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11 UNITED STATES BANKRUPTCY COURT  
12 CENTRAL DISTRICT OF CALIFORNIA  
13 LOS ANGELES DIVISION

14  
15 **In re:**  
16 **Rhythm and Hues, Inc.,**  
17 **Debtor.**

**CASE NO. 2:13-13775-NB**

**Chapter 11**

**INTERIM ORDER (I) AUTHORIZING  
DEBTORS TO OBTAIN POST-PETITION  
FINANCING FROM UNIVERSAL CITY  
STUDIOS LLC AND TWENTIETH  
CENTURY FOX PURSUANT TO  
20 SECTIONS 105, 361, 362, 363, 364(c),  
364(d)(1) AND 364(e) OF THE  
21 BANKRUPTCY CODE; (II) SCHEDULING  
22 FINAL HEARING AND (III) GRANTING  
RELATED RELIEF**

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24  
25 On February 13, 2013, Rhythm and Hues, Inc. (the "Debtor"), debtor and debtor in  
26 possession in the above-captioned chapter 11 case (the "Chapter 11 Case"), filed its Emergency  
27 Motion for Interim and Final Orders Approving Post-Petition Financing Agreement with  
28 Universal City Studios LLC and Twentieth Century Fox (the "Motion") pursuant to sections 105,



1 361, 362, 363, and 364 of title 11 of the United States Code (the “Bankruptcy Code”) and Rules  
2 2002, 4001(b) and (c), 6003, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the  
3 “Bankruptcy Rules”), requesting, among other things:

4 a) authorization for the Debtor to obtain a postpetition loan (the “DIP Loan”)  
5 from Twentieth Century Fox, a Division of Twentieth Century Fox Film Corporation  
6 (“Fox”) and Universal City Studios LLC (“Universal,” and together with Fox, the “DIP  
7 Lenders”), with Fox acting as administrative and collateral agent (the “DIP Agent”), on an  
8 interim basis, pending a final hearing on the Motion (the “Final Hearing”) in accordance  
9 with the Senior Secured Super-Priority Debtor in Possession Loan Agreement dated  
10 February 13, 2013 substantially in the form attached to the Motion as Exhibit A (the “DIP  
11 Loan Agreement”);

12 b) authorization for the Debtor to (i) grant valid, enforceable, non-avoidable  
13 and fully perfected first priority security interest on substantially all of the Debtor’s assets,  
14 subject to the Carve Out (as defined in the DIP Loan Agreement) pursuant to sections  
15 364(c)(2) and 364(d)(1) of the Bankruptcy Code and (ii) grant superpriority administrative  
16 claim status to the DIP Lenders pursuant to Bankruptcy Code section 364(c)(1) with  
17 respect to any unpaid obligations under the DIP Loan Agreement (the “DIP Obligations”);  
18 and

19 c) the setting of the Final Hearing, for consideration of the entry of an order  
20 approving the Motion on a final basis, in a form approved by the DIP Agent and the DIP  
21 Lenders, no later than thirty (30) days following entry of this Order (the “Final DIP  
22 Order”).

23 On February 15, 2013, the Court held an initial hearing on the Motion (the “Interim  
24 Hearing”). Appearances at the Interim Hearing are noted in the record thereof. The Court has  
25 reviewed and considered the Motion, the declarations and other documents filed in support  
26 thereof, any declarations or other documents filed in opposition thereto, the arguments and  
27 representations of counsel at the Interim Hearing, and any evidence presented at the Interim  
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1 Hearing. Based on that review and consideration, and for the reasons stated on the record, THE  
2 COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS  
3 OF LAW:

4 A. **Petition Date.** On February 13, 2013 (the "Petition Date"), the Debtor filed a  
5 voluntary petition under chapter 11 of the Bankruptcy Code. The Debtor continues to operate its  
6 business and manage its assets and affairs as a debtor in possession pursuant to Bankruptcy Code  
7 sections 1107(a) and 1108.

8 B. **Jurisdiction and Venue.** This Court has subject matter jurisdiction to consider  
9 this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28  
10 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

11 C. **Notice.** Notice of the Interim Hearing and the relief requested in the Motion was  
12 served as reflected in the declarations filed in this case as docket no. 22. The Debtor has  
13 represented that it has served all parties known by the Debtor to assert liens or security interests in  
14 the assets of the Debtor. The Court finds and concludes that notice to the foregoing persons  
15 (collectively, the "Noticed Parties") is sufficient under the circumstances for the scope of relief  
16 granted herein.

17 D. **The Need for Postpetition Financing.** Based upon the pleadings and proceedings  
18 of record in the Chapter 11 Case, the Debtor does not have sufficient available sources of working  
19 capital and financing to carry on the operation of its business without the DIP Loan. The  
20 Debtor's ability to fund its postpetition operations, including maintaining business relationships  
21 with its vendors, suppliers, and customers, and paying its employees, is essential to maintaining  
22 the going concern value of the Debtor and the Debtor's ability to maximize the value of the assets  
23 of its estate (the "Estate"). The ability of the Debtor to maintain postpetition operations and  
24 preserve the value of the Estate depends on the immediate availability of sufficient working  
25 capital and liquidity through the DIP Loan Agreement.

