

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re: : Chapter 11

:

THQ INC., *et al.*, : Case No. 12-13398 (MFW)

:

Debtors.¹ : Jointly Administered

:

: Hearing Date: February 19, 2013 at 9:30 a.m. (ET)

: Objection Deadline: February 12, 2013 at 4:00 p.m. (ET)

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THQ INC.’S SECOND MOTION FOR ORDER, PURSUANT TO BANKRUPTCY CODE SECTIONS 105(a), 365(a) AND 554(a) AND BANKRUPTCY RULES 6006 AND 6007, AUTHORIZING THQ INC. TO (I) REJECT CERTAIN UNEXPIRED NON-RESIDENTIAL REAL PROPERTY LEASES, EFFECTIVE AS OF JANUARY 31, 2013, AND (II) ABANDON ANY PROPERTY THAT REMAINS ON THE PREMISES COVERED BY THE LEASES

PARTIES RECEIVING THIS MOTION SHOULD LOCATE THEIR NAMES ON EXHIBIT 1 TO THE PROPOSED ORDER TO IDENTIFY THE LEASES, LISTED BY PROPERTY ADDRESS, THAT ARE THE SUBJECT OF THIS REQUEST FOR REJECTION.

THQ Inc. (“**THQI**”), as debtor and debtor in possession, hereby submits this motion (the “**Motion**”) for entry of an order, substantially in the form annexed hereto as **Exhibit A** (the “**Proposed Order**”), pursuant to sections 105(a), 365(a) and 554(a) of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rules 6006 and 6007 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), authorizing THQI to (i) reject the unexpired non-residential real property leases set forth in **Exhibit 1** to the Proposed Order (collectively, the “**Leases**”) that THQI has determined are no longer necessary or useful to its estate, effective as of January 31, 2013 (referred to herein as the “**Rejection Date**”), and (ii) abandon any personal

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtor’s taxpayer identification number are as follows: THQ Inc. (1686); THQ Digital Studios Phoenix, Inc. (1056); THQ Wireless, Inc. (7991); Volition, Inc. (4944); and Vigil Games, Inc. (8651). The Debtors’ principal offices are located at 29903 Agoura Road, Agoura Hills, CA 91301.

property of THQI that remains on the respective Premises (defined below) as of the Rejection Date. In support of this Motion, THQI respectfully represents as follows:

JURISDICTION

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157, and *the Amended Standing Order of Reference from the United States District Court for the District of Delaware* dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested herein are sections 105(a), 365(a) and 554(a) of the Bankruptcy Code, along with Rules 6006 and 6007 of the Bankruptcy Rules.

BACKGROUND

2. On December 19, 2012 (the “**Petition Date**”), each of THQI and its affiliated debtors in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”), commenced a voluntary case under chapter 11 of Bankruptcy Code. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors continue to operate their businesses and manage their properties as debtors in possession.

3. The Debtors’ chapter 11 cases (the “**Chapter 11 Cases**”) are consolidated for procedural purposes only and are jointly administered pursuant to Rule 1015(b) of the Bankruptcy Rules and Rule 1015-1 of the Local Rules. No trustee or examiner has been appointed in the Chapter 11 Cases.

4. On January 3, 2013, the United States Trustee for the District of Delaware (the “**U.S. Trustee**”) appointed an Official Committee of Unsecured Creditors (the “**Creditors’ Committee**”) [Docket No. 80].

5. Information regarding the Debtors' history and business operations, capital structure and primary secured indebtedness, and the events leading up to the commencement of these Chapter 11 Cases can be found in the *Declaration of Brian Farrell in Support of the Debtors' Chapter 11 Petitions and Requests for First Day Relief* filed on the Petition Date [Docket No. 2].

THE DEBTORS' OPERATIONS AND THE LEASES TO BE REJECTED

6. Prior to the Petition Date, THQI was party to each of the Leases in the capacity of lessee, sublessee or sublessor. Each of the Leases relate to office space formerly used in conjunction with the Debtors' operations.

