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BLOCKBUSTER INC
Form SC 13G
February 15, 2008

OMB APPROVAL

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

OMB Number: 3235-0145
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SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No.)

BLOCKBUSTER INC.

(Name of Issuer)

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

(Title of Class of Securities)

093679108

(CUSIP Number)

December 31, 2007

(Date of Event Which Requires Filing of this 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 the disclosures provided in a prior cover page.

The information required in 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 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).

CUSIP No. 093679108

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1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

MERRILL LYNCH & CO., INC. (MERRILL LYNCH)

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF	5.	SOLE VOTING POWER
SHARES		Disclaimed (See #9 below)

BENEFICIALLY	6.	SHARED VOTING POWER
OWNED BY		Disclaimed (See #9 below)

EACH	7.	SOLE DISPOSITIVE POWER
REPORTING		Disclaimed (See #9 below)

PERSON	8.	SHARED DISPOSITIVE POWER
WITH		Disclaimed (See #9 below)

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

Merrill Lynch & Co., Inc. disclaims beneficial ownership in all Shares of BlockBuster Inc., held by Merrill Lynch, Pierce, Fenner & Smith Incorporated, Merrill Lynch Financial Markets, Inc. and Merrill Lynch Bank & Trust Co., FSB.

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

Disclaimed (See #9 above)

12. TYPE OF REPORTING PERSON*

HC, CO

CUSIP NO. 093679108 *SEE INSTRUCTIONS BEFORE FILLING OUT!
13G

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Merrill Lynch, Pierce, Fenner & Smith Incorporated

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2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF 5. SOLE VOTING POWER

SHARES 2,940

BENEFICIALLY 6. SHARED VOTING POWER

OWNED BY 0

EACH 7. SOLE DISPOSITIVE POWER

REPORTING 2,940

PERSON 8. SHARED DISPOSITIVE POWER

WITH 0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,940

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.00%

12. TYPE OF REPORTING PERSON*

BD, IA

CUSIP NO. 093679108

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1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Merrill Lynch Financial Markets, Inc.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)
(b)

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3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF 5. SOLE VOTING POWER

SHARES 8,680,987

BENEFICIALLY 6. SHARED VOTING POWER

OWNED BY 0

EACH 7. SOLE DISPOSITIVE POWER

REPORTING 8,680,987

PERSON 8. SHARED DISPOSITIVE POWER

WITH 0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

8,680,987

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

7.16%

12. TYPE OF REPORTING PERSON*

BD

CUSIP NO. 093679108

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1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

MERRILL LYNCH BANK & TRUST CO., FSB

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

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New Jersey

NUMBER OF	5.	SOLE VOTING POWER
SHARES		359
BENEFICIALLY	6.	SHARED VOTING POWER
OWNED BY		0
EACH	7.	SOLE DISPOSITIVE POWER
REPORTING		359
PERSON	8.	SHARED DISPOSITIVE POWER
WITH		0
9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON		
359		
10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*		
<input type="checkbox"/>		
11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)		
0.00%		
12. TYPE OF REPORTING PERSON*		
BK		

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

Item 1(b). Address of Issuer's Principal Executive Offices:
1201 Elm Street
Dallas, Texas 75270

Item 2(a). Name of Person Filing:
MERRILL LYNCH & CO., INC. (ML & CO)
Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S)
Merrill Lynch Financial Markets, Inc. (MLFM)
MERRILL LYNCH BANK & TRUST CO., FSB

Item 2(b). Address of Principal Business Office, or if None, Residence:
The principal business office for Merrill Lynch & Co. Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Merrill Lynch Financial Markets, Inc. is 4 World Financial Center , 250 Vesey St., New York, New York 10080

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The principal business office for Merrill Lynch Bank & Trust Co., FSB is C/O Merrill Lynch, 4 World Financial Center, 250 Vesey St., 12th Floor, New York, NY 10281.

Item 2(c). Citizenship:

SEE ITEM 4 OF COVER PAGES

Item 2(d). Title of Class of Securities:

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

Item 2(e). CUSIP Number:

093679108

Item 3. If This Statement is Filed Pursuant to Rule 13d-1(b), or 13d-2(b) or (c), Check Whether the Person Filing is a:

ML & Co. is a parent holding company in accordance with Rule 13d-1(b) (1) (ii) (G).

Merrill Lynch, Pierce, Fenner & Smith Incorporated is a:

- (a) Broker or dealer registered under Section 15 of the Exchange Act.
- (e) An investment adviser in accordance with Rule 13d-1(b) (1) (ii) (E)

Merrill Lynch Financial Markets, Inc. , a wholly owned subsidiary of ML&Co., Inc., is registered with the U.S. SEC as an OTC Derivatives Dealer.

