

METRO-GOLDWYN-MAYER INC. CORPORATE GOVERNANCE GUIDELINES

General Governance Principles

Metro-Goldwyn-Mayer Inc. (the “Company”) seeks to conduct its business in the long-term best interests of its stockholders, consistent with the tenets of good corporate citizenship. It seeks to achieve consistently outstanding financial and operating performance by (i) recruiting and retaining directors, officers and employees of proven ability, high character and personal integrity and (ii) requiring strict adherence to a set of core values in the conduct of its business activities. The business of the Company is managed under the direction of the Company’s Board of Directors.

The Board of Directors

The Board of Directors seeks to promote the long-term interests of the stockholders by providing rigorous oversight of the management, strategic direction, financial reporting and legal compliance of the Company. The Board is responsible for, among other things, (i) reviewing and approving the Company’s annual business plan and operating budget, (ii) monitoring the execution of the Company’s operating and financial plans and objectives, (iii) reviewing and approving major corporate transactions, material related party transactions and filings with the Securities and Exchange Commission (the “SEC”) and (iv) electing, evaluating and compensating the senior corporate officers of the Company, including the Chairman and Chief Executive Officer.

The Board is also responsible for determining and implementing the principles by which the Company is governed and, together with management, establishing a code of conduct and other policies and procedures that promote the highest standards of integrity, compliance with the law and personal accountability. The Company’s Code of Conduct and Conflict of Interest Policy (the “Policy”) is posted on the Company’s website at www.mgm.com under the caption “Investor Relations—Corporate Governance—Code of Conduct” and is provided to all new hires and distributed annually to all directors, officers and employees, each of whom is required to acknowledge in writing his or her receipt and understanding of the Policy and agreement to adhere to the principles contained therein.

Composition of the Board

The Bylaws of the Company provide that the Board of Directors shall consist of at least seven (7) but not more than thirty-five (35) directors, the precise number to be fixed from time to time by the Board, each to hold office until the election and qualification of his or her successor or until resignation or removal. The Board currently consists of twelve (12) directors who are elected annually by the stockholders of the Company. Any vacancy (whether because of death, resignation, disqualification or an increase in the number of directors) may be filled by the vote of a majority of the remaining directors.

Board Membership Criteria

In determining the criteria for membership, the Board considers the appropriate skills and personal characteristics required for membership in light of the then-current makeup of the Board and in the context of the perceived needs of the Company at the time, including considerations of character, particular skills, judgment, background, experience and diversity.

While many of the members of the Board may be deemed “independent” under the current rules of the New York Stock Exchange (the “NYSE”), the Company, by virtue of being a “controlled company” (i.e., a company of which more than 50 percent of the voting power is beneficially held by a single stockholder), is exempt from the rules requiring that listed companies have a majority of independent directors and a nominating/governance committee composed entirely of independent directors.

Director Orientation and Continuing Education

Each new director receives a comprehensive briefing book containing appropriate background material on the Company, including copies of its Articles of Incorporation and Bylaws, recent SEC filings, a memorandum on federal securities laws applicable to directors, a summary of indemnification provisions and directors and officers liability insurance as well as other information deemed relevant.

In addition, each director is afforded the opportunity to meet with members of the senior management of the Company, visit the Company’s facilities and consult with independent advisors as necessary or appropriate. Directors are expected to undertake such continuing education as they deem necessary to properly perform their duties.

Board Leadership

The Board of Directors is led by the Chairman and Chief Executive Officer of the Company, who is elected by the Board of Directors and presides at all regular and special meetings of the Board. In accordance with the applicable rules of the NYSE, the Company schedules regular executive sessions of non-management directors in which directors have an opportunity to meet outside the presence of management. Such sessions (which take place two to four times a year) are chaired by the Presiding Director, who is elected by, and serves at the pleasure of, the Board of Directors. The Presiding Director is responsible for convening such sessions and setting the agenda.

Meeting Procedures

The Board generally has four (4) regular meetings each year, the dates for which are set at the Board’s organizational meeting following the Annual Meeting of Stockholders, and special meetings from time to time as circumstances warrant. Board actions may also be taken by unanimous written consent without a meeting.

The agenda for each regular meeting is established by the Chairman and Chief Executive Officer and distributed to directors in advance of the meeting. Directors are free to suggest the inclusion of additional items on the agenda and to bring up non-agenda matters during the course of the

meeting. Information that may be important to the Board's understanding of matters to be voted on at the meeting are distributed to the directors in advance, thus providing each director with an opportunity to review such materials and ask questions prior to the meeting.