26 E. **No Credit on More Favorable Terms.** The Debtor is unable to obtain sufficient  
27 interim and long-term postpetition financing from sources other than the DIP Lenders on terms  
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1 more favorable than those provided under the DIP Loan Agreement, and is unable to obtain  
2 sufficient unsecured credit allowable as an administrative expense under Bankruptcy Code  
3 section 503(b)(1). The Debtor is also unable to obtain secured credit allowable under sections  
4 364(c)(1), 364(c)(2), and 364(c)(3) of the Bankruptcy Code without the Debtor granting to the  
5 DIP Agent and DIP Lenders superpriority claims and security interests in the Debtor's assets, as  
6 provided in the DIP Loan Agreement.

7 F. **Budget for DIP Loan.** Attached to the DIP Loan Agreement as Exhibit H is a  
8 budget setting forth projected cash flows and disbursements through April 27, 2013 (the "Initial  
9 Approved Budget"). The Initial Approved Budget is an integral part of this Interim Order and has  
10 been reasonably relied upon by the DIP Agent and DIP Lenders in deciding to provide the DIP  
11 Loan and to agree to this Interim Order. As set forth in the DIP Loan Agreement, the Debtor has  
12 represented and warranted to the DIP Agent and the DIP Lenders that the Initial Approved  
13 Budget includes and reasonably presents, in all material respects, on a pro forma basis, the  
14 projected financial operations and receipts and disbursements of the Debtor for the period  
15 specified therein, including payments made to, and receipts of, its Subsidiaries and Rhythm &  
16 Hues Sdn. Bhd. For the avoidance of doubt, the Initial Approved Budget does not contain any  
17 direct labor costs for Projects other than for Existing Lender Projects.

18 G. **Business Judgment and Good Faith.** The terms of the DIP Loan Agreement are  
19 fair and reasonable under the circumstances, are ordinary and appropriate for secured financing to  
20 a debtor in possession, reflect the Debtor's exercise of its prudent business judgment consistent  
21 with its fiduciary duties, and are supported by reasonably equivalent value and fair consideration.  
22 The terms and conditions of the DIP Loan Agreement have been negotiated in good faith and at  
23 arm's length by and among the Debtor, on one hand, and the DIP Lenders and DIP Agent, on the  
24 other hand, with all parties being represented by counsel. Any credit extended under the terms of  
25 this Interim Order shall be deemed to have been extended in good faith by the DIP Lenders under  
26 Bankruptcy Code section 364(e).

1 H. **Good Cause/Irreparable Harm**. The relief granted in this Interim Order is  
2 necessary, essential, and appropriate and is in the best interests of and will benefit the Debtor, its  
3 creditors, and its Estate, as its implementation will, among other things, provide the Debtor with  
4 the necessary liquidity to (a) minimize disruption to the Debtor's business and ongoing  
5 operations, (b) preserve and maximize the value of the Estate for the benefit of all the Debtor's  
6 creditors, and (c) avoid immediate and irreparable harm to the Debtor, its creditors, its business,  
7 its employees, and its assets.

8 I. **Immediate Entry**. Sufficient cause exists for immediate entry of this Interim  
9 Order pursuant to Bankruptcy Rules 4001(b)(2), 4001(c)(2), and 6003.

10 J. **Findings of Fact and Conclusions of Law**. Each of the foregoing findings by the  
11 Court will be deemed (i) a finding of fact, if and to the full extent that it makes and contains  
12 factual findings, and (ii) a conclusion of law, if and to the full extent that it makes and contains  
13 legal conclusions.

14 Based on the foregoing, and after due consideration and good cause appearing therefor, IT  
15 IS HEREBY ORDERED, ADJUDGED AND DECREED, that:

16 1. **Motion Granted**. The Motion is granted to the extent provided in this Interim  
17 Order. Any and all objections to the entry of this Interim Order are overruled. This Interim  
18 Order shall become effective immediately upon its entry.

19 2. **Approval of DIP Loan Agreement**. The Debtor is authorized to enter into and be  
20 bound by the DIP Loan Agreement and incur the indebtedness contemplated thereunder. The  
21 terms, conditions, and covenants of the DIP Loan Agreement are sufficient and conclusive  
22 evidence of the borrowing arrangements by and among the Debtor, the DIP Lenders, and the DIP  
23 Agent, and the Debtor's assumption and adoption of all of the terms, conditions, and covenants of  
24 the DIP Loan Agreement for all purposes, including, to the extent applicable, the payment of all  
25 DIP Obligations arising thereunder, including all principal, interest, and other fees and expenses  
26 including, the DIP Lenders' legal fees and expenses up to \$500,000, as more fully set forth in the  
27 DIP Loan Agreement.  
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1           3.       **Authorization To Borrow and Use Loan Proceeds**. The Debtor is authorized to  
2 enter into the DIP Loan Agreement and such additional documents, instruments, or agreements as  
3 may be required or requested by the DIP Agent and the DIP Lenders to implement the terms or  
4 effectuate the purpose of this Interim Order (collectively, the “DIP Loan Documents”). The  
5 terms and conditions of the DIP Loan Documents are hereby approved and (i) the Debtor is  
6 authorized and directed to comply with and perform all of the terms and conditions contained  
7 therein and in this Interim Order, and (ii) the Debtor is authorized and directed to repay amounts  
8 borrowed together with interest thereon and any other outstanding DIP Obligations to the DIP  
9 Lenders in accordance with and subject to the terms and conditions set forth in the DIP Loan  
10 Agreement and this Interim Order.

