

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : Chapter 11
: :
Metro-Goldwyn-Mayer Studios Inc., et al.,¹ : Case No. 10-15774 (SMB)
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Debtors. : (Jointly Administered)
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: :
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**STIPULATION AND FINAL ORDER (I) AUTHORIZING THE USE OF
LENDERS' CASH COLLATERAL AND (II) GRANTING ADEQUATE PROTECTION
PURSUANT TO 11 U.S.C. §§ 361 AND 363**

Upon the motion (the "Motion")², dated as of November 3, 2010, of the above-captioned debtors and debtors in possession (each a "Debtor" and, collectively, the "Debtors"), (a) seeking this Court's authorization, pursuant to Section 363(c) of Title 11, United States Code, 11 U.S.C. §§ 101 et seq. (as amended, the "Bankruptcy Code"), to use the Cash Collateral (as defined below) and, pursuant to Sections 361 and 363 of the Bankruptcy Code, to provide adequate protection to the Secured Parties (as defined below) with respect to any diminution in the value of the Secured Parties' interests in the Prepetition Collateral (as defined below), including for the use of the Cash Collateral, the use, sale, lease, depreciation, decline in market price or other diminution in value of the Prepetition Collateral other than the Cash Collateral, or the imposition of the automatic stay pursuant to Section 362(a) of the Bankruptcy Code; (b) seeking an interim hearing (the "Interim Hearing") on the Motion to consider entry of an interim order pursuant to Bankruptcy Rule 4001(b) (the "Interim Order") authorizing the Debtors

¹ The list of Debtors is set forth on Schedule 1 hereto.

² Undefined terms used herein shall have the meanings given them in the Motion.

to use the Cash Collateral; and (c) requesting that a final hearing (the “Final Hearing”) be scheduled, and that notice procedures in respect of the Final Hearing be established by this Court to consider entry of a final order authorizing on a final basis the Debtors’ use of the Cash Collateral (this “Final Order”); the Interim Order having been entered by the Court on November 5, 2010; and due and sufficient notice of the Motion, the Interim Hearing and the Final Hearing under the circumstances having been given; and the Interim Hearing on the Motion having been held before this Court on November 4, 2010; and the Final Hearing on the Motion having been held before this Court on December 2, 2010; and upon the entire record made by the Debtors at the Interim Hearing and the Final Hearing, and this Court having found good and sufficient cause appearing therefor,

IT IS HEREBY STIPULATED AND AGREED BY AND AMONG THE DEBTORS, THE ADMINISTRATIVE AGENT AND THE LENDERS THAT:

A. On November 3, 2010 (the “Petition Date”), the Debtors each filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (these “Chapter 11 Cases”). The Debtors are continuing to operate their businesses and manage their properties as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or examiner.

B. This Court has jurisdiction over these Chapter 11 Cases and the Motion pursuant to 28 U.S.C. §§ 157(b) and 1334. Consideration of this Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2).

C. Pursuant to the Credit Agreement dated as of April 8, 2005 (as amended, supplemented or otherwise modified from time to time, including through the Petition Date, the “Credit Agreement”), among Debtors MGM Holdings II Inc. (“Holdings”) and Metro-Goldwyn-

Mayer Inc. (the “Borrower”), the several lenders from time to time parties thereto (including, in their (or their affiliates’) capacity as holders of the Swap Obligations (as defined below), collectively, the “Lenders”) and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders (in such capacity, the “Administrative Agent”), among others, the Lenders made loans and other financial accommodations to or for the benefit of the Debtors. In connection with the Credit Agreement, Holdings, the Borrower and certain of the other Debtors (collectively, the “Debtor Loan Parties”)³ entered into certain collateral and ancillary documentation, including without limitation, certain interest rate protection arrangements which are secured by the same collateral securing the obligations under the Credit Agreement (such documentation, together with the Credit Agreement, collectively, the “Loan Documents”). All such loans, financial accommodations and other amounts owing by the Debtor Loan Parties in connection with the Loan Documents, including the Debtor Loan Parties’ obligations in respect of certain interest rate protection arrangements (the “Swap Obligations”) are hereinafter referred to collectively as the “Prepetition Obligations”.

D. Without prejudice to the rights of any other party (but subject to the limitations thereon described below in decretal paragraph 15), the Debtors acknowledge and agree that, as of the Petition Date, the Debtor Loan Parties were liable to the Lenders under the Credit Agreement and the other Loan Documents (i) in an aggregate principal amount in respect of loans and reimbursement obligations under the Credit Agreement of approximately \$3.9 billion, plus additional amounts in respect of accrued but unpaid interest, fees and other charges, plus (ii) approximately \$151 million in respect of the Swap Obligations.

³ The list of “Debtor Loan Parties” is set forth on Schedule 2 hereto.

E. Without prejudice to the rights of any other party (but subject to the limitations thereon described below in decretal paragraph 15), the Debtors acknowledge and agree that, pursuant to the Loan Documents, the Prepetition Obligations are secured by perfected, valid and enforceable first priority liens and security interests upon and in substantially all of the assets and property of Holdings, the Borrower and the other Debtor Loan Parties, including without limitation, accounts, contracts, copyrights, copyright licenses, deposit accounts, documents, equipment, film collateral, general intangibles, instruments, inventory, investment property, pledged capital stock and other pledged interests of certain subsidiaries, trademarks, trademark licenses, commercial tort claims, books and records pertaining to the foregoing and the proceeds thereof, subject to certain exceptions as more fully set forth in the Loan Documents, the Intercreditor Agreements (as defined below) and the Account Control Agency Agreement (as defined below) (collectively, the “Prepetition Collateral”). Without prejudice to the rights of any other party (but subject to the limitations thereon described below in decretal paragraph 15), the Debtors acknowledge and agree that (i) the Prepetition Obligations are not subject to defense, counterclaim or offset of any kind, and (ii) the Administrative Agent’s liens and security interests, for the benefit of the Secured Parties, have been properly filed or recorded, as applicable, so as to be perfected in accordance with applicable law. Without prejudice to the rights of any other party (but subject to the limitations thereon described below in decretal paragraph 15), the Debtors acknowledge and agree that certain cash of the Debtor Loan Parties, including cash on deposit in accounts maintained with any Lender or Lender affiliate, constitutes Prepetition Collateral or the proceeds of the Prepetition Collateral and, therefore, is the cash collateral of the Administrative Agent and the Lenders (collectively, the “Secured Parties”) within the meaning of Section 363(a) of the Bankruptcy Code (the “Cash Collateral”). The

