

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

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| <p>In re</p> <p>RADIOSHACK CORPORATION, <i>et al.</i>,¹</p> <p style="text-align: center;">Debtors.</p> | <p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p> <p>⋮</p> | <p>Chapter 11</p> <p>Case No. 15-10197 (BLS)</p> <p>(Jointly Administered)</p> <p>Related Docket No.: 1768</p> |
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**NOTICE OF AGREEMENT REGARDING SALE OF
CERTAIN PERSONALLY IDENTIFIABLE INFORMATION**

PLEASE TAKE NOTICE that on April 10, 2015, the Debtors filed the *Debtors’ Combined Motion for Entry of Orders: (I) Establishing Bidding and Sale Procedures; (II) Approving the Sale of Certain IP and Related Assets; and (III) Granting Related Relief* [Docket No. 1768] (the “IP Sale Motion”).²

PLEASE TAKE FURTHER NOTICE that the Debtors received objections (the “Objections”) to the IP Sale Motion from certain states’ Attorneys General (collectively, the “State AGs”), objecting to the Debtors’ sale of certain Personally Identifiable Information (“PII”) pursuant to the IP Sale Motion.

PLEASE TAKE FURTHER NOTICE that the Debtors, the State AGs, and General Wireless Operations Inc., as the proposed purchaser of the PII (the “Purchaser” and

¹ The Debtors are the following eighteen entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): RadioShack Corporation (7710); Atlantic Retail Ventures, Inc. (6816); Ignition L.P. (3231); ITC Services, Inc. (1930); Merchandising Support Services, Inc. (4887); RadioShack Customer Service LLC (8866); RadioShack Global Sourcing Corporation (0233); RadioShack Global Sourcing Limited Partnership (8723); RadioShack Global Sourcing, Inc. (3960); RS Ig Holdings Incorporated (8924); RSIgnite, LLC (0543); SCK, Inc. (9220); Tandy Finance Corporation (5470); Tandy Holdings, Inc. (1789); Tandy International Corporation (9940); TE Electronics LP (9965); Trade and Save LLC (3850); and TRS Quality, Inc. (5417). The address of each of the Debtors is 300 RadioShack Circle, Fort Worth, Texas 76102.

² Capitalized terms not otherwise defined herein shall have the meanings given to them in the IP Sale Motion.

together with the Debtors and the State AGs, the “Parties”), participated in a mediation (the “Mediation”) commencing May 14, 2015 in an attempt to resolve the Objections.

PLEASE TAKE FURTHER NOTICE that at the Mediation the Parties reached an agreement (the “Agreement”) resolving the Objections.

PLEASE TAKE FURTHER NOTICE that the agreement between the Parties memorializing the terms of the Agreement is attached hereto as **Exhibit A**.

Dated: May 20, 2015
Wilmington, Delaware

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ATTORNEYS FOR DEBTORS AND
DEBTORS IN POSSESSION

EXHIBIT A

Mediation Term Sheet
In re Radio Shack Corp., et al.
Bankr. Case No. 15-10197

This Term Sheet is subject to mediation confidentiality pursuant to the terms of the Agreement to Mediation, to which all parties are signatory, and to all other protections as may be applicable under the Local Rules for the U.S. Bankruptcy Court for the District of Delaware, the Federal Rules of Evidence, and such orders as have been entered by the court in this bankruptcy case.

The Parties (as described below) entered into a mediation commencing May 14, 2015 to resolve certain objections raised by various States' Attorneys' General to the sale by the Debtor(s) of certain Personally Identifiable Information to the Purchaser. The mediation was continued through May 16, 2015. This document memorializes the essential terms of the agreement of the Parties. It is understood that

- All parties are bound by the terms set out herein, save that the AG's are only bound by the final decision of the respective Attorneys General, as that decision may be made pursuant to the official policies of each respective office. Confirmation of such final decision must be furnished to the Debtors and the Purchaser, through their respective counsel, by no later than 7:30 p.m ET, May 19, 2015. Confirmation shall be via email to Gregg Galardi (gregg.galardi@dlapiper.com), counsel for the Purchaser and to Paul Green (pmgreen@JonesDay.com), counsel for the Debtors, with a copy to the mediator (lmclark@leifmclark.com).
- All parties bound are obligated to affirmatively support these terms and their effectuation in all *fora*, including in the U.S. Bankruptcy Court for the District of Delaware, where this bankruptcy case is pending.
- All parties agree to cooperate in the preparation of such other and further documentation as is required to memorialize, effectuate and/or accomplish the essential terms set out in this Term Sheet.

