

Contact:

Blue Square-Israel Ltd.

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General Counsel & Corporate Secretary

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ROSH HAAYIN, Israel, December 25, 2007 - attached hereto and incorporated by reference herein are slides with respect to Blue Square Israel Ltd. that were part of a presentation given by the the controlling shareholder of Blue Square, Alon Israel Oil Company Ltd. that relate to, among other things, Mega in Town.

* * *

Blue Square-Israel Ltd. is a leading retailer in Israel. A pioneer of modern food retailing, in the region. Blue Square currently operates 183 supermarkets under different formats, each offering varying levels of services and prices. For more information, please refer to the Blue Square-Israel Ltd. website at www.bsi.co.il.

Forward Looking Statements

The statements contained in this release, except for historical facts, which are forward-looking with respect to plans, projections, or future performance of the Company, involve certain risks and uncertainties. Potential risks and uncertainties include, but are not limited to, risk of market acceptance, the effect of economic conditions, the impact of competitive pricing, supply constraints, the effect of the Company's accounting policies, as well as certain other risks and uncertainties which are detailed in the Company's filings with the Securities and Exchange Commission, particularly the Annual Report on Form 20-F for the year ended December 31, 2006.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
OF THE SECURITIES EXCHANGE ACT OF 1934

For the month of December, 2007

BLUE SQUARE - ISRAEL LTD.
(translation of registrant's name into English)

2 Amal St., Afek Industrial Park, Rosh Ha'ayin 48092, Israel
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports
under cover of Form 20-F or Form 40-F:

Form 20-F X

Form 40-F _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule
101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:
Yes _____ No X

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed by the undersigned, thereunto duly authorized.

BLUE SQUARE – ISRAEL LTD.