Administrative Agent does not consent to the use by the Debtors of the Prepetition Collateral, including the Cash Collateral, except on the terms of this Final Order (or other order that may be entered by the Bankruptcy Court with the Administrative Agent's consent). In addition, the Secured Parties are entitled, pursuant to Sections 361 and 363(e) of the Bankruptcy Code, to adequate protection of their interest in the Prepetition Collateral to the extent of the diminution in value of such Prepetition Collateral, including as a result of the use of the Cash Collateral, the use, sale, lease, depreciation, decline in market price or other diminution in value of the Prepetition Collateral other than the Cash Collateral, and the imposition of the automatic stay.

F. On November 3, 2010, the Debtors filed a separate motion for entry of an order (an "Other Cash Collateral Order") to approve (i) the use of the cash collateral of Domestic Distribution Inc. ("DDI") with respect to collateral securing that certain Amended and Restated Revenue Participation Agreement by and among, on the one hand, Metro-Goldwyn-Mayer Studios Inc. ("MGM Studios") and the Distribution Subsidiaries (as defined therein), and, on the other hand, DDI, as amended, modified or supplemented from time to time, and (ii) the use of the cash collateral of United Artists Production Finance LLC ("UAPF") and, together with DDI, the "Other Secured Parties") with respect to collateral securing that certain master distribution agreement (the "Master Distribution Agreement"), dated August 16, 2007, by and between MGM Studios and UAPF.

Based upon the foregoing stipulations, and upon the record made before this Court at the Interim Hearing and the Final Hearing, and good and sufficient cause appearing therefor;

THIS COURT HEREBY FINDS that:

G. Good cause has been shown for the entry of this Final Order. The Debtors do not have sufficient available sources of working capital and financing to carry on the operation of their businesses absent continued use of the Cash Collateral. Among other things, entry of this Final Order will minimize disruption of the Debtors' businesses and operations and permit them to satisfy payroll and other operating expenses, maintain business relationships with their vendors and retain customer and vendor confidence by demonstrating an ability to maintain normal operations. The use of the Cash Collateral is therefore of the utmost significance and importance to the preservation and maintenance of the going concern value of the Debtors and their estates, and will enhance the prospects for a successful reorganization of the Debtors under Chapter 11 of the Bankruptcy Code.

H. The Administrative Agent and the Debtors have negotiated at arms' length and in good faith in connection with the negotiation and entry of this Final Order and regarding the Debtors' use of Cash Collateral to fund the administration of the Debtors' estates and continued operation of their businesses. The Administrative Agent and the Lenders have agreed to permit the Debtors to use their Cash Collateral for the period through the Termination Date (as defined below), all subject to the terms and conditions set forth herein, including the protection afforded a party acting in "good faith" pursuant to Section 363(m) of the Bankruptcy Code, but the use of Cash Collateral shall only be in accordance with the Debtors' budget in the form attached hereto as Exhibit 1 (as such budget may be supplemented in accordance with paragraph 4(b)(i) below, the "Budget"), subject to permitted variances as described in the Events of Default, attached hereto as Schedule 3.

I. Notice of the Interim Hearing and the Final Hearing and the relief requested in the Motion has been provided by the Debtors, whether by U.S. mail, overnight courier, telephone, facsimile, or electronic mail to certain parties in interest, including: (i) the United States Trustee for the Southern District of New York; (ii) counsel to the Administrative Agent; (iii) Danjaq, LLC; and (iv) to the extent facsimile or email addresses were available, the parties listed in the consolidated list of fifty largest unsecured creditors filed by the Debtors in these bankruptcy cases (collectively, the “Notice Parties”). Under the circumstances, notice of the Interim Hearing and the Final Hearing and the relief requested in the Motion is due and sufficient notice and complies with Section 102(1) of the Bankruptcy Code, Bankruptcy Rules 2002, 4001(c), and 4001(d), and the Local Rules of the Bankruptcy Court for the Southern District of New York.

J. Based on the record presented to this Court at the Interim Hearing and the Final Hearing, the terms of the Debtors’ use of the Cash Collateral appear to be fair and reasonable, and to reflect the Debtors’ exercise of prudent business judgment consistent with their fiduciary duties and the Lenders have acted in “good faith” pursuant to Section 363(m) of the Bankruptcy Code in connection with entry of this Final Order.

Based upon the foregoing findings and conclusions, and upon the record made before this Court at the Interim Hearing and the Final Hearing, and good and sufficient cause appearing therefor;

IT IS HEREBY ORDERED that:

1. The Motion is granted on a final basis. Any objections to the relief sought in the Motion that have not been previously resolved or withdrawn are hereby overruled on their merits. This Final Order shall become effective immediately upon its entry.

2. Subject to the terms of this Final Order and the Other Cash Collateral Order (to the extent any Cash Collateral constitutes UAPF Cash Collateral or DDI Cash Collateral (each as defined in the Other Cash Collateral Order)), the Debtors are hereby authorized to use the Cash Collateral during the period from the Petition Date through and including the Termination Date for general corporate purposes and costs and expenses related to these Chapter 11 Cases in accordance with the terms and conditions of this Final Order and the Budget, including, for the avoidance of doubt, any break-up fee or expense reimbursements payable in accordance with the Investment Agreement among MGM Holdings Inc. and the other parties thereto (the "Investment Agreement"; it being understood that nothing herein constitutes an assumption of the Investment Agreement); provided that (a) all uses of cash by the Debtors for the costs and expenses of administering these Chapter 11 Cases shall be deemed to be first from cash that is not Cash Collateral (if any) and thereafter from the Cash Collateral and (b) neither the Debtors nor any other party in interest shall be authorized to use the Cash Collateral to prosecute the Avoidance Actions (as defined below) or any other claims or causes of action against the Administrative Agent or any Lender. The Budget may be modified by the Debtors in writing only with the prior written consent of the Administrative Agent without the necessity of any further approval of this Court.