*Parties*¹

- Debtor(s)-in-Possession ("Debtor")
- General Wireless Operations Inc. ("Purchaser")²
- States' Attorneys' General ("AG")
 - Texas
 - Tennessee
 - Georgia
 - Missouri

¹ For purposes of this Term Sheet, "Parties" shall include the named parties, together with their agents, attorneys, successors, and assigns. While the Consumer Privacy Ombudsman ("CPO") is not a party to this mediated settlement, the CPO did actively participate in the mediation itself.

² The Purchaser was the acquirer of the Store and other assets, which sale was consummated on April 2, 2015 and may designate and assign its right to the intellectual property assets, including but not limited to the PII that is the subject of this Term Sheet, to a wholly owned subsidiary of the Purchaser.

- Nebraska
- Oregon
- Connecticut
- Massachusetts
- Virginia
- West Virginia
- Pennsylvania
- New York
- Idaho
- Wisconsin
- Maine
- Hawaii³
- North Carolina

The AG have raised objections to the sale by the Debtor of Personally Identifiable Information ("PII"). At mediation, the Purchaser, the Debtor and the AG agreed upon the following conditions, on the satisfaction of which the AG will withdraw their objections to the sale of PII to the Purchaser by the Debtor.

1. PII, for purposes of this Term Sheet, is certain customer records held by the Debtors, and containing complete customer name and physical address files as well as email addresses, in certain cases. It is agreed that the sale of PII by the Debtors to the Purchaser is described as follows:
 - a. Over the course of many years, the Debtors collected customer information through a variety of sources, and as of the petition date, the Debtors' databases contained approximately 117 million customer records (including consumer and commercial customers). The records included over 170 data categories.
 - b. In connection with the sale of the Debtors' intellectual property and related assets, the Debtors proposed to sell a subset of their customer records, which subset was identified in an Exhibit filed with the Bankruptcy Court [Docket # 2017].
 - c. Specifically, the Debtors offered what they considered to be the most relevant data—approximately 67 million complete customer name and physical address files, of which approximately 8.3 million records also included an e-mail address.⁴
 - d. The records offered for sale were limited to one or more of the following categories: (a) first and last name; (b) physical mailing

³ Hawaii is represented on this matter by its Office of Consumer Protection, an agency which is not part of the State Attorney General's Office, but which is statutorily authorized to undertake consumer protection functions, including legal representation of the State of Hawaii. For simplicity purposes, the entire group will be referred to as the "Attorneys General" or "AGs" and these designations, as they pertain to Hawaii, refer to the Executive Director of the State of Hawaii's Office of Consumer Protection.

⁴ The Debtors also offered to sell approximately 200,000 e-mail addresses that were not associated with a physical mailing address.

address; (c) e-mail address; (d) phone number; and (e) 21 fields of transaction data.

- e. As a result of the mediation, the Debtors and the Purchaser have agreed to limit the information to be transferred to the Purchaser pursuant to the proposed sale.
 - i. The Purchaser has agreed to only buy customer e-mail addresses that were active within the two-year period prior to the petition date.
 - ii. In addition, the Purchaser has agreed to only buy the following seven fields of transaction data collected by the Debtors within the five-year period prior to the petition date:
 - 1. store number,
 - 2. ticket date/time,
 - 3. SKU number,
 - 4. SKU description,
 - 5. SKU selling price
 - 6. tender type and
 - 7. tender amount.

- f. As a result of the mediation, the Debtors will not sell: (a) e-mail addresses that were active more than two years prior to the petition date, (b) customer telephone numbers, (c) the 14 transaction data fields that were previously marked for sale, or (d) any other customer data not included in subsection (e) above.⁵
- g. In addition, the Debtors will not sell any credit or debit card numbers or any transaction data not included in seven categories set forth in subsection (e) above.