The Corporate Secretary prepares the minutes of each meeting and submits such minutes for approval at the next regular meeting of the Board. Following approval, all minutes are filed with the official records of the Company.

Committees of the Board

Much of the business of the Board of Directors is conducted through committees, the composition and responsibilities of which are determined by the Board. The principal standing committees of the Board are the Executive Committee, Audit Committee, Compensation Committee and Retirement and Savings Plan Committee. New committees may be formed from time to time as necessary or appropriate in the judgment of the Board, either as standing committees or as ad hoc special committees.

Meetings are convened and agendas determined by the chairman of each committee. Actions may be taken by unanimous written consent as permitted by Delaware law and the Bylaws of the Company. Minutes of each committee meeting are prepared by the Corporate Secretary and filed, together with actions by unanimous written consent, with the official records of the Company. The responsibilities and duties of the standing committees are as follows:

- Executive Committee. Except as otherwise limited by law, the Executive Committee exercises all the powers and authority of the Board in the management of the business and the affairs of the Company. The Executive Committee, which currently is comprised of five (5) members, is convened as necessary or appropriate in the judgment of the chairman of such committee.
- Audit Committee. The Audit Committee has the authority, powers, duties and responsibilities set forth in the Amended and Restated Audit Committee Charter (a copy of which is available on the Company's website at www.mgm.com under the caption "Investor Relations—Corporate Governance—Audit Committee Charter"). The Charter is designed to meet all the requirements imposed by law and regulation, including, without limitation, the Sarbanes-Oxley Act of 2002 and related rules of the SEC as well as the rules and regulations of the NYSE.

The Audit Committee is comprised of three (3) members, all of whom are "financially literate" in the judgment of the Board, at least two (2) of whom have accounting or related financial management expertise and one (1) of whom has been designated by the Board as an "Audit Committee Financial Expert" (as defined in the Sarbanes-Oxley Act of 2002). Each member of the Audit Committee is "independent" under the rules of the NYSE and the SEC and free of any relationship that, in the business judgment of the Board, would interfere with the exercise of independent judgment with respect to the Company and its management.

The Audit Committee meets as frequently as necessary to carry out its responsibilities, but no less than once every fiscal quarter. The Audit Committee prepares annually the Audit Committee Report for inclusion in the Company's Proxy Statement for the Annual Meeting of Stockholders.

In accordance with the SEC rules implementing Section 307 of the Sarbanes-Oxley Act of 2002, the Audit Committee has also been designated by the Board to serve as the Qualified Legal Compliance Committee ("QLCC"), thereby providing attorneys subject to such rules with an alternate means to report credible evidence of any material violation of the securities laws, material breach of fiduciary duty or similar material violation. Upon receipt of any such report, the QLCC has the duty and responsibility, among other things, to inform the General Counsel or the Chief Executive Officer, initiate any investigation it deems to be appropriate, inform the Board, the Chief Executive Officer and the General Counsel of the results of any such investigation and recommend appropriate measures to be taken by the Company.

- Compensation Committee. In accordance with the provisions of the Compensation Committee Charter (a copy of which is available on the Company's website at www.mgm.com under the caption "Investor Relations? Corporate Governance—Compensation Committee Charter"), the Compensation Committee, comprised of three (3) members, approves the compensation arrangements for Senior Executives (as defined in the Charter), including the Chief Executive Officer, and has the responsibility for the design, approval, evaluation and administration of (i) the Company's compensation plans, programs and policies (including the granting of stock options to employees of the Company) and (ii) the Company's benefit plans, programs and policies to the extent not otherwise delegated by the Board to the Retirement and Savings Plan Committee. The Compensation Committee also prepares annually the Report on Executive Compensation for inclusion in the Company's Proxy Statement for the Annual Meeting of Stockholders.

In addition, a two-member subcommittee of the Compensation Committee has the authority (i) pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended ("Section 162(m)"), to review and approve performance-based compensation arrangements for the Named Executive Officers (as defined in Section 162(m)) and (ii) to grant stock options and other stock-based awards to directors and officers of the Company who are subject to Section 16 of the Securities Exchange Act of 1934, as amended.

The Compensation Committee meets as necessary to carry out its responsibilities.

