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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:)	Case No. 07-33849
)	Jointly Administered
MOVIE GALLERY, INC., et al., ¹)	Chapter 11
)	Hon. Douglas O. Tice, Jr.
Debtors.)	

**NOTICE OF PLAN SUPPLEMENT:
FORM OF THE NEW ORGANIZATIONAL DOCUMENTS FOR REORGANIZED
DEBTOR MG REAL ESTATE**

PLEASE TAKE NOTICE THAT the above-captioned debtors (collectively, the “Debtors”) have filed with the Court² the form of the amended and restated operating agreement

¹ The Debtors in these proceedings are: Movie Gallery, Inc.; Hollywood Entertainment Corporation; M.G. Digital, LLC; M.G.A. Realty I, LLC; MG Automation LLC; and Movie Gallery US, LLC.

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Second Amended Joint Plan of Reorganization of Movie Gallery, Inc. and Its Debtor Subsidiaries under Chapter 11 of the Bankruptcy Code.



of the Debtor now known as M.G.A. Realty I, LLC and to be known as MG Real Estate, which is attached hereto as Exhibit A.³

Richmond, Virginia
Dated: April 9, 2008

/s/ Marc J. Carmel

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³ Exhibit A attached hereto, the form of the Amended and Restated First Amended Lien Credit Agreement, the form of the Amended and Restated Second Lien Credit Agreement and each of the other documents filed as part of the Plan Supplement are subject to continuing review and revision by the Debtors, the First Lien Agents, the First Lien Lenders, the Second Lien Agents, the Second Lien Lenders, Sopris and the Committee.

EXHIBIT A

AMENDED AND RESTATED OPERATING AGREEMENT

This Amended and Restated Operating Agreement (this "Agreement") is made as of _____, _____, by Movie Gallery US, LLC, a Delaware limited liability company (the "Member"), with reference to the following facts:

A. WHEREAS, on June 27, 2001, a Certificate of Formation (the "Certificate") of M.G.A. Realty I, LLC (the "Company") was filed in the Office of the Delaware Secretary of State; and

B. WHEREAS, the Member desires to ratify and approve the Certificate, adopt and approve this Agreement as the operating agreement of the Company, and otherwise continue the existence of the Company under the Delaware Limited Liability Company Act (the "Act").

NOW, THEREFORE, the Member agrees as follows:

ARTICLE I ORGANIZATIONAL MATTERS

1.1 Formation. The Member hereby ratifies and approves the Certificate as the Certificate of Formation of the Company, enters into, adopts, and approves this Agreement as the Company's operating agreement within the meaning of the Act, and continues the Company as a limited liability company under the Act.

1.2 Name. The name of the Company shall be as set forth in the Certificate, and the business of the Company shall be conducted under such name or, subject to compliance with applicable law, any other name that the Member deems appropriate. The Member shall file on the Company's behalf all fictitious name certificates and similar filings that it considers necessary or advisable.

1.3 Term. The term of this Agreement shall commence on the date hereof and shall continue unless and until the Company is dissolved as provided herein.

1.4 Registered Office. The registered office of the Company in the State of Delaware shall be the registered office initially designated in the Certificate or such other office (which need not be a place of business of the Company) as the Member may designate from time to time in the manner provided by law.

1.5 Principal Place of Business; Other Offices. The principal place of business of the Company shall be 900 West Main Street, Dothan, Alabama 36301. The Member may change the Company's principal place of business and may establish on the Company's behalf such additional places of business as it may determine.

1.6 Registered Agent. The Company shall at all times maintain a registered agent for service of process as required under the Act. The registered agent of the Company shall be as stated in the Certificate or as otherwise may be determined from time to time by the Member in accordance with applicable law.

1.7 Purpose and Business of the Company. Notwithstanding any provision hereof or of any other document governing the formation, management or operation of the Company to the contrary, the following shall govern: The nature of the business and of the purposes to be conducted and promoted by the Company, is to engage solely in the following activities:

A. To own, hold, sell, assign, transfer, operate, lease, mortgage, pledge and otherwise deal with (i) all real property owned by the Company (the "Fee Property"); (ii) the leasehold interests of the Company; Movie Gallery, Inc.; any subsidiary of Movie Gallery, Inc. organized under the laws of the United States of America, any State thereof or the District of Columbia as lessee under any lease of real property (the "Leasehold Property"; the Fee Property and the Leasehold Property are collectively referred to herein as the "Property") and (ii) any personal property necessary for the operation of the Property; and

B. To exercise all powers enumerated in the Act necessary or convenient to the conduct, promotion or attainment of the business or purposes otherwise set forth herein.

