Crazy rental locations across the United States. After these closings, company management was proposing to continue operations at 1,111 Movie Gallery, 545 Hollywood Video, and 250 Game Crazy locations that either generated or were expected to generate positive cash flows. However, in May 2010, Movie Gallery announced that it would begin closing all of its remaining stores and that its entire business would be liquidated.

INDUSTRY ENVIRONMENT

Since 2000, the introduction of new technologies and electronics products had rapidly multiplied consumer opportunities to view movies. It was commonplace in 2010 for people to view movies at theaters, on airline flights, in hotels, from the rear seats of motor vehicles equipped with video consoles, in homes, or most anywhere on a laptop PC or handheld device like an iPad or iPod Touch. Home viewing was possible on PCs, televisions, and video game consoles. The digital video disc (DVD) player was one of the most successful consumer electronic products of all time; as of 2010, more than 85 percent of U.S. households had one or more DVD players and increasing numbers of households had combination DVD players/recorders. Sales of combination DVD players-recorders surpassed sales of play-only DVD players in 2007–2008. Many households had big-screen high-definition televisions (HDTVs), and a much lesser number had upgraded to Blu-ray DVD players or players-recorders; both HDTVs and Blu-ray devices enabled more spectacular pictures and a significantly higher caliber in-home movie-viewing experience compared with standard televisions.

Consumers could obtain or view movie DVDs and TV episodes through a wide variety of distribution channels and providers. The options included:

- Purchasing movie DVDs and TV episodes from such retailers as Walmart, Target, Best Buy, Toys "R" Us, and Amazon.com.
- Renting movie DVDs from DVD outlets and vending machine kiosks such as Blockbuster, Movie Gallery/Hollywood Video, Redbox, and/or a host of locally owned providers.
- Renting movie DVDs online from Netflix, Blockbuster, or any of several other subscription services that either mailed DVDs directly to subscribers' homes or had the capability to stream content to subscribers via high-speed broadband connections to the Internet.
- Watching movies on assorted cable channels included in the TV and entertainment packages provided by traditional cable providers (such as Time Warner and Comcast), direct broadcast satellite providers (such as DirecTV and DISH Network), or telecommunication providers (e.g., AT&T and Verizon) that used fiber-optic technology to provide TV packages along with phone, Internet, and wireless services.
- Subscribing to any of several movie-only channels (such as HBO, Showtime, and Starz) through a cable, satellite, or telecommunications provider.
- Using a cable or satellite TV remotes to order movies instantly streamed directly to their TVs on a pay-per-view basis—generally referred to as video on demand (VOD).
- Using the services of Internet movie and TV content providers, such as Apple's iTunes, Amazon.com, Hulu.com, and Google's YouTube.
- Pirating files of movies and other content from Internet sources via the use of illegal file-sharing software.

Exhibit 1 provides data showing the estimated sizes of selected segments of the market for renting movies, TV episodes, and video games in the United States during 2006–2009.

Traditionally, movie studios released filmed entertainment content for distribution to movie DVD retailers and rental companies three to six months after films were released for showing in theaters. Three to seven months after theatrical release, movie studios usually released their films to pay-per-view and VOD providers. Premium TV channels like HBO, Starz, Cinemax, and Showtime were next in the distribution window, getting access to filmed content one year after theatrical release. Movie studios released films for viewing to basic cable and network TV two to three years after theatrical release. Recently, however, some movie studios had experimented with shortened