

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re:	: Chapter 11
TSIC, Inc. f/k/a Sharper Image Corporation,¹	: Case No. 08-10322 (KG)
Debtor.	: D. I. 2218
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**ORDER PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY CODE
ESTABLISHING PROCEDURES FOR SETTLING CLAIMS OF GIFT CARD HOLDERS**

Upon the motion, dated April 11, 2011 (the "Motion"),² of TSIC, Inc. f/k/a Sharper Image Corporation ("TSIC"), as debtor and debtor in possession, for an order pursuant to section 105(a) of title 11 of the United States Code (the "Bankruptcy Code") establishing a process by which Gift Card holders will receive a distribution on account of their respective Gift Card claims in accordance with section 507(a)(7) of the Bankruptcy Code, as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided, and it appearing that no other or further notice need be provided; and the relief requested in the Motion being in the best interests of TSIC and its estate and creditors; and the Court having reviewed the Motion and the Gift Card Holder Class Objection to the Motion, and having heard arguments thereon at a hearing on May 20, 2011

¹ The address of the Debtor's principal executive offices is 1255 Treat Blvd, Ste. 300, Walnut Creek, California 94597. The Debtor's EIN is 94-2493558.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.



before the Court (the "Hearing"); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted, as modified herein; and it is further

ORDERED that TSIC is authorized to implement the following procedures:

(i) TSIC, through the assistance of its claims agent KCC, will engage in both an on-line media campaign and a print publication as follows:

(a) Online media campaign

(1) KCC will engage 24/7 Network, a digital marketing company that has access to over 900 websites, who will place banner--like "teasers" which will contain statements similar to the following: "If you have or had one or more "The Sharper Image" gift cards, you could be entitled to a payment on account of the gift cards" ("Teasers") on websites specifically targeted to reach technology enthusiasts. The 24/7 Network Teasers are expected to create at least 11 million impressions and will run for 30 days.

(2) KCC will also place Teasers on Facebook.com to create 8 million impressions and will run for 30 days.

(b) The Teasers placed on the websites targeted to reach technology enthusiasts and on Facebook.com will facilitate putative Gift Card Class members to click access online to a website which will display a notice (the "Notice"), in substantially the form annexed hereto as Exhibit A, containing additional information about the Gift Card Procedures described herein, and a claim form which class members may download or fill in, print out and mail in.

(c) In addition to the on-line media campaign described in (a) and (b) above, TSIC will place a one-third page advertisement in People magazine and in Sports Illustrated magazine which will provide information to putative Gift Card class members about how to access the Notice, submit a Gift Card Form, and be eligible for a distribution on account of Gift Card balances. The form of advertisement will be substantially similar to the proposed Notice attached as Exhibit A, tailored to conform to print and publication requirements.

- (d) The media campaign (both on-line and print publication) will commence at least 60 days before the date (the “Gift Card Form Submission Deadline”) by which putative Gift Card Class members must submit their Gift Card Forms (defined below).
- (e) The total on-line plus print media campaign will not exceed \$200,000 (approximately \$81,000 online and approximately \$100,000 print media), exclusive of claims processing fees, subject to further Order of the Court.
- (ii) The Notice will provide that putative Gift Card Class members must complete the form (the “Gift Card Form”), in substantially the form annexed hereto as Exhibit B, which will be made available on TSIC’s claims agent’s website. The Gift Card Form will state that the putative claimant must either (a) provide a copy of the front and back of the Gift Card or (b) affirm, under penalty of perjury, that the Gift Card claim fits within the parameters of section 507(a)(7) of the Bankruptcy Code, as explained in detail on the Gift Card Form. For affirmation claims (i.e., claims submitted without a copy of the claimant’s Gift Card), claims will be limited to \$100 notwithstanding the fact that the balance of the Gift Card may exceed \$100. If a proof of claim has been previously filed on account of an outstanding Gift Card balance, the individual will not be required to complete a Gift Card Form.
- (iii) The Gift Card Form must be sent to TSIC’s claims agent who will maintain a Gift Card Form claims register. TSIC will review the Gift Card Forms and, within 45 days of the Gift Card Form Submission Deadline (the “Gift Card Form Review Deadline”), TSIC will make the determination whether the information provided on each Gift Card Form is sufficient to prove that the putative claimant holds a legitimate Gift Card claim subject to priority under section 507(a)(7) of the Bankruptcy Code. TSIC will collaborate with the attorneys for the Class Representative on its determination with respect to the Gift Card Forms and will make the Gift Card Forms and claims register available to the attorneys for the Class Representative for review, identifying specifically the claims TSIC intends to approve, and those it intends to reject, with reasons therefore. Class Counsel shall have a reasonable period to review and challenge such determinations.
- (iv) As soon as practicable following the Gift Card Form Review Deadline, TSIC will, after reasonably conferring with Class Counsel as described above, file with the Court a summary of the Gift Card Forms received and proposed distribution amounts (the “Distribution Proposal”). TSIC will provide notice of the hearing to consider the Distribution Proposal to claimants who filed a Gift Card Form as well as claimants who filed a proof of claim on account of their Gift Cards. The Distribution Proposal will state the reason for the proposed disallowance of the claim and

