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Proposed Co-Counsel to the Debtors

**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.)	
)	

**ORDER ESTABLISHING NOTIFICATION AND HEARING PROCEDURES FOR
TRANSFERS OF CERTAIN COMMON STOCK AND FOR RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors (collectively, the “Debtors”) for the entry of an order (the “Order”) establishing notification and hearing procedures that must be satisfied before certain transfers of common stock of Movie Gallery, Inc. (“Movie Gallery”) or of any beneficial interest therein are deemed effective and for related relief and the First Day Affidavit; it appearing that the relief requested is in the best interests of the Debtors’ estates, their creditors and other parties in interest; the Court having jurisdiction to

¹ 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.

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.



consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); venue being proper before this court pursuant to 28 U.S.C. §§ 1408 and 1409; notice of the Motion having been adequate and appropriate under the circumstances; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED

1. The Motion is granted in its entirety.
2. Any purchase, sale or other transfer of common stock of Movie Gallery or of any beneficial interest therein (the common stock of Movie Gallery and any beneficial interest therein, including Options (as defined in Paragraph 3.e hereof) to acquire such stock, the “Common Stock”) in violation of the procedures set forth herein (including the notice requirements set forth in Paragraph 3.c below) shall be null and void *ab initio*.
3. The following procedure shall apply to trading in Common Stock:
 - a. Any entity (as defined in section 101(15) of the Bankruptcy Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”)) who currently is or becomes a Substantial Shareholder (as defined herein) must file with the Court and serve on the Notice Parties (as defined herein) a declaration of such status, substantially in the form of Exhibit 1 attached hereto, on or before the later of (i) 40 days after the date of the Notice of Order (as defined herein) and (ii) ten days after becoming a Substantial Shareholder.
 - b. Prior to effectuating any transfer of Common Stock that would result in an increase in the amount of Common Stock of which a Substantial Shareholder has Beneficial Ownership or would result in an entity becoming a Substantial Shareholder, such Substantial Shareholder must file with the Court and serve on the Notice Parties an advance written declaration of the intended transfer of Common Stock in the form of Exhibit 2 attached hereto (each, a “Declaration of Intent to Purchase, Acquire or Otherwise Accumulate Common Stock”).
 - c. Prior to effectuating any transfer of Common Stock that would result in a decrease in the amount of Common Stock of which a Substantial Shareholder has Beneficial Ownership or would result in an entity ceasing to be a Substantial Shareholder, such Substantial Shareholder must file with the Court and serve on the Notice Parties an advance written

declaration of the intended transfer of Common Stock in the form of Exhibit 3 attached hereto (each, a “Declaration of Intent to Sell, Trade or Otherwise Transfer Common Stock” and with a Declaration of Intent to Purchase, Acquire or Accumulate Common Stock, each, a “Declaration of Proposed Transfer”).

- d. The Debtors shall have 30 calendar days after receipt of a Declaration of Proposed Transfer to file with the Court and serve on such Substantial Shareholder and the Notice Parties an objection to any proposed transfer of Common Stock described in the Declaration of Proposed Transfer on the grounds that such transfer might adversely affect the Debtors’ ability to utilize their net operating losses (“NOLs”) and tax attributes, including NOL carry-forwards and certain other tax and business credits (collectively, the “Tax Attributes”). If the Debtors file an objection, such transaction is not effective unless such objection is withdrawn by the Debtors or such transaction is approved by a final order of the Court that becomes nonappealable. If the Debtors do not object within such 30-day period, such transaction can proceed solely as set forth in the Declaration of Proposed Transfer. Further transactions within the scope of this paragraph must be the subject of additional notices in accordance with the procedures set forth herein, with an additional 30-day waiting period for each Declaration of Proposed Transfer.
- e. For purposes of this Order and the relief granted herein: (i) a “Substantial Shareholder” is any entity that has Beneficial Ownership of at least 1,500,000 shares of Common Stock; (ii) “Beneficial Ownership” of Common Stock includes direct and indirect ownership (i.e., a holding company would be considered to beneficially own all shares owned or acquired by its subsidiaries), ownership by such holder’s family members and entities acting in concert with such holder to make a coordinated acquisition of stock and ownership of shares that such holder has an option to acquire; and (iii) an “Option” to acquire stock includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.
- f. The “Notice Parties” are: (i) the Debtors, Movie Gallery, Inc., 900 West Main Street, Dothan, Alabama 36301, Attn: S. Page Todd; (ii) counsel to the Debtors, Kirkland & Ellis LLP, 200 East Randolph Drive, Chicago, Illinois 60601, Attn: Anup Sathy, P.C. and Marc J. Carmel and Kutak Rock LLP, Bank of America Center, 1111 East Main Street, Suite 800, Richmond, Virginia 23219, Attn: Michael A. Condyles and Peter J. Barrett; (iii) the Office of the United States Trustee, 600 East Main Street, Suite 301, Richmond, Virginia 23219; (iv) counsel to any statutory committee appointed in these chapter 11 cases; (v) counsel to the agents for the DIP Lenders and the first lien lenders, Skadden Arps Slate

