

BLOCKBUSTER INC  
Form SC 13G  
March 03, 2006

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 13G  
(Rule 13d-102)**

**Information Statement Pursuant to Rules 13d-1 and 13d-2  
Under the Securities Exchange Act of 1934  
(Amendment No. )\***

Blockbuster Inc.  
(Name of Issuer)

Class A Common Stock  
(Title of Class of Securities)

093679108  
(CUSIP Number)

February 27, 2006  
Date of Event Which Requires Filing of the Statement

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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|--|---|---|
| 1.   | NAME OF REPORTING PERSON<br>S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON<br><b>Citadel Limited Partnership</b> |   |
| 2.   | CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP<br>(a) :<br>(b) 9  |   |
| 3.   | SEC USE ONLY  |   |
| 4.   | CITIZENSHIP OR PLACE OF ORGANIZATION<br><b>Illinois limited partnership</b>   |   |
| NUMBER OF<br>SHARES<br>BENEFICIALLY<br>OWNED BY<br>EACH<br>REPORTING<br>PERSON<br>WITH | 5.  | SOLE VOTING POWER<br><b>0</b>                       |
|  | 6.  | SHARED VOTING POWER<br><b>6,237,670 shares</b>      |
|  | 7.  | SOLE DISPOSITIVE POWER<br><b>0</b>                  |
|  | 8.  | SHARED DISPOSITIVE POWER<br><b>See Row 6 above.</b> |
| 9.   | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON<br><b>See Row 6 above.</b>                             |   |
| 10.  | CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES<br>CERTAIN SHARES <input type="checkbox"/> 9                  |   |
| 11.  | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)<br><b>Approximately 5.2% as of the date of this filing</b>        |   |
| 12.  | TYPE OF REPORTING PERSON<br><b>PN; HC</b>   |   |

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|--|--|---|
| 1.   | NAME OF REPORTING PERSON<br>S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON<br><b>Citadel Investment Group, L.L.C.</b> |   |
| 2.   | CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP<br>(a) :<br>(b) 9   |   |
| 3.   | SEC USE ONLY   |   |
| 4.   | CITIZENSHIP OR PLACE OF ORGANIZATION<br><b>Delaware limited liability company</b>  |   |
| NUMBER OF<br>SHARES<br>BENEFICIALLY<br>OWNED BY<br>EACH<br>REPORTING<br>PERSON<br>WITH | 5.   | SOLE VOTING POWER<br><b>0</b>                       |
|  | 6.   | SHARED VOTING POWER<br><b>6,237,670 shares</b>      |
|  | 7.   | SOLE DISPOSITIVE POWER<br><b>0</b>                  |
|  | 8.   | SHARED DISPOSITIVE POWER<br><b>See Row 6 above.</b> |
| 9.   | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON<br><b>See Row 6 above.</b>                                  |   |
| 10.  | CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES<br>CERTAIN SHARES <input type="checkbox"/> 9                       |   |
| 11.  | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)<br><b>Approximately 5.2% as of the date of this filing</b>             |   |
| 12.  | TYPE OF REPORTING PERSON<br><b>OO; HC</b>  |   |

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|--|--|---|
| 1.   | NAME OF REPORTING PERSON<br>S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON<br><b>Kenneth Griffin</b>      |   |
| 2.   | CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP<br>(a) :<br>(b) 9   |   |
| 3.   | SEC USE ONLY   |   |
| 4.   | CITIZENSHIP OR PLACE OF ORGANIZATION<br><b>U.S. Citizen</b>  |   |
| NUMBER OF<br>SHARES<br>BENEFICIALLY<br>OWNED BY<br>EACH<br>REPORTING<br>PERSON<br>WITH | 5.   | SOLE VOTING POWER<br><b>0</b>                       |
|  | 6.   | SHARED VOTING POWER<br><b>6,237,670 shares</b>      |
|  | 7.   | SOLE DISPOSITIVE POWER<br><b>0</b>                  |
|  | 8.   | SHARED DISPOSITIVE POWER<br><b>See Row 6 above.</b> |
| 9.   | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON<br><b>See Row 6 above.</b>                      |   |
| 10.  | CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES<br>CERTAIN SHARES <input type="checkbox"/>             |   |
| 11.  | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)<br><b>Approximately 5.2% as of the date of this filing</b> |   |
| 12.  | TYPE OF REPORTING PERSON<br><b>IN; HC</b>  |   |

