenues of Delek Automotive.

Net income from operating activities for the nine months totaled NIS 2.1 billion compared to a net income from operating activities of NIS 2.9 billion in the nine months 2007.

Results for the first nine months were negatively impacted by the macroeconomic environment, affecting valuations of the Company's holdings in the real estate sector, resulting primarily in the impairment of assets and the fair value adjustments of financial derivatives; as well as the slowdown in the global and Israeli capital markets which impacted the Company's insurance and financial services holdings. Furthermore, the Company's US based insurance holding was also affected by the three hurricanes which hit certain regions insured by Republic, during the summer months. This was partially offset by the strong performance of the automotive, energy and infrastructure sectors.

As a result of the above noted factors, the Company reported a net loss for the nine months of 2008 totaling NIS 371 million, compared with a net profit of NIS 1.01 billion in the same period last year. Net loss for the third quarter of 2008 totaled NIS 612 million, compared with a net profit of NIS 484 million in the same quarter of last year. This net loss is primarily the result of the factors outlined above.

Financial expenses were significantly increased in the nine months, amounting to NIS 2.3 billion compared with NIS 1.2 billion in the corresponding period last year. This was primarily as a result of the increased credit raised to finance the Company's growth strategy, including RoadChef and the European Fuel Operations. In addition, the consolidation of the property companies in Delek Real Estate after the DGRE offering also increased the debt balance. Financial expenses were also impacted by the rise in the Israeli Consumer Price Index which total 5.0% for the nine months, compared to 2.8% in the nine months last year.

Mr. Asaf Bartfeld, CEO of Delek Group commented, "As we navigate these complex times, our globally diverse portfolio on four continents serves as an anchor, as it covers four different sectors meeting different global needs – automotive retail, energy and infrastructure, as well as real estate and insurance. We are clearly focusing on carefully managing our balance sheet with maximum emphasis on maintaining a positive cash flow. These principals are a driving factor at all levels of the group, and we are working closely with each of our companies to ensure that this same liquidity principle is being diligently followed throughout the Group."

Continued Mr. Bartfeld, "The macroeconomic environment, and its impact on both our real estate and Israeli insurance holdings was a primary factor this quarter drawing us to present a net loss. This was however, partially offset by the sound performance of our automotive, energy and infrastructure holdings. A large component of our real estate losses this quarter resulted from impairments on our real estate assets, goodwill and financial derivatives, due to the macro environment. This was a non-cash charge and resulted from an accounting impairment. Excluding these impairments our results would have been at the breakeven level. As highlighted, our core holdings of energy and infrastructure generated sound performance and after the reporting period, our infrastructure subsidiary signed an MOU with Tnuva to build an additional independent power station. Another positive development in our energy sector is our initiation during November 2008 of drilling for natural gas in the Mediterranean Sea near Haifa, together with Nobel, our US partner in the Yam Tethys project."

Concluded Mr. Bartfeld, "Looking ahead, our professional management team, with previous experience in navigating cyclical markets with an average tenure of 15 years managing our companies, as well as our globally diverse and premier portfolio will offer us the necessary tools to weather the current downturn. We also have a solid cash position and a strong ability to service our debt, with a relatively lengthy average maturity. In parallel, we continue to closely monitor developments, refining our strategy as circumstances require, prioritizing investments, with a key focus on continually building and maximizing shareholder value."