By: /s/ Elli Levinson Sela

Elli Levinson Sela, Adv.
General Counsel &
Corporate Secretary

Dated: December 25, 2007

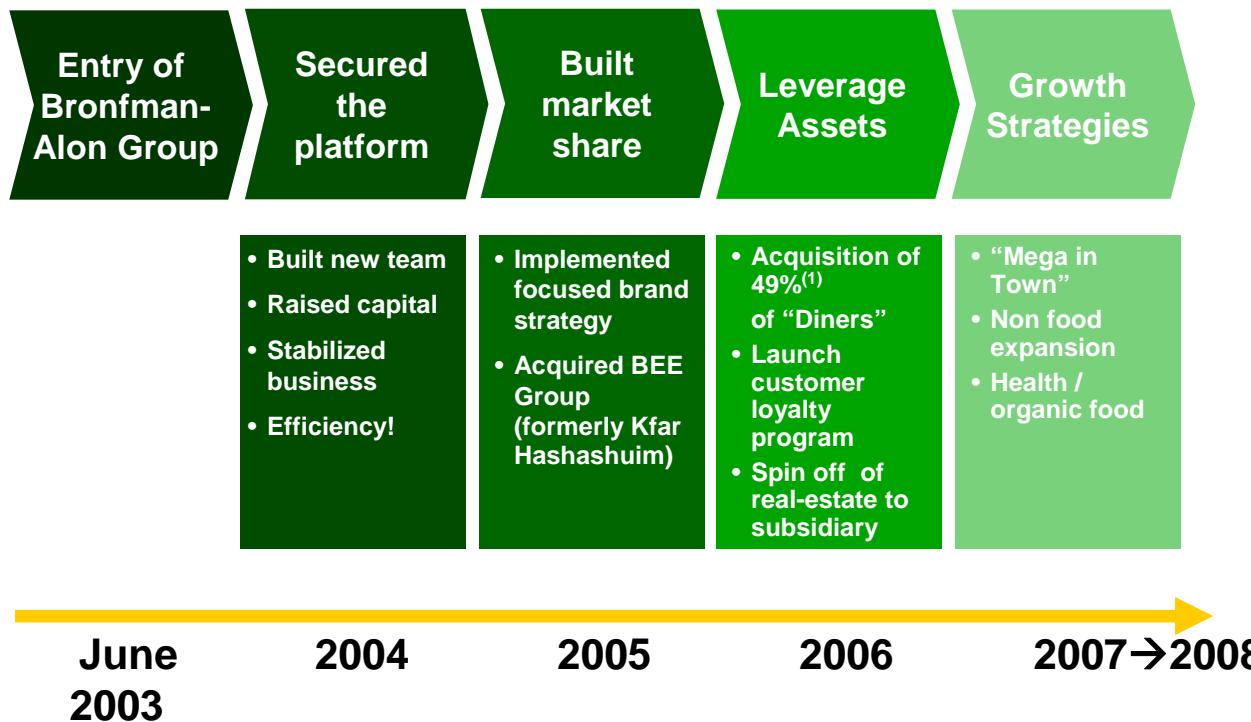
Retail in Israel

Blue Square-Israel, Ltd. (NYSE:BSI)

- ▶ A leading food retailer for the past 70 years
- ▶ Purchased by Alon in June 2003
- ▶ Rated AA- by Maalot, an S&P Affiliate
- ▶ The second largest retail chain in Israel
- ▶ 180 supermarkets on nationwide spread under 3 formats:
 - “Mega in Town” – neighborhood and city center stores
 - “Mega” clubstores – the leading brand in the Israeli retail market; larger stores located primarily outside residential areas
 - “Shefa Shuk” – low-priced stores with products oriented to growing orthodox population
- ▶ 60% ownership of the BEE Group – non-food retailer of houseware, gifts, toys, “The \$ shop” & baby products (230 stores)
- ▶ Liquidity – approximately \$200 million cash/deposits
- ▶ 2006 Sales – \$1.54 billion
- ▶ Jan - Sep 30 2007 Sales - \$1300 million

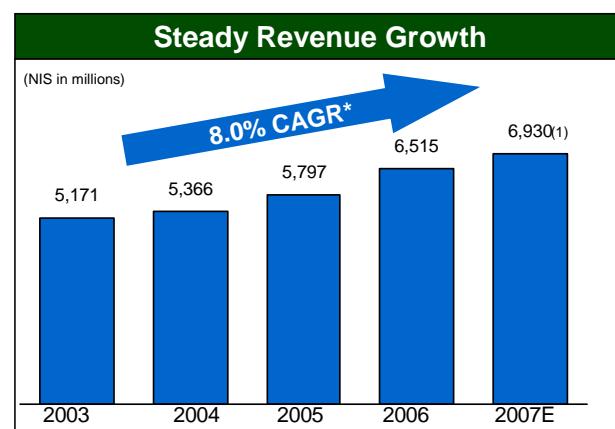
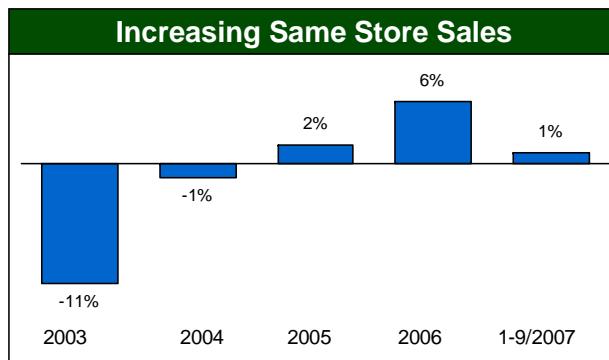