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| 1.   | NAME OF REPORTING PERSON<br>S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON<br><b>Citadel Wellington LLC</b> |   |
| 2.   | CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP<br>(a) :<br>(b) 9   |   |
| 3.   | SEC USE ONLY   |   |
| 4.   | CITIZENSHIP OR PLACE OF ORGANIZATION<br><b>Delaware limited liability company</b>                              |   |
| NUMBER OF<br>SHARES<br>BENEFICIALLY<br>OWNED BY<br>EACH<br>REPORTING<br>PERSON<br>WITH | 5.   | SOLE VOTING POWER<br><b>0</b>                       |
|  | 6.   | SHARED VOTING POWER<br><b>6,237,670 shares</b>      |
|  | 7.   | SOLE DISPOSITIVE POWER<br><b>0</b>                  |
|  | 8.   | SHARED DISPOSITIVE POWER<br><b>See Row 6 above.</b> |
| 9.   | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON<br><b>See Row 6 above.</b>                        |   |
| 10.  | CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES<br>CERTAIN SHARES <input type="checkbox"/> 9             |   |
| 11.  | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)<br><b>Approximately 5.2% as of the date of this filing</b>   |   |
| 12.  | TYPE OF REPORTING PERSON<br><b>OO; HC</b>  |   |



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| 1.   | NAME OF REPORTING PERSON<br>S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON<br><b>Citadel Kensington Global Strategies Fund Ltd.</b> |   |
| 2.   | CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP<br>(a) :<br>(b) 9   |   |
| 3.   | SEC USE ONLY   |   |
| 4.   | CITIZENSHIP OR PLACE OF ORGANIZATION<br><b>Bermuda company</b>   |   |
| NUMBER OF<br>SHARES<br>BENEFICIALLY<br>OWNED BY<br>EACH<br>REPORTING<br>PERSON<br>WITH | 5.   | SOLE VOTING POWER<br><b>0</b>                       |
|  | 6.   | SHARED VOTING POWER<br><b>6,237,670 shares</b>      |
|  | 7.   | SOLE DISPOSITIVE POWER<br><b>0</b>                  |
|  | 8.   | SHARED DISPOSITIVE POWER<br><b>See Row 6 above.</b> |
| 9.   | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON<br><b>See Row 6 above.</b>  |   |
| 10.  | CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES<br>CERTAIN SHARES <input type="checkbox"/> 9                                     |   |
| 11.  | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)<br><b>Approximately 5.2% as of the date of this filing</b>                           |   |
| 12.  | TYPE OF REPORTING PERSON<br><b>CO; HC</b>  |   |

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|--|--|---|
| 1.   | NAME OF REPORTING PERSON<br>S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON<br><b>Citadel Equity Fund Ltd.</b> |   |
| 2.   | CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP<br>(a) :<br>(b) 9   |   |
| 3.   | SEC USE ONLY   |   |
| 4.   | CITIZENSHIP OR PLACE OF ORGANIZATION<br><b>Cayman Islands company</b>  |   |
| NUMBER OF<br>SHARES<br>BENEFICIALLY<br>OWNED BY<br>EACH<br>REPORTING<br>PERSON<br>WITH | 5.   | SOLE VOTING POWER<br><b>0</b>                       |
|  | 6.   | SHARED VOTING POWER<br><b>6,237,670 shares</b>      |
|  | 7.   | SOLE DISPOSITIVE POWER<br><b>0</b>                  |
|  | 8.   | SHARED DISPOSITIVE POWER<br><b>See Row 6 above.</b> |
| 9.   | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON<br><b>See Row 6 above.</b>                          |   |
| 10.  | CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES<br>CERTAIN SHARES <input type="checkbox"/>                 |   |
| 11.  | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)<br><b>Approximately 5.2% as of the date of this filing</b>     |   |
| 12.  | TYPE OF REPORTING PERSON<br><b>CO</b>  |   |



