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**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 CERTAIN CLAIMS**

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 Interplay Entertainment Corp. (“*Interplay*,” 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 proofs of claim filed by Interplay, specifically, Claim Numbers 155, 156, 187, and 188 (the “*Interplay Proofs 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 the Bar Date, Interplay timely filed two (2) proofs of claim, Claim Number 155 and Claim Number 156, asserting a general unsecured claim in the amount of \$4,500,000 against, respectively, Atari, Inc. and Atari Interactive, Inc. (“*Interactive*”), on alleged grounds of breach of contract and tortious interference with respect to an April 27, 2006, exclusive license agreement between Interplay and Atari, Inc. (the “*License Agreement*”); such claims were subsequently amended as general unsecured claims and, respectively, assigned Claims Numbers 187 (amending Claim Number 155) and 188 (amending Claim Number 156);

WHEREAS, the Debtors dispute, for reasons asserted in First Omnibus Objection to Certain Claims (the “*First Omnibus Objection*”) [Docket No. 363], the validity and amount of each of Interplay Proofs of Claim, including as amended;

WHEREAS, on September 18, 2013, Interplay filed a response to the First Omnibus Objection;

WHEREAS, the Parties desire to avoid the costs of litigation and have agreed to resolve their disputes with respect to the Interplay Proofs of Claim and all claims and causes of action between Interplay 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 it is “So Ordered” by the Bankruptcy Court (the “*Effective Date*”). This Stipulation shall be null and void if it is not approved by the Bankruptcy Court.

2. On and after the Effective Date, Interplay will be allowed one (1) Claim, Claim Number 187, and Claim Number 187 is hereby reduced and allowed as a general unsecured claim against Debtor Atari Inc. in the total amount of \$800,000 (the “*Interplay Allowed General Unsecured Claim*”).

3. Upon the Effective Date, Claim Numbers 155, 156, and 188 shall be deemed withdrawn, with prejudice, and the Debtors’ claims and noticing agent shall be authorized to update the official claims registry to reflect such withdrawal. For the avoidance of doubt, the Interplay Allowed General Unsecured Claim is allowed by this Stipulation.

4. Upon the Effective Date, (a) Interplay 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 Interplay may have against the Debtors’ Releasees with respect to the License Agreement and Interplay Proofs of Claim through the Effective Date, except for the Interplay Allowed General Unsecured Claim; and (b) the Debtors, on behalf of themselves, their estates, and the Reorganized Debtors hereby release, acquit and forever discharge Interplay and its affiliates, agents, representatives, attorneys, current and former officers and directors, employees and other professionals (collectively, the “*Interplay 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 Interplay Releasees with respect to the License Agreement and the Interplay Proofs of Claim, including, but not limited, to any claims under Chapter 5 of the Bankruptcy Code.

5. Interplay 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 Interplay Allowed General Unsecured Claim is treated (a) as a Class 4 General Unsecured Claim under the pending proposed plan or (b) 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 License Agreement, the Interplay Proofs of Claim and the Interplay 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 18, 2013

Dated: New York, New York
October 18, 2013

OLSHAN FROME WOLOSKY LLP

DRINKER BIDDLE & REATH LLP

By:

By:

/s/ Michael S. Fox

/s/ Heath D. Rosenblat

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Counsel to the Debtors and Debtors in Possession

SO ORDERED:

Dated: New York, New York
November 13, 2013



/s/ James M. Peck

Honorable James M. Peck
United States Bankruptcy Judge