- Retirement and Savings Plan Committee. This committee, comprised of two (2) members, is charged with the general oversight of the Company's employee retirement and benefit plans; including the authority to (i) amend such plans to conform to legal requirements or facilitate the administration thereof, (ii) determine the guidelines governing the investment of plan assets and (iii) approve

changes in actuarial, interest rate or other assumptions used to determine the level of the Company's contributions or the adequacy of plan funding. Any proposed modifications or amendments to plans that would materially increase or decrease the overall level of benefits to employees or the cost to the Company of providing such benefits have been delegated by the Board to the Compensation Committee.

Certain day-to-day administrative oversight functions in connection with the plans are performed by a committee of management employees appointed by the Retirement and Savings Plan Committee.

Director Compensation

The Company believes that director compensation should be reasonable in light of what is customary for companies of similar size, scope and complexity and should reflect the time, effort and expertise required of directors to adequately perform their duties. Such compensation is comprised of a cash component as well as an opportunity to participate in the Company's future growth prospects through stock options or other stock-based awards. Such compensation arrangements are reviewed from time to time in light of the foregoing considerations.

Currently, each Board member who is not an employee of the Company receives an annual retainer, payable in equal quarterly installments, an annual award of stock options and reimbursement of all expenses incurred in attending meetings of the Board and any committees on which he or she may serve. Each non-management member of the Executive Committee and each member of the Compensation Committee receives an additional annual retainer, payable in equal quarterly installments, and each member of the Audit Committee receives a fee for each meeting attended. Members of special committees receive fees as determined by the Board at the time of formation. Each director is afforded the opportunity to elect annually to receive all or a portion of his or her cash fees in shares of MGM Common Stock in accordance with the provisions of the 1998 Non-Employee Director Stock Plan.

Stockholder Communication with the Board

The Board of Directors has established a process for stockholders to communicate with members of the Board, including the Presiding Director. All such communication shall be in writing and shall be addressed to the Corporate Secretary, Metro-Goldwyn-Mayer Inc., 10250 Constellation Blvd., Los Angeles, CA 90067, Attention: Stockholder Communications.

All inquiries are reviewed by the Corporate Secretary, who forwards to the Board a summary of all such correspondence and copies of all communications that he determines requires their attention. Matters relevant to other departments of the Company are directed to such departments with appropriate follow-up to ensure that inquiries are responded to in a timely manner. Matters related to accounting, auditing and/or internal controls are referred to the Chairman of the Audit Committee and included in the report to the Board, together with a report of any action taken to address the matter. The Board or the Audit Committee, as the case may be, may direct such further action as it deems necessary or appropriate.

Website Posting

As required by the rules of the NYSE, the Corporate Governance Guidelines have been adopted by the Board of Directors and are posted and maintained on the Company's website at www.mgm.com under the caption "Investor Relations—Corporate Governance—Guidelines." A copy of this document will be made available in print to any stockholder who requests it.

Evaluation and Management Succession

As an ongoing process, the Board evaluates the performance of the Chief Executive Officer based on such criteria as it deems appropriate, which may include such factors as (i) the overall performance of the business, (ii) progress toward the achievement of the Company's long-term strategic objectives, (iii) development of a strong management team and (iv) the development and maintenance of a corporate culture that sets high standards of performance, accountability and ethical behavior.

The Board shall also conduct an annual review and evaluation of its own performance by completing a self-evaluation questionnaire that includes, among other things, an assessment of: (i) the Board's composition; (ii) the Board's access to and review of information from management (iii) the quality of the information provided by management; (iii) the effectiveness of the Board and its committees and (iv) the adequacy of the Corporate Governance Guidelines. Such questionnaire will be prepared by the Corporate Secretary with input from the Chairman of the Board and the Presiding Director and shall be distributed to the members of the Board and completed by each director on an annual basis. The results, together with any action to be taken, shall be reviewed by the Board at a subsequent meeting.

The Board is also responsible, in consultation with the Chief Executive Officer and the Executive Committee, for establishing such formal and informal policies and procedures as it deems appropriate regarding succession in the event of the retirement, death, incapacity, emergency or other eventuality with respect to the Chief Executive Officer.

Effect of the Guidelines

These guidelines shall be reviewed periodically by the Board and may be amended at any time by the Board in its discretion. These guidelines are intended to provide the general framework within which the Board manages and directs the affairs of the Company, and, while they should be interpreted in light of the applicable laws, regulations and listing requirements, as well as in the context of the Company's Articles of Incorporation and Bylaws, they are not intended to establish any separate and independent obligations that are legally binding upon the Company, its directors, officers or employees.