On Track in Execution of 5-Yr Plan

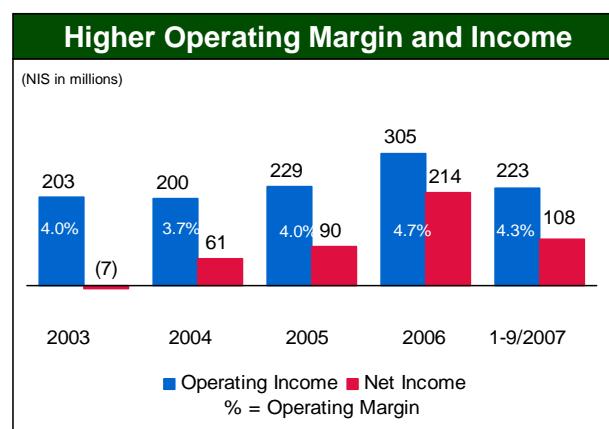


1. Subject to agreed upon milestones

Improving Operational and Financial Profile



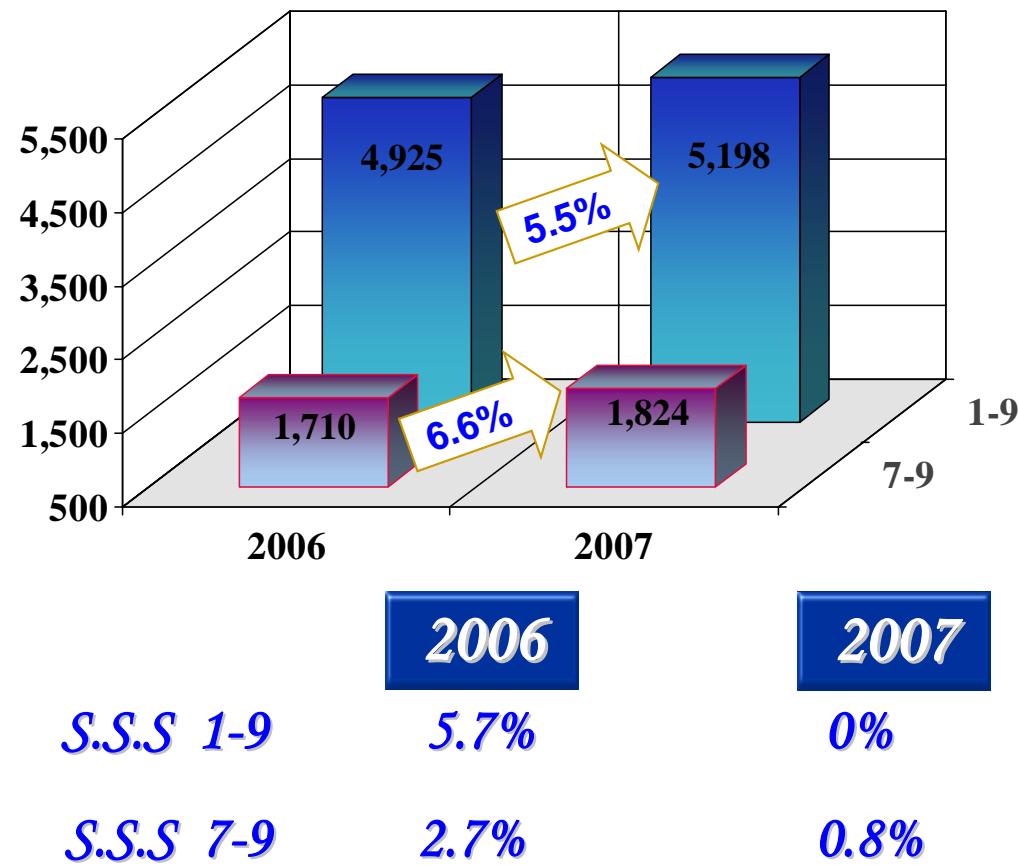
* CAGR: Compound Annual Growth Rate



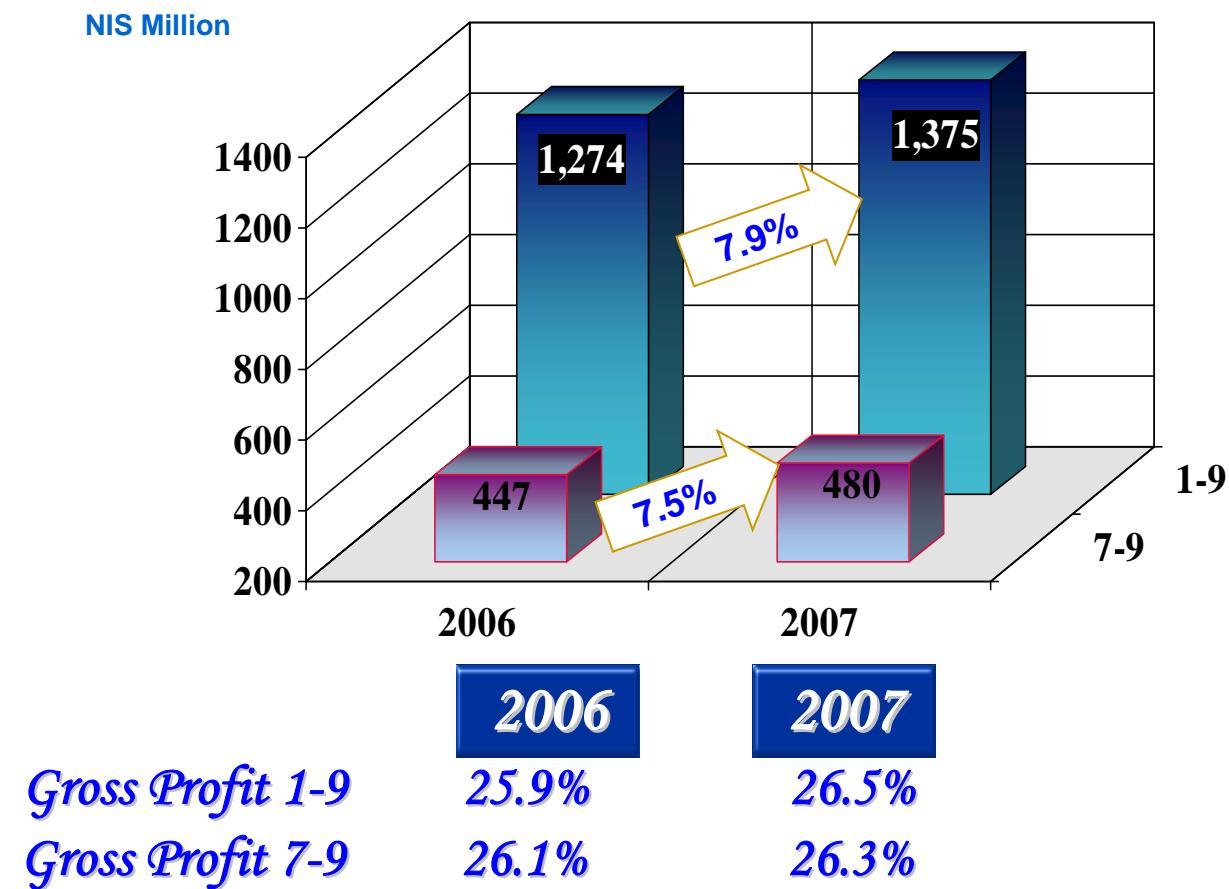
(1) Assumes 1-9/07 revenues represent 75% of yearly revenues

Sales 1-9/2007

NIS Million



Gross Profit 1-9/2007



Strong Balance Sheet

BSI Retail consolidated ⁽¹⁾

NIS Million

	31.12.06	30.09.07
Cash and cash equivalents	577	526
Net debt	37	(11)
Dividend to be paid		260
Shareholders' equity	993	983
Net debt / Equity	3.74%	-1.14%
Leverage (Net debt / Net debt + Equity)	3.61%	-1.15%