7. On the Petition Date, the Debtors filed a motion seeking this Court's approval of a sale of substantially all of the Debtors' operating assets to the proposed stalking horse bidder, Clearlake Capital Group, L.P ("**Clearlake**"), or to a higher bidder. On January 22 and January 23, 2013, the Debtors conducted a series of auctions (the "**Auction**") for some or substantially all of their operating assets. Qualified bidders could submit a bid for either (i) all or substantially all of the Debtors' assets, or (ii) any part of the Debtors' assets. On January 24, 2013, this Court entered orders approving the sale of the majority of the Debtors' operating assets, excluding all accounts receivable, to five separate bidders (collectively, the "**Successful Bidders**").

8. As a result of the Auction and sale of the majority of the Debtors' operating assets, coupled with the Debtors' reduction in workforce prior to the Petition Date, THQI is seeking to reject each of the Leases because the Debtors have determined that the

Leases hold no value to THQI and its estate. Details with respect to each of the Leases are set forth below.²

A. The Champaign Lease

9. On or around November 16, 2007, Church Street Square, LLC, as lessor (“CSS”) and THQI, as lessee, entered into a lease (the “**Champaign Lease**”) of certain office space located on the third floor of the building located at 125 West Church Street, Champaign, Illinois, 61820 and commonly known as Church Street Square (the “**Champaign Location**”). By its terms, the Champaign Lease expires on May 31, 2014. On or around November 30, 2007, Champaign Parking, Inc., as landlord, and THQI, as tenant, entered into that certain Parking Lease (the “**Champaign Parking Lease**”) for the lease of certain parking spaces near the Champaign Location.

10. On or around April 1, 2011, THQI, as sublessor, and 004 Technologies USA, Inc. (“**004**”), as sublessee, entered into that certain Sublease (as amended, the “**Champaign Sublease**”) for sublease of a portion of the Champaign Location. CSS consented and agreed to THQI subletting the Champaign Location to 004, pursuant to that certain Consent to Sublet, dated March 14, 2011, by and among CSS, THQI, and 004, and 004 was added to the Champaign Lease as an additional lessee. By its original terms, the Champaign Sublease expires on May 31, 2014, unless sooner terminated in accordance with the terms of the Champaign Sublease. On January 15, 2013, THQI exercised its right to terminate the Champaign Sublease early and, in accordance with the terms of the Champaign Sublease, provided four-months’ written notice to 004 that the termination date of the Champaign Sublease is May 15, 2013.

² To the extent any summaries and/or descriptions of the relationships of the parties and the terms of a Lease contained in the Motion differ in any way from that contained in such Lease, the Lease shall govern

11. THQI has reviewed the Champaign Lease, the Champaign Sublease, and the Champaign Parking Lease and determined that it is in its best interest to avoid the accrual of any further obligations under the respective leases. The net result is an approximate \$10,100 shortfall to THQI each month between the rent owed to CSS and the rent paid by 004. THQI is informed that although 004 is in possession of the subletted portion of the Champaign Location, CSS does not wish to keep 004 as a tenant. THQI has surrendered possession of the remainder of the Champaign Location to CSS. Accordingly, THQI seeks to reject the Champaign Lease, the Champaign Sublease, and the Champaign Parking Lease effective January 31, 2013.³

B. The New York Lease

12. On or around June 5, 2005, Oxford Realty & Holdings LLC, as lessor (“**Oxford**”) and THQI, as lessee, entered into that certain Agreement of Sublease⁴ (the “**Original New York Lease**”) for lease of the entire eighth floor of in the building known by street number as 129 West 27th Street, New York, New York 10001 (the “**8th Floor**”). On or around March 2, 2006, Oxford and THQI entered into that certain Lease Extension and Modification Agreement (together with the Original New York Lease, the “**New York Lease**”) to add the entire seventh floor of the building known by street number as 129 West 27th Street, New York, New York 10001 (together with the 8th Floor, the “**New York Location**”).

³ In the *Notice of Auction Results* filed with the Court on January 23, 2013 [Docket No. 230], the Debtors indicated that the successful purchaser of the assets owned or held primarily by, required primarily for, or used, intended for use, leased, licensed, accrued, reserved or incurred primarily in connection with, the business of developing, licensing, marketing and selling the *Saints Row* line, Koch Media GmbH (“**Koch**”), would be assuming the Champaign Lease and the Champaign Parking Lease. However, the Champaign Lease and the Champaign Parking Lease were inadvertently included in the list of contracts to be assigned to Koch. Prior to closing, Koch informed the Debtors that it did not intend to assume the Champaign Lease and Champaign Parking Lease and they were removed from the applicable asset purchase agreement with Koch. Therefore, the Champaign Lease and Champaign Parking Lease were not assumed and assigned by the Debtors.