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| 1.   | NAME OF REPORTING PERSON<br>S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON<br><b>Citadel Derivatives Group LLC</b> |   |
| 2.   | CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP<br>(a) :<br>(b) 9  |   |
| 3.   | SEC USE ONLY  |   |
| 4.   | CITIZENSHIP OR PLACE OF ORGANIZATION<br><b>Delaware limited liability company</b>                                     |   |
| NUMBER OF<br>SHARES<br>BENEFICIALLY<br>OWNED BY<br>EACH<br>REPORTING<br>PERSON<br>WITH | 5.  | SOLE VOTING POWER<br><b>0</b>                       |
|  | 6.  | SHARED VOTING POWER<br><b>6,237,670 shares</b>      |
|  | 7.  | SOLE DISPOSITIVE POWER<br><b>0</b>                  |
|  | 8.  | SHARED DISPOSITIVE POWER<br><b>See Row 6 above.</b> |
| 9.   | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON<br><b>See Row 6 above.</b>                               |   |
| 10.  | CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES<br>CERTAIN SHARES <input type="checkbox"/> 9                    |   |
| 11.  | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)<br><b>Approximately 5.2% as of the date of this filing</b>          |   |
| 12.  | TYPE OF REPORTING PERSON<br><b>OO; BD</b>   |   |

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Item 1(a) Name of Issuer: **BLOCKBUSTER INC.**

1(b) Address of Issuer's Principal Executive Offices:

**1201 Elm Street  
Dallas, TX 75270**

Item 2(a) Name of Person Filing

Item 2(b) Address of Principal Business Office

Item 2(c) Citizenship

Citadel Limited Partnership  
131 S. Dearborn Street  
32nd Floor  
Chicago, Illinois 60603  
Illinois limited partnership

Citadel Investment Group,  
L.L.C.  
131 S. Dearborn Street  
32nd Floor  
Chicago, Illinois 60603  
Delaware limited liability  
company

Kenneth Griffin  
131 S. Dearborn Street  
32nd Floor  
Chicago, Illinois 60603  
U.S. Citizen

Citadel Wellington LLC  
c/o Citadel Investment  
Group, L.L.C.  
131 S. Dearborn Street  
32nd Floor  
Chicago, Illinois 60603  
Delaware limited liability  
company

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Citadel Kensington Global  
Strategies Fund Ltd.  
c/o Citadel Investment Group,  
L.L.C.  
131 S. Dearborn Street  
32nd Floor  
Chicago, Illinois 60603  
Bermuda company

Citadel Equity Fund Ltd.  
c/o Citadel Investment Group,  
L.L.C.  
131 S. Dearborn Street  
32nd Floor  
Chicago, Illinois 60603  
Cayman Islands company

Citadel Derivatives Group LLC  
c/o Citadel Investment Group,  
L.L.C.  
131 S. Dearborn Street  
32nd Floor  
Chicago, Illinois 60603  
Delaware limited liability  
company

2(d) Title of Class of Securities:

**Class A Common Stock, par value \$.01 per share**

2(e) CUSIP Number: **093679108**

Item 3 If this statement is filed pursuant to Rules 13d-1(b), or 13d-2(b) or (c), check whether the person filing is a:

- (a)  Broker or dealer registered under Section 15 of the Exchange Act;
- (b)  Bank as defined in Section 3(a)(6) of the Exchange Act;
- (c)  Insurance company as defined in Section 3(a)(19) of the Exchange Act;
- (d)  Investment company registered under Section 8 of the Investment Company Act;
- (e)  An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);
- (f)  An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);

- (g) o A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);

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(h) o A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act;

(i) o A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act;

(j) o Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

If this statement is filed pursuant to Rule 13d-1(c), check this box. :

Item 4 Ownership:

**CITADEL LIMITED PARTNERSHIP**  
**CITADEL INVESTMENT GROUP, L.L.C.**  
**KENNETH GRIFFIN**  
**CITADEL WELLINGTON LLC**  
**CITADEL KENSINGTON GLOBAL STRATEGIES FUND LTD.**  
**CITADEL EQUITY FUND LTD.**  
**CITADEL DERIVATIVES GROUP LLC**

(a) Amount beneficially owned:

6,237,670 shares

(b) Percent of Class:

Approximately 5.2% as of the date of this filing

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote:

0

(ii) shared power to vote or to direct the vote:

See Item 4(a) above.