3. At any time prior to the Termination Date (and subject to the terms of any subsequent order of this Court regarding use of Cash Collateral) the Debtors shall only use the Cash Collateral in accordance with the terms of this Final Order, the Budget and the Other Cash Collateral Order (to the extent any Cash Collateral constitutes UAPF Cash Collateral or DDI Cash Collateral (as defined in the Other Cash Collateral Order)). The Debtors shall maintain their pre-Petition Date cash management system to the extent authorized by and subject to the

terms of any order of this Court governing the Debtors' cash management system. The Debtors shall comply with the Credit Agreement, including with respect to disposition of Prepetition Collateral, unless otherwise agreed in writing by the Administrative Agent.

4. (a) As adequate protection for, and to the extent of, any diminution in the value of the Secured Parties' interest in the Prepetition Collateral resulting from (i) the use of the Cash Collateral pursuant to Section 363(c) of the Bankruptcy Code, (ii) the use, sale, lease, depreciation, decline in market price or other diminution in value of the Prepetition Collateral (other than the Cash Collateral) pursuant to Section 363(c) of the Bankruptcy Code and (iii) the imposition of the automatic stay pursuant to Section 362(a) of the Bankruptcy Code (the amount of any such diminution being referred to hereinafter as the "Adequate Protection Obligations"), the Administrative Agent, for the benefit of the Secured Parties, is, subject to the following sentence, hereby granted (effective as of the Petition Date and without the necessity of the execution by the Debtors of mortgages, security agreements, control agreements, pledge agreements, financing statements or otherwise) valid and perfected, replacement security interests in, and liens (the "Replacement Liens") on all of the right, title and interest of the Debtors and their estates in, to and under the "Postpetition Collateral," as hereinafter defined. "Postpetition Collateral" means all present and after-acquired property of the Debtors and their estates of any nature whatsoever including without limitation, all cash contained in any account of the Debtors, and the proceeds of all causes of action, together with the proceeds and products of the foregoing, other than (A) causes of action arising under Chapter 5 of the Bankruptcy Code (collectively, the "Avoidance Actions"), (B) 35% of the outstanding shares of foreign subsidiaries, (C) any cash contained in a restricted account, (D) any rights or interest in any contract, lease, permit, license, charter or license agreement covering real or personal property

(collectively, the “Restricted Agreements”) of any of the Debtors if under the terms of such Restricted Agreement, or applicable law with respect thereto, the grant of a security interest or lien therein is prohibited as a matter of law or under the terms of such Restricted Agreement and such prohibition has not been waived or the consent of the other party to such Restricted Agreement has not been obtained, and (E) any real or personal property that under the terms of a Restricted Agreement, or applicable law with respect thereto, the grant of a security interest or lien therein is prohibited as a matter of law or under the terms of such Restricted Agreement and such prohibition has not been waived or the consent of the other party to such Restricted Agreement has not been obtained; provided, however, the Postpetition Collateral shall include the proceeds of any Restricted Agreements or any property described in the preceding subclause (E) and the proceeds of any Avoidance Actions. Subject to the Carveout (as defined below), the Replacement Liens shall be (x) a first priority perfected lien of equal rank with the Other Secured Parties’ first priority liens and interests granted (if any) under any Other Cash Collateral Order upon all of the Postpetition Collateral that is not otherwise encumbered by a validly perfected, enforceable, non-avoidable security interest or lien as of the Petition Date, (y) a first priority, senior, priming and perfected lien upon the Postpetition Collateral that is comprised of the Prepetition Collateral senior only to the liens securing the Prepetition Obligations, and, in all other cases, (z) a perfected best available junior lien⁴ upon all Postpetition Collateral which is subject to a validly perfected, enforceable, non-avoidable lien as of the Petition Date (other than the Prepetition Collateral) (“Encumbered Postpetition Collateral”), which junior lien will be of equal rank with (A) DDI’s liens granted under any Other Cash Collateral Order to the extent that

⁴ For the avoidance of doubt, the Replacement Liens granted herein shall be junior in all respects to the Other Secured Parties’ liens on the P&A Agent Priority Collateral or UA Agent Priority Collateral (each as defined in the Account Control Agency Agreement).

such Other Cash Collateral Order also grants DDI a junior lien upon Encumbered Postpetition Collateral and/or (B) UAPF's liens granted under any Other Cash Collateral Order to the extent that such Other Cash Collateral Order also grants UAPF a junior lien upon Encumbered Postpetition Collateral; and

(b) As further adequate protection hereunder, the Debtors shall provide the following reporting to the Administrative Agent and its financial advisor (the "Reporting Requirements"):

- (i) no later than ten (10) days prior to the last day covered by the then-existing Budget, a proposed budget covering the 15-week period immediately succeeding the period covered by the then-existing Budget; upon satisfaction of the form and substance of such proposed budget by the Administrative Agent, such budget shall become the applicable "Budget" for the period covered thereby;
- (ii) commencing on the second Tuesday to occur after the Petition Date and on every other Tuesday thereafter, a cash flow and liquidity forecast through March 31, 2011 in a format substantially similar to the Budget, covering the next succeeding 15 weeks on a week-by-week basis and succeeding periods, if applicable, on at least a month-by-month basis, certified by the Borrower as being prepared in good faith based on assumptions believed by management of the Borrower to be reasonable at the time made;
- (iii) (A) commencing on the fourth Tuesday to occur after the Petition Date and on every other Tuesday thereafter, weekly actual results of each of the line items set forth in the Budget for the weeks occurring three and four weeks (as applicable)

prior to the week in which such date occurs,⁵ together with detailed analysis of variances against the Budget and of the causes of such variances and (B) promptly thereafter, hold a meeting or conference call with the Administrative Agent, the Administrative Agent's financial advisor and the Lenders to review and discuss such results;

- (iv) at least one Business Day prior to the filing or distribution thereof, copies of all pleadings, motions, applications, judicial information, financial information and other documents to be filed by or on behalf of the Debtors with the Bankruptcy Court in these Chapter 11 Cases (other than pleadings, motions, applications or other filings which either need to be filed on a same-day emergency basis or which would reasonably be expected not to be material to the Administrative Agent and the Lenders); and
- (v) any information or material that the Debtors would be required to deliver pursuant to Sections 7.1(b), 7.2(b), (e), and (g) and 7.13(i) of the Credit Agreement, except that in those instances for which a waiver has been granted for the quarters ending June 30, 2010 and September 30, 2010 pursuant to the Seventh Forbearance Agreement, such waiver shall also be granted for the quarter ending December 31, 2010.