Merrill Lynch Bank & Trust Co., FSB, a Federal Savings Bank, is a wholly owned subsidiary of Merrill Lynch & Co., Inc.

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Item 4. Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

- (a) Amount beneficially owned:
8,684,286 Shares Common Stock
- (b) Percent of class:
7.16%
- (c) Number of shares as to which such person has:
 - (i) Sole power to vote or to direct the vote:
SEE ITEM 5 OF COVER PAGES
 - (ii) Shared power to vote or to direct the vote:
SEE ITEM 6 OF COVER PAGES
 - (iii) Sole power to dispose or to direct the disposition of:
SEE ITEM 7 OF COVER PAGES
 - (iv) Shared power to dispose or to direct the disposition of
SEE ITEM 8 OF COVER PAGE

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

If this statement is being filed to report the fact that as of the date

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hereof the reporting person has ceased to be the beneficial owner of more than 5 percent of the class of securities, check the following []

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:

Merrill Lynch Financial Markets, Inc., is a wholly owned subsidiary of Merrill Lynch & Co., Inc.

Merrill Lynch, Pierce, Fenner & Smith Incorporated is a wholly owned subsidiary of Merrill Lynch & Co., Inc. MLPF&S, also a reporting person on this Schedule 13G, has an interest that relates to less than 5% of the class of securities reported herein.

Merrill Lynch Bank & Trust Co., FSB, a Federal Savings Bank, is a wholly owned subsidiary of Merrill Lynch & Co., Inc.

Item 8. Identification and Classification of Members of the Group.

NOT APPLICABLE

Item 9. Notice of Dissolution of Group.

NOT APPLICABLE

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Item 10. Certifications.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and 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.

SIGNATURE

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

February 14, 2008

MERRILL LYNCH & CO., INC.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: /s/ Pia Thompson
Name: Pia Thompson
Title: Assistant Secretary

By: /s/ Pia Thompson
Name: Pia Thompson
Title: Assistant Secretary

MERRILL LYNCH FINANCIAL MARKETS, INC.

MERRILL LYNCH BANK & TRUST CO.,

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FSB

By: /s/ Jonathan Beebe

By: /s/ Jennifer Marre

Name: Jonathan Beebe
Title: Senior Vice President

Name: Jennifer Marre
Title: First Vice President

* Executed pursuant to a Power of Attorney, dated November 17, 1995, a copy of which is attached hereto as Exhibit A.

Schedule 13G
Exhibit A

Power of Attorney

The undersigned, Merrill Lynch & Co., Inc. (the "Corporation"), a corporation duly organized under the laws of Delaware, with its principal place of business at World Financial Center, North Tower, 250 Vesey Street, New York, New York 10281 does hereby make, constitute and appoint Richard B. Alsop, Richard D. Kreuder, Andrea Lowenthal, Gregory T. Russo, or any individual from time to time elected or appointed as secretary or an assistant secretary of the Corporation, acting severally, each of whose address is Merrill Lynch & Co., Inc., World Financial Center, North Tower, 250 Vesey Street, New York, New York 10281, as its true and lawful attorneys-in-fact, for it and in its name, place and stead (i) to execute on behalf of the Corporation and cause to be filed and/or delivered, as required under Section 13(d) of the Securities Exchange Act of 1934 (the "Act") and the regulations thereunder, any number, as appropriate, of original, copies, or electronic filings of the Securities and Exchange Commission Schedule 13D or Schedule 13G Beneficial Ownership Reports (together with any amendments and joint filing agreements under Rule 13d-1(f)(1) of the Act, as may be required thereto) to be filed and/or delivered with respect to any equity security (as defined in Rule 13d-1(d) under the Act) beneficially owned by the undersigned and which must be reported by the undersigned pursuant to Section 13(d) of the Act and the regulations thereunder, (ii) to execute on behalf of the Corporation and cause to be filed and/or delivered, any number, as appropriate, of original, copies or electronic filings of any forms

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(including without limitation), Securities and Exchange Commission Forms 3, 4 and 5) required to be filed pursuant to Section 16(a) of the Act and the regulations thereunder, and (iii) generally to take such other actions and perform such other things necessary to effectuate the foregoing as fully in a all respects as if the undersigned could do if personally present.

This Power of Attorney shall remain in effect until revoked, in writing, by the undersigned.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney, this 17th day of November 1995.

MERRILL LYNCH & CO., INC.

By: /s/ David H. Komansky

Name: David H. Komansky
Title: President and Chief Operating Officer