(iii) sole power to dispose or to direct the disposition of:

0

(iv) shared power to dispose or to direct the disposition of:

See Item 4(a) above.

Item 5 Ownership of Five Percent or Less of a Class:

Not Applicable.

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Item 6 Ownership of More than Five Percent on Behalf of Another Person:

Not Applicable.

Item 7 Identification and Classification of the Subsidiary which Acquired the Security Being Reported on by the Parent Holding Company:

See Item 2 above.

Item 8 Identification and Classification of Members of the Group:

Not Applicable.

Item 9 Notice of Dissolution of Group:

Not Applicable.

Item 10 Certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

\* Mathew B. Hinerfeld is signing on behalf of Kenneth Griffin as attorney-in-fact pursuant to a power of attorney previously filed with the Securities and Exchange Commission on February 4, 2005, and hereby incorporated by reference herein. The power of attorney was filed as an attachment to a filing by Citadel Limited Partnership on Schedule 13G/A for Komag, Incorporated.

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After reasonable inquiry and to the best of its knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated this 2nd day of March, 2006

|   |  |
|---|--|
| <p><b>KENNETH GRIFFIN</b></p> <p>By: <u>/s/ Matthew B. Hinerfeld</u><br/>Matthew B. Hinerfeld, attorney-in-fact*</p>  | <p><b>CITADEL KENSINGTON GLOBAL STRATEGIES FUND LTD.</b></p> <p>By: Citadel Limited Partnership,<br/>its Portfolio Manager</p>   |
| <p><b>CITADEL INVESTMENT GROUP, L.L.C.</b></p> <p>By: <u>/s/ Matthew B. Hinerfeld</u><br/>Matthew B. Hinerfeld, Managing<br/>Director and Deputy General Counsel</p>      | <p>By: Citadel Investment Group, L.L.C.,<br/>its General Partner</p>   |
| <p><b>CITADEL LIMITED PARTNERSHIP</b></p> <p>By: Citadel Investment Group, L.L.C.,<br/>its General Partner</p>  | <p>By: <u>/s/ Matthew B. Hinerfeld</u><br/>Matthew B. Hinerfeld, Managing<br/>Director and Deputy General Counsel</p>  |
| <p><b>CITADEL WELLINGTON LLC</b></p> <p>By: Citadel Limited Partnership,<br/>its Managing Member</p> <p>By: Citadel Investment Group, L.L.C.,<br/>its General Partner</p> | <p><b>CITADEL EQUITY FUND LTD.</b></p> <p>By: Citadel Limited Partnership,<br/>its Portfolio Manager</p> <p>By: Citadel Investment Group, L.L.C.,<br/>its General Partner</p>    |
| <p>By: <u>/s/ Matthew B. Hinerfeld</u><br/>Matthew B. Hinerfeld, Managing<br/>Director and Deputy General Counsel</p>   | <p>By: <u>/s/ Matthew B. Hinerfeld</u><br/>Matthew B. Hinerfeld, Managing<br/>Director and Deputy General Counsel</p>  |
|   | <p><b>CITADEL DERIVATIVES GROUP LLC</b></p> <p>By: Citadel Limited Partnership,<br/>its Managing Member</p> <p>By: Citadel Investment Group, L.L.C.,<br/>its General Partner</p> |
|   | <p>By: <u>/s/ Matthew B. Hinerfeld</u><br/>Matthew B. Hinerfeld, Managing<br/>Director and Deputy General Counsel</p>  |