

EXHIBIT E

Progressive Discipline

It is the goal of Blockbuster to provide a productive, safe, and secure work environment that serves the best interest of the individual employee and the Company. Each of us has accepted the duties of our job and also accepted the responsibilities for personally adhering to business principles and social conduct contributing to a friendly, cooperative and productive work environment.

If an employee's work performance does not meet Blockbuster standards, coaching or corrective counseling may result. To foster a positive employee atmosphere, Blockbuster generally uses progressive discipline that allows the employee the opportunity to correct his or her behavior. The goal of progressive discipline is to help employees correct performance, attendance or other issues by providing constructive coaching and positive solutions. If you should receive any progressive discipline, any related documentation will be placed in your employee file.

Appropriate progressive discipline, including the level at which the corrective counseling will begin, remains in the sole discretion of Blockbuster.



Progressive Discipline Process

Progressive discipline aids employees in correcting minor performance and/or unacceptable behavior. It also provides for more severe counseling for repetitions of a particular offense, a continuation of unacceptable work behavior, or violation of other Company policies and procedures. The progressive discipline process is intended to encourage employees to improve their performance.

Progressive discipline normally involves the following progression. Progression, however, may vary according to the circumstances and Blockbuster may begin the counseling at any step of the process it deems appropriate depending upon the facts and circumstances warranting corrective action.

1. **Verbal Warning** - the employee is verbally counseled, with a notation made in his or her file that such counseling occurred.
2. **Written Warning** - a written notice of corrective action will be presented to the employee and the seriousness of the problem discussed with the employee.
3. **Final Written Warning** - a written notice of corrective action indicating any further violations may lead to termination of employment.
4. **Termination** - employees who do not comply with Company policies despite previous counseling, and employees, who commit violations that Company officials believes merit severe discipline regardless of whether previous discipline was issued, will be terminated.

Severe Misconduct

The following will result in immediate termination:

- Alteration, manipulation, falsification, eradication or removal of, or omissions and misrepresentations in, Company forms, papers, reports or receipts. This includes, but is not limited to: inventory paperwork, security tapes, Membership Applications, Membership information, applications for employment, reference check forms, time cards, criminal background check forms, employee accounts, etc.
- Theft or misappropriation of Blockbuster property (including, but not limited to, money, merchandise, BLOCKBUSTER GiftCards®, equipment, information, reports, business practices, procedures, Company manuals, improperly copying DVDs, flipping, etc.), customer property or employee property
- Working "off the clock" or allowing/requesting another employee to work "off the clock"
- Allowing any non-Blockbuster personnel, unscheduled vendor or any Blockbuster employee who is not on the clock into the store or any other Blockbuster facility outside of normal business hours or into unauthorized areas during normal business hours
- Disclosure of confidential information to anyone other than authorized personnel
- Possession, distribution, sale, use or being under the influence of alcohol, illegal drugs or inhalants while on duty or on Blockbuster property
- Possession of a weapon or other hazardous device while on duty or on Blockbuster property
- Being absent for a period of 3 consecutive shifts without prior notification or authorization

Severe Misconduct. Continued

- Conviction, including Deferred Adjudication, for a crime of moral turpitude (see page 39) felony act of dishonesty, violence, drug manufacture/distribution, possession, or other crime related to the functions of your job
- Seeking to apprehend or detain someone suspected of a criminal act such as shoplifting, robbery, or otherwise misappropriating Company property

Other Violations Warranting Progressive Discipline

The following actions, in addition to those specified in the Blockbuster Code of Conduct, qualify as failure to adhere to Blockbuster standards and may result in progressive discipline the severity of which will depend upon the facts and circumstances surrounding the violation. Violation of other policies may also lead to corrective action.

- Failure to follow Company policies or procedures, including but not limited to safety and trading rules, as well as failure or refusal to follow directions issued by a supervisor or member of management
- Fraudulent or deceptive behavior
- Unauthorized removal or operation, or failure to appropriately secure store funds (money) or property (including equipment, supplies, security systems, etc.)
- Unsatisfactory job performance
- Negligent conduct that could endanger customers, employees or Blockbuster property and/or that puts Blockbuster in a position where it could be held liable for the employee's actions or consequences of the employee's actions
- Failure to consistently meet standards of customer service

Other Violations, Continued

- Harassment, discrimination, inappropriate behavior, or actions that create an offensive or hostile environment for employees, customers or vendors
- Unproductive use of time, including lounging or loafing while on duty, visiting with friends, making or taking excessive personal calls on Company time, etc
- Improper or unauthorized access, use, destruction and/or alteration of Company information systems or files
- Refusal to cooperate with an investigation, including failure to attend a scheduled interview
- Assist in the violation of a work policy or procedure
- Making damaging, malicious, false or slanderous statements about Blockbuster or its employees, customers or vendors
- Failing to clock in or out, clocking another employee in or out, or improperly editing time entries
- The use of Blockbuster time, material, or facilities for purposes not directed related to Blockbuster business
- Horseplay, fighting, scuffling on Company premises or at Company sponsored events
- Threatening, intimidating or otherwise interfering with employees, customers or vendors at any time
- Sleeping while on duty
- Engaging in behavior or actions that cause management to lose confidence in your judgement or abilities