

BLOCKBUSTER INC
Form SC 13G/A
February 14, 2007

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

SCHEDULE 13G

**Under the Securities Exchange Act of 1934
(Amendment No. 2)***

Blockbuster Inc.
(Name of Issuer)
Class B Common Stock
(Title of Class of Securities)
093679207
(CUSIP Number)
December 31, 2006
(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 (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).

CUSIP No. 093679207

NAMES OF REPORTING PERSONS:

1 I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):

UBS AG (for the benefit and on behalf of UBS Investment Bank, Wealth Management USA, and Global Wealth Management and Business Banking business groups of UBS AG (See Item 7))

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS):

- 2**
(a)
(b)

3 SEC USE ONLY:

4 CITIZENSHIP OR PLACE OF ORGANIZATION:
Switzerland

| | | |
|--------------|----------|---------------------------|
| | 5 | SOLE VOTING POWER: |
| NUMBER OF | | 6,828,243 |
| SHARES | | SHARED VOTING POWER: |
| BENEFICIALLY | 6 | |
| OWNED BY | | 0 |
| EACH | | SOLE DISPOSITIVE POWER: |
| REPORTING | 7 | |
| PERSON | | 6,828,243 |
| WITH: | | SHARED DISPOSITIVE POWER: |
| | 8 | |
| | | 0 |

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

9

6,828,243

CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS):

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9):

11

9.48%

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS):

12

BK

Item 1(a) Name of Issuer

Blockbuster Inc.

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

1201 Elm Street

Dallas, TX 75720

Item 2(a) Name of Person Filing:

UBS AG

Item 2(b) Address of Principal Business Office:

UBS AG's principal business office is:

Bahnhofstrasse 45

PO Box CH-8021

Zurich, Switzerland

Item 2(c) Citizenship:

Switzerland

Item 2(d) Title of Class of Securities

Class B Common Stock

Item 2(e) CUSIP Number:

093679207

Item 3. Type of Person Filing:

UBS AG is classified as a Bank as defined in section 3(a)(6) of the Act pursuant to no-action relief granted by the staff of the Securities and Exchange Commission.

Item 4 (a)-(c)(iv). Ownership:

Items 5-11 of the cover pages are incorporated by reference.

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 hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following o.

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

Not applicable

Item 7. Identification and Classification of the Subsidiary That Acquired the Security Being Reported on By the Parent Holding Company:

This statement on Schedule 13G is being filed by UBS AG on behalf of itself and the subsidiaries listed below. The securities being reported on by UBS AG were acquired directly by UBS AG directly and certain of such subsidiaries.

UBS AG London Branch
UBS Portfolio LLC
UBS AG Frankfurt
UBS Ltd
UBS Warburg Private Clients Ltd
UBS AG Tokyo branch
UBS AG (Switzerland)
UBS Warburg Securities (Pty) Ltd (South Africa)
UBS International Ltd
UBS Warburg Securities Ltd
Banco UBS Warburg S.A
UBS Warburg Corretora de Cambio e Valores
Mobiliarios S.A.
UBS Warburg Trading S.A.
UBS Bunting Warburg Inc
UBS Capital Americas Investments III. Ltd.
UBS Capital II LLC
UBS Capital LLC
UBS AG Brazil
UBS Limited
UBS Capital Americas Investments II Ltd
SBC Equity Partners AG
UBS Capital Asia Pacific Ltd
UBS Capital Holdings LLC
UBS Capital Jersey Ltd
UBS Capital BV
UBS (USA) Inc
UBS Warburg AG (Frankfurt)
UBS Securities Australia Ltd
UBS Securities (Japan) Ltd
UBS Securities LLC
UBS Securities New Zealand Limited
UBS New Zealand Limited
UBS AG Australia Branch
UBS Capital Markets LP
UBS Capital Latin America LDC
UBS Securities France SA
UBS AG Canada Branch
UBS Cayman Ltd.
PaineWebber Capital Inc
Paine Webber International Inc
UBS Fiduciary Trust Company
UBS Financial Services Incorporated of Puerto Rico
UBS Americas Inc
UBS Financial Services Inc.
Inversiones Ibersuizas, S.A.
UBS (Bahamas) LTD
UBS (Cayman Islands) LTD
UBS (France) LTD

UBS (Italia) LTD

UBS (Luxemberg) LTD

UBS (Luxemberg) SA Austria Branch

UBS (Monaco) S.A.

UBS AG Brazil

UBS AG New York (101 Park Avenue)

UBS AG Hong Kong

UBS AG Jersey Branch

UBS AG Singapore

UBS Assessores LTD

UBS Bank (Canada)

UBS Belgium SA/NV

UBS Deutschland AG

UBS Espana S.A.

UBS International Inc

UBS Swiss Advisors AG

UBS Wealth Management AG

UBS Wealth Management (UK) Ltd

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, the undersigned certify that, to the best of their 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.

By: /s/ Edward Buscemi

Edward Buscemi
Executive Director

By: /s/ Gordon Kiesling

Gordon Kiesling
Executive Director

Date: February 14, 2007