In addition to the reporting requirements described in paragraph 4(b)(ii) and (iii), the Debtors shall provide the Administrative Agent with detailed reports consistent in form with such reports received by the steering committee of Lenders (the "Steering Committee") pursuant to each of

⁵ By way of example, on Tuesday, November 23, 2010, the Debtors would deliver a variance report for actual results for the week ending Friday, November 5, 2010, in satisfaction of this requirement.

the Forbearance Agreements. The Administrative Agent will make such detailed reports available to the Steering Committee, and will make the reports described in paragraph 4(b)(ii) and (iii) available to all Lenders. The Debtors shall, upon reasonable prior written notice, permit representatives of the Administrative Agent to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and during normal business hours to discuss the business, operations, properties and financial condition of the Debtors with senior and division-level management of the Debtors and, in the presence of a responsible officer of the applicable Debtor, with their independent certified public accountants, all at the expense of the Debtors.

(c) As additional adequate protection, the Debtors are authorized and directed, promptly after the submission of invoices therefor, to pay or reimburse all reasonable fees, expenses, costs and charges incurred by the Administrative Agent under the Loan Documents (including, without limitation, the reasonable fees and out-of-pocket disbursements of the financial advisors and outside counsel of the Administrative Agent), in connection with matters relating to the Credit Agreement, the Prepetition Obligations, the monitoring of these Chapter 11 Cases or the enforcement and protection of the rights and interests of the Administrative Agent and the Lenders in these Chapter 11 Cases. None of the fees, costs and expenses payable pursuant to this paragraph shall be subject to separate approval by this Court (but this Court shall resolve any dispute as to the reasonableness of any such fees, costs and expenses), and no recipient of any such payment shall be required to file any interim or final fee application with respect thereto, but copies of invoices of outside counsel and financial advisors to be paid hereunder shall be submitted to the United States Trustee promptly after submittal to the Debtors. Nothing contained herein shall be deemed to be a waiver by any party in interest of the

right to object to the reasonableness of any fees, costs and charges incurred by the Administrative Agent.

(d) Under the circumstances, and based upon the Administrative Agent's consent, the adequate protection provided herein is reasonable and sufficient to protect the interests of the Secured Parties. Notwithstanding any other provision hereof, the grant of adequate protection to the Secured Parties pursuant hereto is without prejudice to the right of the Administrative Agent to seek modification of the grant of adequate protection provided hereby so as to provide different or additional adequate protection and without prejudice to the right of the Debtors or any other party in interest to contest any such modification.

5. Notwithstanding anything to the contrary contained in this Final Order, the liens and claims in favor of the Administrative Agent or the Lenders securing the Prepetition Obligations and the Adequate Protection Obligations shall be subject to the payment, without duplication, of the Carveout. As used in this Final Order, the term "Carveout" means (a) the unpaid fees of the clerk of the Bankruptcy Court and of the United States Trustee pursuant to 28 U.S.C. § 1930(a) and (b) (the "Statutory Fees"), (b) following the occurrence of an Event of Default (as defined below) and the delivery of a written notice from the Administrative Agent to the Debtors triggering the limitations set forth herein (the "Carveout Trigger Notice"), the payment of allowed professional fees and disbursements (the "Professional Fees and Disbursements") incurred by the professionals retained by the Debtors (other than the fees and expenses, if any, of any professionals incurred, directly or indirectly, in respect of, arising from or relating to, the initiation or prosecution (but not the investigation conducted prior to any such initiation or prosecution, subject to paragraph 6 below) of any action for preferences, fraudulent conveyances, other avoidance power claims or any other claims or causes of action against the

Administrative Agent or the Lenders) not to exceed the sum of (1) unpaid Professional Fees and Disbursements previously incurred prior to delivery of such Carveout Trigger Notice (the “Carveout Trigger Date”), plus (2) \$5,000,000 in the aggregate, and (c) the costs and administrative expenses (other than the fees and expenses, if any, incurred, directly or indirectly, in respect of, arising from or relating to, the initiation or prosecution (but not the investigation conducted prior to such initiation or prosecution) of any action for preferences, fraudulent conveyances, other avoidance power claims or any other claims or causes of action against the Administrative Agent or the Lenders) not to exceed \$200,000 in the aggregate that are permitted to be incurred by any Chapter 7 trustee pursuant to an order of this Court following any conversion to Chapter 7 of these Chapter 11 Cases. So long as no Carveout Trigger Date shall have occurred and be continuing, the Debtors shall be permitted to pay without reduction of the Carveout (x) the Statutory Fees and (y) the Professional Fees and Disbursements, as the same may be due and payable. Nothing herein shall be construed as a waiver of the right of the Administrative Agent to object to the allowance of any Professional Fees and Disbursements.

6. Notwithstanding the foregoing, in no event shall the Cash Collateral or the Carveout be used for the payment or reimbursement of any fees, expenses, costs, or disbursements of any of the professionals incurred in connection with the assertion or joinder in any claim, counter-claim, action, proceeding, application, motion, objection, defense, or contested matter, the purpose of which is to seek any order, judgment, determination, or similar relief (a) challenging the Prepetition Obligations, invalidating, setting aside, avoiding, or subordinating in whole or in part the Administrative Agent’s liens and security interests granted pursuant to the Loan Documents or this Final Order, or asserting any other claims or causes of action against the Administrative Agent or the Lenders (but the Cash Collateral or the Carveout

may be used for the investigation in connection therewith in an amount not to exceed \$200,000), or (b) preventing, hindering or delaying, whether directly or indirectly, the Administrative Agent's enforcement or realization upon any Prepetition Collateral or Postpetition Collateral in accordance with the terms of this Final Order.