⁴ Oxford holds title to the New York Location pursuant to that certain Proprietary Lease dated June 14, 2004, between West 27th Street Realty, Inc., as lessor, and Oxford, as lessee.

13. On or around October 31, 2011, THQI, as sublessor, and Titmouse, Inc., as sublessee (“**Titmouse**”), entered into that certain Sublease (as amended, the “**New York Sublease**”) for sublease of the entire New York Location. Oxford consented to the Sublease.

14. Pursuant to the terms of the New York Lease, THQI had provided Oxford a security deposit for the New York Location. In addition, pursuant to the terms of the New York Sublease, THQI received a security deposit from Titmouse for the New York Location. Each of the New York Lease and New York Sublease expires September 30, 2013.

15. THQI has reviewed the New York Lease and New York Sublease and determined that it is in its best interest to avoid the accrual of any further obligations under the respective leases. The net result is an approximate \$12,600 shortfall to THQI each month between the rent owed to Oxford and the rent paid by Titmouse. THQI is in discussions with Oxford to consensually resolve the claims arising from the rejection of the New York Lease and New York Sublease. THQI is informed that Oxford intends to keep Titmouse as a tenant of the New York Location. Full possession of the New York Location has been turned over to Titmouse. Accordingly, THQI seeks to reject the New York Lease and New York Sublease effective January 31, 2013.

C. The Mexico Lease

16. On or around January 4, 2011, Centro de Negocios Interlomas, S.A. de C.V., as service provider (the “**Service Provider**”), and THQI, as the client, entered into that certain agreement (the “**Mexico Lease**”) pursuant to which the Service Provider agreed to provide THQI access to certain office space located at Av. Jesus del Monte No. 39 Piso 2, Jesus del Monte, Huixquilucan, 52764, Mexico (the “**Mexico Location**” and together with the Champaign Location and the New York Location, the “**Premises**”). By its terms, the Mexico

Lease expires on March 31, 2013, but is subject to a one year automatic renewal if not terminated by either party at least thirty (30) days prior to the expiration date.

17. THQI has reviewed the Mexico Lease and determined that it is in its best interest to avoid the accrual of any further obligations thereunder. The Mexico Lease relates to certain office and distribution space which is no longer needed by the Debtors and which the Debtors have vacated. Thus, on January 25, 2013, THQI surrendered full possession of the Mexico Location to the Service Provider. Accordingly, THQI seeks to reject the Mexico Lease effective January 31, 2013.

RELIEF REQUESTED

18. By this Motion, THQI respectfully requests the entry of the Proposed Order authorizing the rejection of the Leases listed on **Exhibit 1** to the Proposed Order pursuant to sections 105(a) and 365(a) of the Bankruptcy Code, effective as of the Rejection Date. In addition, the Debtors seek the authority, pursuant to Section 554(a) of the Bankruptcy Code, to abandon any property that remains on the Premises as of the Rejection Date.

19. The Leases listed in **Exhibit 1** to the Proposed Order should not be construed as an admission that such Leases are unexpired leases subject to assumption or rejection under section 365 of the Bankruptcy Code. THQI reserves the right to argue that the Leases are not unexpired leases. THQI also reserves all rights to contest any and all claims that arise out of the rejection of the Leases.

BASIS FOR RELIEF REQUESTED

20. The Leases related to certain office spaces that the Debtors have vacated and/or which are no longer needed by the Debtors. THQI, in consultation with its professionals, has determined that it is highly unlikely that THQI would ever be able to locate a third party

willing to accept an assignment of the Leases. Thus, in order to avoid any further administrative expense to THQI's estate, THQI, in an exercise of its business judgment, has concluded that it makes sound business sense to reject the Leases.

