

**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 INTERIM HEARING AND REQUEST FOR ENTRY OF INTERIM ORDER 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 POST-PETITION 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

TO: The Debtors' Landlords

PLEASE TAKE NOTICE THAT, on October 16, 2007, the above-captioned debtors (collectively, the "Debtors") filed the 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 Post-Petition 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 (the "DIP Motion") with the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division, 1100 E. Main Street, Room 335, Richmond, Virginia 23219 (the "Bankruptcy Court").

PLEASE TAKE FURTHER NOTICE THAT a hearing is scheduled to be held on **October 16, 2007 at 2:00 p.m.** (prevailing Eastern Time) at the Bankruptcy Court (the "Interim Hearing"), at which the Debtors will seek an order approving the relief requested in the DIP Motion on an interim basis (the "Interim DIP Order").

PLEASE TAKE FURTHER NOTICE THAT the assets and property subject to the liens and security interests requested to be granted in the Interim DIP Order includes, without limitation (collectively, the "Collateral"): **all of Debtors' now owned or hereafter acquired real and personal property, including but not limited to leasehold interests, inventory, accounts, chattel paper, documents, general intangibles, goods, instruments, insurance, intellectual property, investment related property, letter of credit rights, money, receivables and receivable records, commercial tort claims and claims and causes of action brought under Chapter 5 of the Bankruptcy Code and the proceeds thereof; all collateral records, collateral support and supporting obligations relating to any of the foregoing; and all proceeds, products, accessions, rents and profits of or in respect of any of the foregoing.**

PLEASE TAKE FURTHER NOTICE THAT, subject to approval at the Interim Hearing, until all of the Obligations (as defined in the Interim DIP Order) have been paid, any party who holds a lien or security interest in any of the Collateral that is junior and/or subordinate to the liens and claims of the lenders to the financing authorized by the Interim DIP Order (the "DIP Lenders") and receives proceeds from such Collateral, shall be deemed to have received, and shall hold, such proceeds in trust for DIP Lenders and shall immediately turnover to DIP Lenders such proceeds in accordance with (a) the documents documenting the loan that is the subject of the DIP Motion and (b) the Interim Order.

PLEASE TAKE FURTHER NOTICE THAT, subject to approval at the Interim Hearing, upon the acceleration of the Obligations following an event of default under the applicable loan documents (the "DIP Credit Agreement") and pursuant to the procedures in the Interim DIP Order, among other things, the DIP Lenders shall have the right: (a)(i) to enter upon, occupy and use any personal property, fixtures and equipment owned or leased by the Debtors; and (ii) to use any and all trademarks, tradenames, copyrights, licenses, patents or any other similar assets of the Debtors, which are owned by or subject to a lien of any third party and

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.

which are used by Debtors in their businesses and (b) following the expiration of a five (5) business days notice period, to enter onto or into such leased premises for the purpose of removing the Collateral from the leased premises or selling such Collateral at the leased premises, in each case subject to the applicable terms of such Debtor's lease arrangements with such lessor to the extent enforceable or effective under the Bankruptcy Code.

PLEASE TAKE FURTHER NOTICE THAT copies of the proposed Interim DIP Order, the DIP Motion and the proposed Final DIP Order (when finalized) are available at www.kccllc.net/moviegallery and upon request to Kurtzman Carson Consultants, 2335 Alaska Avenue, El Segundo, California 90245, Telephone: 888-647-1730.

PLEASE TAKE FURTHER NOTICE THAT if no objections to the DIP Motion are timely submitted, as described generally in this Notice, the Bankruptcy Court may grant the relief requested in the DIP Motion on an interim basis without further notice or hearing (and subsequently on a final basis in accordance with the Interim DIP Order).

Richmond, Virginia
Dated: October 16, 2007

KIRKLAND & ELLIS LLP

/s/ Michael A. Condyles

Richard M. Cieri (NY 4207122)
Citigroup Center
153 East 53rd Street
New York, New York 10022-4611
Telephone: (212) 446-4800
Facsimile: (212) 446-4900
And

Anup Sathy, P.C. (IL 6230191)
Marc J. Carmel (IL 6272032)
200 East Randolph Drive
Chicago, Illinois 60601-6636
Telephone: (312) 861-2000
Facsimile: (312) 861-2200

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
Facsimile: (804) 783-6192
Proposed Co-Counsel to the Debtors