7. Subject to the Carveout, the Adequate Protection Obligations shall constitute expenses of administration under Sections 503(b)(1), 507(a) and 507(b) of the Bankruptcy Code (the "507(b) Claims") with priority in payment over any and all administrative expenses now existing or after arising, of the kinds specified or ordered pursuant to any provision of the Bankruptcy Code including, without limitation, Sections 105, 326, 328, 330, 331 and 726 of the Bankruptcy Code, and shall at all times be senior to the rights of the Debtors, and any successor trustee or any creditor, in these Chapter 11 Cases or, to the extent permitted by applicable law, any subsequent proceedings under the Bankruptcy Code; provided, that such 507(b) Claims will be of equal rank with any 507(b) Claims of the Other Secured Parties granted under any Other Cash Collateral Order. Subject to the Carveout, no cost or expense now existing or after arising, of administration under Sections 105, 503(b) or 507(b) or otherwise, including those resulting from the conversion of these Chapter 11 Cases pursuant to Section 1112 of the Bankruptcy Code, shall be senior to, or pari passu with, the 507(b) Claims of the Lenders arising out of the Adequate Protection Obligations; provided that any 507(b) Claims of the Other Secured Parties arising under any Other Cash Collateral Order may be pari passu with, but not senior to, the 507(b) Claims provided for in this Final Order.

8. Except as expressly set forth in this Final Order, the liens granted pursuant to this Final Order shall not be (a) subject to any lien that is avoided and preserved for the benefit of the Debtors' estates under Section 551 of the Bankruptcy Code or (b) subordinated to, or

made pari passu with, any other lien under Sections 363 and 364 of the Bankruptcy Code. Subject to the Carveout and except as expressly set forth in this Final Order, the Replacement Liens shall be prior and senior to all liens and encumbrances of all other secured creditors in and to the Postpetition Collateral granted, or arising, after the Petition Date (including, without limitation, liens and security interests, if any, granted in favor of any federal, state, municipal or other governmental unit, commission, board or court for any liability of the Debtors). The Replacement Liens granted pursuant to this Final Order shall constitute valid, enforceable and duly perfected security interests and liens, and the Administrative Agent and the Lenders shall not be required to file or serve financing statements, notices of lien or similar instruments which otherwise may be required under federal or state law in any jurisdiction, or take any action, including taking possession, to validate and perfect such security interests and liens; and the failure by the Debtors to execute any documentation relating to the Replacement Liens shall in no way affect the validity, enforceability, perfection or priority of such Replacement Liens. If, however, the Administrative Agent, in its sole discretion, shall determine to file any such financing statements, notices of lien or similar instruments, or to otherwise confirm perfection of such Replacement Liens, the Debtors are directed to cooperate with and assist in such process. The stay imposed by Section 362(a) of the Bankruptcy Code is hereby lifted to allow the filing and recording of a certified copy of this Final Order or any such financing statements, notices of lien or similar instruments, and all such documents shall be deemed to have been filed or recorded at the time of and on the date of this Final Order.

9. Unless otherwise agreed in writing between the Administrative Agent and the Debtors, the Administrative Agent's consent to the use of Cash Collateral pursuant to this Final Order shall terminate (the date of any such termination, the "Termination Date") on the

earliest to occur of (a) consummation of a plan of reorganization in these Chapter 11 Cases or (b) five business days following written notice to the Debtors after the occurrence and continuance of any of the events set forth on Schedule 3 (the “Events of Default”) beyond any applicable grace period (with a copy of such notice to the United States Trustee).

10. Upon the occurrence of the Termination Date, and after providing seven (7) days prior notice to counsel to the Debtors and to the U.S. Trustee, (a) the Adequate Protection Obligations shall become immediately due and payable, (b) the Administrative Agent and each Lender may setoff amounts in any account of the Debtors maintained with the Administrative Agent or such Lender, respectively, and (c) the Administrative Agent may exercise the rights and remedies available under the Loan Documents, this Final Order or applicable law, including, without limitation, foreclosing upon and selling all or a portion of the Prepetition Collateral or Postpetition Collateral in order to collect the Adequate Protection Obligations. The automatic stay under Section 362 of the Bankruptcy Code is hereby deemed modified and vacated to the extent necessary to permit such actions. During the seven (7) day notice period described above, the Debtors and any other party in interest may seek an order of the Court staying the exercise of such remedies by the Administrative Agent against the Prepetition Collateral or Postpetition Collateral as described in clauses (a), (b) and (c) above and, if no such order is obtained during such period, then the Administrative Agent may exercise any and all such rights and remedies without further order of or application to this Court or notice to any party. The Administrative Agent shall be entitled to apply the payments or proceeds of the Prepetition Collateral in accordance with the provisions of the Loan Documents, and in no event shall the Administrative Agent or any of the Lenders be subject to the equitable doctrine of “marshaling” or any other similar doctrine with respect to any of the Prepetition Collateral, the

Postpetition Collateral or otherwise. Notwithstanding the occurrence of the Termination Date or anything herein, all of the rights, remedies, benefits and protections provided to the Administrative Agent and the Lenders under this Final Order shall survive the Termination Date.

11. To the extent the Adequate Protection Obligations have not been paid in full in cash, the provisions of this Final Order and any actions taken pursuant hereto shall survive entry of any order which may be entered (a) confirming any plan of reorganization in these Chapter 11 Cases; (b) converting any of these Chapter 11 Cases to a Chapter 7 case; or (c) dismissing any of these Chapter 11 Cases. If an order dismissing these Chapter 11 Cases under Section 1112 of the Bankruptcy Code or otherwise is at any time entered, such order shall not prejudice (a) the Replacement Liens granted pursuant to this Final Order to the Administrative Agent and the Lenders, which shall continue in full force and effect and shall remain binding on all parties in interest notwithstanding such dismissal until the obligations secured thereby shall have been paid and satisfied in full or (b) this Court's jurisdiction, which shall be retained notwithstanding such dismissal, for the limited purposes of enforcing this Final Order.

