RADIOSHACK CORP
Form 10-Q
October 22, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2013

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ___________ to ___________

Commission File Number: 1-5571

RADIOSHACK CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	75-1047710
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Mail Stop CF3-201, 300 RadioShack Circle, Fort Worth, Texas	76102
(Address of principal executive offices)	(Zip Code)

(Registrant's telephone number, including area code) (817) 415-3011

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes X No __

Indicate by check mark if the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [X]	Non-accelerated filer [ ]	Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes __ No X

The number of shares outstanding of the issuer's Common Stock, $1 par value, on October 15, 2013, was 100,161,742.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

RADIOSHACK CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share amounts)	2013	2012	2013	2012
Net sales and operating revenues	$ 805.4	$ 898.0	$ 2,498.9	$ 2,659.9
Cost of products sold (includes depreciation amounts of $2.2 million, $2.1 million, $6.7 million, and $6.2 million, respectively)	562.7	557.2	1,605.1	1,608.8
Gross profit	242.7	340.8	893.8	1,051.1
Operating expenses:				
Selling, general and administrative	343.3	354.0	1,018.1	1,036.3
Depreciation and amortization	15.0	16.0	47.0	49.5
Impairment of long-lived assets and goodwill	2.4	4.8	6.6	6.3
Total operating expenses	360.7	374.8	1,071.7	1,092.1
Operating loss	(118.0)	(34.0)	(177.9)	(41.0)
Interest income	0.3	0.5	1.0	1.3
Interest expense	(11.5)	(13.2)	(40.6)	(39.2)
Other loss	--	(0.6)	(0.3)	(0.6)
Loss from continuing operations before income taxes	(129.2)	(47.3)	(217.8)	(79.5)
Income tax benefit	(16.8)	(15.9)	(17.2)	(27.2)
Loss from continuing operations	(112.4)	(31.4)	(200.6)	(52.3)
Discontinued operations, net of income taxes	--	(15.7)	(8.2)	(23.8)
Net loss	$ (112.4)	$ (47.1)	$ (208.8)	$ (76.1)
Basic and diluted net loss per share:				
Loss per share from continuing operations	$ (1.11)	$ (0.31)	$ (1.99)	$ (0.52)
Loss per share from discontinued operations	--	(0.16)	(0.08)	(0.24)
Net loss per share	$ (1.11)	$ (0.47)	$ (2.07)	$ (0.76)
Shares used in computing net loss per share:				
Basic and diluted	101.0	100.1	100.7	100.1

Comprehensive loss	$ (113.2)	$ (44.6)	$ (208.9)	$ (70.9)

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

RADIOSHACK CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets (unaudited)

(In millions, except share amounts)	September 30, 2013	December 31, 2012	September 30, 2012
Assets			
Current assets:			
Cash and cash equivalents	$ 316.4	$ 535.7	$ 546.1
Accounts and notes receivable, net	201.6	452.5	349.2
Inventories	707.7	908.3	851.1
Other current assets	105.2	85.4	174.0
Total current assets	1,330.9	1,981.9	1,920.4
Property, plant and equipment, net	203.2	239.0	241.0
Goodwill, net	36.1	36.6	36.9
Other assets, net	36.9	41.6	39.0
Total assets	$ 1,607.1	$ 2,299.1	$ 2,237.3
Liabilities and Stockholders' Equity			
Current liabilities:			
Current maturities of long-term debt	$ 1.0	$ 278.7	$ 275.2
Accounts payable	282.1	435.6	386.2
Accrued expenses and other current liabilities	217.4	263.9	261.3
Total current liabilities	500.5	978.2	922.7
Long-term debt, excluding current maturities	498.3	499.0	474.0
Other non-current liabilities	214.3	223.2	178.2
Total liabilities	1,213.1	1,700.4	1,574.9
Commitments and contingencies (See Note 8)			
Stockholders' equity:			
Preferred stock, no par value, 1,000,000 shares authorized:			
Series A junior participating, 300,000 shares designated and none issued	--	--	--
Common stock, $1 par value, 650,000,000 shares authorized;			
146,033,000 shares issued	146.0	146.0	146.0
Additional paid-in capital	124.4	133.3	137.5
Retained earnings	1,152.0	1,360.8	1,424.1
Treasury stock, at cost; 45,871,000, 46,425,000, and 46,581,000 shares, respectively	(1,020.8)	(1,033.9)	(1,038.5)
Accumulated other comprehensive loss	(7.6)	(7.5)	(6.7)
Total stockholders' equity	394.0	598.7	662.4
Total liabilities and stockholders' equity	$ 1,607.1	$ 2,299.1	$ 2,237.3

