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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
)	
Debtors.)	
)	

**NOTICE OF FILING OF CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS AND
OF PROPOSED HEARING ON FIRST DAY MOTIONS**

PLEASE TAKE NOTICE THAT on October 16, 2007 (the “Commencement Date”), the above-captioned debtors (collectively, the “Debtors”) filed with the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division (the “Court”), their respective voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”) commencing the above-captioned chapter 11 cases.

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.

PLEASE TAKE FURTHER NOTICE THAT together with their chapter 11 petitions, the Debtors also requested an expedited hearing before the Court (the “First Day Hearing”) to consider certain motions and applications filed on the Commencement Date and listed on the Proposed First Day Agenda attached hereto (collectively, the “First Day Motions”).

PLEASE TAKE FURTHER NOTICE THAT the Court has scheduled the First Day Hearing on October 16, 2007 at 2:00 p.m. prevailing Eastern Time in Courtroom 335 of the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division, 1100 East Main Street, Richmond, Virginia 23219.

PLEASE TAKE FURTHER NOTICE THAT a copy of each of the First Day Motions may be viewed free of charge at the website operated by Kurtzman Carson Consultants LLC at www.kccllc.net/moviegallery and on the Court’s website at www.vaeb.uscourts.gov in accordance with the procedures and fees set forth therein.

PLEASE TAKE FURTHER NOTICE THAT your rights may be affected. You should read the First Day Motions carefully and discuss them with your attorney, if you have one in these chapter 11 cases. (If you do not have an attorney, you may wish to consult with one).

PLEASE TAKE FURTHER NOTICE THAT if you do not want the Court to grant the relief requested in the First Day Motions, or if you want the Court to consider your views on the First Day Motions, then you or your attorney must attend the First Day Hearing.

If you or your attorney do not take these steps, the Court may decide that you do not oppose the relief sought in the First Day Motions and may enter orders granting the relief requested in the First Day Motions.

Richmond, Virginia

Dated: October 16, 2007

/s/ Michael A. Condyles

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In re:)	Case No. 07-33849
)	Jointly Administered
MOVIE GALLERY, INC., et al., ²)	Chapter 11
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Debtors.)	
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**PROPOSED FIRST DAY AGENDA
OCTOBER 16, 2007 AT 2:00 P.M. PREVAILING EASTERN TIME**

I. INTRODUCTION AND REQUEST FOR FIRST DAY HEARING

1. **["First Day Hearing Motion"]** Motion of the Debtors for an Order Setting an Expedited Hearing on "First Day Motions" and for Related Relief
2. **["Affidavit in Support of First Day Motions"]** Affidavit of William C. Kosturos, Chief Restructuring Officer of Movie Gallery, Inc., in Support of First Day Motions
3. **["Affidavit in Support of Retention of Restructuring Advisors"]** Affidavit of Thomas D. Johnson, Jr., Executive Vice President and Chief

² 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.

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

II. FIRST DAY MATTERS

A. Procedural Motions

1. **["Pro Hac Vice"]** Motion for an Order Authorizing Certain Attorneys from Kirkland & Ellis LLP to Appear and Practice *Pro Hac Vice* on Behalf of the Debtors
2. **["Joint Administration"]** Motion of the Debtors for an Order Directing Joint Administration of their Related Chapter 11 Cases
3. **["Matrix and Consolidated Creditors List"]** Motion of the Debtors for Authority to (A) Prepare a List of Creditors in Lieu of Submitting a Formatted Mailing Matrix and (B) File a Consolidated List of the Debtors' 30 Largest Unsecured Creditors
4. **["Extend Deadline for SoFAs and Schedules"]** Motion of the Debtors for an Order (A) Granting an Extension of Time to File Statements of Financial Affairs and Schedules of Assets and Liabilities, Current Income and Expenditures and Executory Contracts and Unexpired Leases and (B) Authorizing the Scheduling of the Meeting of Creditors as Set Forth Herein
5. **["Form of Notice of Commencement / Bar Date"]** Motion of the Debtors for an Order (A) Establishing Bar Dates and (B) Approving Form and Manner of Notice of Commencement of Cases and Notice of Bar Dates for Creditors to File Proofs of Claim
6. **["Case Management"]** Motion of the Debtors for an Order Establishing Certain Notice, Case Management and Administrative Procedures

B. Professional Retentions

1. **["Counsel"]** Application of the Debtors for an Order Authorizing the Employment and Retention of Kirkland & Ellis LLP as Attorneys for the Debtors and Debtors in Possession
2. **["Local Counsel"]** Application of the Debtors for an Order Authorizing the Employment and Retention of Kutak Rock LLP as Attorneys for the Debtors and Debtors in Possession