Meagher & Flom LLP, Four Times Square, New York, New York 10036, Attn: Jay M. Goffman; and (vi) counsel to the agent for the second lien lenders, Milbank, Tweed, Hadley & McCloy LLP, One Chase Manhattan Plaza, New York, New York 10005, Attn: Matthew S. Barr.

4. The Debtors may waive in writing, in their sole discretion, any and all restrictions, stays and notification procedures contained in this Order.

5. The Debtors shall serve by first class mail, postage prepaid, a notice of the entry of this Order substantially in the form of Exhibit 4 attached hereto (the “Notice of Order”) to (a) the Notice Parties, (b) the entities listed on the Consolidated List of Creditors Holding the largest Claims filed pursuant to Bankruptcy Rule 1007(d), (c) the transfer agents for any Common Stock, (d) the Securities and Exchange Commission, (e) the Internal Revenue Service and (f) those parties who have requested service of papers pursuant to Bankruptcy Rule 2002.

6. All transfer agents for any Common Stock shall serve the Notice of Order on all holders of shares of Common Stock in excess of 1,500,000 shares registered with such transfer agent no later than five business days after being served with the Notice of Order; provided that if any transfer agent provides the Debtors’ counsel, at the addresses set forth above, with the names and addresses of all holders of such shares of Common Stock registered with such transfer agent no later than three business days after being served with the Notice of Order, the Debtors’ counsel shall serve the Notice of Order on such holders.

7. All registered holders described in Paragraph 6 of this Order shall serve the Notice of Order on any holder for whose account such registered holder holds such Common Stock in excess of 600,000 shares and so on down the chain of ownership for all such holders of Common Stock in excess of 600,000 shares.

8. Until this Order becomes final as set forth herein, any entity or broker or agent acting on such entity’s behalf who sells in excess of 400,000 shares of Common Stock to another

entity shall serve a copy of the Notice of Order on such purchaser of such Common Stock or any broker or agent acting on such purchaser's behalf.

9. As soon as practicable after entry of this Order, the Debtors shall publish a copy of the Notice of Order (modified for publication) in *The Wall Street Journal* and the *Washington Post*, submit a copy of the Notice of Order (modified for publication) to Bloomberg Professional Service for potential publication by Bloomberg and submit a copy of the Notice of Order (modified for posting) with the Depository Trust Company for potential posting by the Depository Trust Company.

10. The entry of this Order is conditional on the terms set forth herein. Any party in interest may object to the entry of this Order within ten (10) days after the date of entry of this Order (each, an "Objection"). If any such Objection is timely filed and not withdrawn before such hearing, the Objection shall be heard at the next regularly-scheduled omnibus hearing date. At the hearing, the Court may vacate this Order, modify it or make it final. If no timely Objection is filed (or is filed and subsequently withdrawn), this Order shall become final at the conclusion of such objection period without further order of the Court. This Order shall remain in effect until further order of the Court. The modification or vacation of this Order shall not impair any action taken pursuant to it prior to its modification or vacation.

11. If this Order becomes final, the Debtors shall serve the Notice of Order (modified as appropriate, the "Notice of Final Order") to (a) the Notice Parties, (b) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Claims filed pursuant to Bankruptcy Rule 1007(d); (c) the transfer agents for any Common Stock, (d) the Securities and Exchange Commission, (e) the Internal Revenue Service and (f) those parties who have requested service of papers pursuant to Bankruptcy Rule 2002.

12. All transfer agents for any Common Stock shall serve the Notice of Final Order on all holders of such Common Stock registered with such transfer agent no later than five business days after being served with the Notice of Final Order; provided that if any transfer agent provides the Debtors' undersigned counsel with the names and addresses of all holders of such Common Stock registered with such transfer agent no later than three business days after being served with the Notice of Final Order, the Debtors shall serve the Notice of Final Order on such holders.