12. Entry of this Final Order shall be without prejudice to any and all rights, remedies, claims and causes of action which the Administrative Agent may have against the Debtors or third parties, and without prejudice to the right of the Administrative Agent to seek relief from the automatic stay in effect pursuant to Section 362 of the Bankruptcy Code, or any other relief in these Chapter 11 Cases, and the right of the Debtors to oppose any such relief. The provisions of this Final Order shall be binding upon and inure to the benefit of the Administrative Agent, the Lenders, the Debtors, and their respective successors and assigns,

including any trustee or other fiduciary hereafter appointed in these Chapter 11 Cases as a legal representative of the Debtors or the Debtors' estates.

13. Pursuant to Sections 105, 361 and 363 of the Bankruptcy Code, the Administrative Agent and the Lenders are hereby found to be entities that have acted in "good faith" in connection with the negotiation and entry of this Final Order, and each is entitled to the protection provided to such entities under Section 363(m) of the Bankruptcy Code.

14. Without the prior written consent of the Administrative Agent, the Debtors shall be enjoined and prohibited from at any time during these Chapter 11 Cases granting (or seeking authority from this Court to grant) liens on the Prepetition Collateral, the Postpetition Collateral or any portion thereof to any other parties pursuant to Section 364 of the Bankruptcy Code, which liens are senior, or pari passu with, the liens of the Administrative Agent or the Lenders. Notwithstanding the foregoing sentence, the Debtors shall be permitted to grant (and shall be permitted to seek authority from this Court to grant) adequate protection liens to the Other Secured Parties pursuant to any Other Cash Collateral Order; provided, that such adequate protection liens shall be subject to the lien priorities set forth in the intercreditor agreements (the "Intercreditor Agreements"), dated as of September 19, 2006 and August 16, 2007, respectively, and among the P&A Agent and UAPF Agent (each as defined in the Other Cash Collateral Order), the Administrative Agent and the other parties thereto, but otherwise (a) shall be junior to the Secured Parties' liens, including Replacement Liens, on the Postpetition Collateral which consists of Prepetition Collateral, (b) shall be junior to or pari passu with the Replacement Liens on Postpetition Collateral that does not consist of Prepetition Collateral, P&A Agent Priority

Collateral, or UA Agent Priority Collateral,⁶ and (c) may be senior to the Secured Parties' liens with respect to P&A Agent Priority Collateral or UA Agent Priority Collateral.

15. As a result of the Debtors' review of the Loan Documents and the facts related thereto, the Debtors have made certain agreements and acknowledgments as set forth in paragraphs D and E above and shall have no right to file a complaint pursuant to Bankruptcy Rule 7001 or otherwise, or any other pleading asserting a claim or cause of action arising out of or related to the Loan Documents or any transactions or course of conduct related thereto. The acknowledgments and agreements contained in paragraphs D and E hereof shall be binding upon the Debtors in all circumstances, and shall be binding upon all other parties in interest, unless (a) a party in interest has been granted standing to file and has properly filed an adversary proceeding or contested matter (subject to the limitations set forth in paragraph 6 hereof) challenging the validity, enforceability or priority of the Prepetition Obligations or the Administrative Agent's liens on the Prepetition Collateral in respect thereof, or otherwise asserting any claims or causes of action against the Administrative Agent or the Lenders on behalf of the Debtors' estates, no later than the date that is the earlier of (i) sixty (60) days after the Petition Date and (ii) the last day for filing confirmation objections in the Chapter 11 Cases, provided that if the Debtors' plan of reorganization is not confirmed or consummated, the deadline shall be sixty (60) days after the Petition Date, and (b) this Court rules in favor of the plaintiff in any such timely and properly filed adversary proceeding or contested matter. If no such adversary proceeding or contested matter is commenced as of such date, then, without the requirement or need to file any proof of claim with respect thereto, the Prepetition Obligations

⁶ P&A Agent Priority Collateral and UA Agent Priority Collateral have the meanings set forth in that certain Account Control Agency Agreement (the "Account Control Agency Agreement"), among the Administrative Agent, the P&A Agent, UAPF, DDI and the other parties thereto.

shall constitute allowed claims, not subject to defense, counterclaim, offset of any kind, or subordination and otherwise unavoidable, for all purposes in these Chapter 11 Cases or any subsequent Chapter 7 cases, the Administrative Agent's liens on the Prepetition Collateral shall be deemed legal, valid, binding, perfected, not subject to defense, counterclaim, offset of any kind, subordination and otherwise unavoidable, and the Administrative Agent, the Lenders, the Prepetition Obligations and the Administrative Agent's liens on the Prepetition Collateral shall not be subject to any other or further challenge by any party in interest seeking to exercise the rights of the Debtors' estates, including without limitation, any successor thereto. If any such adversary proceeding or contested matter is timely commenced as of such date, the acknowledgements and agreements contained in paragraphs D and E shall nonetheless remain binding and preclusive (as provided in this paragraph) except to the extent that such acknowledgements and agreements were expressly challenged in such adversary proceeding or contested matter.

16. Notwithstanding the possible applicability of Rules 6004(h), 7062, and 9014 of the Bankruptcy Rules, or otherwise, the terms and conditions of this Final Order shall be immediately effective and enforceable upon its entry.

17. This Final Order shall be effective as of the Petition Date and shall supersede the Interim Order.

18. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Final Order.