⁵ These consist of the following:

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| Store Name |
| Store Address |
| Store Phone Number |
| Register Number |
| Transaction Number |
| Ticket Number |
| Operator Initials |
| Sales Associate Initials |
| Ticket SubTotal |
| Ticket Tax Percentage |
| Ticket Tax Amount |
| Ticket Total |
| Questions/Answers (if attached to SKU) |
| Transaction Specific Legalese Text |

- h. As previously disclosed, the Debtors' databases do not contain sensitive information, such as social security numbers or other governmental identification numbers unique to each customer. Such data, although at one time collected in connection with signing up customers for wireless service, was not maintained by the Debtors and therefore no longer exists. Thus such information is not, and could not be, sold or transferred, as it does not exist in the Debtor's records.
2. The order of sale will contain a recitation that the correct standard of review applicable to the sale of PII is that set out in 11 U.S.C. § 363(b)(1)(B), as enacted by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005. The recitation will not contain a reference to *In re Toysmart.com, LLC*, Bankr. Case No. 00-13995, Stipulation and Order (Bankr.D.Del. July 20, 2000).
3. With respect to PII for which email addresses are available, the Purchaser will arrange for an email communication to be sent to those persons prior to the transfer of this PII by the Debtor to the Purchaser. Purchaser shall send such email communication no later than 60 days following the Closing.
 - a. The communication shall contain a clear and conspicuous notification advising the recipients that the Purchaser has purchased the operating assets of Radio Shack, and providing an opt-out opportunity for such recipients.
 - b. The recipients will have 7 days within which to exercise the option.⁶
 - c. With respect to a person exercising the opt-out pursuant to these conditions, the PII with respect to that person shall not be transferred.
 - d. In the event that the email is returned undeliverable, the PII with respect to that person shall not be transferred.
 - e. Unless the conditions specified subsections (c) or (d) obtain, then, at the conclusion of the 7 day period, the Debtor will transfer the PII with respect to those persons to the Purchaser. With respect to PII that is not transferred, such PII shall not be transferred or sold by the Debtor⁷ and such PII shall be destroyed in accordance with standard industry practice, unless it is subject to the litigation hold, in which event the PII shall be destroyed at such time when it is no longer subject to the litigation hold.
 - f. The Debtor shall execute an initial certification of compliance to the effect that PII has been transferred or not transferred as provided herein, and such initial certification shall be filed by the Debtor with the Bankruptcy Court. All later certifications of destruction (including specifically with respect to PII retained pursuant to the litigation hold) shall be delivered by the relevant successor in interest of the Debtor to the CPO.

⁶ Notwithstanding, customers whose PII is transferred will, in accordance with applicable law, have available to them the option to opt-out at any time subsequent to the transfer.

⁷ This prohibition does not apply to "technical transfers" required by law or pursuant to court order.

4. With respect to PII for which there is no available email address, but for whom there is a physical mailing address, at such time as the Purchaser elects to make a postal mailing to such persons, the communication shall contain a clear and conspicuous notification that
 - a. The Purchaser has purchased the operational assets of Radio Shack, and
 - b. The recipient has an opt-out opportunity, which may be exercised by contacting a toll-free number provided in the notification.
 - c. In the event that the recipient does not exercise this option within 30 days,⁸ the recipient's PII will be retained by the Purchaser.
 - d. Any person exercising the opt-out pursuant to these conditions shall continue to be subject to the pre-existing privacy policy of Radio Shack, the pre-petition debtor.
 - e. With regard to any person to whom mail is returned undeliverable, that person's PII shall be destroyed in accordance with standard industry practice..
 - f. The Purchaser shall execute a certification of destruction with respect to PII destroyed pursuant to subsection (e), and such certification shall be delivered to the CPO.
 - g. The foregoing conditions shall only apply to mailings if a mailing is made within 2 years of the closing of the sale transaction.
 - h. The Purchaser is under no obligation, to make any such mailing.
5. The Purchaser agrees that it will provide an opt-out option at the website for Radio Shack, and that such option shall include both an on-line opt-out option and a toll-free telephone number to call in order to exercise the option.
6. The Parties agree that notice by publication is unnecessary.
7. The Purchaser agrees that it is bound by existing Radio Shack privacy policy with regard to customers listed in the purchased PII, and acknowledges that such privacy policy prohibits the further sale or transfer of such information to third parties. The Parties agree that customers may be bound by material changes to this privacy policy, but only on condition that the Purchaser provides such customers with opt in option, and on the further condition that the customer affirmatively exercises this option.
8. The order will contain a recitation that tracks the language used in the Debtor's motion to sell, to the effect that the Debtor is not selling and the Purchaser is not purchasing sensitive information [*e.g.*, credit card numbers, dates of birth], and such information will never be disseminated by any of the Parties to anyone.
9. Data that is subject to a litigation hold will nonetheless be available to the Purchaser (by way of a duplicate). The Purchaser will be under no obligation to either retain or collect data for the benefit of the litigation in question. Any

⁸ Notwithstanding, customers will still, in accordance with applicable law, have available to them the option to opt-out at any subsequent time.

data to which the Purchaser has such access will be subject to the other provisions of this Term Sheet.