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March 21, 1985

J. Thomas Rosch, Esq.
McCutchen, Doyle, Brown & Enersen
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San Francisco, California 94111

Re: Magnavox et al. v. Activision
Our File: L3137

Dear Tom:

I want to bring you up to date on the disputes between Magnavox and Activision and their resolution and alert you to the settlement procedures in which we would like your assistance and cooperation within the next few days.

The parties last week agreed in principle to a settlement of all aspects of these disputes. Settlement documents are now in the hands of Tom Larsen at Howard, Rice and Activision. We expect them to be approved today or tomorrow for final execution, perhaps with some minor revisions. As soon as full agreement on the documentation is obtained, we wish to have you and Marty Glick, or someone in his firm such as Tom Larsen, arrange to exchange counterpart executed documents, probably in the early part of next week. At that time with the exchange of executed counterpart originals, Marty Glick's office will also deliver to you a check covering the first payment and either a letter of credit or some escrow certificate for the second payment under Paragraph II of the Settlement Agreement.

There are two basic settlement documents, a License Agreement and a Settlement Agreement, with various attachments to each. All will be placed in your hands in final form as soon as possible. Article XXI of the License Agreement and Article VIII of the Settlement Agreement have the following provision for counterpart execution:

"It is agreed that counterpart originals of this Agreement will be signed by the respective parties and the effective date of this Agreement shall be the date upon which all of said counterparts are signed. Thereafter said counterparts will be signed by all parties, one to be retained by each of said parties."

As soon as all documentation is settled, we will have Tom Briody and Lou Etlinger sign the Agreements on behalf of their respective parties and forward them to you. At the same time Marty Glick will have Activision sign the two Agreements in the form of duplicate originals and obtain the check covering the first payment required upon execution pursuant to Article II of the Settlement Agreement. We would like to have you then arrange with Marty Glick to meet and exchange the executed documents. You will obtain two originals signed by Activision and the check and you will deliver to Marty Glick or someone from his firm either two counterparts of both Agreements executed by Tom Briody and Lou Etlinger, respectively, or hopefully, we will have a single set of counterpart documents executed by both Tom and Lou which can be delivered to Activision. It is contemplated that Activision will then sign the originals which are delivered to them and retain them for their records and you will deliver the two sets of originals executed by Activision, one set to Lou Etlinger and one set to Tom Briody which they can then execute and preserve. The check for the first payment should also go to Tom Briody.

If you have any questions at all about the procedures described above, please feel free to call Tom Larsen at the Howard, Rice firm or me.

Very truly yours,

NEUMAN, WILLIAMS, ANDERSON & OLSON

By Ted
Theodore W. Anderson

TWA/sjm

CC: Martin R. Glick, Esq.
Algy Tamoshunas, Esq.
Louis Etlinger, Esq.