

OLSHAN FROME WOLOSKY LLP

Park Avenue Tower
65 East 55th Street
New York, New York 10022
Telephone: (212) 451-2300
Facsimile: (212) 451-2222
Michael S. Fox, Esq.
Kyle C. Bisceglie, Esq.
Jordanna L. Nadritch, Esq.

AKIN GUMP STRAUSS HAUER & FELD LLP

One Bryant Park
New York, New York 10036
Telephone: (212) 872-1000
Facsimile: (212) 872-1002
Ira S. Dizengoff
Kristine G. Manoukian

Robert S. Strauss Building
1333 New Hampshire Avenue, N.W.
Washington, DC 20036-1564
Telephone: (202) 887-4000
Facsimile: (202) 887-4288
Scott L. Alberino (*Admitted Pro Hac Vice*)

Counsel to the Debtors and Debtors in Possession

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

In re:

ATARI, INC. *et al.*,

Debtors.¹

Chapter 11

Case No. 13-10176 (JMP)

Jointly Administered

**STIPULATION AND AGREED ORDER
MODIFYING AND ALLOWING CLAIM NUMBER 42**

¹ The Debtors are Atari, Inc., Atari Interactive, Humongous, Inc., and California U.S. Holdings, Inc.

The above-captioned debtors and debtors-in-possession (collectively, the “*Debtors*”) and Storm City Entertainment, Inc. (“*Storm City*,” with the Debtors, each a “*Party*” and collectively, the “*Parties*”), by and through their respective undersigned counsel, hereby agree and stipulate (this “*Stipulation*”) to the modification and allowance of the remaining proof of claim filed by Storm City, specifically, Claim Number 42 (the “*Storm City Proof of Claim*”) and respectfully state as follows:

WHEREAS, on January 21, 2013, each of the Debtors commenced a voluntary case pursuant to chapter 11 of title 11 of the United States Code (the “*Bankruptcy Code*”) in the United States Bankruptcy Court for the Southern District of New York;

WHEREAS, on March 21, 2013, the Court entered an order [Docket No. 157] establishing, among other things, April 30, 2013 (the “*Bar Date*”) as the last date for certain parties to file a written proof of claim asserting “*Claims*” (as that term is defined in Bankruptcy Code section 101 (f)) against any of the Debtors with respect to each such Claim;

WHEREAS, on April 8, 2013, Storm City timely filed Claim Number 42, asserting a general unsecured claim in the amount of \$295,000 against Debtor Atari, Inc. on account of goods sold and delivered to Atari, Inc.;

WHEREAS, the Debtors dispute the validity and amount of the Storm City Proof of Claim;

WHEREAS, after an exchange of information, and to avoid the risks, delays and costs of litigation, the Parties have agreed to resolve their disputes with respect to the Storm City Proof of Claim and all claims and causes of action between Storm City and the Debtors or their estates on the terms and conditions set forth herein;

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, based upon the foregoing recitals, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, and intending to be legally bound hereby, the Parties, subject only to Bankruptcy Court approval, hereto agree, by and through their respective counsel, as follows:

1. This Stipulation shall become effective upon the date of its execution (the “*Effective Date*”) by the undersigned parties, subject to the final approval by the Bankruptcy Court. This Stipulation shall be null and void if it is not approved by the Bankruptcy Court.

2. On and after the Effective Date, the Storm City Proof of Claim, Claim Number 42, shall be reduced and allowed as a general unsecured claim against Debtor Atari Inc. in the total amount of \$125,000 (the “*Storm City Allowed General Unsecured Claim*”).

3. Upon the Effective Date, the Debtors’ claims and noticing agent shall be authorized to update the official claims register to reflect the reduced and allowed claim of Storm City. For the avoidance of doubt, the Storm City Allowed General Unsecured Claim is allowed by this Stipulation.