13. All registered holders described in Paragraph 12 of this Order shall serve the Notice of Final Order on any holder for whose account such registered holder holds such Common Stock and so on down the chain of ownership for all such holders of Common Stock.

14. At least on the first business day of each calendar quarter after the date of the entry of the Order during the chapter 11 cases, all transfer agents for any Common Stock shall serve the Notice of Order until a Notice of Final Order has been served, and then the Notice of Final Order, on all holders of shares of Common Stock in excess of 600,000 shares registered with such transfer agent; provided that if any transfer agent provides the Debtors' counsel, at the addresses set forth above, with the names and addresses of all holders of such shares of Common Stock registered with such transfer agent no later than five business days prior to the expiration of an applicable calendar quarter, the Debtors shall serve the Notice of Final Order on such holders.

15. All registered holders described in Paragraph 14 of this Order shall serve the Notice of Final Order on any holder for whose account such registered holder holds such Common Stock in excess of 600,000 shares and so on down the chain of ownership for all such holders of Common Stock in excess of 600,000 shares.

16. After this Order becomes final as set forth herein, any entity or broker or agent acting on such entity's behalf who sells in excess of 400,000 shares of Common Stock to another entity shall serve a copy of the Notice of Final Order on such purchaser of such Common Stock or any broker or agent acting on such purchaser's behalf.

17. The requirements set forth in this Order are in addition to the requirements of all applicable law and do not excuse compliance therewith.

18. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

19. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

20. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Richmond, Virginia

Date: October ____, 2007

United States Bankruptcy Judge

EXHIBIT 1

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

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

DECLARATION OF STATUS AS A SUBSTANTIAL SHAREHOLDER²

PLEASE TAKE NOTICE that _____ is/has become a Substantial Shareholder with respect to the common stock of Movie Gallery, Inc. or any beneficial interest therein (the common stock of Movie Gallery and any beneficial interest therein, including Options (as defined in the Interim Order) to acquire such stock, the “Common Stock”). Movie Gallery is a debtor and debtor in possession in Case No. 07- pending in the United States Bankruptcy Court for the Eastern District of Virginia.

PLEASE TAKE FURTHER NOTICE that, as of _____, 2007 has Beneficial Ownership of ____ shares of the Common Stock. The following table sets forth the date(s) on which _____ acquired Beneficial Ownership or otherwise has Beneficial Ownership of such Common Stock:

¹ 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.

² For purposes of this Declaration: (a) a “Substantial Shareholder” is any entity (as defined by section 101(15) of the Bankruptcy Code, 11 U.S.C. §§ 101-1532) that has Beneficial Ownership of at least 1,500,000 shares of Common Stock (as defined herein); (b) “Beneficial Ownership” of Common Stock includes direct and indirect ownership (*i.e.*, a holding company would be considered to beneficially own all shares owned or acquired by its subsidiaries), ownership by such holder’s family members and persons acting in concert with such holder to make a coordinated acquisition of stock and ownership of shares that such holder has an option to acquire; and (c) an “Option” to acquire stock includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

Number of Shares of Common Stock	Date Acquired

(Attach additional page or pages if necessary)

PLEASE TAKE FURTHER NOTICE that the last four digits of the taxpayer identification number of _____ are _____.

PLEASE TAKE FURTHER NOTICE that, pursuant to that certain Order Establishing Notification and Hearing Procedures for Transfers of Certain Common Stock, this Declaration is being (a) filed with the United States Bankruptcy Court for the Eastern District of Virginia and (b) served on: (i) the Debtors, Movie Gallery, Inc., 900 West Main Street, Dothan, Alabama 36301, Attn: S. Page Todd; (ii) counsel to the Debtors, Kirkland & Ellis LLP, 200 East Randolph Drive, Chicago, Illinois 60601, Attn: Anup Sathy, P.C. and Marc J. Carmel and Kutak Rock LLP, Bank of America Center, 1111 East Main Street, Suite 800, Richmond, Virginia 23219, Attn: Michael A. Condyles and Peter J. Barrett; (iii) the Office of the United States Trustee, 600 East Main Street, Suite 301, Richmond, Virginia 23219; (iv) counsel to any statutory committee appointed in these chapter 11 cases; (v) counsel to the agents for the DIP Lenders and the first lien lenders, Skadden Arps Slate Meagher & Flom LLP, Four Times Square, New York, New York 10036, Attn: Jay M. Goffman; and (vi) counsel to the agent for the second lien lenders,

Milbank, Tweed, Hadley & McCloy LLP, One Chase Manhattan Plaza, New York, New York
10005, Attn: Matthew S. Barr.

