

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re	:	Chapter 11
RS LEGACY CORPORATION, <i>et al.</i> , ¹	:	Case No. 15-10197 (BLS)
Debtors.	:	(Jointly Administered)
	:	Related Docket No.: 2749, 2784

NOTICE OF FILING CERTAIN EXHIBITS TO THE JOINT DISCLOSURE STATEMENT OF RS LEGACY CORPORATION AND ITS DEBTOR AFFILIATES

PLEASE TAKE NOTICE that on August 6, 2015, the Debtors filed the *Joint Disclosure Statement of RS Legacy Corporation and its Debtor Affiliates* [D.I. 2749], and on August 12, 2015, the Debtors filed the *Joint Disclosure Statement of RS Legacy Corporation and its Debtor Affiliates (Solicitation Version)* (the “Solicitation Version”) [D.I. 2784]. Attached hereto are Exhibit II (Voting Tabulation Rules) and Exhibit III (Chapter 7 Liquidation Analysis) to the Solicitation Version, which were served on parties in interest as reflected in the Affidavit of Service of Solicitation Materials [D.I. 2864].

¹ The Debtors are the following eighteen entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): RS Legacy Corporation (f/k/a RadioShack Corporation) (7710); Atlantic Retail Ventures, Inc. (6816); Ignition L.P. (3231); ITC Services, Inc. (1930); Merchandising Support Services, Inc. (4887); RS Legacy Customer Service LLC (f/k/a RadioShack Customer Service LLC) (8866); RS Legacy Global Sourcing Corporation (f/k/a RadioShack Global Sourcing Corporation) (0233); RS Legacy Global Sourcing Limited Partnership (f/k/a RadioShack Global Sourcing Limited Partnership) (8723); RS Legacy Global Sourcing, Inc. (f/k/a RadioShack Global Sourcing, Inc.) (3960); RS Ig Holdings Incorporated (8924); RSignite, LLC (0543); SCK, Inc. (9220); RS Legacy Finance Corporation (f/k/a Tandy Finance Corporation) (5470); RS Legacy Holdings, Inc. (f/k/a Tandy Holdings, Inc.) (1789); RS Legacy International Corporation (f/k/a 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.

Dated: September 2, 2015
Wilmington, Delaware

PEPPER HAMILTON LLP

/s/ Michael J. Custer

David M. Fournier (DE 2812)
Evelyn J. Meltzer (DE 4581)
Michael J. Custer (DE 4843)
PEPPER HAMILTON LLP
Hercules Plaza, Suite 5100
1313 N. Market Street
Wilmington, Delaware 19899-1709
Telephone: (302) 777-6500

-and-

David G. Heiman (OH 0038271)
JONES DAY
901 Lakeside Avenue
Cleveland, Ohio 44114
Telephone: (216) 586-3939

Gregory M. Gordon (TX 08435300)
JONES DAY
2727 N. Harwood Street
Dallas, Texas 75201
Telephone: (214) 220-3939

Thomas A. Howley (TX 24010115)
Paul M. Green (TX 24059854)
JONES DAY
717 Texas Suite 3300
Houston, Texas 77002
Telephone: (832) 239-3939

Attorneys for Debtors

Exhibit II
(Voting Tabulation Rules)

TABULATION RULES

Allowance and Disallowance of Claims for Voting Purposes

1. Claims in Class 3 (SCP Secured Claims) will be deemed temporarily allowed for voting purposes in the amounts provided by the SCP Agent.
2. Claims in Class 4 (IRS Claims) will be temporarily allowed for voting purposes in an amount of \$1.00.
3. Claims in Class 5 (Dark Stores Claims) will be deemed temporarily allowed for voting purposes in the amounts in the Debtors' books and records, which amounts will be set forth on the Ballots.
4. If a claim holder identifies a claim amount on its Ballot that is less than the amount otherwise calculated in accordance with the Tabulation Rules, the claim will be temporarily allowed for voting purposes in the lesser amount identified on such Ballot.