Dated: _____, 2010
New York, New York

Stipulated and Agreed to on the record at the hearing held on December 2, 2010:

/s/ STUART M. BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE

Debtors

Aidart Distributors Corp.
Aidart Pictures, Inc.
Albino Alligator Productions, Inc.
Alpha Library Company, Inc.
Altar Productions, Inc.
American International Pictures, Inc.
Ameriglad Holdings LLC
Backlot Productions Inc.
Band Films, Inc.
Beginning To Roar Inc.
Beta Library Company, Inc.
Beverly Hills Ninja Productions, Inc.
Brighton Productions, Inc.
Candantino Music, Inc.
Canzone Music, Inc.
Carcassonne Productions Inc.
Charles Band Films, Inc.
Cosmic Title Corp.
Days Picture Corporation
Dayton Film Productions, Inc.
Delta Library Company, Inc.
Delta Library Holdings, Inc.
Domestic Library Acquisition LLC
Donna Music Publications
El Paso Films LLC
Empire Entertainment, Inc.
Epic Pictures Enterprises, Inc.
Epsilon Library Company, Inc.
F.P. Productions
Famous Artists Agency, Inc.
Famous Artists Productions, Inc.
First Walnut Inc.
Flipper Productions, Inc.
Foreign Library Acquisition LLC
G-2 Entertainment Company
G26 Company
Gamma Library Company, Inc.
Ghoulies Productions, Inc.
Grand Talk Inc.
Heritage Entertainment, Inc.
Ivan Tors Music, Inc.
JH Productions Inc.
Lambda Library Company, Inc.
Lexyn Productions, Inc.
Lion Independent Television Inc.
Lopert Pictures Corporation
Maple Street Entertainment Inc.
Massachusetts Productions LLC
MCEG Sterling Computer Services
MCEG Sterling Development
MCEG Sterling Entertainment
MCEG Sterling Productions
Media Resources Credit Corporation
Metro Pictures Corporation of America
Metro-Goldwyn-Mayer Animation Inc.
Metro-Goldwyn-Mayer Distribution Co.
Metro-Goldwyn-Mayer Home
Entertainment LLC
Metro-Goldwyn-Mayer Inc.
Metro-Goldwyn-Mayer India, Ltd.
Metro-Goldwyn-Mayer Interactive
Productions Inc.
Metro-Goldwyn-Mayer Lion Corp.
Metro-Goldwyn-Mayer Motion Picture Co.
Metro-Goldwyn-Mayer Music Inc.
Metro-Goldwyn-Mayer of China, Inc.
Metro-Goldwyn-Mayer Online Inc.
Metro-Goldwyn-Mayer Overseas Inc.
Metro-Goldwyn-Mayer Pictures Inc.
Metro-Goldwyn-Mayer Studios Inc.
MGM and UA Services Company
MGM Development Inc.
MGM Digital Development Inc.
MGM Direct Inc.
MGM Domestic Digital Media Inc.
MGM Domestic Networks LLC
MGM Domestic Television Distribution
LLC
MGM Domestic TV Networks LLC
MGM Franchise Film Co. LLC
MGM Global Holdings Inc.
MGM HD Productions LLC

MGM Holdings Inc.
 MGM Holdings II Inc.
 MGM Home Entertainment Distribution Corp.
 MGM Interactive Inc.
 MGM International Digital Media Inc.
 MGM International Television Distribution Inc.
 MGM LAPTVC LLC
 MGM Lion Prints LLC
 MGM ME Inc.
 MGM Middle East Co.
 MGM Networks Inc.
 MGM Networks U.S. Inc.
 MGM NMOC LLC
 MGM North America Holdings Inc.
 MGM On Demand Inc.
 MGM Super Productions Inc.
 MGM Television Australia Inc.
 MGM Television Entertainment Inc.
 MGM/UA, Inc.
 Midnight Blue Productions, Inc.
 Musicways, Inc.
 NSNA Co.
 Omega Library Company, Inc.
 OPC Music Publishing, Inc.
 Orion Film Classics Company
 Orion Home Entertainment Corporation
 Orion Music Publishing, Inc.
 Orion Pictures Corporation
 Orion Pictures Distribution Corporation
 Orion Pictures Library Acquisition Co., Inc.
 Orion Productions Company
 Orion TV Productions, Inc.
 P & F Acquisition Corp.
 Panther & Pals LLC
 Partnership Picture Corp.
 Pathe Entertainment Moviesongs, Inc.
 Pathe Entertainment Music, Inc.
 Pathe Films, Inc.
 Pathe Releasing Corp.
 Pathe TS, Inc.
 PFE Library Acquisition Company, Inc.
 Purple Photoplays, Inc.
 Red Corner Production Inc.
 Sarafilms Productions Inc.
 She Spies Inc.
 Sigma Library Company, Inc.
 Singles Productions, Inc.
 Tangled Web Productions Inc.
 Taryn Productions, Inc.
 The Azimuth Company, Inc.
 The Mirisch Corporation of Delaware
 The War At Home Productions, Inc.
 THIS Network LLC
 Three P Holdings LLC
 Three Pictures Corporation
 Time Production Inc.
 Turbo Productions Inc.
 U.A. of Brazil, Inc.
 U/A Music, Inc.
 United Artists China, Inc.
 United Artists Corporation
 United Artists Corporation of Egypt
 United Artists Corporation of Puerto Rico
 United Artists Europa, Inc.
 United Artists Films (Mr. Accident) Inc.
 United Artists Films Company
 United Artists Films Inc.
 United Artists Music (Belgium), Inc.
 United Artists Music Inc.
 United Artists Overseas, Inc.
 United Artists Pictures Inc.
 United Artists Productions Inc.
 United Artists Records Inc.
 United Artists Television Corp.
 United Lion Music, Inc.
 Ventura/Gloria Films Inc.
 Virgin Vision, Inc.
 Wargames II Productions Inc.
 Webspinner Inc.
 Wizard Video, Inc.
 Zeta Library Company, Inc.

Debtor Loan Parties

Heritage Entertainment, Inc.
Metro Pictures Corporation of America
Metro-Goldwyn-Mayer Animation, Inc.
Metro-Goldwyn-Mayer Distribution Co.
Metro-Goldwyn-Mayer Home Entertainment LLC
Metro-Goldwyn-Mayer Inc.
Metro-Goldwyn-Mayer Lion Corp.
Metro-Goldwyn-Mayer Pictures Inc.
Metro-Goldwyn-Mayer Studios Inc.
MGM and UA Services Company
MGM Domestic Digital Media Inc.
MGM Domestic Networks LLC
MGM Domestic Television Distribution LLC
MGM Domestic TV Networks LLC
MGM Holdings II Inc.
MGM Home Entertainment Distribution Corp.
MGM Interactive Inc.
MGM International Digital Media Inc.
MGM International Television Distribution Inc.
MGM LAPT V LLC
MGM Lion Prints LLC
MGM Networks Inc.
MGM North America Holdings Inc.
MGM On Demand Inc.
MGM Television Entertainment Inc.
MGM/UA, Inc.
Midnight Blue Productions, Inc.
Orion Film Classics Company
Orion Pictures Corporation
Orion Pictures Distribution Corporation
Orion Pictures Library Acquisition Co., Inc.
Orion TV Productions, Inc.
Pathe Films, Inc.
Pathe Releasing Corp.
PFE Library Acquisition Company, Inc.
The War At Home Productions, Inc.
THIS Network LLC
United Artists Corporation
United Artists Films Inc.
United Artists Pictures Inc.