11           4.       **Approved Budget**. During the Completion Period, not later than the Wednesday  
12 of each week, Borrower shall deliver to the DIP Agent and the DIP Lenders a revised cash  
13 forecast budget with actualized and updated cash forecasts for the period commencing on the first  
14 day of such week through April 27, 2013, in form, scope and substance satisfactory to DIP Agent  
15 and DIP Lenders. Upon approval by the DIP Agent and the DIP Lenders, such supplemental  
16 budget shall constitute the “Approved Budget” for purposes of the DIP Loan Agreement. If the  
17 parties are unable to agree on the revised budget, then the immediately preceding Approved  
18 Budget shall constitute the Approved Budget until the parties have reached resolution on the  
19 revised budget. During the Completion Period and the 30 days immediately following the  
20 Completion Period, not later than the Thursday of each week, and after the Completion Period,  
21 seven (7) days after the end of each month thereafter, Borrower shall deliver to the DIP Agent (a)  
22 a weekly line-by-line budget variance report, in form and scope reasonably acceptable to the DIP  
23 Agent, which report shall compare actual cash receipts and disbursements of Borrower and each  
24 Subsidiary with amounts provided for in the Approved Budget on a line-by-line basis for the  
25 preceding weekly period and the preceding four-week rolling period and (b) any proposed  
26 modifications to the Approved Budget (such proposed modifications to be in compliance with  
27 Section 7.14 of the DIP Loan Agreement). The DIP Agent and the DIP Lenders may rely on the  
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1 Debtor's compliance with the Initial Approved Budget and any Approved Budget, as ordered by  
2 this Court pursuant to this Interim Order or a Final Order. The DIP Agent and the DIP Lenders  
3 shall have no duty to monitor such compliance and, subject to the Carve Out, shall not be  
4 obligated to pay directly or indirectly from the Collateral any unpaid expenses incurred or  
5 authorized to be incurred pursuant to the Initial Approved Budget and any Approved Budget.

6 5. **Interest on DIP Loan.** The rate of interest to be charged for the DIP Loan shall  
7 be the rates set forth in the DIP Loan Agreement and shall be payable at the times set forth in the  
8 DIP Loan Agreement.

9 6. **Payment of DIP Fees and Expenses.** The reasonable legal fees, costs, and  
10 expenses of Jones Day as legal counsel for the DIP Agent and each DIP Lender in connection  
11 with (a) the preparation, documentation, negotiation, syndication, execution and delivery,  
12 administration of, or any amendment, restatement, modification, waiver or termination of any  
13 Loan Document, (b) any legal advice relating to the DIP Agent's rights or responsibilities under  
14 any Loan Document, (c) the administration of the Loan and the facilities hereunder and any other  
15 transaction contemplated hereunder or any Loan Document and (d) the enforcement, assertion,  
16 defense or preservation of DIP Agent's and the DIP Lenders' rights and remedies under the Loan  
17 Documents, including, without limitation, preparation for and/or response to any subpoena or  
18 request for document production relating thereto, in each case of clauses (a) through (d),  
19 including, without limitation, reasonable attorneys' fees and expenses, reasonable fees and  
20 expenses of consultants, auditors (including internal auditors) and appraisers and UCC and other  
21 corporate search and filing fees and wire transfer fees shall be secured by the Collateral (defined  
22 below) and afforded all of the priorities and protections afforded to the DIP Obligations under this  
23 Interim Order and the DIP Loan Agreement, but shall not exceed \$500,000. In addition, the  
24 Debtor is hereby authorized to indemnify the DIP Agent and DIP Lenders (and each of their  
25 respective directors, officers, employees, agents, representatives, attorneys, consultants, advisors  
26 and controlling persons) against any liability arising in connection with the DIP Loan Agreement,  
27 to the extent set forth in the DIP Loan Agreement. All such unpaid fees, costs, expenses and  
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1 indemnities of the DIP Agent and DIP Lenders shall be secured by the Collateral (defined below)  
2 and afforded all of the priorities and protections afforded to the DIP Obligations under this  
3 Interim Order and the DIP Loan Agreement.

4           7.       **DIP Superpriority Claims.** In accordance with Bankruptcy Code sections  
5 364(c)(1), the DIP Obligations shall constitute superpriority administrative expense claims (the  
6 “**DIP Superpriority Claims**”) against the Debtor with priority in payment over any and all  
7 administrative expenses, adequate protection claims, diminution claims and all other claims  
8 against the Debtor, now existing or hereafter arising, of any kind whatsoever, including, without  
9 limitation, all administrative expenses of the kind specified in sections 503(b) and 507(b) of the  
10 Bankruptcy Code, and over any and all administrative expenses or other claims of the kinds  
11 specified or ordered pursuant to any provision of the Bankruptcy Code, including, but not limited  
12 to, Bankruptcy Code sections 105, 326, 328, 330, 331, 503(b), 506(c) (as against the debtor in  
13 possession, but not as against any trustee under chapter 7 or 11 if one is hereafter appointed or  
14 elected in this case), 507(a), 507(b), 546, 726, 1113 and 1114 or otherwise, including those  
15 resulting from the conversion of the Chapter 11 Case pursuant to section 1112 of the Bankruptcy  
16 Code, whether or not such expenses or claims may become secured by a judgment lien or other  
17 non-consensual lien, levy or attachment; provided, however, that the DIP Superpriority Claims  
18 shall be subject to the Carve Out. The DIP Superpriority Claims shall, for purposes of section  
19 1129(a)(9)(A) of the Bankruptcy Code, be considered administrative expenses allowed under  
20 section 503(b) of the Bankruptcy Code and shall be payable from and have recourse to all  
21 prepetition and postpetition property of the Debtor and all proceeds thereof.