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

RADIOSHACK CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (unaudited)

	Nine Months Ended September 30,	
(In millions)	2013	2012
Cash flows from operating activities:		
Net loss	$ (208.8)	$ (76.1)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	54.9	60.7
Amortization of discounts on long-term debt	7.1	12.8
Impairment of long-lived assets and goodwill	6.6	18.0
Stock-based compensation	5.9	6.0
Other non-cash items	4.2	11.1
Changes in assets and liabilities:		
Accounts and notes receivable	252.2	102.8
Inventories	200.3	(104.0)
Other current assets	(10.7)	(35.3)
Accounts payable	(76.6)	74.1
Accrued expenses and other	(59.5)	(37.7)
Net cash provided by operating activities	175.6	32.4
Cash flows from investing activities:		
Additions to property, plant and equipment	(26.6)	(44.5)
Proceeds from sale of property, plant and equipment	6.5	--
Changes in restricted cash	(6.8)	(26.5)
Other investing activities	(3.0)	0.1
Net cash used in investing activities	(29.9)	(70.9)
Cash flows from financing activities:		
Principal amount of long-term debt repayments	(286.9)	(88.1)
Net proceeds from issuance of long-term debt	--	150.0
Payments of debt issuance costs	--	(5.9)
Payments of dividends	--	(24.9)
Changes in cash overdrafts	(78.1)	(38.2)
Net cash used in financing activities	(365.0)	(7.1)
Net decrease in cash and cash equivalents	(219.3)	(45.6)
Cash and cash equivalents, beginning of period	535.7	591.7
Cash and cash equivalents, end of period	$ 316.4	$ 546.1

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

RADIOSHACK CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 1 – BASIS OF PRESENTATION

Throughout this report, the terms “our,” “we,” “us,” “Company,” and “RadioShack” refer to RadioShack Corporation, includin its subsidiaries. We prepared the accompanying unaudited condensed consolidated financial statements, which include the accounts of RadioShack Corporation and all majority-owned domestic and foreign subsidiaries, in accordance with the rules of the Securities and Exchange Commission (“SEC”). Accordingly, we did not include all of the information and footnotes required by generally accepted accounting principles (“GAAP”) for complete financial statements. In management’s opinion, all adjustments of a normal recurring nature considered necessary for a fair statement are included. However, our operating results for the three and nine month periods ended September 30, 2013 and 2012, do not necessarily indicate the results you might expect for the full year. For further information, refer to our consolidated financial statements and management's discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the year ended December 31, 2012.

Reclassifications: Certain amounts in the September 30, 2012, financial statements have been reclassified to conform to the September 30, 2013, and December 31, 2012, presentations. These reclassifications had no effect on net income, total assets, total liabilities, or total stockholders’ equity as previously reported. The most significant reclassification was a change to our presentation of certain deferred rent in the amount of $24.8 million from a current liability to a non-current liability in our September 30, 2012, Consolidated Balance Sheet to be more consistent with retail industry practice.

NOTE 2 – NEW ACCOUNTING STANDARDS

New Accounting Standards: In February 2013, the Financial Accounting Standards Board (“FASB”) issued new accounting guidance to update the presentation of reclassifications from comprehensive income to net income in consolidated financial statements. Under this new guidance, an entity is required to provide information about the amounts reclassified out of accumulated other comprehensive income either by the respective line items of net income or by cross-reference to other required disclosures. The new guidance does not change the requirements for reporting net income or other comprehensive income in financial statements. This guidance is effective for fiscal years beginning after December 15, 2012. We adopted this guidance effective January 1, 2013, and it did not have any effect on our consolidated financial statements.

NOTE 3 – DISCONTINUED OPERATIONS

We account for closed retail locations as discontinued operations when the cash flows of a retail location have been eliminated from our ongoing operations, and we do not have any significant continuing involvement in its operations. In reaching the determination as to whether the cash flows of a retail location have been eliminated from our ongoing operations, we consider whether it is likely that customers will migrate to our other retail locations in the same geographic market.