D. Rejection of the Leases.

21. Section 365(a) of the Bankruptcy Code provides that a debtor, "subject to the court's approval, may assume or reject an executory contract or an unexpired lease." 11 U.S.C. § 365(a); *see Univ. Med. Ctr. v. Sullivan (In re Univ. Med. Ctr.)*, 973 F.2d 1065, 1075 (3d Cir. 1992); *see also In re Penn Traffic Co.*, 524 F.3d 373 (2d Cir. 2008). The Court may approve a debtor's rejection of an executory contract or unexpired lease if such rejection is made in the exercise of such debtor's sound business judgment, and if such rejection benefits its estate. *See, e.g., In re AbitibiBowater Inc.*, 418 B.R. 815, 831 (Bankr. D. Del. 2009) (A debtor's decision to assume or reject an executory contract will stand so long as "a reasonable business person would make a similar decision under similar circumstances."); *In re Philadelphia Newspapers, LLC*, 424 B.R. 178, 182 (Bankr. E.D. Pa. 2010) ("The standard applied to determine whether the rejection of an executory contract or unexpired lease should be authorized is the 'business judgment' standard."); *Sharon Steel Corp. v. Nat'l Fuel Gas Distrib. Corp.*, 872 F.2d 36, 39 (3d Cir. 1989); *see also NLRB v. Bildisco & Bildisco (In re Bildisco)*, 682 F.2d 72, 79 (3d Cir. 1982), *aff'd*, 465 U.S. 513 (1984); *Westbury Real Estate Ventures, Inc. v. Bradlees, Inc. (In re Bradlees, Inc.)*, 194 B.R. 555, 558 n.1 (Bankr. S.D.N.Y. 1996) ("[u]nder the business judgment test, . . . [a court should approve a debtor's proposed rejection] if the debtor can demonstrate that rejection will benefit the estate"). It is enough if a debtor determines in its business judgment that a benefit will be realized. *Sharon Steel Corp.*, 872 F.2d at 39 (citing *Wheeling-Pittsburgh Steel Corp. v. West Penn Power Co. (In re Wheeling-Pittsburgh Steel Corp.)*, 72 B.R. 845, 846 (Bankr. W.D. Pa. 1987)); *In re Balco Equities, Inc.*, 323 B.R. 85, 99 (Bankr. S.D.N.Y. 2005) ("In

determining whether the debtor has employed reasonable business discretion, the court for the most part must only determine that the rejection will likely benefit the estate.”). The business judgment standard requires that the Court approve the debtor’s business decision unless that judgment is the product of bad faith, whim or caprice. *In re Philadelphia Newspapers, LLC*, 424 BR 178, 182-83 (Bankr. E.D. Pa. 2010); *In re Trans World Airlines, Inc.*, 261 B.R. 103, 121 (Bankr. D. Del. 2001); *Lubrizol Enter., Inc. v. Richmond Metal Finishers*, 756 F.2d 1043, 1047 (4th Cir. 1985) *cert. denied* 475 U.S. 1057 (1986).

22. As an integral component of the Debtors’ chapter 11 efforts to optimize their business operations, by, among other things, eliminating unnecessary operating costs, THQI, in its business judgment, has determined that it is in its best business interest to avoid the accrual of any further obligations under the Leases. THQI has reviewed each of the Leases and determined that the Leases hold no material economic value to THQI or its estate and are not essential to the conduct of the Debtors’ Chapter 11 Cases. The decision to reject the Leases will eliminate the THQI’s obligation to perform under the Leases and the accrual of any further obligations thereunder, such as administrative rent.

23. THQI has ample justification to reject the Leases immediately. THQI has determined that the Leases are not necessary to the continued operations of the Debtors during the remainder of the Chapter 11 Cases. Specifically, THQI decided to vacate certain of the Premises, and seek rejection of the Leases in order to reduce costs and maximize value to the creditors of the estate. In most cases, THQI was in contact with the counterparties to the Leases regarding its intention to turn over the Premises and/or reject the related Leases.

24. The rejection of the Leases will eliminate the Debtors’ obligation to perform thereunder and the accrual of any further administrative expense obligations under the

Leases. Accordingly, THQI submits that rejection of the Leases is within their sound business judgment and is in the best interest of the Debtors, their estates, creditors and other parties-in-interest.