Rules for Counting Votes to Accept or Reject Plan

5. In tabulating the Ballots, the following procedures shall apply:
6. Any Ballot that is properly completed, executed and timely returned to Prime Clerk but does not indicate an acceptance or rejection of the Plan, or indicates both an acceptance and rejection of the Plan, will not be counted.
7. If a creditor casts more than one Ballot voting the same claim before the Voting Deadline, the last properly-executed Ballot received before September 10, 2015 (the "Voting Deadline") will be deemed to reflect the voter's intent and, thus, will supersede any prior Ballots.
8. Creditors will be required to vote all of their claims within their Class under the Plan either to accept or reject the Plan and may not split their votes.
9. For purposes of the numerosity requirement of section 1126(c) of the Bankruptcy Code and based on the reasonable efforts of the Balloting Agent, separate claims held by a single creditor in a particular class will be aggregated as if such creditor held one claim against the applicable Debtor in such class, and the votes related to such claims will be treated as a single vote to accept or reject the Plan.
10. Where any portion of a single claim has been transferred to a transferee, all holders of any portion of such single claim will be (a) treated as a single creditor for purposes of the numerosity requirements in section 1126(c) of the Bankruptcy Code (and for the other voting and solicitation procedures set forth herein) and (b) required to vote every portion of such claim collectively either to accept or reject the Plan.
11. In the event that a Ballot or a group of Ballots within a Class received from a single creditor partially rejects and partially accepts the Plan, such Ballots shall not be counted.
12. The following additional procedures shall apply with respect to tabulating Master Ballots:
 - b. All Nominees will be required to retain the Beneficial Owner Ballots cast by their respective Beneficial Owners for inspection for a period of one year following the Voting Deadline.
 - c. Votes cast through Nominees will be applied to the applicable positions held by such Nominees as of the Record Date, as evidenced by the record and depository listings. Votes submitted by a Nominee shall not be

counted in excess of the amounts held by such Nominee as of the Record Date.

- d. If conflicting votes or "over-votes" are submitted by a Nominee, Prime Clerk shall use reasonable efforts to reconcile discrepancies with such Nominee. The submission of a Beneficial Owner Ballot or a Master Ballot reflecting an aggregate amount of voting claims that exceeds the record position as identified on record and depository listings, respectively, is referred to herein as an "over-vote."
- e. If over-votes are submitted by a Nominee that are not reconciled prior to the preparation of the certification of vote results, the votes to accept and to reject the Plan shall be counted in the same proportion as the votes to accept and to reject the Plan submitted by the Nominee, but only to the extent of the Nominee's Record Date position in the public securities.
- f. For the purposes of tabulating votes, each Beneficial Owner shall be deemed (regardless of whether such holder includes interest in the amount voted on its Ballot) to have voted only the principal amount of its public securities; any principal amounts thus voted may be thereafter adjusted by Prime Clerk, on a proportionate basis to reflect the corresponding claim amount, including any accrued but unpaid prepetition interest, with respect to the securities thus voted.
- g. A single Nominee may complete and deliver to Prime Clerk multiple Master Ballots. Votes reflected on multiple master ballots shall be counted except to the extent that they are duplicative of other Master Ballots. If two or more Master Ballots are inconsistent, the last properly-completed Master Ballot received prior to the Voting Deadline shall, to the extent of such inconsistency, supersede any prior received Master Ballot.
- h. The tabulation of votes by any Directly Registered Holders will be tabulated as provided in this paragraph to the extent applicable and in accordance with any additional applicable provisions contained in these Tabulation Rules.

Exhibit III
(Chapter 7 Liquidation Analysis)

BEST INTERESTS ANALYSIS

INTRODUCTION

Pursuant to section 1129(a)(7) of the Bankruptcy Code, each holder of an impaired Claim or equity interest must either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such non-accepting holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code (often referred to as the "Best Interests Test"). In connection with this requirement, the following hypothetical liquidation analysis (the "Liquidation Analysis") has been prepared so that the Bankruptcy Court may determine that the Plan is in the best interests of creditors or equity holders who reject the Plan.

THE LIQUIDATION ANALYSIS IS AN ESTIMATE OF THE PROCEEDS THAT MAY BE GENERATED AS A RESULT OF A HYPOTHETICAL CHAPTER 7 LIQUIDATION OF THE ASSETS OF THE DEBTORS. UNDERLYING THE LIQUIDATION ANALYSIS ARE A NUMBER OF ESTIMATES AND ASSUMPTIONS THAT ARE INHERENTLY SUBJECT TO UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF MANAGEMENT AND ITS ADVISORS. ADDITIONALLY, VARIOUS DECISIONS UPON WHICH CERTAIN ASSUMPTIONS ARE BASED ARE SUBJECT TO CHANGE. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE ASSUMPTIONS AND ESTIMATES EMPLOYED IN THE LIQUIDATION ANALYSIS WILL BE CONSISTENT WITH ACTUAL RESULTS, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE.