claimants will be afforded an opportunity, after the Distribution Proposal is served and prior to the hearing by this Court on approval of the Distribution Proposal, to confer with Class Counsel and the Debtor to determine whether the defects in the proposed disallowed claims can be cured. If Class Counsel and the Debtor agree the defects can be cured, the Debtor will submit a revised Distribution Proposal prior to the approval hearing. Available funds for distribution shall be determined as the aggregate available funds for distribution, after all allowed claims senior in priority to the Gift Card claims have been satisfied and after reduction for the described costs of notice, claims processing costs, and attorneys' fees for Class Counsel.

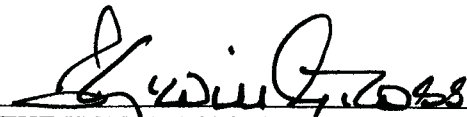
- (v) The Distribution Proposal shall be structured to make a distribution first to those claimants who filed an allowable Gift Card Form *with a copy of the Gift Card* (the "Gift Card Claimants") in the amount of the remaining unredeemed amount of the Gift Card, not to exceed \$2,245 per Gift Card. To the extent these claims exceed the net distributable proceeds held by TSIC, the claims will be prorated. If available funds are sufficient to satisfy the claims of the Gift Card Claimants, the remaining available funds shall be applied to the claims of those claimants who filed an allowable Gift Card Form *with only an affirmation and no copy of the Gift Card* (the "Affirmation Claimants") to the extent there are sufficient funds in the estate to do so. *To be clear, the Affirmation Claimants (those who do not submit a copy of their Gift Card) will receive a distribution on account of their allowable Gift Card Form only after the claims of the Gift Card Claimants (those who submit a copy of their Gift Card) have been satisfied.* To the extent claims for either group exceed the net distributable proceeds for that group, the claims will be prorated.
- (vi) Due to the costs of processing, payments of less than \$10.00 (ten dollars) will not be paid to claimants individually. Amounts not distributed as a result of the distributable amount totaling less than \$10 will be paid to appropriate *cy pres* recipient organizations proposed by Class Counsel, for approval by this Court.
- (vii) Attorneys for the Class Representative shall petition and may be awarded fees and reimbursement of expenses in connection with its representation of the Gift Card Class as well as an incentive award for the Class Representative upon application to this Court in accordance with the Rule 7023(h) of the Federal Rules of Bankruptcy Procedure. Such fees and expenses, to the extent allowable, will be deducted from the total funds available for distribution to the Gift Card Claimants entitled to distribution pursuant to the Distribution Proposal approved by this Court;

and it is further

ORDERED that this Court shall retain jurisdiction to interpret and enforce the terms of this Order.

Dated: Wilmington, Delaware

June 8, 2011



THE HONORABLE KEVIN GROSS
UNITED STATES BANKRUPTCY JUDGE

Exhibit A

Notice

If You Have a “Sharper Image Corporation” Gift Card You May be Entitled to Compensation for the Outstanding Balance of the Card

What this Case is About

On February 19, 2008, TSIC, f/k/a Sharper Image Corporation (“TSIC”) filed a voluntary petition under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”), Case No. 08-10322 (KG). On September 9, 2008, the Bankruptcy Court issued an order certifying a class of Gift Card holders (the “Gift Card Class”). TSIC, together with the attorneys for the Gift Card Class, proposes a process by which holders of Gift Cards with outstanding balances may, upon submission of an allowable Claim Form, receive a distribution from TSIC’s bankruptcy estate. Distributions will only be made following approval by the Bankruptcy Court of the Distribution Proposal and after all allowed claims senior in priority to the Gift Card claims have been satisfied.