MAIN BUSINESS HIGHLIGHTS FOR THE THIRD QUARTER OF 2008

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

	FY 2007	Q1-Q3 2007	Q1-Q3 2008	Q3 2007	Q3 2008
US Fuel Sector Operations	353	371	73	102	27
Israeli Fuel Sector Operations	138	75	85	40	31
Capital Gains on Sale of Amisragas[2]	86	86	-	86	-
Delek Europe[1]	31	13	63	13	10
Oil and Gas Exploration	90	70	59	36	40
Oil Exploration Expenses	(58)	(58)	(46)	-	(7)
Automotive Operations	245	186	300	59	110
Real Estate Operations	210	103	(440)	13	(428)
Insurance and Finance Operations	178	197	(237)	33	(198)
Reduction in value of financial derivatives	-	-	(128)	-	(95)
Capital Gains & Others	34	58	(100)	102	(102)
Net Income	**1,307**	**1,101**	**(371)**	**484**	**(612)**

* This table has been extracted from Delek Group's Third Quarter 2008 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. Please note that 2007 results are restated according to IFRS accounting principles.
[1] Delek's European activities started at the beginning of August 2007.
[2] 39% of Amisragas was sold by Delek – the Israel Fuel Company during the third quarter of 2007.

ENERGY

Delek US (NYSE: DK; Delek Group holds 73% end-Q3 2008): Net income for the first nine months of 2008 was NIS 103 million compared with NIS 472 million in the same period last year. In the third quarter 2008, Delek US' results were positively impacted by an increase in the 5-3-2 Gulf Coast crack spread compared to the first half of 2008, a significant decline in wholesale fuel prices in August and September which contributed to higher fuel margins, in addition to continued ethanol blending at the retail and refining segments. However, the average overall crack spread for the nine month period was significantly lower than the same period last year.

On November 20, 2008 there was a fire at a fuel refinery at Tyler, Texas, which resulted in an employee fatality. Activity at the refinery has subsequently ceased, pending an investigation of the circumstances which led to the event and to assess the extent of damages. According to preliminary tests, the critical activities at the refinery were not damaged, and nor was the terminal at the refinery. Thus, sales of the remaining inventory to customers will continue.

In accordance with the Company's existing risk management program, Delek US currently carries $1 billion in combined limits to cover property damage and business interruption. Delek US has a $5 million deductible for property damage insurance. In addition, Delek US' business interruption insurance carries a 45-day waiting period.

Delek – the Israel Fuel Company Ltd. (TASE: DLKIS; Delek Group holds 89% end-Q3 2008): Net income for the first nine months of 2008 was NIS 102 million compared with 195 million in the same period last year. In the third quarter of last year, Delek Israel had a non-recurring capital gain of approximately NIS 91 million from the sale of 39% in Amisragaz. Revenue, gross and operating profit were higher in the reporting period and were driven by improved operating efficiencies, an increase in volume of sales, an increase in the contribution of the convenience store chain and the inclusion of the production and storage operations acquired August 2007. However, net income was negatively affected due to increased financing expenses and inventory losses, as compared with that of last year.

Delek Europe. Net income for the first nine months of 2008 was Euro 12 million, and Euro 2 million in the third quarter of 2008. Delek Europe was established in August 2007 following the acquisition of 869 gas stations in the Benelux region. For comparison, in the months from August to end of December 2007, net income was Euro 5 million. Delek Europe had reduced gross margins in the quarter, compared with those of previous quarters, which affected its net income. This was primarily due the sharp fall in global oil prices which lowered the value of its inventory.

The Oil and Gas Exploration, and Gas Production sector, generated a net income of NIS 13 million in the first nine months in 2008, compared to a net income of NIS 12 million in the same period last year. The total sale of natural gas from the Yam Tethys reservoir, off the coast of Israel, increased by 40% to $122 million during the third quarter reaching a historic high. Following the end of the reporting period the platform for the new drilling site, Tamar, arrived at its location near the Northern coast of Israel and began drilling for natural gas in November 2008. Delek indirectly has a 31% interest in the Tamar project.

INFRASTRUCTURE

The Group continues to develop its strategy in the infrastructure area with a focus on water desalination and power plant construction. In May, IDE, the Company's water desalination subsidiary which is 50% (indirectly) held by Delek Group, won a tender to supply three desalination plants for an Asian customer for approximately USD 80 million. In July 2008, IDE signed a contract to establish a desalination plant for an industrial client in Australia at a sale price of more than EUR 100 million.