1.8 Certain Covenants and Prohibited Activities. Notwithstanding any provision hereof or of any other document governing the formation, management or operation of the Company to the contrary, the following shall govern: For so long as the debt incurred under the Amended and Restated First Lien Credit Agreement between _____ and _____ (the "First Lien Credit Agreement"), the Second Lien Credit Agreement between _____ and _____, [and the Revolving Credit and Guaranty Agreement between _____ and _____] (collectively, the "Credit Facilities") exists and until such debt has been paid in full, (i) the Company will be subject to, and shall observe, the negative covenants in Section [6.1] of the Credit Facilities, (ii) the Company will not voluntarily commence a case with respect to itself, as debtor, under the Federal Bankruptcy Code or any similar federal or state statute without the unanimous consent of the Member(s) of the Company, and (iii) the Company will be bound by, and shall observe, the covenants contained in Section [6.16] of the Credit Facilities.

ARTICLE II CAPITAL CONTRIBUTIONS

2.1 Capital Contributions; Loans. Following the execution of this Agreement, the Member intends to contribute \$1,000 to the capital of the Company. Without creating any rights in any third party, the Member may, but shall not be required to, make additional contributions to the capital of the Company from time-to-time. In addition to its capital contributions, the Member may from time-to-time loan or advance funds to or for the benefit of the Company only in an amount necessary to acquire, operate and maintain the Property.

2.2 Capital Accounts. To the extent desirable, the Company may establish a capital account for the Member, the opening balance of which shall equal the sum of any cash and the book value of the Member in all assets contributed to the Company as provided in Section 2.1.

The Company shall determine and maintain the Member's capital account, if any, in accordance with Internal Revenue Code Treasury Regulations Section 1.704-1(b)(2)(iv).

ARTICLE III
MEMBER; MANAGEMENT

3.1 Initial Member. The Member is hereby admitted to the Company.

3.2 Appointment of Officers. The Member may at any time appoint an administrative officer and one or more other officers of the Company, which may include a Chairman, Chief Executive Officer, President, one or more Vice Presidents, a Secretary, an Assistant Secretary, a Chief Financial Officer, and Treasurer. All officers shall serve at the pleasure of the Member. No officer need be a resident of the State of Delaware or citizen of the United States, and any individual may hold any number of offices. The officers shall exercise such powers and perform such duties as shall be determined from time to time by the Member. The following individuals are hereby appointed to the offices set forth opposite their respective names to serve for a term of one year or until their successors are elected and qualified:

Joe T. Malugen	President
Thomas Johnson	Chief Financial Officer
S. Page Todd	Executive Vice President & Secretary
Jeffrey B. Gordon	Senior Vice President & Assistant Secretary

3.3 Removal, Resignation and Filling of Vacancy of Officers. Any officer may be removed, either with or without cause, by the Member at any time. Any officer may resign at any time by giving written notice to the Member. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice, and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the officer is a party. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled by the Member.

3.4 Salaries of Officers. The salaries of all officers and other employees and agents of the Company, if any, shall be determined by the Member.

ARTICLE IV
SEPARATENESS

4.1 Separateness Provisions. Notwithstanding any provision hereof or of any other document governing the formation, management or operation of the Company to the contrary, the following shall govern: For so long as the Credit Facilities exist, in order to preserve and ensure its separate and distinct identity, in addition to the other provisions set forth in these articles of organization, the Company shall conduct its affairs in accordance with the following provisions (all capitalized terms used, but not defined, herein shall have the respective meanings ascribed to them in the First Lien Credit Agreement):

