

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., <sup>1</sup>	)	Chapter 11
	)	Hon. Douglas O. Tice, Jr.
Debtors.	)	
	)	

**ORDER AUTHORIZING DEBTORS TO (A) PAY PREPETITION  
PREMIUMS NECESSARY TO MAINTAIN INSURANCE COVERAGE IN  
CURRENT EFFECT, (B) ENTER INTO NEW INSURANCE POLICIES, (C) MAINTAIN  
POSTPETITION FINANCING OF INSURANCE PREMIUMS AND (D) ENTER INTO  
NEW POSTPETITION FINANCING AGREEMENTS**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors (collectively, the “Debtors”) for the entry of an order (the “Order”) authorizing the Debtors to (a) pay prepetition premiums necessary to maintain insurance coverage in current effect (not including any self

<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.

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



insured retention amounts (each, a “SIR Payment)), (b) enter into new insurance policies through renewal of the current insurance policies or purchase of new policies, (c) maintain postpetition premium financing agreements with respect to insurance premiums (“PFAs”) and (d) enter into new postpetition PFAs 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 directed, in their sole discretion, to continue in place, and honor the terms of, the Debtors’ insurance policies, including for general liability, property, media liability, automotive, workers’ compensation liability, commercial umbrella and excess liability, fiduciary and criminal liability, aircraft and directors and officers’ liability (collectively, the “Policies”).
3. The Debtors are authorized, but not directed, to continue their Policies uninterrupted and, in their sole discretion, pay any prepetition premiums related to their Policies (not including any SIR Payments) to the extent that the Debtors determine in their discretion that such payment is necessary or appropriate.

4. The Debtors are authorized, but not directed, to enter into new insurance policies, through renewal of the Policies or purchase of new policies.

5. The Debtors are authorized, but not directed, to honor the terms of the PFA for the property insurance premium.

6. The Debtors are authorized, but not directed, to enter into new PFAs related to the existing Policies and new insurance policies in the ordinary course of their business.

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

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

9. 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