GENERAL ASSUMPTIONS

Overall Methodology

The Liquidation Analysis assumes hypothetical chapter 7 liquidations of the Debtors as of August 29, 2015. Balances as of August 29, 2015 are based on the Debtors' current forecast and take into account discussions with lenders regarding the use of cash collateral. The Debtors do not expect to have any operating assets at the time of the hypothetical conversion to Chapter 7 but anticipate that they will be continuing to collect and monetize remaining miscellaneous assets, performing services under the Transition Services Agreement with General Wireless (the "TSA"), and carrying out various administrative functions necessary for preserving and maximizing the value of the Estate.

Remaining Asset Collections

The Liquidation Analysis assumes that, under a hypothetical chapter 7 liquidation, remaining assets of the Debtors, which are anticipated to include vendor debit balances, collateral supporting outstanding letters of credit, sales tax refunds, and other miscellaneous assets, will be collected or otherwise monetized. For purposes of this analysis, it is assumed that collections/recoveries in the hypothetical chapter 7 will be the same as collections/recoveries in the chapter 11 cases. The actual amounts collected or recovered are dependent upon the

historical knowledge and experience of, and relationships developed by, the Debtors and their professionals, and collections/recoveries in the hypothetical chapter 7 liquidation could be materially lower if this knowledge and experience is lost and/or these relationships are not preserved.

Estimates of Cost of Chapter 7 Liquidation

Conversion of the chapter 11 cases to chapter 7 would likely result in additional costs to the Debtors' estates. Costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee and other professionals retained by the trustee, including attorneys, financial advisors and consultants; asset disposition expenses; and unpaid expenses incurred by the Debtors in the chapter 11 cases that are allowed in the chapter 7 cases. Because (a) professionals retained by the trustee will likely have only minimal knowledge regarding the Debtors, these bankruptcy cases, and matters that must be addressed in connection with a liquidation of the assets and the winding down of the estate and (b) numerous disputes between the SCP Lenders and the Committee have been settled in the Plan but would be subject to litigation in a chapter 7 liquidation, it is assumed that, in addition to the additional, incremental cost of the trustee, the fees and expenses of the trustee's professionals would be substantially higher than the fees and expenses that would be incurred by existing professionals in the chapter 11 cases. For purposes of the hypothetical chapter 7 liquidation, it is assumed that expenses that are unpaid at the time of the conversion would be subject to a section 506(c) surcharge and paid from the SCP Lenders' collateral.

Although no impact has been assumed in order to present a conservative analysis, the Debtors believe there is a significant risk that services under the TSA would be disrupted or adversely affected to some degree in a chapter 7 liquidation due to the transition to a trustee and new advisors. This could result in administrative expense claims against the estate that would have to be paid in full prior to any recoveries to unsecured creditors.

In addition, liquidation costs could be higher, and the value of any distributions could be lower, if the estate is not wound down within the five month period assumed in the Liquidation Analysis.

Estimates of Costs of Chapter 11 Liquidation

Liquidation under a Chapter 11 plan will generate many of the same costs as the hypothetical chapter 7 liquidation. However, a chapter 11 plan liquidation will not include the incremental costs of a trustee, the higher fees and expenses associated with (a) the transition to, and the corresponding learning curve created by the engagement of, new professionals unfamiliar with the complexities of the Debtors and (b) the potential litigation of issues that have been settled in the Plan, the potential reduction in collections and recoveries with respect to remaining assets and potential administrative claims of General Wireless that may arise as a result of estate breaches of the TSA.

DEBTORS' LIQUIDATION ANALYSIS

The table below provides a comparison of the anticipated recoveries for claims against the Debtors under a hypothetical chapter 7 liquidation and under the chapter 11 cases in accordance with the provisions of the Plan. The accompanying footnotes should be read in connection with the table.

FOOTNOTES TO LIQUIDATION ANALYSIS

A summary of the assumptions used in the Debtors' Liquidation Analysis is set forth below.