25. As set forth above, the Debtors are currently subletting the New York Location and a portion of the Champaign Location. Although courts in this jurisdiction have held that “when a lease is deemed rejected pursuant to §365(d)(4), any subleases under the primary lease must also be deemed rejected since the sublessee’s rights in the property extinguish with those of the sublessor,” *Chatlos Systems, Inc. v. Kaplan*, 147 B.R. 96, 100 (D. Del. 1992), out of an abundance of caution, and in the interest of full disclosure, the Debtors request this Court’s authority to reject the Champaign Sublease and the New York Sublease pursuant to section 365 of the Bankruptcy Code.

26. In conjunction with the rejections contemplated by this Motion, THQI proposes that counterparties to the Leases be required to timely file a claim for damages, if any, as a result of the rejection (each, “**Rejection Claims**”) by the later of: (i) the general bar date to be established in these cases; or (ii) within 30-days of notice of the entry of the Order. THQI reserves its right to challenge such Rejection Claims on any basis.

B. Abandonment of Personal Property.

27. While THQI believes that it has removed, or are in the process of removing, all personal property of more than *de minimis* value from the Premises, to the extent that THQI leaves any property, including, but not limited to, personal property, furniture, fixtures and/or equipment (collectively, “**Personal Property**”), at the Premises, THQI requests that such Personal Property be deemed abandoned pursuant to section 554 of the Bankruptcy Code.

28. Section 554(a) of the Bankruptcy Code provides that “[a]fter notice and a hearing, the trustee may abandon any property of the estate that is burdensome to the estate or that is of inconsequential value and benefit to the estate.” 11 U.S.C. § 554(a).

29. THQI submits that any Personal Property remaining in the Premises will be of inconsequential value or burdensome to THQI estate to remove. THQI believes that the cost of retrieving, marketing and reselling the abandoned Personal Property far outweighs any recovery THQI and its estate could hope to attain for the Personal Property. As a result, THQI has determined, in an exercise of its business judgment, that the abandonment of any such Personal Property is in the best interests of THQI, its estate and creditors.

30. Based upon the foregoing facts and circumstances, THQI submits that the rejection of the Leases and the abandonment of the Personal Property as of the Rejection Date in the manner set forth above is supported by sound business judgment, and is necessary, prudent and in the best interests of THQI, its estate and creditors and other parties in interest.

NOTICE

31. Notice of this Motion has been provided to (a) the U.S. Trustee; (b) counsel to the Creditors’ Committee; (c) the counterparties to the Leases; and (d) all parties that, as of the filing of this Motion, have requested notice in these Chapter 11 Cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

WHEREFORE, THQI respectfully requests that the Court enter the Proposed Order, substantially in form annexed hereto as **Exhibit A**, (i) authorizing THQI to reject the Leases as of the Rejection Date; (ii) authorizing THQI to abandon any Personal Property as of the Rejection Date that remains at the Premises; and (iii) granting to the Debtors such other and further relief as the Court may deem just and proper.

Dated: January 31, 2013
Wilmington, Delaware

/s/ Jaime Luton Chapman
Michael R. Nestor (No. 3526)
M. Blake Cleary (No. 3614)
Jaime Luton Chapman (No. 4936)
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-and-

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*Counsel to the Debtors and
Debtors in Possession*

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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: Chapter 11
In re: :
: Case No. 12-13398 (MFW)
THQ INC., *et al.*, :
: Jointly Administered
Debtors.¹ :
: Hearing Date: February 19, 2013 at 9:30 a.m. (ET)
: Objection Deadline: February 12, 2013 at 4:00 p.m. (ET)
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NOTICE OF MOTION

TO: (A) THE U.S. TRUSTEE; (B) COUNSEL TO THE CREDITORS’ COMMITTEE; (C) THE COUNTERPARTIES TO THE LEASES; AND (D) ALL PARTIES THAT, AS OF THE FILING OF THIS MOTION, HAVE REQUESTED NOTICE IN THESE CHAPTER 11 CASES PURSUANT TO BANKRUPTCY RULE 2002

THQ Inc. (“THQI”) and its affiliated debtors and debtors in possession (collectively, the “Debtors”) in the above-referenced chapter 11 cases, have filed the attached **THQ Inc.’s Second Motion for Order, Pursuant to Bankruptcy Code Sections 105(a), 365(a) and 554(a) and Bankruptcy Rules 6006 and 6007, Authorizing THQ Inc. to (I) Reject Certain Unexpired Non-Residential Real Property Leases, Effective as of January 31, 2013, and (II) Abandon Any Property that Remains on the Premises Covered by the Leases** (the “Motion”).