In April, IPP, the Company's power plant subsidiary which is 100% held (indirectly) by Delek Group, entered into an agreement to supply electricity to Nilit Ltd., for approximately NIS 70 million per year, up to the end of 2011 with an option to extend for a further six years. Additionally, following the balance sheet closing date, in mid-November, IPP signed an agreement with Tnuva for the establishment and operation of a private cogeneration plant, generating 50 megawatts of electricity, as well as steam and thermal oil for Tnuva, in the area surrounding Tnuva.

INSURANCE AND FINANCIAL SERVICES

The activities of this segment are primarily conducted through Delek Capital, as well as two insurance companies; Israeli insurance company, Phoenix Holdings Ltd. (TASE: PHOE), and general US insurer, Republic Companies, Inc. held through wholly-owned Delek Finance US Inc. The insurance and financial services sector contributed a loss of NIS 237 million to the Group's net income in the first nine months of 2008, compared to a net income of NIS 197 million in the same period last year. The results of the Israeli insurer Phoenix were affected mainly by the weak and volatile global capital markets, in the third quarter. During the third quarter three major hurricanes (Dolly, Gustav and Ike) hit the region of Texas and Louisiana leading to a significant impact on the results of the US insurer Republic based in the region. These events were the main cause for the loss to Republic in the third quarter of approximately $30 million.

REAL ESTATE OPERATIONS

Delek Real Estate (TASE: DLKR; Delek Group holds 69% end-Q3): In the reporting period, Delek Group purchased an additional 17% of the outstanding share capital of Delek Real Estate for NIS 227 million. Delek Real Estate's net loss for the first nine months of 2008 reached NIS 667 million, compared with net profit of NIS 253 million in the same period last year. A number of factors contributed to the net loss mainly a decrease in the value of the assets due to negative market conditions in Real Estate globally, decrease in value of financial derivatives, the increase in the Consumer Price Index in Israel and the write-down of goodwill in the accounts.

Subsequent to the end of the current reporting date, the Board of Directors passed a resolution according to which the Company will distribute all or most of Delek real Estate's shares held by it to the Company's shareholders. This remains subject to obtaining the required approvals.

AUTOMOTIVE OPERATIONS

Delek Automotive Systems Ltd. (TASE: DLEA; Delek Group holds 55% end-Q3): Delek Automotive Systems' net income for the first nine months of 2008 totalled NIS 525 million, a 63% increase compared with NIS 323 million in the same period last year. The increase in net income was driven mainly by the strong growth in sales of new cars in Israel during the period. Delek Automotive maintains a 23% market share in the Israeli automobile market through the exclusive import and distribution of the Mazda and Ford brands.

CONFERENCE CALL DETAILS

The Company will be hosting a **conference call in English** on **Monday, December 1st, 2008** at **10:00am ET, 3:00pm UK time and 5:00pm Israel time**. On the call, CEO Asaf Bartfeld, CFO Barak Mashraki and Head of Investor Relations, Dalia Black, will review and discuss the results, and will be available to answer your questions.

To participate, please call one of the following teleconferencing numbers: US: 1 866 345 5855, UK: 0 800 404 8418 and Israel: 03 918 0610.

ABOUT THE DELEK GROUP

The Delek Group is one of the leading and most prominent and dynamic investment groups in Israel. The Delek Group is diversified into the following three major subsidiaries:

- Delek Petroleum, with its two subsidiaries: Delek Israel, a gasoline and lubricants distributor in Israel, and Delek USA (NYSE), which operates gas stations and convenience stores and an oil refinery in Southern United States.
- Delek Investments and Properties, a holding company with subsidiaries in the energy, infrastructure, automotive, finance and media sectors.
- Delek Real Estate, through its subsidiaries Dankner and Delek Belron Investments, owns and manages prime global real-estate investments.

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