Events of Default

The occurrence of any of the following (unless waived by the Administrative Agent) shall be an “Event of Default”:

1. Failure of the Debtors to comply in any material respect with the terms of the Final Order;
2. Failure of the Debtors to comply with the Reporting Requirements and such failure shall continue unremedied for five business days following written notice from the Administrative Agent;
3. Any material representation or material warranty made by the Debtors in connection with the Reporting Requirements shall prove to have been incorrect in any material respect when made;
4. For the first three weeks of the period covered by the Budget, in the event the Debtors permit weekly expenses for “Overhead & Other” (as described in the Budget) to exceed 120% of weekly budgeted amounts for such period set forth in the Budget and (ii) beginning with the four-week period ending with the fourth week of the period covered by the Budget, permit expenses for “Overhead & Other” (as described in the Budget) for any period of four consecutive calendar weeks to exceed 120% of the amount set forth on the Budget for such period;
5. In the event the Debtors permit the aggregate amount expended by the Borrower and its subsidiaries on production and development of Films (as defined in the Credit Agreement) during the period from the Petition Date to February 12, 2011 to exceed, at the time of any such expenditure (after giving effect thereto), \$48,500,000;
6. In the event the Debtors permit the aggregate amount of cash or Cash Equivalents (as defined in the Credit Agreement) held by the Borrower and its subsidiaries (other than foreign subsidiaries) as of Friday of any week, to be less than (i) \$70,000,000, for any Friday occurring on or after the Petition Date and before November 6, 2010, (ii) \$60,000,000, for any Friday occurring after November 6, 2010 and before November 13, 2010, (iii) \$45,000,000, for any Friday occurring after November 13, 2010 and before December 11, 2010 and (iv) \$25,000,000, for any Friday occurring thereafter;
7. In the event the Debtors dispose of any right, title or interest with respect to “The Hobbit” franchise to any person, unless otherwise consented to by the Administrative Agent.
8. Any of these Chapter 11 Cases shall be dismissed or converted to a case under Chapter 7 of the Bankruptcy Code; or a trustee under Chapter 11 of the Bankruptcy Code shall be appointed; or an order of the Bankruptcy Court shall be entered under Section 1106(b) of the Bankruptcy Code in any of these Chapter 11 Cases appointing an examiner having enlarged powers relating to the operation of the businesses of the Debtors (powers beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code);

9. An order of the Bankruptcy Court shall be entered granting relief from the automatic stay to the holder or holders of any security interest to permit foreclosure (or the granting of a deed in lieu of foreclosure or the like) on any property of any Debtor which has a value in excess of \$2,500,000;
10. An order of the Bankruptcy Court shall be entered granting another superpriority claim or lien pari passu or senior to that granted to the Administrative Agent and the Lenders pursuant to the Final Order, unless such claim or lien is authorized under the Final Order;
11. An order of the Bankruptcy Court shall be entered reversing, staying, vacating or otherwise amending, supplementing or otherwise modifying the Final Order without the written consent of the Administrative Agent;
12. The Cash Collateral shall be used in a manner in any material respect inconsistent with the Final Order;
13. An order of a court of competent jurisdiction shall be entered terminating the use of the Cash Collateral;
14. Any Debtor shall make any material payments relating to pre-Petition Date obligations other than (i) as permitted under the Final Order or (ii) in accordance with, and to the extent authorized by, a “first day” order;
15. Filing of any pleadings by any Debtor seeking, or otherwise consenting to, any of the matters set forth in paragraphs 7, 8, 9, 10, 11, 12 and 13 above;
16. Either (i) the filing by any Debtor of any motion, application or adversary proceeding challenging the validity, enforceability, perfection or priority of or seeking avoidance of the Prepetition Obligations or the Prepetition Collateral or any other cause of action against and/or with respect to the Prepetition Obligations or Prepetition Collateral, the Administrative Agent or any of the Lenders (or if any Debtor supports any such motion, application or adversary proceeding commenced by any third party or consent to the standing of any such third party) or (ii) the entry of an order of the Bankruptcy Court providing relief against the interests of any Lender or the Administrative Agent with respect to any of the foregoing causes of action or proceedings;
17. The Final Order shall cease, for any reason, to be in full force and effect in any material respect, or any Debtor shall so assert in writing, or any liens or superpriority claims created by the Final Order shall cease in any material respect to be enforceable and of the same effect and priority purported to be created thereby, or any Debtor shall so assert in writing;
18. (i) The Debtors shall amend the plan of reorganization filed on the Petition Date (the “Plan”) without the consent of the Administrative Agent, (ii) any order shall be entered in these Chapter 11 Cases terminating the Debtors’ exclusive right to file a plan or plans of reorganization pursuant to section 1121 of the Bankruptcy Code or (iii) any plan of reorganization that is materially inconsistent with the Plan shall be filed with the Bankruptcy Court;

19. The Investment Agreement shall terminate, unless the Debtors terminate the Investment Agreement in accordance with the terms thereof in response to the receipt of an unsolicited Competing Proposal that is determined to be a Superior Proposal (as such terms are defined in the Investment Agreement);
20. Any act or event that would constitute a breach of Section Eight of the Credit Agreement, unless otherwise consented to by the Administrative Agent;
21. The 60th day after the Petition Date, unless the Debtors shall have effectuated the Plan; or
22. One or more judgments or decrees required to be satisfied as an administrative expense claim shall be entered against any Debtor involving a liability (to the extent not paid or covered by insurance or effective indemnity) of \$2,500,000 or more.

Budget