1. It shall not, and shall not permit any Member to, terminate, amend, modify or otherwise change this Agreement or any of its other organizational documents in any manner that in the reasonable determination of the lender under the First Lien Credit Agreement would have a Material Adverse Effect;
2. It shall not liquidate or dissolve, consolidate with, or merge into or with, any other person, or purchase or otherwise acquire all or substantially all of the assets or Capital Securities of any person or any division thereof;
3. It shall not own any asset other than the Property and incidental personal property necessary for the operation of the Property and the business to be operated therein;
4. It shall not engage, either directly or indirectly, in any business other than the ownership, management and operation of the Property and ownership of any incidental personal property necessary for the operation of the Property;
5. It shall not incur, create or assume any Indebtedness, secured or unsecured, direct or contingent, including guaranteeing any obligation of or otherwise becoming liable on or in connection with any obligation of any person (including any affiliate), other than (i) the Obligations, and (ii) Indebtedness to the owners or lessors of the Leasehold Property or other persons that are not affiliates of the Company representing the rent, common area maintenance charges, real estate taxes and other amounts and obligations due under the leases with respect to the Leasehold Property and trade payables or expenses incurred in the ordinary course of business of operating the Property;
6. No Indebtedness of the Company other than the Obligations shall be secured (senior, subordinate or pari passu) by the Property or any other assets of the Company;
7. It shall not make any loans or advances to any person (including any affiliate);
8. It shall maintain its Records and bank accounts (if any) separate from those of Borrower and its other Subsidiaries, including, without limitation, the Member of the Company;
9. It shall keep correct and complete limited liability company records and minutes of the meetings and other proceedings of its Member(s) and the resolutions, agreements and other instruments of the Company will be continuously maintained as official records by the Company;
10. It shall conduct its business separate and apart from those of its affiliates, except as set forth in the operating or management agreements between the Company, on the one hand, and each other Credit Party that operates a retail store, warehouse, distribution center or other business on any Property, on the other hand;
11. It shall maintain its funds and other assets in a manner that facilitates their identification and segregation from those of its affiliates and shall not commingle its funds or other assets with those of the Member or any other person (including any

affiliate), except as set forth in the operating or management agreements between the Company, on the one hand, and each other Credit Party that operates a retail store, warehouse, distribution center or other business on any Property, on the other hand; and

12. It shall pay any operating expenses and other liabilities, including compensation of its employees, consultants, agents, attorneys, auditors and other professionals out of its own funds and not out of funds of any affiliate, except as set forth in the operating or management agreements between the Company, on the one hand, and each other Credit Party that operates a retail store, warehouse, distribution center or other business on any Property, on the other hand.

For purpose of this Article IV, the following terms shall have the following meanings:

"affiliate" means any person directly or indirectly controlling or controlled by or under common control with the Company including, without limitation, (i) any person who has a familial relationship, by blood, marriage or otherwise with any partner or employee of the Company, or any affiliate thereof and (ii) any person which receives compensation for administrative, legal or accounting services from this limited liability company, or any affiliate. For purposes of this definition, "control" when used with respect to any specified person, means the power to (i) vote 5% or more of the Securities having ordinary voting power for the election of directors of a person, or (ii) direct or cause the direction of the management and policies of that person, whether through the ownership of voting securities or by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization, or government or any agency or political subdivision thereof.

ARTICLE V

SHARES AND SHARE CERTIFICATES

5.1 Certification. A Member's limited liability company interest in the Company shall be represented by the Shares issued to such Member by the Company. All of a Member's Shares, in the aggregate, represent such Member's entire limited liability company interest in the Company. The Member hereby agrees that its interest in the Company and in its Shares shall for all purposes be personal property. A Member has no interest in specific Company property. For the purposes of this Agreement, "Share" means a limited liability company interest in the Company held by a Member.

5.2 Share Certificates. (i) Upon the issuance of Shares to any Member in accordance with the provisions of this Agreement, the Company shall issue one or more Share Certificates in the name of such Member. Each such Share Certificate shall be denominated in terms of the number of Shares evidenced by such Share Certificate and shall be signed by the Member on

behalf of the Company. "Share Certificate" means a non-negotiable certificate issued by the Company substantially in the form of Exhibit A hereto, which evidences the ownership of one or more Shares. Each Share Certificate shall bear the following legend: "This certificate evidences an interest in M.G.A. Realty I, LLC and shall be a security interest for purposes of Article 8 of the Uniform Commercial Code of the State of Delaware and the Uniform Commercial Code of any other Jurisdiction." This Section 5.2 shall not be amended, and no such purported amendment to this Section 5.2 shall be effective, until all outstanding Share Certificates have been surrendered for cancellation.

ii. The Company shall issue a new Share Certificate in place of any Share Certificate previously issued if the holder of the Shares represented by such Share Certificate, as reflected on the books and records of the Company:

- (1) makes proof by affidavit, in form and substance satisfactory to the Company, that such previously issued Share Certificate has been lost, stolen or destroyed.
- (2) requests the issuance of a new Share Certificate before the Company has notice that such previously issued Share Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim;
- (3) if requested by the Company, delivers to the Company a bond, in form and substance satisfactory to the Company, with such surety or sureties as the Company may direct, to indemnify the Company against any claim that may be made on account of the alleged loss, destruction or theft of the previously issued Share Certificate; and
- (4) satisfies any other reasonable requirements imposed by the Company.

iii. Upon a Member's Transfer in accordance with the provisions of this Agreement of any or all Shares represented by a Share Certificate, the Transferee of such Shares shall deliver such Share Certificate to the Company for cancellation, and the Company shall thereupon issue a new Share Certificate to such Transferee for the number of Shares being Transferred and, if applicable, cause to be issued to such Member a new Share Certificate for that number of Shares that were represented by the canceled Share Certificate and that are not being Transferred. "Transfer" means, with respect to any Shares, and when used as a verb, to sell or assign such Shares, and, when used as a noun, shall have a meaning that correlates to the foregoing. "Transferee" means an assignee or transferee. "Transferor" means the Person making a Transfer.

5.3 Free Transferability. To the fullest extent permitted by the Act, any Member may, at any time or from time to time, without the consent of any other Person, Transfer, pledge or encumber any or all of its Shares. The Transferee of any Shares shall be admitted to the Company as a substitute member of the Company on the effective date of such Transfer upon (i) such Transferee's written acceptance of the terms and provisions of this Agreement and its written assumption of the obligations hereunder of the Transferor of such Shares, which shall be evidenced by such Transferee's execution and delivery to the Company of an Application for Transfer of Shares on the reverse side of the Share Certificate representing the Shares being transferred, and (ii) the recording of such Transferee's name as a Substitute Member on the

books and records of the Company. Any Transfer of any Shares pursuant to this Section 5.3 shall be effective as of the later of (i) the close of business on the day on which such Transfer occurs, or (ii) the effective date and time of such Transfer that is designated in the Application for Transfer of Shares delivered by the Transferee to the Company.

ARTICLE VI ACCOUNTING, RECORDS, AND REPORTING

6.1 Books and Records. The books and records of the Company shall be kept in accordance with the accounting method followed by the Member for federal income tax purposes. The Company shall maintain at its registered office all of the following:

(a) true and full information regarding the status of the business and financial condition of the Company;

(b) promptly after becoming available, a copy of the Company's federal, state and local income tax returns for each year;

(c) a current list of the name and last known business, residence or mailing address of each Member and manager;

(d) a copy of this Agreement, the Certificate and all amendments thereto, together with executed copies of any written powers of attorney pursuant to which this Agreement, the Certificate and all amendments thereto have been executed; and

(e) true and full information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each member which each member has agreed to contribute in the future, and the date on which each became a member.

ARTICLE VII DISTRIBUTIONS

7.1 Distributions of Distributable Cash. Subject to any restrictions under applicable law, cash on hand of the Company which the Member deems available for distribution shall be distributed to the Member at such times and in such amounts as the Member may determine.

ARTICLE VIII INDEMNIFICATION

8.1 Indemnification. Notwithstanding any provision hereof or of any other document governing the formation, management or operation of the Company to the contrary, the following shall govern: Any indemnification owed by the Company to any person (as defined in Article IV of this Agreement) shall be fully subordinated to any obligations respecting the Property and shall not constitute a claim against the Company in the event that cash flow of the Company is insufficient to pay such obligations.

ARTICLE IX
DISSOLUTION AND WINDING UP

9.1 Conditions of Dissolution. Notwithstanding any provision hereof or of any other document governing the formation, management or operation of the Company to the contrary, the following shall govern: For so long as the Credit Facilities remain outstanding, the Company shall not liquidate the Property or the leases without first obtaining approval of the lenders under such Credit Facilities. Such lenders may continue to exercise all of their rights under the existing security agreements until the debt underlying the assignments of leases executed in connection with the Credit Facilities has been paid in full or otherwise completely discharged.

9.2 Winding Up. Upon the dissolution of the Company as provided in Section 9.1, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors.

9.3 Order of Payment of Liabilities Upon Dissolution. After determining that all the known debts and liabilities of the Company in the process of winding up have been paid or adequately provided for, the remaining assets shall be distributed to the Member. Such liquidating distribution shall be made not later than the end of the fiscal year in which the Company is liquidated, or, if later, within ninety (90) days after the date of such liquidation.

