

RADIOSHACK CORP
Form 11-K
November 19, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-5571

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

RadioShack Puerto Rico 1165(e) Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

RADIOSHACK CORPORATION
300 RadioShack Circle
Mail Stop CF5-327
Fort Worth, Texas 76102

RADIOSHACK PUERTO RICO 1165(e) PLAN
FINANCIAL STATEMENTS

At June 30, 2010
and for the Period November 1, 2009 to June 30, 2010

Supplemental Schedule at June 30, 2010

RADIOSHACK PUERTO RICO 1165(e) PLAN
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Other schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Administrative Committee of the
RadioShack Puerto Rico 1165(e) Plan

We have audited the accompanying statement of net assets available for benefits of the RadioShack Puerto Rico 1165(e) Plan as of June 30, 2010, and the related statement of changes in net assets available for benefits for the period from November 1, 2009 through June 30, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the RadioShack Puerto Rico 1165(e) Plan as of June 30, 2010 and the changes in its net assets available for benefits for the period of November 1, 2009 through June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Form 5500, Schedule H, Line 4i – Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Whitley Penn LLP

Fort Worth, Texas
November 18, 2010

RADIOSHACK PUERTO RICO 1165(e) PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
As of June 30

2010

Assets	
Investments, at fair value	\$4,681,732
Non-interest bearing cash	24
Receivables	
Employer receivables	9,311
Participant loans receivable	734,465
Total receivables	743,776
Net assets available for benefits	\$5,425,532

The accompanying notes are an integral part of these financial statements.

RADIOSHACK PUERTO RICO 1165(e) PLAN
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 For the Period November 1, 2009 through June 30, 2010

	2010
Investment Income (loss):	
Dividends	\$3,705
Participant loan interest	19,604
Net depreciation in fair value of assets	(140,297)
Total investment loss	(116,988)
Contributions:	
Participants	184,603
Employer	135,209
Total contributions	319,812
Deductions:	
Benefits paid to participants	(163,011)
Administrative expenses	(7,139)
Total deductions	(170,150)
Transfer from RadioShack 401(k) Plan	5,392,858
Net increase (decrease) in net assets available for benefits	5,425,532
Net assets available for benefits at beginning of period	0
Net assets available for benefits at end of period	\$5,425,532

The accompanying notes are an integral part of these financial statements.

RADIOSHACK PUERTO RICO 1165(e) PLAN
NOTES TO FINANCIAL STATEMENTS

1. Description of the Plan

The following description of the RadioShack Puerto Rico 1165(e) Plan (the "Plan") provides only general information. Participants should refer to the Summary Plan Description, which also constitutes the Plan's prospectus, for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution employee benefit plan established for legal and administrative reasons effective November 1, 2009 covering eligible employees of RadioShack Corporation and its divisions and subsidiaries (the "Company" or "RadioShack"). Eligible employees for this Plan are those who reside in Puerto Rico or who perform labor or services primarily within Puerto Rico. The Plan has multiple, participant-directed investment options and conforms to and qualifies under Section 1165(e) of the Puerto Rico Internal Revenue Code (the "Code"), as amended. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

At June 30, 2010, there were 149 employees of the Company participating in the Plan and 434 employees eligible to participate. The Plan is fully participant directed, and available investments consist of RadioShack common stock, registered investment companies, and money market funds.

Administration

The Plan is administered by an Administrative Committee appointed by the Board of Directors of the Company. The Company's Board of Directors has appointed Banco Popular de Puerto Rico ("Banco Popular") as the Plan's trustee and Wells Fargo Bank, National Association ("Wells Fargo") as the Plan's custodian and recordkeeper.

Eligibility

An employee is eligible to participate in the Plan on the one year anniversary of the date employment with the Company began, provided, however, if he or she has not completed a year of service prior to the one year anniversary of the employment commencement date, he or she will not be eligible to participate in the Plan until they do so. A "year of service" means a consecutive twelve month period during which he or she completes at least 1,000 hours of service with RadioShack. An "hour of service" is each hour for which one is entitled to be paid by the Company (1) for the performance of duties, (2) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, or other similar reason, or (3) as back pay either awarded or agreed to by the Company.

Participant Contributions

Through authorized payroll deductions, participants may contribute, on a pre-tax basis, up to 75%, in increments of 1%, of their annual compensation. During the Plan year ended June 30, 2010, in accordance with the provisions of the Code, participants generally could not elect more than \$9,000 in pre-tax contributions during the 2010 calendar year. Participants who were age 50 and over in 2010 were permitted to contribute additional "catch-up" contributions of up to \$1,000 during the calendar year.

Participants may direct their contributions into various investment options. Participants may elect to allocate their total contributions to the various investment options in increments of 1% and may change their investment options daily, subject to certain restrictions on such changes imposed by the Plan's investment funds.

Participants are not subject to federal income taxation on their contributions and earnings on Plan investments until withdrawn from the Plan.

Distributions from another qualified plan can be transferred into the Plan. During the Plan period ended June 30, 2010, there were no rollovers from other qualified plans.