\$ in Millions	Gross Amount	CH 11 Plan		CH 7 Conversion	
		Recovery		Recovery	
Estimate / Forecast		\$	%	\$	%
Asset Recovery					
Cash		62.2		62.2	
Vendor Debit Collections		3.2		3.2	
Recovery of LC's in Excess of Underlying Obligations		2.3		2.3	
Lease Sales from Escrow Account		3.4		3.4	
Sprint Settlement from Escrow Account		5.5		5.5	
Sales Tax Refund		5.2		5.2	
Real Estate Deposit Recovery		0.2		0.2	
ABL Escrow Cash (Funding) / Repatriation ⁽⁴⁾		10.0		10.0	
Personal Property Tax Escrow		2.5		2.5	
Utility Deposit Recoveries		1.8		1.8	
Subtotal: Asset Recovery		96.2		96.2	
Less: Proceeds Held for Non-SCP Admin, Priority & Unsecured Claims ⁽²⁾		(22.9)		(22.9)	
Net Asset Recovery ⁽³⁾		73.3		73.3	
Expenses					
Shut Down Costs ⁽⁴⁾		(8.0)		(8.0)	
February Post-Petition Rent ⁽⁵⁾		(8.7)		(8.7)	
Professional Fees ⁽⁶⁾		(5.2)		(6.9)	
Reimbursement from Professional Fee Reserve Account ⁽⁷⁾		3.0		3.0	
Reimbursement for Previously Paid UCC Pro Fees		4.3		4.3	
Allocation of Trustee Fee ⁽⁸⁾		-		(2.2)	
Total Net Expenses		(14.6)		(18.5)	
Proceeds Remaining for Secured Claims		58.7		54.8	
Secured Claims					
Secured Claims					
Other Secured Claims ⁽⁶⁾	(0.5)	(0.5)		(0.5)	
SCP Term Loan ⁽¹⁰⁾	(144.4)	(58.2)		(54.3)	
Recovery on Secured Claims	(144.9)	(58.7)	-41%	(54.8)	-38%
Admin, Priority & Unsecured Claims					
<u>Proceeds Held for Admin, Priority & Unsecured Claims</u>		22.9		22.9	
Admin Claims					
Unpaid UCC Pro Fees and Other Related Pro Fees ⁽¹¹⁾		(4.6)		(4.4)	
Allocation of Trustee Fee ⁽⁸⁾		-		(0.7)	
Reimbursement for Previously Paid UCC Pro Fees		(4.3)		(4.3)	
Memo: Estimated 503(b)(9) Claims ⁽⁹⁾	(5.0)	(5.0)	100%	(5.0)	100%
Total Admin Claims		(13.9)		(14.3)	
Proceeds Remaining for Priority & Unsecured Claims		9.0		8.6	
Priority Claims					
Gift Cards / Customer Liability ⁽¹²⁾	(0.5)	(0.5)		(0.5)	
IRS Tax Claim ⁽¹³⁾	-	-		-	
Other Priority Claims ⁽⁹⁾	(4.0)	(4.0)		(4.0)	
Total Priority Claims	(4.5)	(4.5)	100%	(4.5)	100%
Proceeds Remaining for Unsecured Claims ⁽¹⁴⁾		4.5		4.1	

GLOBAL NOTE

For purposes of the Liquidation Analysis, the emergence from Chapter 11 or the hypothetical conversion to Chapter 7 were each assumed to occur on August 29, 2015. All asset values and expenses are based on the Debtors' forecasted balances as of August 29, 2015. If the emergence or hypothetical conversion were to occur in mid-September, the estimated recoveries would not change because, although line items in the analysis may change, the forecasts are not expected to change on an aggregate basis.

NOTE 1 – FIRST OUT ABL ESCROW

Pursuant to the Bankruptcy Court's order approving the sale of certain assets to General Wireless, an escrow account was created for the benefit of the First Out Lenders. That account is funded with \$12 million consisting of \$5 million for fees and expenses incurred by the First Out Lenders and \$7 million for potential indemnification claims of such lenders. Both the chapter 11 liquidation analysis and the hypothetical chapter 7 analysis assume that \$2 million of the escrow is used and/or returned to General Wireless, and that the remaining \$10 million would be returned to the Debtors. The First Out Lenders' use of the escrow account could vary materially from these assumptions as the costs and the outcome of the litigation for which the escrow was established are uncertain and unknown.