22           8.       **Grant of DIP Liens.** To secure the prompt payment and performance of all DIP  
23 Obligations now existing and hereafter arising, the DIP Lenders shall have and are granted,  
24 effective as of the Petition Date, valid and perfected liens and security interests (the “**DIP Liens**”)  
25 in and on all of the Collateral (defined below), that are: (a) pursuant to section 364(c)(2) of the  
26 Bankruptcy Code a perfected first priority lien on all Collateral that is not otherwise subject to  
27 valid, perfected, and non-avoidable Liens as of the Petition Date; (b) pursuant to section 364(c)(3)  
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1 of the Bankruptcy Code and the Orders (as applicable), a perfected second priority junior Lien on  
2 all Collateral that is otherwise subject to (i) valid, perfected and non-avoidable Liens as of the  
3 Petition Date or (ii) valid Liens in existence at the Petition Date that are perfected subsequent to  
4 the Petition Date as permitted by section 546(b) of the Bankruptcy Code and perfected thereafter  
5 as permitted by section 546(b) of the Bankruptcy Code (other than with respect to the Liens  
6 described in clause (c) below, which Liens shall be primed by the Liens described in such clause);  
7 and (c) pursuant to section 364(d)(1) of the Bankruptcy Code and the Orders (as applicable), a  
8 perfected first priority senior priming Lien on the Prepetition Collateral, provided, however, that  
9 the DIP Liens shall be subject to the Carve Out.

10 9. **Collateral**. For purposes of this Interim Order, the term “Collateral” shall have the  
11 meaning ascribed to such term in the DIP Loan Agreement, which term includes the following  
12 (with terms as defined in the DIP Loan Agreement): (a) all Accounts of Borrower; (b) all Chattel  
13 Paper of Borrower; (c) all Commercial Tort Claims of Borrower; (d) all Contracts of Borrower;  
14 (e) all Money and all Deposit Accounts, together with all amounts on deposit from time to time in  
15 such Deposit Accounts; (f) all Documents of Borrower; (g) all Equipment of Borrower; (h) all  
16 Fixtures of Borrower; (i) all General Intangibles of Borrower, including, without limitation,  
17 Payment Intangibles, all Intellectual Property, Copyrights, Patents, Trademarks, Licenses,  
18 designs, drawings, technical information, marketing plans, customer lists, trade secrets,  
19 proprietary or confidential information, inventions (whether or not patentable), procedures, know-  
20 how, models and data; (j) all Instruments of Borrower, including, without limitation, the  
21 Shareholder Promissory Notes, and any and all collateral security therefor; (k) all Inventory of  
22 Borrower; (l) all Investment Property of Borrower; (m) all Letter-of Credit Rights of Borrower;  
23 (n) all Supporting Obligations of Borrower; (o) all property of Borrower held by the Secured  
24 Parties, or any other party for whom the Secured Parties are acting as agent hereunder, including,  
25 without limitation, all property of every description now or hereafter in the possession or custody  
26 of or in transit to the Secured Parties or such other party for any purpose, including, without  
27 limitation, safekeeping, collection or pledge, for the account of Borrower, or as to which  
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1 Borrower may have any right or power; (p) all other goods and personal property of Borrower,  
2 wherever located, whether tangible or intangible, and whether now owned or hereafter acquired,  
3 existing, leased or consigned by or to Borrower; (q) all of Borrower's books and records  
4 including ledgers, federal and state tax returns, records regarding Borrower's assets or liabilities,  
5 the Collateral, business operations or financial condition, and all computer programs or storage or  
6 any equipment containing such information relating to the foregoing, and any and all claims,  
7 rights and interests in any of the above and all substitutions for, additions, attachments,  
8 accessories, accessions and improvements to and replacements, products, Proceeds and insurance  
9 Proceeds of any or all of the foregoing; (r) all Pledged Equity; (s) all Land (excluding the  
10 Borrower's leasehold interest in the Grand Avenue Property), together in each case with all of the  
11 right, title and interest of Borrower in and to all buildings, improvements, and fixtures related  
12 thereto, any leases or subleases thereof, all general intangibles relating thereto and (t) to the extent  
13 not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions  
14 and replacements for and rents, profits and products of each of the foregoing except that the  
15 Collateral excludes any of the foregoing that relate to a Non-Lender Project (as defined in the DIP  
16 Loan Agreement).

17       10.    **Real Estate Proceeds.** To the extent the Debtor receives any proceeds from the  
18 sale of the Grand Avenue Property, such proceeds shall remain within the Borrower to be used  
19 exclusively for operational working capital purposes, provided that if a Default or Event of  
20 Default has occurred, Borrower shall make a mandatory prepayment of the Loan in an amount  
21 equal to 100% of such proceeds.

22       11.    **Carve Out.** For purposes of this Interim Order, the term "Carve Out" means  
23 (a) the allowed and unpaid fees and expenses in an amount not to exceed (i) One Million Dollars  
24 (\$1,000,000) for Borrower's restructuring counsel, Greenberg Glusker Fields Claman &  
25 Machtinger LLP; (ii) Five Hundred Thousand Dollars (\$500,000) for Borrower's financial  
26 consultant, Scouler & Company LLC; (iii) Fifty Thousand Dollars (\$50,000) for counsel for the  
27 Official Committee of Unsecured Creditors, if any, in the Chapter 11 Case; and (iv) One Hundred  
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1 Fifty Thousand Dollars (\$150,000) for Debtor's broker/investment banker, to the extent  
2 consistent with the Budget, and (b) all accrued and unpaid fees that arise pursuant to 28 U.S.C.  
3 § 1930.