PLEASE TAKE FURTHER NOTICE that, pursuant to 28 U.S.C. § 1746, under penalties
of perjury, _____ hereby declares that he or she has examined this Declaration
and accompanying attachments (if any), and, to the best of his or her knowledge and belief, this
Declaration and any attachments which purport to be part of this Declaration, are true, correct
and complete.

Respectfully submitted,

(Name of Substantial Shareholder)

By: _____

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

_____, _____
Dated: _____

EXHIBIT 2

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

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

**DECLARATION OF INTENT TO PURCHASE,
ACQUIRE OR OTHERWISE ACCUMULATE COMMON STOCK**

PLEASE TAKE NOTICE that _____ hereby provides notice of its intention to purchase, acquire or otherwise accumulate one or more shares of the common stock of Movie Gallery or any beneficial interest therein (the common stock of Movie Gallery and any beneficial interest therein, including Options (as defined in the Interim Order) to acquire such stock, the “Common Stock”) (the “Proposed Transfer”).

PLEASE TAKE FURTHER NOTICE that, if applicable, on _____, _____, _____ filed a Declaration of Status as a Substantial Shareholder² with the United States Bankruptcy Court for the Eastern District of Virginia (the “Bankruptcy Court”) and served copies thereof as set forth therein.

¹ 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.

² For purposes of this Declaration: (a) a “Substantial Shareholder” is any entity (as defined by section 101(15) of the Bankruptcy Code, 11 U.S.C. §§ 101-1532) that has Beneficial Ownership of at least 1,500,000 shares of Common Stock (as defined herein); (b) “Beneficial Ownership” of Common Stock includes direct and indirect ownership (i.e., a holding company would be considered to beneficially own all shares owned or acquired by its subsidiaries), ownership by such holder’s family members and persons acting in concert with such holder to make a coordinated acquisition of stock and ownership of shares that such holder has an option to acquire; and (c) an “Option” to acquire stock includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

PLEASE TAKE FURTHER NOTICE that _____ currently has Beneficial Ownership of _____ shares of Common Stock.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Proposed Transfer, _____ proposes to purchase, acquire or otherwise accumulate _____ shares of Common Stock or an Option with respect to _____ shares of Common Stock. If the Proposed Transfer is permitted to occur, _____ will have beneficial ownership of _____ shares of Common Stock after such transfer becomes effective.

PLEASE TAKE FURTHER NOTICE that the last four digits of the taxpayer identification number of _____ are _____.

PLEASE TAKE FURTHER NOTICE that, pursuant to that certain Order Establishing Notification and Hearing Procedures for Transfers of Certain Common Stock, this Declaration is being (a) filed with the United States Bankruptcy Court for the Eastern District of Virginia, and (b) served on: (i) the Debtors, Movie Gallery, Inc., 900 West Main Street, Dothan, Alabama 36301, Attn: S. Page Todd; (ii) counsel to the Debtors, Kirkland & Ellis LLP, 200 East Randolph Drive, Chicago, Illinois 60601, Attn: Anup Sathy, P.C. and Marc J. Carmel and Kutak Rock LLP, Bank of America Center, 1111 East Main Street, Suite 800, Richmond, Virginia 23219, Attn: Michael A. Condyles and Peter J. Barrett; (iii) the Office of the United States Trustee, 600 East Main Street, Suite 301, Richmond, Virginia 23219; (iv) counsel to any statutory committee appointed in these chapter 11 cases; (v) counsel to the agents for the DIP Lenders and the first lien lenders, Skadden Arps Slate Meagher & Flom LLP, Four Times Square, New York, New York 10036, Attn: Jay M. Goffman; and (vi) counsel to the agent for the second lien lenders,

Milbank, Tweed, Hadley & McCloy LLP, One Chase Manhattan Plaza, New York, New York 10005, Attn: Matthew S. Barr.

PLEASE TAKE FURTHER NOTICE that the Debtors have 30 calendar days after receipt of this Declaration to object to the Proposed Transfer described herein. If the Debtors file an objection, such Proposed Transfer will not be effective unless approved by a final order of the Bankruptcy Court that becomes nonappealable. If the Debtors do not object within such 30-day period, then after expiration of such period the Proposed Transfer may proceed solely as set forth in this Declaration.