(1) Excluding BSRE

Blue Square's Future Growth

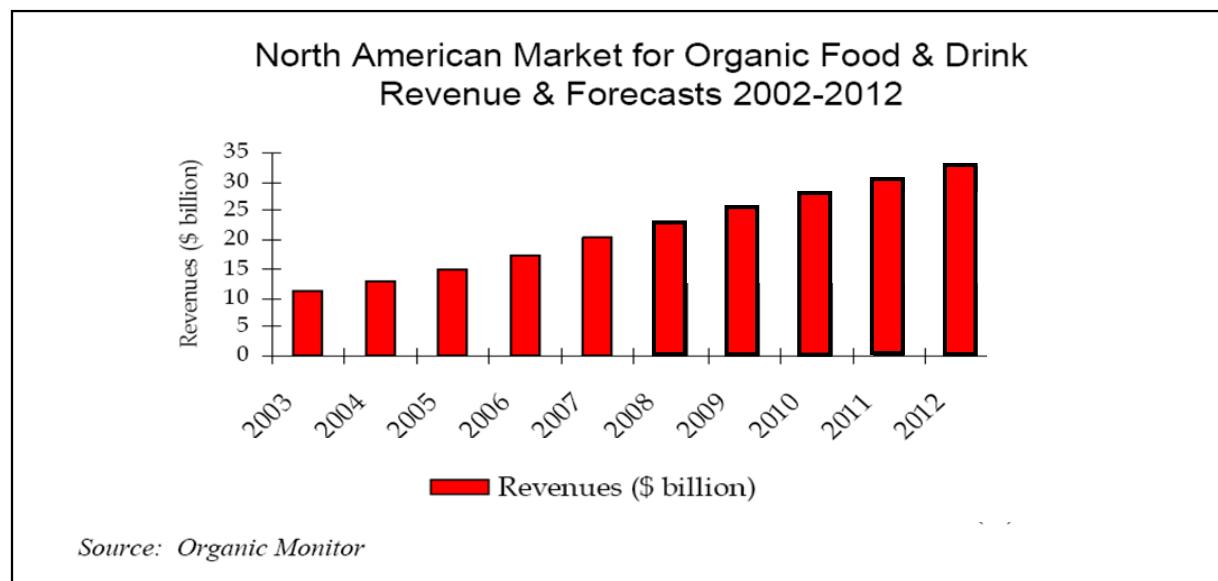
Strategic Initiatives

- ▶ Launched “Mega in Town” to bring discount shopping into the neighborhood
- ▶ Non-food expansion – The BEE Group
 - Purchased Vardinon (Textile, TASE:WRDT) and Naaman (Houseware, TASE:NAMN)
- ▶ Strong foothold in Israel’s emerging Organic/Health food market
 - Purchased controlling share of Eden Nature Market
- ▶ M&A opportunities in Europe and the US

Organic/Natural Food Market

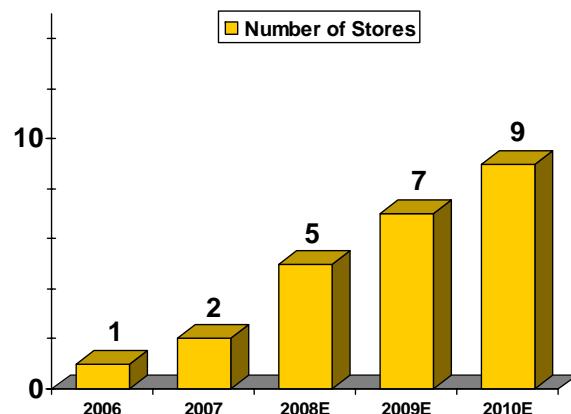
Israeli Market:

- Estimated Health & Organic market in Israel – NIS 1.5 billion
- Organic food consumption increases 30% - 40% each year