4 12. **Postpetition Lien Perfection.** The entry of this Interim Order shall be sufficient  
5 and conclusive evidence of the validity, perfection and priority of the DIP Liens. The DIP Agent  
6 and the DIP Lenders shall not be required to file or record any financing statements, mortgages,  
7 notices of lien or similar instruments in any jurisdiction or take any other action in order to  
8 validate and perfect the respective security interests and liens granted to them pursuant to the  
9 Interim Order. If the DIP Agent or a DIP Lender elects, in its sole discretion, to file, record, or  
10 register a copy of this Interim Order, a financing statement, mortgage, notice of lien, or similar  
11 instrument in respect of the DIP Liens, the Debtor is directed to execute such documents and  
12 instruments as the DIP Lender may reasonably request, the DIP Lender is authorized to file,  
13 record or register such instrument, and the applicable filing or recording official is authorized and  
14 directed to file, record or register such instrument for such purpose. All such instruments that  
15 may be filed, recorded or registered shall, irrespective of the actual filing date thereof, be deemed  
16 filed, recorded or registered as of the time and date of the entry of this Interim Order. The filing,  
17 recording or registration of a copy of this Interim Order shall be tantamount to the filing,  
18 recordation or registration of a financing statement, mortgage or other instrument perfecting the  
19 DIP Liens in accordance with applicable non-bankruptcy law. Should the DIP Agent or a DIP  
20 Lender attempt to file, record or register this Interim Order or any other instrument as authorized  
21 hereunder, no defect or failure in connection with such attempt shall in any way limit, waive or  
22 alter the validity, enforceability, attachment, or perfection of the DIP Liens.

23 13. **Certain Financial Reporting.** During the Completion Period, not later than the  
24 Wednesday of each week, and after the Completion Period, seven (7) days after the end of each  
25 month thereafter, Borrower shall deliver to DIP Agent consolidated ageing schedules of the  
26 Borrower's payables and receivables, as of the close of business on the preceding Friday, and  
27 identifying the obligor/ obligee (as applicable). For the avoidance of doubt, during the  
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1 Completion Period, upon the request of the DIP Agent or a DIP Lender's representative  
2 (including the Disbursement Consultant), Borrower shall provide (a) email or other notification of  
3 all disbursements within 24 hours prior to such disbursement (unless impracticable to do so in  
4 which case Borrower will make its best efforts to provide such notification as early as possible);  
5 within the Approved Delivery Period, any or all of (b) copy of the check register; (c) paid  
6 invoices including back-up and check copies, and/or (d) bank and wire transfers including back-  
7 up and transmission reports.

8 14. **Amendment of DIP Loan Agreement**. Subject to the terms and conditions of the  
9 DIP Loan Agreement, the Debtor and the DIP Lenders may amend, modify, supplement or waive  
10 any provision of the DIP Loan Agreement (an "Amendment") without further approval or order  
11 of the Court provided that (i) such Amendment is not material (for purposes hereof, a "material"  
12 Amendment shall mean any Amendment that increases the interest rate other than as currently  
13 provided in the DIP Loan Agreement, increases the amount of available DIP Loans or Advances  
14 under the DIP Loan Agreement, adds specific new events of default or enlarges the nature and  
15 extent of remedies available to the DIP Lenders following an "Event of Default," as defined in the  
16 DIP Loan Agreement, or otherwise modifies any terms and conditions in the DIP Loan  
17 Agreement in a manner materially less favorable to the Debtor) and is undertaken in good faith by  
18 the Debtor and the DIP Lenders; (ii) the Debtor provides prior written notice of the Amendment  
19 (the "Amendment Notice") to (x) the U.S. Trustee and (y) counsel to the Committee, if appointed,  
20 or if no such Committee has been appointed at the time of such Amendment, to the 20 Largest  
21 Unsecured Creditors; (iii) the Debtor files the Amendment with the Court; and (iv) no objection  
22 to the Amendment is filed with the Court within ten days from the later of the date the  
23 Amendment is served or the date the Amendment is filed with the Court in accordance with this  
24 paragraph. Any material Amendment to the DIP Loan Agreement must be approved by the  
25 Court. Further, the Approved Budget may be amended without need for Court approval in  
26 accordance with the DIP Loan Agreement, provided that a copy of the amended Budget shall be  
27 provided to the U.S. Trustee and the Committee.  
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1           15.    **Termination Events.** The Debtor's authority to use the proceeds of the DIP  
2 Facility and any commitment to make Advances (as defined in the DIP Loan Agreement) shall  
3 terminate upon the occurrence of an Event of Default under the DIP Loan Agreement.

4           16.    **Remedies Upon Default.** Upon the occurrence and during the continuance of any  
5 one or more Events of Default (without the need for further order of or application to the  
6 Bankruptcy Court), before exercising any of the remedies described in sub-sections 10.1(b) – (e)  
7 of the DIP Loan Agreement, the DIP Lenders shall be required to provide written notice of such  
8 Event of Default and Borrower shall have 3 business days to seek an order of court staying the  
9 exercise of such remedies. The rights and remedies of the DIP Agent and DIP Lenders specified  
10 herein are cumulative and not exclusive of any rights or remedies that the DIP Agent and the DIP  
11 Lenders may have under the DIP Loan Documents or otherwise. The Debtor shall cooperate fully  
12 with the DIP Agent and the DIP Lenders in their exercise of rights and remedies against the  
13 Collateral.