We ceased operating all of our Target Mobile centers prior to March 31, 2013. We concluded that the cash flows from these centers were eliminated from our ongoing operations. Therefore, the results of these operations, net of income taxes, have been presented as discontinued operations in the Condensed Consolidated Statements of Comprehensive Income for all periods presented.

Upon ceasing these operations, we transitioned substantially all of our Target Mobile center employees to a third-party service provider that will continue to operate these locations on Target Corporation's behalf. Net sales and operating revenues related to these discontinued operations were zero for the third quarter of 2013 and $72.2 million for the first nine months of 2013, compared with $102.2 million and $301.8 million, respectively, for the same periods last year. The income (loss) before income taxes for these discontinued operations was zero for the third quarter of 2013 and a loss of $7.9 million for the first nine months of 2013, compared with losses of $24.8 million and $37.2 million, respectively, for the same periods last year.

NOTE 4 – INDEBTEDNESS

2013 Convertible Notes: In the first six months of 2013, we repurchased $72.5 million of aggregate principal amount of 2.50% convertible senior notes due August 1, 2013 (the "2013 Convertible Notes"). We paid a total of $71.6 million, which consisted of the purchase price of $71.4 million for the 2013 Convertible Notes plus $0.2 million in accrued and unpaid interest, to the holders of the notes. This transaction resulted in a loss of $0.3 million, which was classified as other loss on our Condensed Consolidated Statements of Comprehensive Income. On August 1, 2013, we repaid the $214.4 million remaining aggregate principal balance of the 2013 Convertible Notes at their maturity.

NOTE 5 – NET LOSS PER SHARE

Basic net loss per share is computed based on the weighted average number of common shares outstanding for each period presented. Diluted net loss per share reflects the potential dilution that would have occurred if securities or other contracts to issue common stock were exercised, converted, or resulted in the issuance of common stock that would have then shared in our earnings.

The following table reconciles the numerator and denominator used in the basic and diluted net loss per share calculations for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2013	2012	2013	2012
Numerator:				
Loss from continuing operations	$ (112.4)	$ (31.4)	$ (200.6)	$ (52.3)
Discontinued operations, net of taxes	--	(15.7)	(8.2)	(23.8)
Net loss	$ (112.4)	$ (47.1)	$ (208.8)	$ (76.1)
Denominator:				
Weighted-average common shares outstanding	101.0	100.1	100.7	100.1
Dilutive effect of stock-based awards	--	--	--	--
Weighted-average shares for diluted net loss per share	101.0	100.1	100.7	100.1

The following table includes common stock equivalents that were not included in the calculation of diluted net loss per share for the periods presented. These securities could be dilutive in future periods.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2013	2012	2013	2012
Employee stock options (1) (2)	7.6	6.1	7.6	6.1
Warrants to purchase common stock (3)	15.8	15.8	15.8	15.8
Convertible debt instruments (4)	--	12.1	--	12.1

(1) Certain employee stock options were excluded from weighted-average shares for diluted net loss per share because the exercise prices exceeded the average market price of our common stock during the period, and the effect of their inclusion would be antidilutive. For the third quarter of 2013 and the first nine months of 2013, 4.2 million employee stock options were excluded from both periods for this reason, compared with 6.1 million in the same periods last year.

(2) Certain employee stock options were excluded from weighted-average shares for diluted net loss per share because the effect of their inclusion would reduce our net loss per share and would be antidilutive. For the third quarter of 2013 and the first nine months of 2013, 3.4 million employee stock options were excluded from both

periods for this reason.

(3) These common stock equivalents were excluded because the exercise prices ($35.88 per share for all periods) exceeded the average market price of our common stock during these periods, and the effect of their inclusion would be antidilutive.

(4) These common stock equivalents were excluded for the three and nine month periods ended September 30, 2012, because the exercise prices ($23.77 per share for all periods) exceeded the average market price of our common stock during these periods, and the effect of their inclusion would be antidilutive.