NOTE 2 – PROCEEDS HELD FOR NON-SCP ADMIN, PRIORITY & UNSECURED CLAIM

For the chapter 11 liquidation analysis, this is the amount to which the Debtors, the SCP Lenders and the Creditors' Committee agreed to pursuant to the SCP Settlement in the Plan. For the hypothetical chapter 7 analysis, this amount is estimated and could vary materially based on the outcomes of negotiations or litigation regarding the validity of certain liens, allocations of sale proceeds and costs of the estate, and the validity and extent of potential diminution claims, adequate protection liens and claims, and section 506(c) surcharge claims. Such amount shown is based on estimated unencumbered recoveries for (i) lease sales, (ii) allocation of proceeds to leases assumed by General Wireless or Sprint, (iii) a recovery with respect to a Sprint preference claim, and (iv) the Debtors' 1/3 equity interest in Mexico subsidiaries, minus a deduction for fees previously paid to professionals retained by the Creditors' Committee.

NOTE 3 – NET ASSET RECOVERIES

No estimates have been included for potential recoveries on preference claims (other than the recovery from Sprint), executive life insurance, a tax refund owed by Puerto Rico, miscellaneous deposits, litigation claims, or other miscellaneous assets, although in either the chapter 11 or chapter 7 scenario it is anticipated that recoveries will be pursued by appropriate representatives of the estate.

NOTE 4 – WIND DOWN COSTS

In the chapter 11 scenario, this is the amount that the SCP Lenders have agreed may be paid from their collateral for any wind down expenses that are accrued and unpaid at the time of the effective date of the Plan. In the chapter 7 scenario, the analysis assumes a section 506(c) surcharge against the collateral of the SCP Lenders for such wind down expenses at the time of conversion.

NOTE 5 – FEBRUARY POST-PETITION RENT

In the chapter 11 scenario, the SCP Lenders have agreed that this obligation may be paid from their collateral in accordance with the Plan. In the chapter 7 scenario, this obligation is assumed to be paid from SCP Lenders' collateral in accordance with the DIP Support Agreement. Holders of Dark Store Claims are assumed to receive a 75% recovery per the terms of the Plan.

NOTE 6 – PROFESSIONAL FEES

The analysis assumes an additional \$1.75 million in professional fee expense in a Chapter 7 liquidation to account for (a) the transition to new professionals and (b) the potential litigation of issues that would remain unresolved absent the Plan.

NOTE 7 – REIMBURSEMENT FROM PROFESSIONAL FEE RESERVE ACCOUNT

The Debtors currently hold \$6 million in a professional fee reserve account. This amount is forecasted to be used as follows: (i) \$5.1 million to pay fees and expenses through August 29, 2015, and (ii) \$0.9 million to pay professional fees post August 29, 2015.

NOTE 8 – TRUSTEE FEE

The trustee's fee is assumed to be 3% of all distributions, and is allocated to unencumbered assets in proportion to the proceeds assumed to be generated from unencumbered assets. This fee amount is assumed to be incremental to fees and expenses incurred by professionals engaged by the trustee.

NOTE 9 – OTHER SECURED, 503(B)(9) AND PRIORITY CLAIMS

This amount is an estimate based on the Debtors' books and records and could change materially once claims are reconciled.

NOTE 10 – SCP TERM LOAN

It is assumed that post-petition interest payments would be characterized as pay downs of principal.

NOTE 11 – UNPAID COMMITTEE PRO FEES AND OTHER RELATED PRO FEES

This includes Creditors' Committee professional fees not included in the budget through August 29, 2015, along with success fees attributable to unencumbered assets.

NOTE 12 – GIFT CARDS

This amount is an estimate that could vary materially from the actual number and amount of Claims allowed in the cases.

NOTE 13 – IRS TAX CLAIM

The IRS tax claim is assumed to be \$0 in both the chapter 11 liquidation and hypothetical chapter 7 liquidation scenarios; however, this claim is the subject of settlement negotiations and potential litigation, and the IRS has filed a \$112 million priority claim. As a result, the actual allowed claim amount could vary materially from the estimate.

NOTE 14 – PROCEEDS REMAINING FOR UNSECURED CLAIMS

Although not shown in this analysis, the Debtors estimate that the unsecured claims pool would be larger in the hypothetical chapter 7 liquidation scenario as compared to chapter 11 because the deficiency claim of the SCP Lenders (estimated to be at least \$80 million) is deemed waived under the Plan but would remain outstanding in a chapter 7 liquidation.