14           17.    **Modification of the Automatic Stay.** The automatic stay provisions of  
15 Bankruptcy Code section 362 and any other restrictions imposed by an order of the Court or  
16 applicable law are modified and vacated without further notice, application or order of the Court  
17 to the extent necessary (a) to permit the DIP Lenders and the DIP Agent to perform any act  
18 authorized or permitted under or by virtue of this Interim Order or the DIP Loan Documents,  
19 including, to implement the postpetition financing arrangements authorized by this Interim Order  
20 and pursuant to the terms of the other DIP Loan Agreement, and to take any act to create,  
21 validate, evidence, attach or perfect any lien, security interest, right or claim in the Collateral, and  
22 (b) to exercise, upon the occurrence and during the continuation of an Event of Default (as  
23 defined in the DIP Loan Agreement), all rights and remedies provided for in the DIP Loan  
24 Documents.

25           18.    **Effect of Reversal, Modification, Vacatur or Stay.** The terms of this Interim  
26 Order were negotiated in good faith and at arm's length by and among the Debtor, the DIP Agent,  
27 and the DIP Lenders. The DIP Agent and the DIP Lenders are entitled to the full protections of  
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1 Bankruptcy Code section 364(e) in the event this Interim Order or any provision hereof is  
2 vacated, reversed, modified, or stayed, on appeal or otherwise. Neither the vacatur, reversal,  
3 modification or stay of this Interim Order shall affect, prejudice or impair: (a) the validity and  
4 effect of the acts taken by the DIP Agent and the DIP Lenders in accordance with or in reliance  
5 on this Interim Order, prior to receiving actual written notice of such vacatur, modification,  
6 reversal or stay, (b) the validity or enforceability of any obligation, indebtedness or liability  
7 incurred by the Debtor to the DIP Lenders under the DIP Loan Agreement prior to receiving  
8 actual written notice of such vacatur, modification, reversal or stay, (c) the validity or  
9 enforceability of any security interest, lien, priority, or other protection authorized or created  
10 hereunder in favor of the DIP Agent or the DIP Lenders prior to receiving actual written notice of  
11 such vacatur, modification, reversal or stay, or (d) the rights, remedies, privileges and benefits  
12 granted herein to the DIP Lenders in respect of all such acts, indebtedness, obligations, liabilities,  
13 security interests, liens, priorities, and other protections, all of which shall be governed by the  
14 original provisions of the DIP Loan Agreement. The provisions of this paragraph shall remain in  
15 full force and effect, irrespective of whether (i) a Final DIP Order is entered, or (ii) the Chapter  
16 11 Case is converted.

17       19.     **Debtor Waivers.** Except as expressly set forth in the DIP Loan Agreement and,  
18 in particular, without limitation section 2.1(d) of the DIP Loan Agreement, at all times during the  
19 Chapter 11 Case, and irrespective of whether an Event of Default has occurred, the Debtor waives  
20 any right it may have to seek authority: (i) to obtain postpetition loans or other financial  
21 accommodations pursuant to Bankruptcy Code sections 364(c) and 364(d), other than from the  
22 DIP Lenders or as otherwise may be expressly permitted pursuant to the DIP Loan Agreement,  
23 (ii) to grant liens pursuant to Bankruptcy Code sections 361, 363, or 364 that is equal to or greater  
24 in priority to the DIP Liens, (iii) to propose, support or have a chapter 11 plan that does not  
25 provide for the indefeasible payment in cash, in full satisfaction of DIP Obligations on the  
26 effective date of such chapter 11 plan, or (iv) to seek relief under the Bankruptcy Code, including  
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1 Bankruptcy Code section 105, to the extent such relief would materially and adversely affect the  
2 rights and remedies of the DIP Lenders under this Interim Order and the DIP Loan Agreement.

3 20. **Limitations on Use of the Postpetition Loan Proceeds.** In addition to the other  
4 terms and conditions to which use of DIP Loan proceeds are subject under the DIP Loan  
5 Agreement, none of the proceeds of the DIP Loan may be used to bring or pursue any and all  
6 claims, objections, challenges, causes of action, and/or choses in action against the DIP Lenders  
7 or DIP Agent in any capacity.

8 21. **Limitation On Surcharge.** All rights to surcharge any Collateral under section  
9 506(c) of the Bankruptcy Code shall be and are hereby finally and irrevocably waived, and such  
10 waiver shall be binding upon the Debtor and all parties in interest in the Chapter 11 Case.

11 22. **Power To Waive Rights.** The DIP Agent and each DIP Lender, in its sole and  
12 absolute discretion, shall have the right to waive any of the terms, rights and remedies provided or  
13 acknowledged in this Interim Order in respect of the DIP Agent or DIP Lender (the "DIP Lender  
14 Rights"), and shall have no obligation or duty to any other party with respect to the exercise or  
15 enforcement, or failure to exercise or enforce, any DIP Lender Rights. Any waiver by the DIP  
16 Agent or a DIP Lender of any DIP Lender Rights shall not be or constitute a continuing waiver.  
17 Any delay in enforcing, or failure to exercise or enforce, any DIP Lender Right shall not  
18 constitute a waiver of such DIP Lender Right, subject the DIP Lender to any liability to any other  
19 party, or cause or enable any other party to rely on or in any way seek to assert a defense to any  
20 obligation owed by the Debtor to the DIP Lender.

