

Contact:

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**BLUE SQUARE - ISRAEL LTD. ANNOUNCES APPROVAL BY ITS
SHAREHOLDERS OF THE ACQUISITION BY BLUE SQUARE OF ALON ISRAEL
OIL CO.'S APPROXIMATELY 80% SHAREHOLDINGS IN DOR ALON ENERGY IN
ISRAEL (1988) LTD .**

ROSH HAAYIN, Israel – June 28, 2010 – Blue Square – Israel Ltd. (NYSE: BSI) ("Blue Square") announced that at a general meeting of Blue Square shareholders held today, Blue Square shareholders had approved the acquisition by Blue Square from Alon Israel Oil Co. ("Alon"), of all of Alon's holdings in Dor - Alon Energy In Israel (1988) Ltd. ("Dor Alon"), a publicly traded company on the Tel Aviv Stock Exchange (the "Acquisition"), pursuant to the previously announced share purchase agreement between Blue Square and Alon. Alon is the controlling shareholder of Blue Square.

In exchange for each share in Dor Alon held by Alon, Blue Square is to issue to Alon 1.8 shares of Blue Square, and in exchange for all of the Dor Alon shares held by Alon, Blue Square is to issue to Alon an aggregate of 20,327,710 ordinary shares. As a result of the transaction, Alon's direct and indirect ownership interest in Blue Square would increase to approximately 78.41% of the outstanding share capital of Blue Square from approximately 68.57% of the outstanding share capital of Blue Square .

Within the framework of the Acquisition, Blue Square shareholders also approved the distribution of a dividend, after the share issuance, to the Company's shareholders not out of profits, of NIS 800 million, or approximately US\$ 207 million (based on the representative rate of exchange on June 25, 2010), which represents a dividend of approximately NIS 12.32, or approximately US\$ 3.19 (based on the representative rate of exchange on June 25, 2010), per Blue Square ordinary share (after taking into account the shares issued to Alon in the acquisition). The dividend per share is subject to change based on the number of shares outstanding on the record date for

the dividend. The dividend distribution would be made following the issuance of ordinary shares to Alon, and is conditioned thereon and subject to approval by the Israeli court.

The Acquisition is subject to the dividend distribution, other approvals required by applicable law and customary closing conditions.

At the shareholders meeting today, the shareholders also approved the change of the Company's name to "Alon Holdings – Blue Square Israel Ltd." or to a similar name approved by the Israeli Registrar of Companies. The Company's name will be changed following approval of the new name by Israeli Registrar of Companies.

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Blue Square is a leading retailer in Israel. A pioneer of modern food retailing in the region, Blue Square currently operates 207 supermarkets under different formats, each offering varying levels of service and pricing.

This press release contains forward-looking statements within the meaning of safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements may include, but are not limited to, plans or projections about our business and our future revenues, expenses and profitability. Forward-looking statements may be, but are not necessarily, identified by the use of forward-looking terminology such as "may," "anticipates," "estimates," "expects," "intends," "plans," "believes," and words and terms of similar substance. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual events, results, performance, circumstance and achievements to be materially different from any future events, results, performance, circumstance and achievements expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, the following: our ability to compete effectively against low-priced supermarkets and other competitors; the effect of the recession in Israel on the sales in our stores and on our profitability; quarterly fluctuations in our operating results that may cause volatility of our ADS and share price; risks associated with our dependence on a limited number of key suppliers for products that we sell in our stores; the effect of an increase in minimum wage in Israel on our operating results; the effect of any actions taken by the Israeli Antitrust Authority on our ability to execute our business strategy and on our profitability; the effect of increases in oil, raw material and product prices in recent years; the effects of damage to our reputation or to the reputation to our store brands due to reports in the media or otherwise; and other risks, uncertainties and factors disclosed in our filings with the U.S. Securities and Exchange Commission (SEC), including, but not limited to, risks, uncertainties and factors identified under the heading "Risk Factors" in our Annual Report on Form 20-F for the year ended December 31, 2009. You are cautioned not to

place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Except for our ongoing obligations to disclose material information under the applicable securities laws, we undertake no obligation to update the forward-looking information contained in this press release.

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 June, 2010

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: June 28, 2010