Submitting a Gift Card Claim Form

If you hold a “Sharper Image Corporation” Gift Card with an outstanding balance, you must submit a Claim Form in order to obtain payment for the outstanding balance of the card. **You may obtain a gift card claim form at the following web address:** [____], or by calling TSIC’s claims agent, Kurtzman Carson Consultants LLC at (888) 647-1743. When signing the claim form, you will be required to affirm that the outstanding balance of your Gift Card does not exceed \$2,245.00; that an individual purchased the Gift Card; that the Gift Card Claim arises from the deposit, before February 19, 2008, of money in connection with the purchase of property or services from TSIC (f/k/a Sharper Image Corporation), for the personal, family, or household use of an individual, that were not delivered or provided (this includes any individual who received and now holds a “Sharper Image Corporation” Gift Card; that the Gift Card claim is not based on a merchandise certificate or merchandise credit; and that the Gift Card was not received as a result of corporate or other promotions activities (including but not limited to Reward Cards purchased using air miles or credit card rewards).

You should submit a copy of the front and back of your Gift Card with the claim form. If you do not have a copy of your Gift Card, you are still eligible to file a Claim Form. Claim Forms submitted without a copy of the Gift Card will be segregated and holders of these claims may receive a distribution only after distributions are made to holders of Gift Card claims who presented copies of their Gift Cards with their Claim Form. If you submit a Claim Form without a copy of your Gift Card, you will only be entitled to a maximum claim of \$100 notwithstanding the fact that the balance of your Gift Card may exceed \$100. Distributions that total less than \$10 will not be made.

If you have already filed a proof of claim on account of your Gift Card in TSIC’s bankruptcy case, you do not have to file a Claim Form as provided herein.

Deadline to Submit Claim Form and Where to Submit the Form

You must either:

- (i) submit an original copy of your Claim Form to the following address: TSIC Claims Processing Center c/o Kurtzman Carson Consultants LLC, 2335 Alaska Ave., El Segundo, CA 90245;
- (ii) upload a copy of your Claim Form to the following address: [____]; or
- (iii) pdf an image of your Claim Form to the following address: [____].

Any claimant who fails to deliver a Claim Form by [____] (the “Claim Form Submission Deadline”) will not be eligible to participate in the Gift Card Class or receive a distribution on account of a Gift Card claim.

Processing of Claim Forms

TSIC will process the Claim Forms within forty-five days following the Claim Form Submission Deadline. A report will be filed with the Bankruptcy Court summarizing TSIC’s proposed distribution plan. Those claimants who

submitted Claim Forms and who filed Gift Card proof of claims will receive notice of the hearing during which time the Bankruptcy Court will consider the proposed distribution plan.

Further Information

For further information regarding the Gift Card claims process, you may contact: Kurtzman Carson Consultants LLC, 2335 Alaska Ave., El Segundo, CA 90245, Telephone: (888) 647-1743, email: [_____].

DO NOT TELEPHONE THE BANKRUPTCY COURT REGARDING THIS NOTICE.

Exhibit B

Gift Card Claim Form

TSIC, Inc. f/k/a Sharper Image Corporation
Chapter 11 Case No. 08-10322 (KG)
"Sharper Image" Gift Card Claim Form

Name: _____

Address: _____

City/State/Zip Code: _____

Telephone: _____

Email: _____

I have included a copy of the front and back of my Gift Card Yes No

If yes, the outstanding balance on my Gift Card is _____

If no, the outstanding balance on my Gift Card was _____

I am , or I am not submitting other documentation in support of my claim without a gift card

Have you previously filed a proof of claim form in this bankruptcy case? To confirm your prior claim number please visit www.kccllc.net/sharperimage and click on Claims Registry Yes No
My Claim Number is _____.

Affirmation:

I affirm that the outstanding balance of my Gift Card does not exceed \$2,245.00; that an individual purchased the Gift Card; that the Gift Card Claim arises from the deposit, before February 19, 2008, of money in connection with the purchase of property or services from TSIC (f/k/a Sharper Image Corporation), for the personal, family, or household use of an individual, that were not delivered or provided (this includes any individual who received and now holds a "Sharper Image Corporation" Gift Card; that my claim is not based on a merchandise certificate or merchandise credit; and that my Gift Card was not received as a result of corporate or other promotions activities (including but not limited to Reward Cards purchased using air miles or credit card rewards).

Under penalty of perjury, I certify that the above facts are true to the best of my knowledge and belief.

Signature _____

Date _____

You should mail your Claim Form to the following address so as to be received on or before []:

TSIC Claims Processing Center
c/o Kurtzman Carson Consultants LLC
2335 Alaska Ave.
El Segundo, CA 90245
Telephone: (888) 647-1743

You may upload your claim form to the following address on or before []:

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You may send a pdf of your claim form to the following address on or before []:

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