

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

In re

THQ INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 12-13398 (MFW)
Jointly Administered

Re: Docket No. 155

**OBJECTION AND RESERVATION OF RIGHTS OF
PIPEWORKS SOFTWARE AND IMAGINENGINE TO PROPOSED CURE AMOUNT**

Pipeworks Software (“Pipeworks”) and ImaginEngine, each a division of Backbone Entertainment, a subsidiary of Foundation 9 Entertainment, Inc., respectfully respond to the Debtors’ Notice of Filing of (I) Entry Into Stalking Horse Agreement and (II) Potential Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the Sale of the Debtors’ Assets [D.I. 155] (the “Contract Notice”) as set forth below:

1. Pipeworks is a party with debtor THQ Inc. to Development Agreements related to projects with the following working titles: (i) *Wheel of Fortune* and *Jeopardy* (the “Wheel/Jeopardy Agreement”); (ii) *uDraw Paint* (the “uDraw Paint Agreement”); and (iii) *uDraw Studio 2* (the “uDraw Studio Agreement”).

2. ImaginEngine is a party with debtor THQ Inc. to a Development Agreement related to a project with the working title, *Monster High – Ghouls in Session* (the “Monster High Agreement”).²

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.

² Due to confidentiality provisions in each of the respective agreements, true and correct copies of the Wheel/Jeopardy Agreement, the uDraw Paint Agreement, the uDraw Studio Agreement, and the Monster High Agreement, as each may have been amended from time to time, are not attached hereto, but have been provided to Debtors’ counsel contemporaneously herewith by electronic mail.

3. The Debtors have listed the cure amounts for various Developer Agreements with Pipeworks and ImaginEngine. It is unclear, however, which cure amount is related to which Developer Agreement as the Contract Notice does not differentiate between agreements. Thus, Pipeworks and ImaginEngine respond as follows:

- (a) Wheel/Jeopardy Agreement: Pipeworks asserts that it is owed \$228,000 by debtor THQ Inc. pursuant to unpaid invoices related to certain milestones detailed in the Wheel/Jeopardy Agreement. True and correct copies of the invoices are collectively attached hereto as **Exhibit A**. To the extent the Debtors seek to assume and assign the Wheel/Jeopardy Agreement and believe that a cure amount less than \$228,000 is due, Pipeworks objects.
- (b) uDraw Paint Agreement: Pipeworks does not assert that it is owed a cure amount related to the uDraw Paint Agreement at this time, but due to ongoing royalty obligations of the debtor THQ Inc. pursuant to the uDraw Paint Agreement, Pipeworks reserves all rights to assert that a cure amount is due prior to assumption and assignment of the uDraw Paint Agreement.
- (c) uDraw Studio Agreement: Pipeworks does not assert that it is owed a cure amount related to the uDraw Studio Agreement at this time, but due to ongoing royalty obligations of the debtor THQ Inc. pursuant to the uDraw Studio Agreement, Pipeworks reserves all rights to assert that a cure amount is due prior to assumption and assignment of the uDraw Studio Agreement.
- (d) Monster High Agreement: ImaginEngine does not assert that it is owed a cure amount related to the Monster High Agreement at this time, but due to ongoing royalty obligations of the debtor THQ Inc. pursuant to the

Monster High Agreement, ImaginEngine reserves all rights to assert that a cure amount is due prior to assumption and assignment of the Monster High Agreement.³

4. Pipeworks and ImaginEngine also reserve all rights to object to the assumption and assignment when a purchaser is identified after the auction.

WHEREFORE, Pipeworks hereby respectfully objects to the cure amount for the Wheel/Jeopardy Agreement listed on Exhibit A to the Cure Notice and requests that it be modified to reflect a cure amount of \$228,000, and Pipeworks and ImaginEngine reserve all rights with respect to the ongoing royalty obligations pursuant to the uDraw Paint Agreement, the uDraw Studio Agreement, and the Monster High Agreement.

Dated: January 18, 2013
Wilmington, Delaware

PINCKNEY, HARRIS & WEIDINGER, LLC

/s/ Kevin M. Capuzzi

Donna L. Harris (DE No. 3740)
Kevin M. Capuzzi (DE No. 5462)
1220 North Market Street, Suite 950
Wilmington, Delaware 19801
(302) 504-1497 (Telephone)
(302) 655-5213 (Facsimile)
dharris@phw-law.com
kcapuzzi@phw-law.com

*Attorneys for Pipeworks Software and
ImaginEngine*

³ While Pipeworks and ImaginEngine have determined that the uDraw Paint Agreement, the uDraw Studio Agreement, and the Monster High Agreement are the most likely to give rise to future royalty and related obligations of the debtor THQ, they reserve all rights with respect to any contracts or agreements they have with any of the Debtors, until such time as the Debtors set forth a more detailed assumption and assignment list.