Company Contributions

All Company contributions are discretionary and may change or be suspended in future years. Through June 30, 2010, the Company contributed an amount to each participant's account maintained under the Plan equal to 100% of the participant's contributions up to 4% of his or her annual compensation. Company contributions are made directly to the Plan, are made in cash, and are invested in accordance with the Plan.

Participant Accounts

Each participant's account is credited or debited with the participant's contribution and allocations of (1) the Company's discretionary matching contribution, and (2) Plan earnings or losses. In connection with the establishment of the Plan, \$5,392,858 of assets were transferred from the RadioShack 401(k) Plan into the Plan. These assets were credited to the accounts of participants in the Plan who had an account balance in the RadioShack 401(k) Plan at the time the assets were transferred. Allocations are based on the participant's contribution or number of shares held, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Active participants own 100% of the balance in all their Plan accounts, including their matching account.

Benefits Paid to Participants

Participants who withdraw from the Plan may receive the vested portion of their accounts under one of four withdrawal methods summarized as follows:

- (a) Single lump sum payment in cash;
- (b) Part cash and part securities;
- (c) If account balance exceeds \$5,000, monthly installments not to exceed ten years; or
- (d) A direct rollover to an eligible retirement plan.

Forfeited Accounts

Forfeited amounts include unclaimed benefit payments as described in the Plan document. Forfeitures are used to reduce employer contributions. There were no forfeitures during the Plan period ended June 30, 2010.

Loans to Participants

The Plan may make a loan to a participant in an amount that is not less than \$1,000 and, when added to the outstanding balance of all other loans to the participant under the Plan, does not exceed the lesser of \$50,000 or 50% of the value of the participant's vested account. Participants may not have more than two loans outstanding at any one time, provided however, that they may have more than two but not more than four loans outstanding if those loans were outstanding under the RadioShack 401(k) Plan on October 31, 2009. Additionally, no loan may exceed an amount that would cause the total of principal and interest payments on all outstanding loans to exceed 25% of the participant's regular payroll period earnings. Loans are repaid through authorized payroll deductions. The term of the loan must be at least six months (or multiples thereof) and may not exceed five years. The loans are collateralized by the balance in the participant's vested account and bear interest at rates fixed by the Administrative Committee. The determination of these rates is typically based upon the Prime Rate plus one percent (1%) as published in the Wall Street Journal on the first business day of each month. However, the Administrative Committee may, from time to time in its discretion, utilize other standards to set interest rates and change the rates for loans. As of June 30, 2010, interest rates on participant loans ranged from 4.25% to 9.50%.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time, as well as the right to terminate the Plan, subject in each case to the provisions of ERISA.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Plan's accompanying financial statements have been prepared under the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value in the accompanying statement of net assets available for benefits. Shares of registered investment companies are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year end. Common stock is valued at its closing market price. Purchases and sales of securities are recorded on a trade date basis. Dividends are recorded on the ex-dividend date and interest income is recorded on the accrual basis.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Financial Accounting Standards Board ("FASB") ASC No. 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. The framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The highest priority, Level 1, is given to unadjusted quoted prices in active markets for identical assets or liabilities. The lowest priority, Level 3, is assigned to unobservable inputs. The three levels are described as follows:

Level 1. Inputs are unadjusted quoted prices for identical assets or liabilities in active markets. Level 1 assets within the Plan are valued at the published price in active markets (NYSE, NASDAQ, or the Chicago Board of Trade).

Level 2. Inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; and inputs other than quoted prices that are observable for the asset or liability. Mutual funds representing Level 2 assets are valued at the net asset value of shares held by the Plan at year end. Some of these investment funds impose a redemption fee if participant accounts are moved in and out within a defined time period.

Level 3. Valuation inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. At June 30, 2010, none of the Plan assets were considered Level 3 investments.

The calculations described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. Below are the Plan's financial instruments carried at fair value on a recurring basis as of June 30, 2010.

	Level 1	Level 2	Total
Common Stock	\$1,115,757	\$ 0	\$ 1,115,757
Mutual Funds	\$2,701,386	\$ 864,589	\$ 3,565,975
	\$3,817,143	\$ 864,589	\$ 4,681,732

Concentration, Market and Credit Risk

The Plan provides for various investment alternatives in a variety of stock, registered investment companies, and other investment securities. Investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amount reported in the Plan's statement of net assets available for benefits. At June 30, 2010, approximately 24% of the investments of the Plan consisted of securities of its sponsor, RadioShack Corporation. As of November 10, 2010, the Company's stock price closed at \$20.33. At June 30, 2010, the Company's stock price closed at \$19.51.

Benefits Paid to Participants

Benefits paid to participants are recorded when paid.

Administrative Expenses

Any administrative expenses of the Plan paid directly to Wells Fargo or Banco Popular by the Company are not a component of the changes in net assets available for Plan benefits. Administrative expenses paid by participants are summarized in the accompanying statement of changes in net assets available for benefits, and include loan origination, investment trading, and withdrawal processing fees.