Responses, if any, to the relief requested in the Motion must be filed with the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 3rd Floor, Wilmington, Delaware 19801 on or before **February 12, 2013, at 4:00 p.m. (ET)** (the “**Objection Deadline**”). At the same time, you must serve a copy of your response upon the undersigned counsel.

A HEARING ON THE RELIEF REQUESTED IN THE MOTION WILL BE HELD ON FEBRUARY 19, 2013 AT 9:30 A.M. (ET) BEFORE THE HONORABLE MARY F. WALRATH, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 N. MARKET STREET, 5TH FLOOR, COURTROOM 4, WILMINGTON, DELAWARE 19801.

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtor’s taxpayer identification number are as follows: THQ Inc. (1686); THQ Digital Studios Phoenix, Inc. (1056); THQ Wireless, Inc. (7991); Volition, Inc. (4944); and Vigil Games, Inc. (8651). The Debtors’ principal offices are located at 29903 Agoura Road, Agoura Hills, CA 91301.

IF YOU FAIL TO RESPOND TO THE MOTION IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED THEREIN WITHOUT FURTHER NOTICE OR A HEARING.

Dated: January 31, 2013
Wilmington, Delaware

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/ Jaime Luton Chapman

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Counsel to the Debtors and Debtors in Possession

EXHIBIT A
PROPOSED ORDER

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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 In re: : Chapter 11
 :
 THQ INC., *et al.*, : Case No. 12-13398 (MFW)
 :
 Debtors.¹ : Jointly Administered
 :
 : **RE: Docket No. __**
 -----X

**SECOND ORDER, PURSUANT TO BANKRUPTCY CODE SECTIONS 105(a),
365(a) AND 554(a) AND BANKRUPTCY RULES 6006 AND 6007,
AUTHORIZING THQI TO (I) REJECT CERTAIN UNEXPIRED
NON-RESIDENTIAL REAL PROPERTY LEASES, EFFECTIVE AS OF
JANUARY 31, 2013, AND (II) ABANDON ANY PROPERTY THAT
REMAINS ON THE PREMISES COVERED BY THE LEASES**

Upon the Motion² of THQ Inc. (“**THQI**”), for entry of an order, pursuant to sections 105(a), 365(a) and 554(a) of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rules 6006 and 6007 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), authorizing THQI to (i) reject certain unexpired non-residential real property leases for certain business locations (the “**Premises**”) set forth in **Exhibit 1** attached hereto (collectively, the “**Leases**”), effective as of January 31, 2013, and (ii) abandon any personal property that remains at the Premises as of the Rejection Date (defined below); and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012; and it appearing that venue of these cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a

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² All capitalized terms used and not defined herein shall have the meanings ascribed to them in the Motion.

core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that notice of the Motion has been given as set forth in the Motion and that such notice is adequate and no other or further notice need be given; and the Court having reviewed the Motion and determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Debtors and their estates and creditors; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED, and DECREED that:

1. The Motion is GRANTED, as set forth herein.
2. Pursuant to 11 U.S.C. § 365(a), the Debtors' rejection of the Leases identified on **Exhibit 1** attached hereto is hereby approved.
3. The Leases indicated on **Exhibit 1**, hereto, are deemed rejected pursuant to 11 U.S.C. § 365(a), effective as of January 31, 2013 (the "**Rejection Date**"), and possession of the applicable properties shall be deemed returned to the applicable landlord immediately following the Rejection Date, to the extent not previously returned.
4. The Debtors are authorized, but not required, pursuant to 11 U.S.C. § 554(a), to abandon any personal property remaining at the Premises as of the Rejection Date.
5. The non-Debtor counterparties to the Leases shall have the authority to remove any personal property remaining at the Premises after the Rejection Date without liability to third parties.
6. Nothing herein shall prejudice the rights of the Debtors to argue that any claim for damages arising from the rejection of the Leases is limited to the remedies available under any applicable termination provision of such rejected lease. THQI does not waive any claims that

they may have against the counterparties to the Leases, whether or not such claims arise under, are related to the rejection of, or are independent of the Leases.