EXHIBIT “A”



Backbone Entertainment

9 Pasteur
Suite 100
Irvine, CA 92618 USA

Invoice

Page: 1
Number: 0000022885
Date: 10/15/2012
Project ID: TH02502
Wipeout 2
Customer: 2074

Sold To

THQ
29903 Agoura Road
Agoura Hills, CA 91301 USA

Please remit by wire to:

Silicon Valley Bank
3003 Tasman Drive
Santa Clara, CA 95054

Routing ID: Redacted
for deposit to account number: Redacted
Swift code: Redacted

Purchase Order No	Project Manager	Terms
7000010473	Gupton, Lindsay	Net 30

Description	Amount
Milestone Billing MS12: Submission DLC1 & DLC2 Pack MS	64,000.00

Subtotal	64,000.00
Freight	0.00
Sales Tax	
Trade Discount	0.00
Retention	0.00

Contact:

Balance	USD	64,000.00
---------	-----	-----------



a Division of Foundation & Enterprise

Backbone Entertainment

9 Pasteur
Suite 100
Irvine, CA 92618 USA

Invoice

Page: 1
Number: 0000022886
Date: 10/15/2012
Project ID: TH02502
Wipeout 2
Customer: 2074

Sold To

THQ
29903 Agoura Road
Agoura Hills, CA 91301 USA

Please remit by wire to:

Silicon Valley Bank
3003 Tasman Drive
Santa Clara, CA 95054

Routing ID: Redacted
for deposit to account number: Redacted
Swift code: Redacted

Purchase Order No	Project Manager	Terms
7000010473	Gupton, Lindsay	Net 30

Description	Amount
Milestone Billing MS13: Submission DLC1 & DLC2 Pack SCEA	64,000.00

Subtotal	64,000.00
Freight	0.00
Sales Tax	
Trade Discount	0.00
Retention	0.00
Balance	USD 64,000.00

Contact:



© Division of Foundation & Environment

Backbone Entertainment

9 Pasteur
Suite 100
Irvine, CA 92618 USA

Invoice

Page: 1

Number: 0000022911

Date: 11/6/2012

Project ID: TH02502

Wipeout 2

Customer: 2074

Sold To

THQ
29903 Agoura Road
Agoura Hills, CA 91301 USA

Please remit by wire to:

Silicon Valley Bank
3003 Tasman Drive
Santa Clara, CA 95054

Routing ID: Redacted
for deposit to account number: Redacted
Swift code: Redacted

Purchase Order No.	Project Manager	Terms
7000010473	Gupton, Lindsay	Net 30

Description	Amount
Milestone Billing MS8: 2nd Submission to Nintendo (WiiU)	45,000.00

Subtotal	45,000.00
Freight	0.00
Sales Tax	
Trade Discount	0.00
Retention	0.00

Contact:

Balance	USD	45,000.00
----------------	-----	-----------



A Division of Foundation 9 Entertainment

Backbone Entertainment

9 Pasteur
Suite 100
Irvine, CA 92618 USA

Invoice

Page: 1
Number: 0000022912
Date: 11/7/2012
Project ID: TH02502
Wipeout 2
Customer: 2074

Sold To

THQ
29903 Agoura Road
Agoura Hills, CA 91301 USA

Please remit by wire to:

Silicon Valley Bank
3003 Tasman Drive
Santa Clara, CA 95054

Routing ID: Redacted
for deposit to account number: Redacted
Swift code: Redacted

Purchase Order No	Project Manager	Terms
7000010473	Gupton, Lindsay	Net 30

Description	Amount
Milestone Billing MS9: Approval from Nintendo (WiiU)	40,000.00

Subtotal	40,000.00
Freight	0.00
Sales Tax	
Trade Discount	0.00
Retention	0.00

Contact:

Balance	USD	40,000.00
----------------	-----	-----------



Invoice

Page: 1

Number: 0000022937

Date: 12/21/2012

Project ID: TH02502

Wipeout 2

Customer: 2074

Backbone Entertainment

9 Pasteur
Suite 100
Irvine, CA 92618 USA

Sold To

THQ
29903 Agoura Road
Agoura Hills, CA 91301 USA

Please remit by wire to:

Silicon Valley Bank
3003 Tasman Drive
Santa Clara, CA 95054

Routing ID: Redacted
for deposit to account number: Redacted
Swift code: Redacted

Purchase Order No	Project Manager	Terms
7000010473	Gupton, Lindsay	Net 30

Description	Amount
Milestone Billing MS10: Archive (WiU)	5,000.00

Subtotal	5,000.00
Freight	0.00
Sales Tax	
Trade Discount	0.00
Retention	0.00

Contact:

Balance	USD	5,000.00
---------	-----	----------



a Division of Foundation & Entertainment

Backbone Entertainment

9 Pasteur
Suite 100
Irvine, CA 92618 USA

Invoice

Page: 1
Number: 0000022938
Date: 12/21/2012
Project ID: TH02502
Wipeout 2
Customer: 2074

Sold To

THQ
29903 Agoura Road
Agoura Hills, CA 91301 USA

Please remit by wire to:

Silicon Valley Bank
3003 Tasman Drive
Santa Clara, CA 95054

Routing ID: Redacted
for deposit to account number: Redacted
Swift code: Redacted

Purchase Order No.	Project Manager	Terms
7000010473	Gupton, Lindsay	Net 30

Description	Amount
Milestone Billing MS5: Archive (Digital PS3)	5,000.00

Subtotal	5,000.00
Freight	0.00
Sales Tax	
Trade Discount	0.00
Retention	0.00

Contact:

Balance	USD	5,000.00
----------------	-----	----------



a Division of Foundation Entertainment

Backbone Entertainment

9 Pasteur
Suite 100
Irvine, CA 92618 USA

Invoice

Page: 1
Number: 0000022939
Date: 12/21/2012
Project ID: TH02502
Wipeout 2
Customer: 2074

Sold To

THQ
29903 Agoura Road
Agoura Hills, CA 91301 USA

Please remit by wire to:

Silicon Valley Bank
3003 Tasman Drive
Santa Clara, CA 95054

Routing ID: Redacted
for deposit to account number: Redacted
Swift code: Redacted

Purchase Order No	Project Manager	Terms
7000010473	Gupton, Lindsay	Net 30

Description	Amount
Milestone Billing MS22: Archive	5,000.00

Subtotal	5,000.00
Freight	0.00
Sales Tax	
Trade Discount	0.00
Retention	0.00

Contact:

Balance	USD	5,000.00
----------------	-----	----------

CERTIFICATE OF SERVICE

I, Kevin M. Capuzzi, hereby certify that on January 18, 2013, a copy of the foregoing *Objection and Reservation of Rights of Pipeworks Software and ImaginEngine to Proposed Cure Amount* was served via electronic mail upon the persons on the attached service list.

/s/ Kevin M. Capuzzi
Kevin M. Capuzzi (DE No. 5462)

SERVICE LIST

Jeffrey C. Krause, Esq.
Gibson, Dunn & Crutcher LLP
333 South Grand Avenue
Los Angeles, CA 90071-3197
Email: jkrause@gibsondunn.com
Counsel to Debtors

Michael R. Nestor, Esq.
M. Blake Cleary, Esq.
Young Conaway Stargatt & Taylor, LLP
1000 N. King Street
Wilmington, DE 19801
Email: rnestor@ycst.com
Email: mbcleary@ycst.com
Counsel to Debtors

Mr. Ed Kaufman
c/o THQ Inc.
29903 Agoura Road
Agoura Hills, CA 91301
Email: Ed.Kaufman@THQ.com
Debtors

William S. Brody, Esq.
Buchalter Nemer, PC
1000 Wilshire Boulevard, Suite 1500
Los Angeles, CA 90017
Email: wbrody@buchalter.com
Counsel to the DIP Lenders

John H. Knight, Esq.
Richards Layton & Finger, P.A.
One Rodney Square
920 North King Street
Wilmington, DE 19801
Email: knight@rlf.com
Counsel to the DIP Lenders

Gregg M. Galardi, Esq.
DLA Piper LLP (US)
1251 Avenue of the Americas
New York, NY 10020
Email: gregg.galardi@dlapiper.com
Counsel to the DIP Lenders

Matt Murphy, Esq.
DLA Piper LLP (US)
203 North LaSalle Street, Suite 1900
Chicago, IL 6060
Email: matt.murphy@dlapiper.com
Counsel to the DIP Lenders

Kam Chopra
Centerview Partners LLC
31 W. 52nd Street
New York, NY 10019
Email: kchopra@centerviewpartners.com
Centerview Partners LLC

Paul N. Silverstein, Esq.
Jonathan I. Levine, Esq.
Andrews Kurth LLP
450 Lexington Avenue
New York, NY 10017
Email: paulsilverstein@andrewskurth.com
Email: jonathanlevine@andrewskurth.com
*Counsel to the Official Committee of
Unsecured Creditors*

Adam G. Landis, Esq.
Landis Rath & Cobb LLP
919 North Market Street, Suite 1800
Wilmington, DE 19801
Email: landis@lrclaw.com
*Counsel to the Official Committee of
Unsecured Creditor*

Jane M. Leamy, Esquire
Office of the United States Trustee
844 King Street, Suite 2207
Lockbox 35
Wilmington, DE 19801-3519
Office of the United States Trustee