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Proposed Co-Counsel to the Debtors

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

_____	)	Case No. 07-_____
In re:	)	Jointly Administered
MOVIE GALLERY, INC., et al., <sup>1</sup>	)	Chapter 11
	)	
Debtors.	)	
_____	)	

**AFFIDAVIT OF THOMAS D. JOHNSON, JR., EXECUTIVE VICE PRESIDENT AND  
CHIEF FINANCIAL OFFICER OF MOVIE GALLERY, INC., IN SUPPORT OF  
DEBTORS' MOTION FOR AN ORDER AUTHORIZING THE EMPLOYMENT AND  
RETENTION OF ALVAREZ & MARSAL AS RESTRUCTURING ADVISORS FOR  
THE DEBTORS AND DEBTORS IN POSSESSION**

STATE OF ALABAMA	)	
	)	ss:
COUNTY OF HOUSTON	)	

Thomas D. Johnson, Jr., being duly sworn, deposes and states:

<sup>1</sup> The Debtors in the cases include: Movie Gallery, Inc.; Hollywood Entertainment Corporation; M.G. Digital, LLC; M.G.A. Realty I, LLC; MG Automation LLC; and Movie Gallery US, LLC.

1. I am the Executive Vice President and Chief Financial Officer of Movie Gallery, Inc. (“Movie Gallery”), a corporation organized under the laws of the State of Delaware and one of the above-captioned debtors and debtors in possession (collectively, the “Debtors”). In this capacity, I am generally familiar with the Debtors’ day-to-day operations, business and financial affairs, books and records.

2. On the date hereof (the “Commencement Date”), the Debtors filed their voluntary petitions for relief (the “Chapter 11 Cases”) under chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”). The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. I submit this first day affidavit (the “Johnson First Day Affidavit”) in support of the Debtors’ Motion for an Order Authorizing the Employment and Retention of Alvarez & Marsal as Restructuring Advisors for the Debtors and Debtors in Possession (the “Motion”).

4. Except as otherwise indicated, all facts set forth herein are based upon my personal knowledge of the Debtors’ operations and finances, information learned from my review of relevant documents and information supplied to me by other members of the Debtors’ management and the Debtors’ advisors. I am authorized to submit this Johnson First Day Affidavit on behalf of the Debtors, and, if called upon to testify, I could and would testify competently to the facts set forth herein.

5. It is my understanding that A&M has extensive experience in providing restructuring consulting services in reorganization proceedings and has an excellent reputation for the services it has rendered in chapter 11 cases on behalf of debtors and creditors throughout

the United States. As such, I believe that A&M is well qualified and able to advise the Debtors in a cost effective, efficient and timely manner.

6. The Debtors hired A&M Restructuring to provide restructuring consulting services related to their restructuring efforts pursuant to an engagement letter dated June 28, 2006, which was superceded by an engagement letter dated August 1, 2007 (the “Restructuring Engagement Letter”), a copy of which is annexed as Exhibit 1 to Exhibit A attached to the Motion. The Debtors hired A&M Business Consulting to provide information technology management consulting services related to their restructuring efforts pursuant to a letter agreement dated March 1, 2007, which was superceded by an engagement letter dated July 27, 2007 (the “Business Consulting Engagement Letter” and with the Restructuring Engagement Letter, the “Engagement Letters”), a copy of which is annexed as Exhibit 2 to Exhibit A attached to the Motion. It is my understanding that A&M Restructuring and A&M Business Consulting are subsidiaries of Alvarez & Marsal Holdings, LLC, which function together to provide a wide breadth of complex interrelated consulting services to businesses.

7. Pursuant to the Restructuring Engagement Letter, the Debtors appointed William C. Kosturos, a Managing Director of A&M Restructuring, as Chief Restructuring Officer of Movie Gallery, Inc. in June 2006 and recently reappointed him to the same position in July 2007. The Debtors have appointed other A&M professionals to officer positions to address certain human resource needs.

8. I believe that denial of the Debtors’ continued employment of A&M would unjustly disadvantage the Debtors and all parties in interest by denying them the assistance of uniquely qualified restructuring advisors who have more than a year of experience with the

Debtors. Absent retention of A&M, I believe that the Debtors will be forced to engage new restructuring advisors who lack a thorough understanding of the Debtors' business and their restructuring initiatives that have been implemented over the course of the last year and will be effectuated through these chapter 11 cases.

9. I believe that the replacement of A&M would require the Debtors' commitment of significant resources to get a substitute up to speed given the steep learning curve involved. Considering the time restraints and the daily pressures of the chapter 11 process generally, I believe it is unlikely that any substitute would be in a position to duplicate A&M's superior expertise and knowledge of the Debtors' business and operations in a short time frame. Thus, I believe the continued retention of A&M is warranted to prevent the injustice and unfairness to all parties in interest that would result if the Debtors' restructuring advisors were unable to work with the Debtors. Indeed, I believe that the unnecessary loss of the Debtors' Chief Restructuring Officer, even temporarily, could irreparably damage the Debtors' business. Thus, it is critical to the Debtors' success to retain A&M to provide the crucial business expertise needed at this time.

I declare under penalty of perjury that the foregoing is true and correct.

By: /s/ Thomas D. Johnson, Jr.  
Name: Thomas D. Johnson, Jr.  
Title: Executive Vice President and Chief  
Financial Officer

Sworn to before me on this

15th day of October, 2007

By: L.A. Alexander  
Notary Public

My commission expires on July 26, 2009