21 23. **Disposition of Collateral.** Except as otherwise provided in the DIP Loan  
22 Agreement, the Debtor shall not encumber or otherwise dispose of any portion of the Collateral  
23 without the prior written consent of each of the DIP Lenders in their sole and absolute discretion  
24 (no such consent shall be implied, from any other action, inaction or acquiescence by the DIP  
25 Lenders) and an order of this Court. The Debtor shall not, without the consent of each of the DIP  
26 Lenders, in their sole and absolute discretion, (a) enter into any agreement to return any goods to  
27 any of their creditors for application against any prepetition indebtedness under any applicable  
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1 provision of Bankruptcy Code Section 546, or (b) consent to any creditor taking any setoff  
2 against any of its prepetition indebtedness based on any such return pursuant to Bankruptcy Code  
3 section 553(b)(1) or otherwise.

4 24. **Reservation of Rights**. The terms, conditions and provisions of this Interim Order  
5 are in addition to and without prejudice to the rights of the DIP Agent and DIP Lenders to pursue  
6 any and all rights and remedies under the Bankruptcy Code, the DIP Loan Documents, or any  
7 other applicable agreement or law, including, rights to seek relief from the automatic stay, to seek  
8 injunctive relief, to oppose any request for the granting of any interest in the Collateral or priority  
9 in favor of any other party, to object to any sale of assets, and to object to applications for  
10 allowance and/or payment of compensation of professionals or other parties seeking  
11 compensation or reimbursement from the Estate.

12 25. **Binding Effect of Order**.

13 a) Effective immediately upon entry, this Interim Order shall be valid and  
14 binding upon and inure to the benefit of the DIP Agent, the DIP Lenders, the Debtor, the  
15 property of the Estate, all other creditors of the Debtor, the Committee (if and when  
16 appointed), and all other parties in interest and their respective successors and assigns  
17 (including any trustee or any other fiduciary hereafter appointed as a legal representative  
18 of the Debtor), in the Chapter 11 Case, any case for the Debtor under chapter 7 of the  
19 Bankruptcy Code, or upon dismissal of the Chapter 11 Case or any such chapter 7 case.

20 b) Any order dismissing the Chapter 11 Case under Bankruptcy Code section  
21 1112 or otherwise shall be deemed to provide (in accordance with Bankruptcy Code  
22 sections 105 and 349) that (a) the DIP Liens and the DIP Superpriority Claims shall  
23 continue in full force and effect notwithstanding such dismissal until the DIP Obligations  
24 are indefeasibly paid and satisfied in full, and (b) this Court shall retain jurisdiction to the  
25 greatest extent permitted by applicable law, notwithstanding such dismissal, for purposes  
26 of enforcing the DIP Liens and the DIP Superpriority Claims.  
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1 c) If the Court modifies any provision of this Interim Order or the DIP Loan  
2 Agreement following a subsequent hearing or otherwise, (a) such modifications shall not  
3 affect the rights or priorities of the DIP Agent or the DIP Lenders pursuant to this Interim  
4 Order with respect to the Collateral, the DIP Obligations and/or other obligations that  
5 have been incurred hereunder or in reliance hereon, that were incurred or arose prior to the  
6 DIP Agent or the DIP Lenders receiving actual written notice of such modification, and  
7 (b) subject to the foregoing clause, this Interim Order shall remain in full force and effect  
8 except as specifically amended or modified.

9 26. **Treatment of DIP Liens and DIP Obligations.** The DIP Liens granted pursuant  
10 to this Interim Order shall not be altered, modified, extended, impaired, or affected by any chapter  
11 11 plan, unless each of the DIP Lenders shall have given express prior written consent with  
12 respect thereto in its sole and absolute discretion (no such consent shall be implied, from any  
13 other action, inaction or acquiescence by a DIP Lenders).

14 27. **No Owner/Operator Liability.** In determining to extend credit and make loans  
15 under the DIP Loan Agreement and this Interim Order, and in exercising any rights or remedies  
16 as and when permitted pursuant to the DIP Loan Agreement and this Interim Order, the DIP  
17 Lenders shall not be deemed to be in control of the operations of the Debtor or to be acting as a  
18 “responsible person” or “owner or operator” with respect to the operation or management of the  
19 Debtor (as such terms, or any similar terms, are used in the United States Comprehensive  
20 Environmental Response, Compensation and Liability Act, 29 U.S.C. §§ 9601 et seq., as  
21 amended, or any similar federal or state statute).

22 28. **Marshalling.** In no event shall the DIP Lenders be subject to the equitable  
23 doctrine of “marshalling” or any similar doctrine with respect to the Collateral.

24 29. **Term and Termination.** Notwithstanding any other provision of this Interim  
25 Order to the contrary, the DIP Lenders’ obligation to extend DIP Loans may be terminated  
26 pursuant to the DIP Loan Agreement.

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30. **Interim Order Governs.** In the event that any provision of this Interim Order conflicts with any term of any other DIP Loan Agreement, this Interim Order shall govern.

31. **Retention of Jurisdiction.** The Court has and will retain jurisdiction to interpret and enforce the provisions of this Interim Order.