PLEASE TAKE FURTHER NOTICE that any further transactions contemplated by _____ that may result in _____ purchasing, acquiring or otherwise accumulating additional shares of Common Stock or an Option with respect thereto will each require an additional notice filed with the Court to be served in the same manner as this Declaration.

PLEASE TAKE FURTHER NOTICE that, pursuant to 28 U.S.C. § 1746, under penalties of perjury, _____ hereby declares that he or she has examined this Declaration and accompanying attachments (if any), and, to the best of his or her knowledge and belief, this Declaration and any attachments, which purport to be part of this Declaration, are true, correct and complete.

Respectfully submitted,

(Name of Substantial Shareholder)

By: _____

Name: _____

Address: _____

_____, _____
Dated: _____

Telephone: _____
Facsimile: _____

EXHIBIT 3

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

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

**DECLARATION OF INTENT TO SELL,
TRADE OR OTHERWISE TRANSFER COMMON STOCK**

PLEASE TAKE NOTICE that _____ hereby provides notice of its intention to sell, trade or otherwise transfer shares of the common stock of Movie Gallery or of any beneficial interest therein (the common stock of Movie Gallery and any beneficial interest therein, including Options (as defined in the Interim Order) to acquire such stock, the “Common Stock”) (the “Proposed Transfer”).

PLEASE TAKE FURTHER NOTICE that, if applicable, on _____, __, _____ filed a Declaration of Status as a Substantial Shareholder² with the United States Bankruptcy Court for the Eastern District of Virginia (the “Bankruptcy Court”) and served copies thereof as set forth therein.

¹ 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.

² For purposes of this Declaration: (a) a “Substantial Shareholder” is any entity (as defined by section 101(15) of the Bankruptcy Code, 11 U.S.C. §§ 101-1532) that has Beneficial Ownership of at least 1,500,000 shares of Common Stock (as defined herein); (b) “Beneficial Ownership” of Common Stock includes direct and indirect ownership (*i.e.*, a holding company would be considered to beneficially own all shares owned or acquired by its subsidiaries), ownership by such holder’s family members and persons acting in concert with such holder to make a coordinated acquisition of stock and ownership of shares that such holder has an option to acquire; and (c) an “Option” to acquire stock includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

PLEASE TAKE FURTHER NOTICE that _____ currently has Beneficial Ownership of _____ shares of Common Stock.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Proposed Transfer, _____ proposes to sell, trade, or otherwise transfer _____ shares of Common Stock or an Option with respect to _____ shares of Common Stock. If the Proposed Transfer is permitted to occur, _____ will have Beneficial Ownership of _____ shares of Common Stock after the transfer becomes effective.

PLEASE TAKE FURTHER NOTICE that the last four digits of the taxpayer identification number of _____ are _____.

PLEASE TAKE FURTHER NOTICE that, pursuant to that certain Order Establishing Notification and Hearing Procedures for Transfers of Certain Common Stock, this Declaration is being (a) filed with the United States Bankruptcy Court for the Eastern District of Virginia, and (b) served on: (i) the Debtors, Movie Gallery, Inc., 900 West Main Street, Dothan, Alabama 36301, Attn: S. Page Todd; (ii) counsel to the Debtors, Kirkland & Ellis LLP, 200 East Randolph Drive, Chicago, Illinois 60601, Attn: Anup Sathy, P.C. and Marc J. Carmel and Kutak Rock LLP, Bank of America Center, 1111 East Main Street, Suite 800, Richmond, Virginia 23219, Attn: Michael A. Condyles and Peter J. Barrett; (iii) the Office of the United States Trustee, 600 East Main Street, Suite 301, Richmond, Virginia 23219; (iv) counsel to any statutory committee appointed in these chapter 11 cases; (v) counsel to the agents for the DIP Lenders and first lien lenders, Skadden Arps Slate Meagher & Flom LLP, Four Times Square, New York, New York 10036, Attn: Jay M. Goffman; and (vi) counsel to the agent for the second lien lenders, Milbank,

Tweed, Hadley & McCloy LLP, One Chase Manhattan Plaza, New York, New York 10005,
Attn: Matthew S. Barr.