4. Upon the Effective Date, (a) Storm City hereby releases, acquits and forever discharges the Debtors, and Atari, Inc., Interactive, Humongous, Inc., and California U.S. Holdings, Inc., as such entities are reorganized upon the effective date of the Plan (the “*Reorganized Debtors*”), and the Debtors’ predecessors, successors, assigns, subsidiaries, current and former employees, current and former directors, officers, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals (collectively, the “*Debtors’ Releasees*”) of and from any and all claims, liabilities, demands, damages, actions, causes of action, rights, costs, losses, expenses, adverse consequences, debts,

deficiencies, diminution in value, or liens Storm City may have against the Debtors' Releasees with respect to the Storm City Proof of Claim through the Effective Date, except for the Storm City Allowed General Unsecured Claim stipulated herein; and (b) the Debtors, on behalf of themselves, their estates, and the Reorganized Debtors hereby release, acquit and forever discharge Storm City and its affiliates, agents, representatives, attorneys, current and former officers and directors, employees and other professionals (collectively, the "*Storm City Releasees*") of and from any and all known or unknown claims, liabilities, demands, damages, actions, causes of action, rights, costs, losses, expenses, adverse consequences, debts, deficiencies, diminution in value, or liens the Debtors and their estates may have against the Storm City Releasees, including, but not limited, to any claims under Chapter 5 of the Bankruptcy Code.

5. Storm City agrees that it will not file any objection to the Debtors' proposed plan of reorganization presently filed or any amended or subsequent plan of reorganization, nor support any other party's objection to any plan of reorganization *provided* that the Storm City Allowed General Unsecured Claim is treated (a) as a Class 4 General Unsecured Claim under the pending proposed plan or (b) as similarly situated and treated as a general unsecured claim under any amended or subsequently proposed plan by the Debtors.

6. This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original, including any facsimile or "PDF" counterparts, and which together shall constitute one and the same agreement.

7. This Stipulation constitutes the entire agreement between the Parties with respect to the subject matter of the Storm City Proof of Claim and the Storm City Allowed General Unsecured Claim and supersedes all prior agreements and undertakings between the Parties

relating to the subject matter hereof. There are no other covenants, promises, agreements, conditions or understandings, either oral or written, express or implied, between the Parties, except for this Stipulation with respect to its subject matter. The terms are contractual and not merely recitals. No alteration, amendment or modification shall be effective or binding upon any Party unless in writing and duly executed by all Parties or by further order of the Bankruptcy Court.

8. The Parties acknowledge that with respect to any liability whatsoever as to any Party nothing in this Stipulation shall be construed or interpreted as an admission, as an acknowledgement by any of the Parties (or by anyone acting on the Parties' behalf), or be binding upon the Parties in the event that an order approving this Stipulation is not entered by the Bankruptcy Court or such order is later set aside.

9. The Parties have participated jointly in the negotiation and drafting of this Stipulation. In the event an ambiguity or question of intent or interpretation arises with respect to this Stipulation, this Stipulation shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Stipulation.

10. This Stipulation shall be filed and become part of the record in the Debtors' chapter 11 cases.

11. Each Party and signatory to this Stipulation represents and warrants to each other Party hereto that such Party or signatory has full power, authority and legal right and has obtained all approvals and consents necessary to execute, deliver and perform all actions required under this Stipulation.

12. This Stipulation is binding on the Parties' successors and assigns, including any Chapter 7 Trustee that may be appointed in these chapter 11 cases.

13. The Court shall retain jurisdiction to hear any matters or disputes arising from or relating to this Stipulation.

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Dated: New York, New York
October 29, 2013

Dated: New York, New York
October 29, 2013

OLSHAN FROME WOLOSKY LLP
By:

STORM CITY ENTERTAINMENT, INC.
By:

/s/ Michael S. Fox

MICHAEL S. FOX
Park Avenue Tower
65 East 55th Street
New York, New York 10022
(212) 451-2300

/s/ Steve Newton

STEVE NEWTON
Storm City Entertainment Inc.
700 Liberty Place
Sicklerville, NJ 08081
Storm City Entertainment, Inc.

and

AKIN GUMP STRAUSS HAUER & FELD LLI
One Bryant Park
New York, New York 10036
Telephone: (212) 872-1000
Facsimile: (212) 872-1002
Ira S. Dizengoff
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*Counsel to the Debtors
and Debtors in Possession*

**ON CONSENT OF THE UNITED STATES TRUSTEE AND THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS**

SO ORDERED:

Dated: New York, New York
November 13, 2013



/s/ James M. Peck

Honorable James M. Peck
United States Bankruptcy Judge