Eden Teva

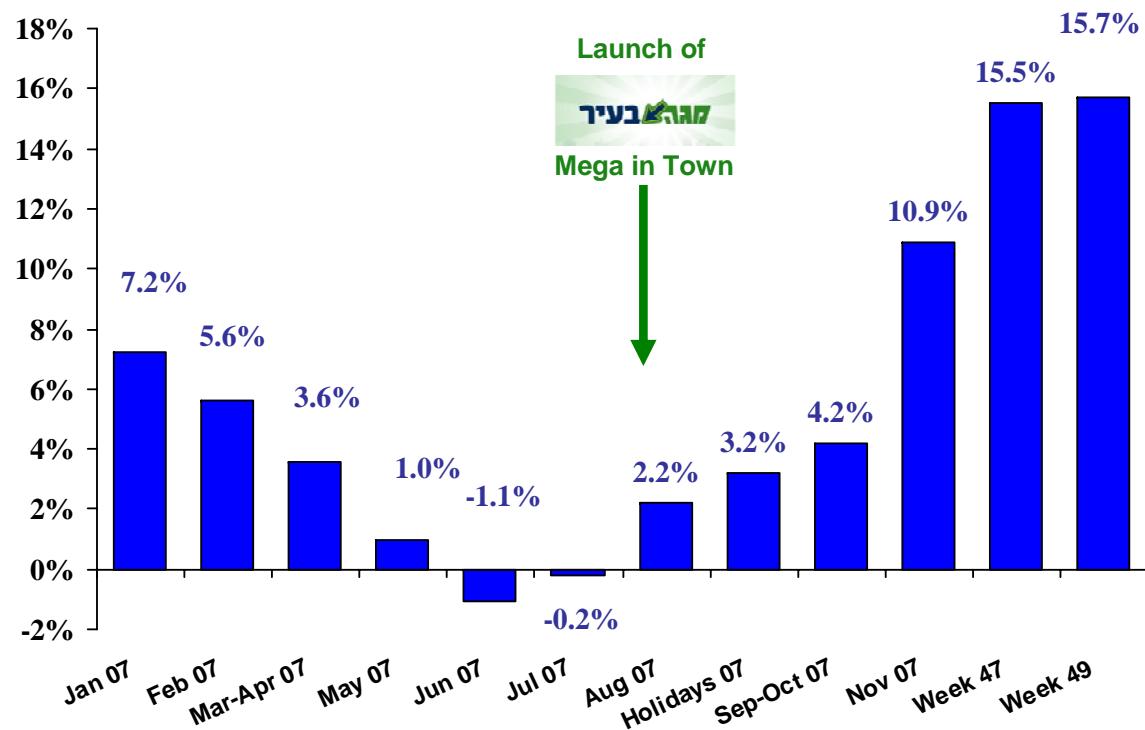
- First Organic Hypermarket in Israel
- Leveraging Blue Square's resources for fast roll out of new stores



