

Slimmer MGM studio completes restructuring

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Metro-Goldwyn-Mayer Inc. took a near-final step to emerging from bankruptcy on Monday as a slimmer studio that has a lot of its future riding on "The Hobbit" two-part movie series.

The studio known for its roaring lion and classics such as "The Wizard of Oz" said its restructuring plan took effect on Monday after a bankruptcy court approved the plan earlier this month.

Creditors owed about \$5 billion, including Highland Capital Management, Anchorage Advisors and billionaire Carl Icahn, exchanged their debt for ownership stakes. The studio has also arranged \$500 million in new financing through JPMorgan Chase & Co. to pay for new movies and TV shows.

A formal court filing is all that remains to ending a difficult period for MGM. It was saddled by debt in a leveraged buyout in 2005 by a group that included Sony Corp. and Comcast Corp. Those owners struggled because MGM had few hits and DVD sales began to decline.

The studio, founded in 1924, is now led by Spyglass Entertainment's co-founders, Gary Barber and Roger Birnbaum, who share the roles of chief executive and chairman.

"MGM is emerging from one of the most challenging periods of its storied history," Barber and Birnbaum said in a statement. "We are honored and inspired at the opportunity of leading one of Hollywood's most iconic studios into its next generation."

The transfer of MGM's ownership was one of the biggest transactions in the movie business this year. The Walt Disney Co. also sold off its Miramax Films label to a group of investors led by Colony Capital in early December for \$663 million.

MGM emerges from bankruptcy smaller after staff fled the studio to seek other jobs. Last week, it laid off 50 people, mostly in marketing and distribution. The layoffs brought MGM closer to its planned level of 320 employees.

MGM now expects its first new film won't hit theaters until 2012 at the earliest.

It owns a 50 percent stake in "The Hobbit" with partner Warner Bros., a unit of Time Warner Inc., but the first film won't be released until late 2012. That's about when it plans to release the 23rd movie in the James Bond franchise, in which MGM also expects to have a 50 percent stake.

The studio is also working on quirky horror film "The Cabin in the Woods," but a final

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Published on Electronic Component News (<http://www.ecnmag.com>)

wrap has been delayed by a decision to make it into 3-D. It has also finished shooting "Red Dawn," a remake of the 1984 classic in which a group of teenagers fights against a military invasion on U.S. soil, but no release date has been set.

Source URL (retrieved on 12/22/2014 - 12:21am):

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