32. **Final Hearing, Objection and Reply Dates.** The Final Hearing on the Motion shall be held on March 12, 2013 at 2:00 p.m. before this Court. The Debtor shall no later than February 20, 2013 mail copies of this Interim Order and notice of the Final Hearing to the Noticed Parties, and to any other party that has filed a request for notices with this Court, and any other party that appeared at the initial hearing or who is listed in the Court's order setting the initial hearing (dkt. 19), and to the Committee or to its counsel, if a Committee is appointed. In addition, the Debtor shall, by the same deadline, mail a notice briefly describing (i.e., in approximately three sentences or less) the DIP financing and a notice of final hearing on all persons included on the mailing matrix. The debtor shall arrange for service by the same deadline on any person located in a foreign country via that country's equivalent of U.S. mail, or other no less expeditious means. Any party in interest objecting to the relief sought at the Final Hearing

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1 shall file a written objection and any evidence in support thereof no later than March 8, 2013 at  
2 10:00 a.m. and serve it no later than such date on (a) counsel for the Debtor: Greenberg Glusker  
3 Fields Claman & Machtinger, 1900 Avenue of the Stars, 21st Floor, Los Angeles, California  
4 90067-4590, Attention: Brian Davidoff; (b) counsel for the DIP Agent and DIP Lenders, Jones  
5 Day, 555 S. Flower Street, 50<sup>th</sup> Floor, Los Angeles, CA 90071, Attention: Richard L. Wynne  
6 and Lori Sinanyan. Any party in interest replying to such objection may do so at or before the  
7 Final Hearing either orally or in writing.

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24 Date: February 15, 2013

  
Neil W. Bason  
United States Bankruptcy Judge

## NOTICE OF ENTERED ORDER AND SERVICE LIST

Notice is given by the court that a judgment or order entitled (*specify*):

**INTERIM ORDER (I) AUTHORIZING DEBTORS TO OBTAIN POST-PETITION FINANCING FROM UNIVERSAL CITY STUDIOS LLC AND TWENTIETH CENTURY FOX PURSUANT TO SECTIONS 105, 361, 362, 363, 364(c), 364(d)(1) AND 364(e) OF THE BANKRUPTCY CODE; (II) SCHEDULING FINAL HEARING AND (III) GRANTING RELATED RELIEF**

was entered on the date indicated as Entered on the first page of this judgment or order and will be served in the manner stated below:

**1. SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)** Pursuant to controlling General Orders and LBRs, the foregoing document was served on the following persons by the court via NEF and hyperlink to the judgment or order. As of (*date*) February 14, 2013, the following persons are currently on the Electronic Mail Notice List for this bankruptcy case or adversary proceeding to receive NEF transmission at the email addresses stated below.

Service information continued on attached page

**2. SERVED BY THE COURT VIA UNITED STATES MAIL:** A copy of this notice and a true copy of this judgment or order was sent by United States mail, first class, postage prepaid, to the following persons and/or entities at the addresses indicated below:

Service information continued on attached page

**3. TO BE SERVED BY THE LODGING PARTY:** Within 72 hours after receipt of a copy of this judgment or order which bears an Entered stamp, the party lodging the judgment or order will serve a complete copy bearing an Entered stamp by United States mail, overnight mail, facsimile transmission or email and file a proof of service of the entered order on the following persons and/or entities at the addresses, facsimile transmission numbers, and/or email addresses stated below:

Service information continued on attached page

## ATTACHMENT TO PROOF OF SERVICE

### 1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)

Russell Clementson for U.S. Trustee	russell.clementson@usdoj.gov
Hamid R. Rafatjoo for Legendary Pictures	hamidrrafatjoo@venable.com; ataylor@venable.com; jnassiri@venable.com; bclark@venable.com
Brian L Davidoff for Rhythm And Hues Inc	bdavidoff@greenbergglusker.com, jreinglass@greenbergglusker.com; kwoodson@greenbergglusker.com;calendar@greenbergglusker.com; sgaeta@greenbergglusker.com
Jeffrey A Krieger for Rhythm And Hues Inc	jkrieger@ggfirm.com, kwoodson@greenbergglusker.com; calendar@greenbergglusker.com; pporooshani@greenbergglusker.com
C John M Melissinos for Rhythm And Hues Inc	jmelissinos@greenbergglusker.com, jreinglass@greenbergglusker.com; kwoodson@greenbergglusker.com; calendar@greenbergglusker.com; sgaeta@greenbergglusker.com
Claire E Shin for Rhythm And Hues Inc	cshin@greenbergglusker.com, jreinglass@greenbergglusker.com; kwoodson@greenbergglusker.com;calendar@greenbergglusker.com; sgaeta@greenbergglusker.com
United States Trustee (LA) for U.S. Trustee	ustpregion16.la.ecf@usdoj.gov

### 3. TO BE SERVED BY THE LODGING PARTY

#### VIA US MAIL

Southern California Edison  
PO Box 300  
Rosemead, CA 91771-001

The Gas Company  
PO Box C  
Monterey Park, CA 91756

City of El Segundo  
PO Box 8266  
Pasadena, CA 91109-8266

#### VIA EMAIL

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ivan@rhythm.com;  
jason@rhythm.com;  
ken@rhythm.com;  
lee@rhythm.com;  
markusk@rhythm.com;  
meaker@rhythm.com;

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This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

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sei@rhythm.com;  
stacy@eevolver.com;  
toshi@rhythm.com;  
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