7. Notwithstanding the relief granted herein, any actions taken hereunder, or any failure to act, nothing contained herein shall constitute, nor is it intended to constitute, an assumption of any lease or contract under section 365 of the Bankruptcy Code or the waiver by the Debtors of any of their rights pursuant to any agreement by operation of law or otherwise.

8. This Order shall be binding on THQI and all counterparties parties to the Leases.

9. The counterparties to the Leases shall have until the later of: (i) the date fixed by this Court pursuant to Bankruptcy Rule 3003(c)(3) to file any and all claims for damages arising from the rejection of the Leases; or (ii) within 30-days of notice of entry of the Order.

10. THQI is authorized and empowered to take all actions necessary to implement the relief granted in this Order.

11. Notwithstanding anything to the contrary in this Order, any payment made or to be made under this Order, and any authorization contained in this Order, shall be subject to the requirements imposed on the Debtors under any Order(s) of this Court approving the Debtors' debtor-in-possession financing facility and use of cash collateral and any budget in connection therewith.

12. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

13. This Court shall retain jurisdiction with respect to all matters arising from or related to the interpretation or implementation of this Order.

Dated: _____, 2013
Wilmington, Delaware

Mary F. Walrath
United States Bankruptcy Judge

EXHIBIT 1
REJECTED NON-RESIDENTIAL REAL PROPERTY LEASES

	Property Address	Debtor Counterparty	Lease/Sublease Counterparty & Notice Address	Name of Lease/Sublease	Expiration Date
1	125 West Church Street, 3rd Floor Champaign, IL 61820	THQ Inc.	<u>Landlord</u> Church Street Square, LLC 330 N. Neil Street Champaign, IL 61820 Church Street Square, LLC David Meyer 1205 Sandra Lane Monticello, IL 61856	Church Street Square Lease, dated as of November 16, 2007, between Church Street Square, LLC and THQ Inc.	5/31/2014
2	125 West Church Street, 3rd Floor Champaign, IL 61820	THQ Inc.	<u>Subtenant</u> 004 Technologies USA, Inc. Attn: Patrick MacKay 125 West Church Street, 3rd Floor Champaign, IL 61820 004 Technologies USA, Inc. 206 North Randolph Street, Suite 300 Champaign, IL 61820	Sublease, dated April 1, 2011, between 004 Technologies USA, Inc. and THQ Inc. Amendment to Sublease, dated April 1, 2011	5/15/2013
3	201 W. Church Street & 206-208 W. Hill Street Champaign, IL 61820	THQ Inc.	<u>Landlord</u> Champaign Parking, Inc. 330 N. Neil Street Champaign, IL 61820	Parking Lease, dated November 30, 2007, between Champaign Parking, Inc. and THQ Inc.	12/31/2013
4	129 W. 27th Street 7th & 8th Floors New York, NY 10001	THQ Inc.	<u>Landlord</u> Oxford Realty & Holdings LLC 57 West 38th Street 7th Floor New York, NY 10018	Agreement of Sublease, dated June 5, 2005, between Oxford Realty & Holdings LLC and THQ Inc. Lease Extension and Modification Agreement, dated as of March 2, 2006	9/30/2013
5	129 W. 27th Street 7th & 8th Floors New York, NY 10001	THQ Inc.	<u>Subtenant</u> Titmouse, Inc. 129 W. 27th Street New York, NY 10001 Titmouse, Inc. Shannon Prynosi 6616 Lexington Ave. Hollywood, CA 90038	Sublease, dated October 31, 2011, between Titmouse, Inc. and THQ Inc. Amendment to Sublease, dated December 1, 2011	9/30/2013

6	Sach Business Center Av. Jesus del Monte No. 39 Piso 2 Jesus del Monte Huixquilucan 52764 Mexico	THQ Inc.	<u>Landlord</u> Sach Corporativo Attn: Mauricio Savariego Braverman Av. Jesus del Monte No. 39 Piso 2 Jesus del Monte Huixquilucan 52764 Mexico	Services Agreement, dated 1/4/2011, between Centro de Negocios Interlomas, S.A. de C.V. and THQ Inc.	3/31/2013
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