9.4 Certificate of Cancellation. Upon the completion of the winding up of the affairs of the Company, the Member on the Company's behalf shall prepare, sign, and file in the Office of, and on a form prescribed by, the Delaware Secretary of State, a certificate of cancellation.

ARTICLE X

VOTING

10.1 Notwithstanding any provision hereof or of any other document governing the formation, management or operation of the Company to the contrary, the following shall govern: When acting on matters subject to the vote of the Member(s), notwithstanding that the Company is not then insolvent, the Member(s) shall take into account the interest of the Company's creditors, as well as that of the Member(s).

ARTICLE XI
MISCELLANEOUS

11.1 Complete Agreement. The Certificate and this Agreement constitute the complete and exclusive statement of the Member's agreement with respect to the subject matter thereof.

11.2 Binding Effect. This Agreement will be binding upon and inure to the benefit of the Member and its successors and assigns.

11.3 Parties in Interest. Except as expressly provided in the Act, nothing in this Agreement shall confer any rights or remedies under or by reason of this Agreement on any persons other than the Member and its respective successors and assigns, nor shall anything in this Agreement relieve or discharge the obligation or liability of any third person to any party to this Agreement or grant to any third person any right of subrogation or action over or against any party to this Agreement.

11.4 Headings; Definitions. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement. Unless otherwise defined herein, all terms used in this Agreement which are defined in the Act shall have the meanings set forth in the Act.

11.5 Amendments. The Certificate and this Agreement may be amended at any time by the Member.

[signature page follows]

IN WITNESS WHEREOF, the undersigned, constituting the sole Member of M.G.A. Realty I, LLC, has executed this Agreement as of the date written above.

MOVIE GALLERY US, LLC,
a Delaware limited liability company,
its sole Member

By: _____
Its: _____

EXHIBIT A

FORM OF SHARE CERTIFICATE WITH SHARE POWER

This certificate evidences an interest in M.G.A. Realty I, LLC and shall be a security for purposes of Article 8 of the Uniform Commercial Code.

CERTIFICATE FOR
LIMITED LIABILITY COMPANY
INTEREST OF _____*

This Certificate has not been and will not be registered under the Securities Act of 1933 or under the securities or blue sky laws of any state. The holder of this Certificate, by its acceptance hereof, represents that it is acquiring this security for investment and not with a view to any sale or distribution hereof.

Certificate Number 1 _____% Limited Liability Company Interest

_____, a _____ limited liability company (the "Company"), hereby certifies that _____ (together with any assignee of this Certificate, the "Holder") is the registered owner of all of the limited liability company interests in the Company (the "Shares"). The rights, powers, preferences, restrictions and limitations of the Limited Liability Company Interest are set forth in, and this Certificate and the Limited Liability Company Interest represented hereby are issued and shall in all respects be subject to the terms and provisions of, the _____ Limited Liability Company Agreement of the Company dated as of _____, as the same may be amended or restated from time to time (the "Operating Agreement"). By acceptance of this Certificate, and as a condition to being entitled to any rights and/or benefits with respect to the Limited Liability Company Interest evidenced hereby, the Holder is deemed to have agreed to comply with and be bound by all the terms and conditions of the Limited Liability Company Agreement. The Company will furnish a copy of the Limited Liability Company Agreement to the Holder without charge upon written request to the Company at its principal place of business. This Certificate evidences an interest in _____ and shall be a security for purposes of Article 18 of the Uniform Commercial Code of the State of _____ and the Uniform Commercial Code of any other Jurisdiction..

This Certificate shall be governed by and construed in accordance with the laws of the State of _____ without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed by its _____ (as defined in the Limited Liability Company Agreement) as of the date set forth below.

Dated: _____ By: _____
Name:
Title:

* FRONT SIDE OF CERTIFICATE

(REVERSE SIDE OF CERTIFICATE
FOR LIMITED LIABILITY COMPANY
INTEREST OF _____)

LIMITED LIABILITY COMPANY
INTEREST POWER

FOR VALUE RECEIVED, _____, a _____

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF
ASSIGNEE

*hereby sells, assigns and transfers
unto*

--

____% Limited Liability Company Interest in _____, a _____ standing in our name in
the Operating Agreement of said limited liability company and do hereby
irrevocably constitute and appoint _____ attorney to transfer

the said Limited Liability Company Interest on the books of said Limited Liability Company with full power
of substitution in the premises.

Dated _____

By: _____

Name:

Title:

In presence of