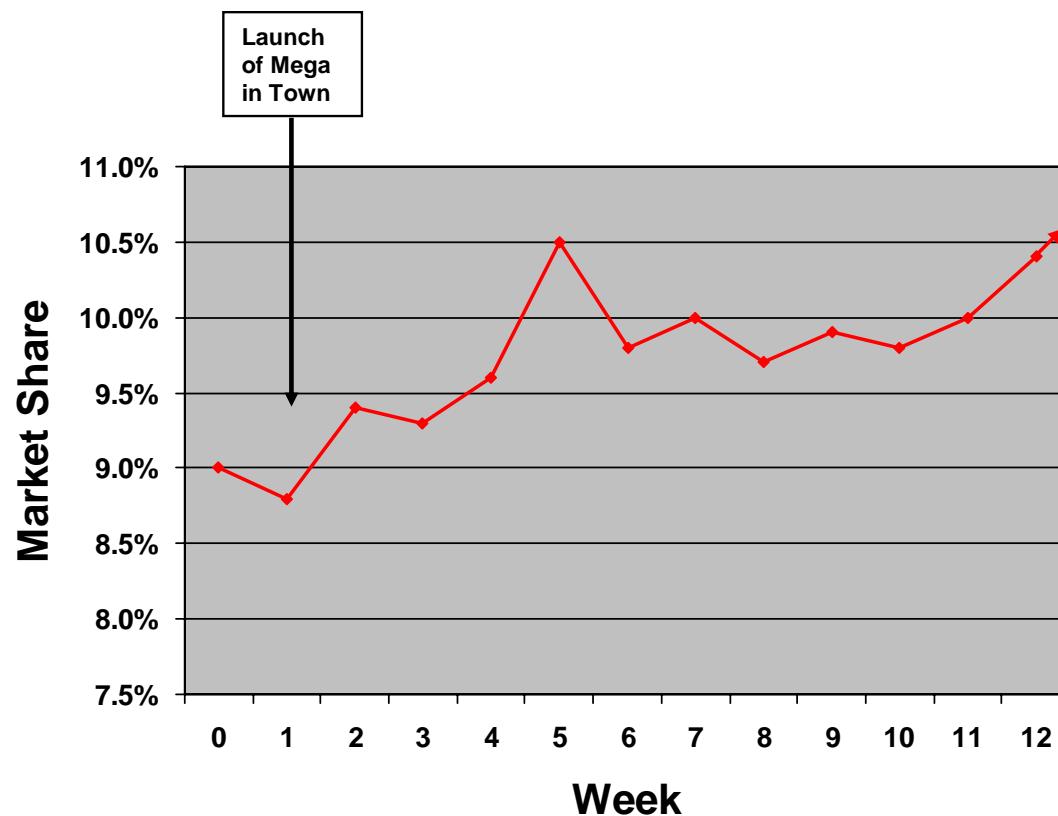
Mega In Town



SSS Mega in Town

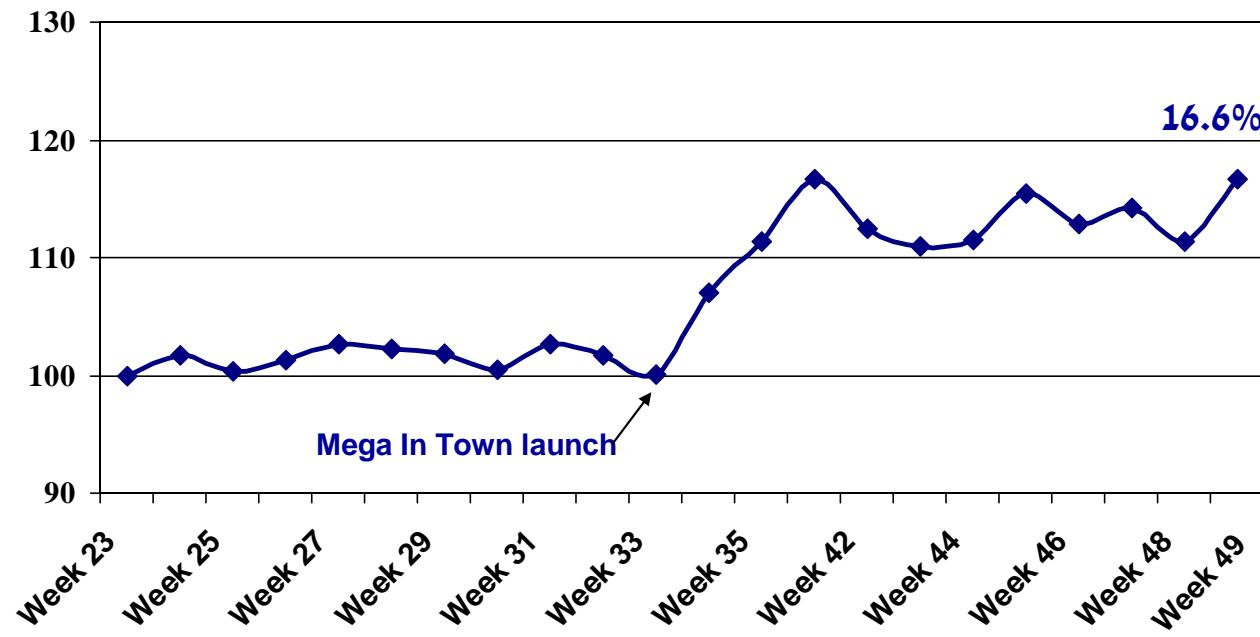


Mega in Town - Market Share



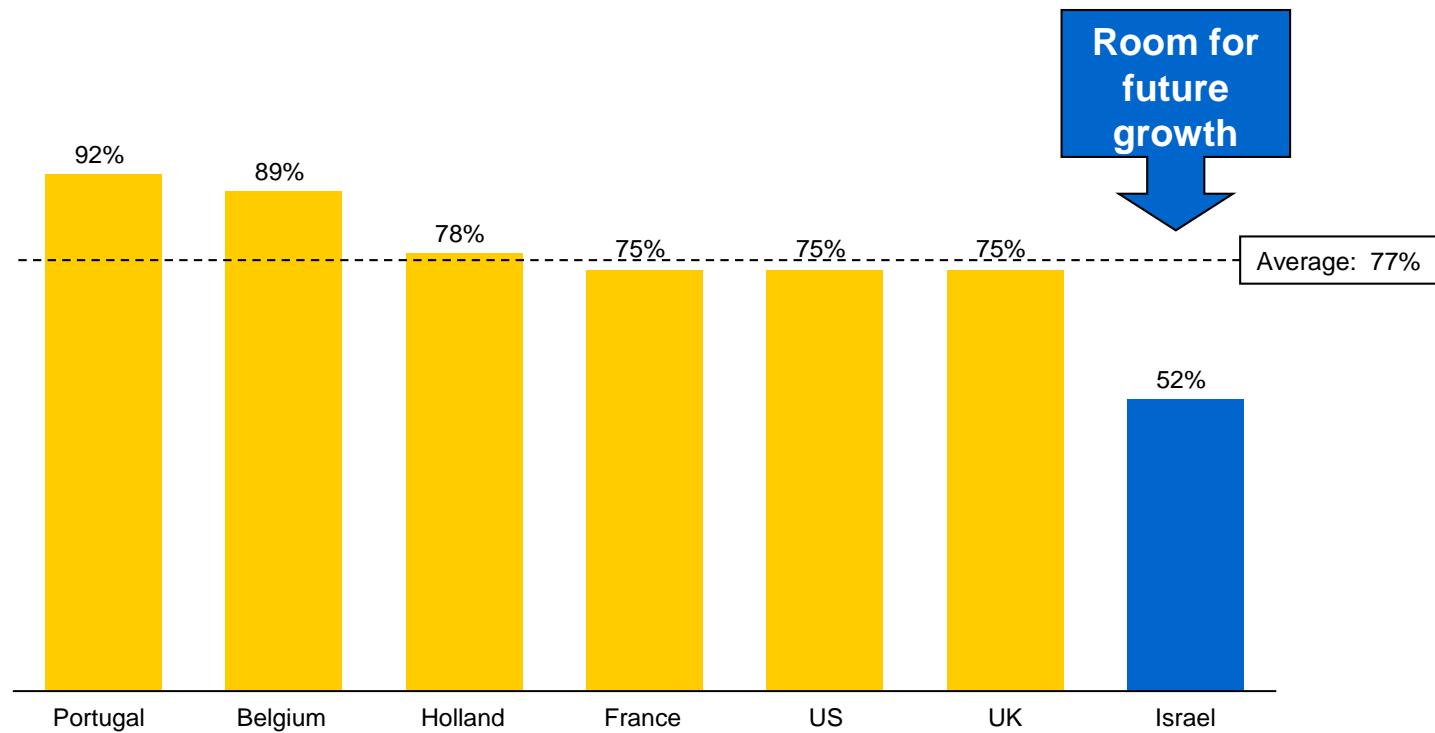
* Storenext

Weekly revenue increase* - Mega in Town



* Compared to week 23, excluding the effect of holidays, new stores and stores converted from other brands

Israel's Organized Food Sector: Lower Penetration than Europe / U.S.



Strengths and Strategy

Strengths

- ▶ Leading retailer in Israeli market
- ▶ Diversified formats appealing to most population segments
- ▶ Strong brand – “MEGA”
- ▶ Increasing non-food sales (BEE)

Strategy

Growth in Israel through:

- ▶ Opening additional stores in locations with potential for growth
- ▶ New categories: organic food, ready to eat, etc.
- ▶ Innovative diversification of services and products: financial services, insurance, etc.
- ▶ Keep developing new markets – BEE Group (baby products, clothes, games, health and beauty, etc.), fresh food
- ▶ Matching the right store format to each demographic area (different customers have different needs)

Growth outside of Israel through:

- ▶ M&A in Europe and the US