

Richard M. Cieri (NY 4207122)
KIRKLAND & ELLIS LLP
Citigroup Center
153 East 53rd Street
New York, New York 10022-4611
Telephone: (212) 446-4800

Michael A. Condyles (VA 27807)
Peter J. Barrett (VA 46179)
KUTAK ROCK LLP
Bank of America Center
1111 East Main Street, Suite 800
Richmond, Virginia 23219-3500
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. 07-33849
)	Jointly Administered
MOVIE GALLERY, INC., et al., ¹)	Chapter 11
)	Hon. Douglas O. Tice, Jr.
Debtors.)	
)	

**ORDER (A) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO REMIT
AND PAY CERTAIN TAXES AND FEES AND (B) AUTHORIZING AND DIRECTING
BANKS AND OTHER FINANCIAL INSTITUTIONS TO HONOR RELATED CHECKS
AND ELECTRONIC PAYMENT REQUESTS**

Upon the motion (the “Motion”)² of the above-captioned debtors (collectively, the “Debtors”) for the entry of an order (the “Order”) (a) authorizing, but not directing, the Debtors to remit and pay certain sales, use, franchise, gross receipts, single business, real and personal property and other taxes, as well as fees for licenses, permits and other similar charges and assessments and (b) authorizing and directing banks and other financial institutions to receive,

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.



process, honor and pay checks presented for payment and electronic payment requests relating to the foregoing 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 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. The Debtors are authorized, but not required, to pay and remit to various taxing, licensing and regulatory authorities (collectively, the "Authorities") (a) taxes, including, but not limited to, sales, use, franchise, gross receipts, single business, real and personal property and other taxes incurred or collected by the Debtors from their customers on behalf of the Authorities (collectively, the "Taxes") and (b) fees, licenses, permits and other similar charges and assessments incurred by the Debtors (collectively, the "Fees"), without regard to whether such Taxes or Fees accrued or arose before or after October 16, 2007.

3. The banks and other financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized and directed to receive, process, honor and pay such checks and electronic payment requests when presented for payment, and all such banks and other financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Order.

4. The Debtors are authorized to reissue any check or electronic payment that originally was given in payment of any prepetition amount authorized to be paid under this Order and is not cleared by the applicable bank or other financial institution.

5. Upon the payment of any real and personal property taxes, any lien securing such property taxes shall be immediately released, become void and be of no further force or effect; provided, further, that such payment shall not be deemed to be a waiver of the Debtors' rights regarding the extent, validity, perfection or possible avoidance of the related liens and payments.

6. Nothing in the Motion or this Order, nor as a result of the Debtors' payment of claims pursuant to this Order, shall be deemed or construed as: (a) an admission as to the validity or priority of any claim against the Debtors; (b) a waiver of the Debtors' rights to dispute any claim; or (c) an approval or assumption of any agreement, contract or lease pursuant to section 365 of the Bankruptcy Code.

7. The Debtors do not concede that liens (contractual, common law, statutory or otherwise) described in this Motion are valid, and the Debtors expressly reserve the right to contest the extent, validity or perfection or seek the avoidance of all such liens.

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

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

10. 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