

**Rating Action: Moody's downgrades Blockbuster's Probability of Default Rating to D**

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23 Sep 2010

New York, September 23, 2010 -- Moody's Investors Service today downgraded Blockbuster, Inc.'s ("Blockbuster") Probability of Default Rating to D from Ca/LD. The downgrade was prompted by Blockbuster's September 23, 2010 announcement that it entered Chapter 11 in the United States Bankruptcy Court.

**RATINGS RATIONALE**

Subsequent to today's actions, Moody's will withdraw the ratings because Blockbuster has entered bankruptcy. Please refer to Moody's Withdrawal Policy on moodys.com.

The following rating was downgraded and will be withdrawn:

Probability of Default Rating to D from Ca/LD

The following ratings will be withdrawn:

Corporate Family Rating at Ca

Probability of Default Rating at D

Senior secured notes at Caa1 (LGD 2, 19%)

Senior subordinated notes at C (LGD 5, 79%)

The principal methodologies used in rating Blockbuster Inc were Global Retail Industry published in December 2006, and Loss Given Default for Speculative-Grade Non-Financial Companies in the U.S., Canada and EMEA published in June 2009. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found on Moody's website.

Blockbuster Inc. provides in-home movie and game entertainment through several channels including; its store base, website, digital download, and vending kiosks. Blockbuster's approximately 5,800 stores are located throughout the United States, its territories, and 16 other countries. Annual revenues are about \$3.7 billion.

**REGULATORY DISCLOSURES**

Information sources used to prepare the credit rating are the following: parties involved in the ratings, parties not involved in the ratings, public information, confidential and proprietary Moody's Investors Service's information, confidential and proprietary Moody's Analytics' information.

Moody's Investors Service considers the quality of information available on the issuer or obligation satisfactory for the purposes of maintaining a credit rating.

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Please see ratings tab on the issuer/entity page on Moodys.com for the last rating action and the rating history.

The date on which some Credit Ratings were first released goes back to a time before Moody's Investors Service's Credit Ratings were fully digitized and accurate data may not be available. Consequently, Moody's Investors Service provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website [www.moodys.com](http://www.moodys.com) for further information.

Please see the Credit Policy page on Moodys.com for the methodologies used in determining ratings, further information on the meaning of each rating category and the definition of default and recovery.

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