3. **["Restructuring Advisors"]** Motion of the Debtors for an Order Authorizing the Employment and Retention of Alvarez & Marsal as Restructuring Advisors for the Debtors and Debtors in Possession
4. **["Investment Banker and Financial Advisor"]** Application of the Debtors for an Order Authorizing the Employment and Retention of Lazard Frères & Co. LLC as Investment Banker and Financial Advisor for the Debtors and Debtors in Possession
5. **["Real Estate Consultant"]** Application of the Debtors for an Order Authorizing the Employment and Retention of Keen Consultants, the Real Estate Division of KPMG Corporate Finance LLC as Real Estate Consultant for the Debtors and Debtors in Possession
6. **["Assume Store Closing Agency Agreement"]** Motion of the Debtors for an Order Authorizing the Assumption by the Debtors of the Store Closing Consulting Agreement with Great American Group, LLC
7. **["Notice, Claims and Balloting Agent"]** Application of the Debtors for an Order Authorizing the Employment and Retention of Kurtzman Carson Consultants LLC as Notice, Claims and Balloting Agent for the Debtors and Debtors in Possession
8. **["OCP Motion"]** Motion of the Debtors for an Order Authorizing the Retention and Compensation of Certain Professionals Utilized in the Ordinary Course of Business

C. Operational Motions

1. **["Wages and Employee Benefits"]** Motion of the Debtors for an Order (A) Authorizing, but not Directing, the Debtors to Pay Certain Prepetition (I) Wages, Salaries, Bonuses and Other Compensation, (II) Reimbursable Employee Expenses and (III) Employee Medical and Similar Benefits and (B) Authorizing and Directing Banks and Other Financial Institutions to Honor All Related Checks and Electronic Payment Requests
2. **["Customer Programs"]** Motion of the Debtors for an Order Authorizing, but not Directing, the Debtors to Continue Their Customer Programs and Honor Prepetition Commitments Related Thereto
3. **["Insurance Coverage and Premium Financing"]** Motion of the Debtors for an Order Authorizing the Debtors to (A) Continue Insurance Coverage Entered into Prepetition, (B) Enter into New Insurance Policies, (C) Maintain Postpetition Financing of Insurance Premiums and (D) Enter into New Postpetition Financing Agreements

4. **["Taxes"]** Motion of the Debtors for an 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
5. **["Shippers and Other Lien Holders"]** Motion of the Debtors for an Order (A) Authorizing, but not Directing, the Debtors to Pay Prepetition Claims of Shippers, Warehousemen and Other Lien Claimants and (B) Authorizing and Directing Banks and Other Financial Institutions to Honor Related Checks and Electronic Payment Requests
6. **["Utilities"]** Motion of the Debtors for Entry of Interim and Final Orders Determining Adequate Assurance of Payment for Future Utility Services
7. **["Store Closing Procedures"]** Motion of the Debtors for an Order (A) Authorizing the Debtors to Conduct Store Closing Sales, (B) Approving Procedures with Respect to Store Closing Sales and (C) Authorizing the Debtors to Pay Limited Liquidation and Closure Performance Bonuses and Severance Payments in Connection with Store Closing Sales
8. **["Lease Auction Procedures"]** Motion of the Debtors for an Order Authorizing an Auction Process and Approving Bid Procedures for the Disposition of the Debtors' Interests in Certain Nonresidential Real Property Leases and Granting Related Relief
9. **["Reject Leases and Contracts"]** Motion of the Debtors for an Order Authorizing the Debtors to Reject Certain Unexpired Leases and Executory Contracts Effective as of the Commencement Date
10. **["Equity Trading Procedures"]** 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
11. **["Movie Studio Motion"]** Motion of the Debtors for Interim and Final Orders Authorizing, but not Directing, the Debtors, in their Discretion, to Enter into Accommodation Agreements with Major Movie Studio Suppliers and to Pay Prepetition Obligations in Connection Therewith
12. **["Cash Management"]** Motion of the Debtors for an Order (A) Authorizing the Debtors to Continue Using their Existing Cash Management System, Bank Accounts and Business Forms, (B) Granting Postpetition Intercompany Claims Administrative Expense Priority and (C) Authorizing Continued Intercompany Arrangements and Historical Practices

13. **["DIP Financing"]** Motion of the Debtors for Interim and Final Orders Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364(c), 364(d), and 364(e) And Fed. R. Bankr. P. 4001 and 9014 (I) Authorizing Debtors to Obtain Secured Postpetition Financing on Super-Priority Priming Lien Basis, Granting Adequate Protection For Priming and Modifying the Automatic Stay, (II) Authorizing Debtors to Use Cash Collateral Of Existing Secured Lenders and Granting Adequate Protection for Use, (III) Authorizing Debtors to Repay Existing Revolver Indebtedness Upon Interim Approval and (IV) Prescribing Form and Manner of Notice and Setting the Time For the Final Hearing

Richmond, Virginia

Dated: October 16, 2007

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