

Mail Stop 4561
Via Fax +972-9-9526111

January 2, 2008

Varda Sagiv
Chief Financial Officer
Blue Phoenix Solutions LTD.
8 Maskit Street
Herzlia 46120
Israel

Re: Blue Phoenix Solutions LTD.
Form 20-F for the Fiscal Year Ended December 31, 2006
Filed on March 30, 2007
File No. 333-06208

Dear Ms. Sagiv:

We have completed our review of your Form 20-F and related filings and have no further comments at this time on the specific issues raised on the financial statements and related matters.

Sincerely,

Kathleen Collins
Accounting Branch Chief