PLEASE TAKE FURTHER NOTICE that the Debtors have 30 calendar days after receipt of this Declaration to object to the Proposed Transfer described herein. If the Debtors file an objection, such Proposed Transfer will not be effective unless such objection is withdrawn by the Debtors or such action is approved by a final order of the Bankruptcy Court that becomes nonappealable. If the Debtors do not object within such 30-day period, then after expiration of such period the Proposed Transfer may proceed solely as set forth in this Declaration.

PLEASE TAKE FURTHER NOTICE that any further transactions contemplated by _____ that may result in _____ selling, trading or otherwise transferring shares of Common Stock or an Option with respect thereto will each require an additional notice filed with the Bankruptcy Court to be served in the same manner as this Declaration.

PLEASE TAKE FURTHER NOTICE that, pursuant to 28 U.S.C. § 1746, under penalties of perjury, _____ hereby declares that he or she has examined this Declaration and accompanying attachments (if any), and, to the best of his or her knowledge and belief, this Declaration and any attachments, which purport to be part of this Declaration, are true, correct and complete.

Respectfully submitted,

(Name of Substantial Shareholder)

By: _____

Name: _____

Address: _____

_____, _____
Dated: _____

Telephone: _____
Facsimile: _____

EXHIBIT 4

Richard M. Cieri (NY 4207122)
KIRKLAND & ELLIS LLP
Citigroup Center
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Peter J. Barrett (VA 46179)
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Telephone: (804) 644-1700

and

Anup Sathy, P.C. (IL 6230191)
Marc J. Carmel (IL 6272032)
KIRKLAND & ELLIS LLP
200 East Randolph Drive
Chicago, Illinois 60601-6636
Telephone: (312) 861-2000

Proposed Co-Counsel to the Debtors

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

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

**NOTICE OF NOTIFICATION AND HEARING PROCEDURES
FOR TRANSFERS OF CERTAIN COMMON STOCK**

TO: ALL ENTITIES (AS DEFINED BY SECTION 101(15) OF THE BANKRUPTCY CODE)
THAT HOLD COMMON STOCK OF MOVIE GALLERY, INC.:

PLEASE TAKE NOTICE THAT on October 16, 2007 (the “Commencement Date”),
Movie Gallery, Inc. (“Movie Gallery”) and its domestic direct and indirect subsidiaries (the
“Subsidiary Debtors” and with Movie Gallery, the “Debtors”), filed petitions with the Court
under chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”).

¹ 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.

Subject to certain exceptions, section 362 of the Bankruptcy Code operates as a stay of any act to obtain possession of property of the Debtors' estates or property from the Debtors' estates or to exercise control over property of the Debtors' estates.

PLEASE TAKE FURTHER NOTICE THAT on October 16, 2007, the Debtors filed the Motion of the Debtors for the Entry of an Order Establishing Notification and Hearing Procedures for Transfers of Certain Common Stock and for Related Relief (the "Motion").

PLEASE TAKE FURTHER NOTICE THAT on October __, 2007, the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court") entered the Order Establishing Notification and Hearing Procedures for Transfers of Certain Common Stock approving the procedures set forth below in order to preserve the Debtors' NOLs and Tax Attributes (each as defined below) (the "Order").

PLEASE TAKE FURTHER NOTICE THAT pursuant to the Order, the following procedures shall apply to holding and trading in Common Stock of Movie Gallery:

- a. Any entity (as defined in section 101(15) of the Bankruptcy Code) who currently is or becomes a Substantial Shareholder (as such term is defined in paragraph (e) below) must file with the Court and serve on the Notice Parties (as defined below) a declaration of such status, substantially in the form of Exhibit 1 attached to the Order, on or before the later of (i) 40 days after the date of this Notice and (ii) ten days after becoming a Substantial Shareholder.
- b. Prior to effectuating any transfer of Common Stock that would result in an increase in the amount of Common Stock of which a Substantial Shareholder has Beneficial Ownership or would result in an entity becoming a Substantial Shareholder, such Substantial Shareholder must file with the Court and serve on the Notice Parties an advance written declaration of the intended transfer of Common Stock in the form of Exhibit 2 attached to the Order (each, a "Declaration of Intent to Purchase, Acquire or Otherwise Accumulate Common Stock").