New Accounting Standards

On September 16, 2010 the FASB reached a unanimous consensus on Issue no. 10-C titled "Reporting Loans to Participants by Defined Contribution Pension Plans." The Plan early adopted the new guidance and classified participant loans as notes receivable rather than as investments. This classification is preferable since participant loans are essentially borrowings against vested benefit balances. The consensus also exempted participant loans from fair value and credit quality disclosure requirements. Since this is the first year of the Plan, there were no reclassifications of prior reporting periods.

In June 2009, the FASB replaced The Hierarchy of Generally Accepted Accounting Principles with the FASB Accounting Standards Codification ("The Codification" or "ASC") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with generally accepted accounting principles ("GAAP"). Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification was effective for financial statements issued for periods ending after September 15, 2009. The adoption of the Codification did not have any impact on the Plan's financial statements.

In September 2009, the FASB issued Accounting Standards Update 2009-12, "Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)" ("ASU 2009-12"). ASU 2009-12 amended ASC 820 to allow entities to use net asset value ("NAV") per share (or its equivalent), as a practical expedient, to measure fair value when the investment does not have a readily determinable fair value and the NAV is calculated in a manner consistent with investment company accounting. The Plan adopted the guidance in ASU 2009-12 for the reporting period ended June 30, 2010 and has utilized the practical expedient to measure the fair value of investments within the scope of this guidance based on the investment's NAV. The adoption of ASU 2009-12 did not have a significant effect on the Plan's financial statements.

3. Plan Investments

The following table presents the individual investments that exceeded 5% or more of the Plan's net assets at June 30, 2010.

	Shares/Units	June 30, 2010	Fair Value
RadioShack Corporation Common Stock	57,189		\$ 1,115,757
WFA Heritage Money Market Fund	36,970		\$ 450,916
Harbor Capital Appreciation Fund	14,865		\$ 437,924
T. Rowe Price Retirement 2030 Fund	27,698		\$ 396,357
Western Asset Core Portfolio	20,161		\$ 284,333

During the Plan year ended June 30, 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the period) depreciated in value by \$140,297 as follows:

Common stock		\$(17,750)
Registered investment companies		\$(122,547)
		\$(140,297)

4. Tax Status of the Plan

The Plan has received a determination letter from the Commonwealth of Puerto Rico Department of the Treasury dated August 19, 2010. The Administrative Committee believes the Plan is currently operating in compliance with the applicable requirements of the Code. Accordingly, employee contributions, employer contributions, and investments of the Plan are not taxable to participants until distributed.

5. Related Party Transactions

The Plan makes loans to Plan participants and therefore these transactions qualify as party-in-interest. In addition, the Plan invests in the common stock of the Company. At June 30, 2010, the Plan held 57,189 shares of common stock of the Company. This represented less than .05% of the outstanding shares of the Company.

Schedule 1

RADIOSHACK PUERTO RICO 1165(e) PLAN
 Schedule H, line 4i – Schedule of Assets (Held at End of
 Year)
 June 30, 2010

PN 050

EIN 75-1047710

(a)	(b)	(c)	(d)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity date	Current value
*	RadioShack Corporation	** Common stock 57,189 shares	1,115,757
	Harbor International Fund	** Registered investment company	249,907
	Columbia Small Cap Value Fund II	** Registered investment company	69,512
	American Beacon Large Cap Value Fund	** Registered investment company	103,651
	Morgan Stanley Small Company Growth Portfolio	** Registered investment company	167,213
	T. Rowe Price Retirement Income Fund	** Registered investment company	21,448
	T. Rowe Price Retirement 2010 Fund	** Registered investment company	27,169
	T. Rowe Price Retirement 2015 Fund	** Registered investment company	32,033
	T. Rowe Price Retirement 2020 Fund	** Registered investment company	195,859
	T. Rowe Price Retirement 2025 Fund	** Registered investment company	180,611
	T. Rowe Price Retirement 2030 Fund	** Registered investment company	396,357
	T. Rowe Price Retirement 2035 Fund	** Registered investment company	223,552
	T. Rowe Price Retirement 2040 Fund	** Registered investment company	176,506
	T. Rowe Price Retirement 2045 Fund	** Registered investment company	109,452
	T. Rowe Price Retirement 2050 Fund	** Registered investment company	6,913
	T. Rowe Price Retirement 2055 Fund	** Registered investment company	337

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Royce Total Return Fund	**	Registered investment company	76,436
Victory Institutional Diversified Stock Fund	**	Registered investment company	90,395
Harbor Capital Appreciation Fund	**	Registered investment company	437,924
Vanguard Institutional Index Fund	**	Registered investment company	136,111
Western Asset Core Portfolio	**	Registered investment company	284,333
PIMCO Total Return Fund	**	Registered investment company	121,251
WFA Heritage Money Market Fund	**	Mutual Fund	450,916
Dreyfus Treasury Prime Cash Mgmt	**	Mutual Fund	8,089
			\$ 4,681,732

*Denotes a party-in-interest to the Plan as defined by ERISA

** Cost not required for participant directed investment

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

RadioShack Puerto Rico 1165(e) Plan

Date: November 19, 2010

By: /s/ Mark Barfield
Mark Barfield
Vice President, Treasurer

Index to Exhibits

Exhibit

Number Description of Exhibit

23 Consent of Independent Registered Public Accounting Firm – Whitley Penn LLP

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