- c. Prior to effectuating any transfer of Common Stock that would result in a decrease in the amount of Common Stock of which a Substantial Shareholder has Beneficial Ownership or would result in an entity ceasing to be a Substantial Shareholder, such Substantial Shareholder must file with the Court and serve on the Notice Parties an advance written declaration of the intended transfer of Common Stock in the form of Exhibit 3 attached to the Order (each, a “Declaration of Intent to Sell, Trade or Otherwise Transfer Common Stock” and with a Declaration of Intent to Purchase, Acquire or Accumulate Common Stock, each, a “Declaration of Proposed Transfer”).
- d. The Debtors shall have 30 calendar days after receipt of a Declaration of Proposed Transfer to file with the Court and serve on such Substantial Shareholder and the Notice Parties an objection to any proposed transfer of Common Stock described in the Declaration of Proposed Transfer on the grounds that such transfer might adversely affect the Debtors’ ability to utilize their net operating losses (“NOLs”) and tax attributes, including NOL carry-forwards and certain other tax and business credits (collectively, the “Tax Attributes”). If the Debtors file an objection, such transaction is not effective unless such objection is withdrawn by the Debtors or such transaction is approved by a final order of the Court that becomes nonappealable. If the Debtors do not object within such 30-day period, such transaction can proceed solely as set forth in the Declaration of Proposed Transfer. Further transactions within the scope of this paragraph must be the subject of additional notices in accordance with the procedures set forth herein, with an additional 30-day waiting period for each Declaration of Proposed Transfer.
- e. For purposes of this Order and the relief granted therein: (i) a “Substantial Shareholder” is any entity that has Beneficial Ownership of at least 1,500,000 shares of Common Stock; (ii) “Beneficial Ownership” of Common Stock includes direct and indirect ownership (i.e., a holding company would be considered to beneficially own all shares owned or acquired by its subsidiaries), ownership by such holder’s family members and entities acting in concert with such holder to make a coordinated acquisition of stock and ownership of shares that such holder has an option to acquire; and (iii) an “Option” to acquire stock includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.
- f. The “Notice Parties” are: (i) the Debtors, Movie Gallery, Inc., 900 West Main Street, Dothan, Alabama 36301, Attn: S. Page Todd; (ii) counsel to the Debtors, Kirkland & Ellis LLP, 200 East Randolph Drive, Chicago,

Illinois 60601, Attn: Anup Sathy, P.C. and Marc J. Carmel and Kutak Rock LLP, Bank of America Center, 1111 East Main Street, Suite 800, Richmond, Virginia 23219, Attn: Michael A. Condyles and Peter J. Barrett; (iii) the Office of the United States Trustee, 600 East Main Street, Suite 301, Richmond, Virginia 23219; (iv) counsel to any statutory committee appointed in these chapter 11 cases; (v) counsel to the agents for the DIP Lenders and the first lien lenders, Skadden Arps Slate Meagher & Flom LLP, Four Times Square, New York, New York 10036, Attn: Jay M. Goffman; and (vi) counsel to the agent for the second lien lenders, Milbank, Tweed, Hadley & McCloy LLP, One Chase Manhattan Plaza, New York, New York 10005, Attn: Matthew S. Barr.

PLEASE TAKE FURTHER NOTICE THAT, upon the request of any entity, the notice, claims and balloting agent for the Debtors, (the “Notice, Claims and Balloting Agent”) Kurtzman Carson Consultants LLC, (866) 381-9100 (telephone), (310) 823-9133 (facsimile), will provide a form of each of the required declarations described above and a copy of the Order in a reasonable period of time. Such declarations are also available at www.kccllc.net/moviegallery.

FAILURE TO FOLLOW THE PROCEDURES SET FORTH IN THIS NOTICE SHALL CONSTITUTE A VIOLATION OF, AMONG OTHER THINGS, THE AUTOMATIC STAY PROVISIONS OF SECTION 362 OF THE BANKRUPTCY CODE.

ANY PROHIBITED PURCHASE, SALE, TRADE OR OTHER TRANSFER OF COMMON STOCK IN THE DEBTORS OR OPTION WITH RESPECT THERETO IN VIOLATION OF THE INTERIM ORDER SHALL BE NULL AND VOID *AB INITIO* AND MAY BE PUNISHED BY CONTEMPT OR OTHER SANCTIONS IMPOSED BY THE BANKRUPTCY COURT.

PLEASE TAKE FURTHER NOTICE THAT the requirements set forth in this Notice are in addition to the requirements of applicable law and do not excuse compliance therewith.

Richmond, Virginia

Dated: October __, 2007

/s/ Michael A. Condyles

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Proposed Co-Counsel to the Debtors