NOTE 6 – FAIR VALUE MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

		Basis of Fair Value Measurements		
(In millions)	Fair Value of Assets (Liabilities)	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Three Months Ended September 30, 2013				
Long-lived assets held and used	$ 1.2	--	--	$ 1.2

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The FASB's accounting guidance utilizes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value into three broad levels:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2: Inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active

- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions

U.S. RadioShack Company-Operated Stores: For the three months ended September 30, 2013, long-lived assets held and used in certain locations of our U.S. RadioShack company-operated stores segment with a total carrying value of $3.6 million were written down to their fair value of $1.2 million, resulting in an impairment charge of $2.4 million that was included in our operating results for the period.

The inputs used to calculate the fair value of these long-lived assets included the projected cash flows and a risk-adjusted rate of return that we estimated would be used by a market participant in valuing these assets. The projected cash flows for a particular store are based on average historical cash flows for that store and are projected through the remainder of its lease. The risk-adjusted rates of return used to discount these cash flows range from 15% to 20%.

Fair Value of Financial Instruments: Financial instruments not measured at fair value on a recurring basis include cash and cash equivalents, restricted cash, accounts receivable, accounts payable, accrued liabilities, and long-term debt. With the exception of long-term debt, the financial statement carrying amounts of these items approximate their fair values due to their short-term nature. Estimated fair values for our 2013 Convertible Notes and our 6.75% unsecured notes due in 2019 ("2019 Notes") were determined using recent trading activity and/or bid-ask spreads and are classified as Level 2 in the FASB's fair value hierarchy. Estimated fair values of our secured term loans approximate their carrying values and are classified as Level 3.

Carrying amounts and the related estimated fair values of our long-term debt financial instruments are as follows:

			Basis of Fair Value Measurements		
(In millions)	Carrying Amount	Fair Value of Liabilities	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of September 30, 2013					
2019 Notes	$ 323.3	$ 227.5	--	$ 227.5	--
Secured term loans	$ 175.0	$ 175.0	--	--	$ 175.0
Other	$ 1.0	$ 1.0	--	--	$ 1.0
As of December 31, 2012					
2013 Convertible Notes	$ 278.7	$ 265.9	--	$ 265.9	--
2019 Notes	$ 323.0	$ 198.3	--	$ 198.3	--
Secured term loans	$ 175.0	$ 175.0	--	--	$ 175.0
Other	$ 1.0	$ 1.0	--	--	$ 1.0

NOTE 7 – INCOME TAXES

We continue to provide a valuation allowance against all of our U.S. federal and state deferred tax assets. As a result, we did not record any U.S. federal or state income tax benefit related to our operating losses for the first nine months of 2013. We continue to recognize income tax expense or benefit related to our foreign operations and interest accrued on our liabilities for uncertain tax positions. In addition, we continue to recognize income tax expense in certain state jurisdictions.

The effective tax rates for the three and nine month periods ended September 30, 2013, were affected by tax benefits associated with the settlement of an Internal Revenue Service examination of tax years 2004 through 2006 in the amount of $14.3 million, and a change in measurement of a tax position taken in a prior period in the amount of $3.5 million. The effective tax rate for the first nine months of 2013 was also affected by the recognition of previously unrecognized tax benefits of $2.9 million due to the settlement of state income tax matters.

The consolidated liability of gross unrecognized income tax benefits for uncertain tax positions (excluding interest) was $128.7, $139.8 million, and $99.9 million at September 30, 2013, December 31, 2012, and September 30, 2012, respectively. At September 30, 2013, $92.1 million of this liability was related to a single uncertain tax position. We anticipate that this uncertain tax position will not be resolved within the next twelve months.

Liabilities for unrecognized income tax benefits for uncertain tax positions may result in cash payments to one or more tax authorities in future periods. Such payments would not affect our results of operations. It is reasonably possible that our liability for unrecognized tax benefits related to uncertain tax positions could be reduced by $3 million over the next twelve months because of settlements or the expiration of the applicable statute of limitations.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Loss Contingencies: FASB Accounting Standards Codification Topic 450 - Contingencies ("ASC 450") governs our disclosure and recognition of loss contingencies, including pending claims, lawsuits, disputes with third parties, investigations and other actions that are incidental to the operation of our business. ASC 450 uses the following defined terms to describe the likelihood of a future loss: probable – the future event or events are likely to occur, remote – the chance of the future event or events is slight, and reasonably possible – the chance of the future event or events occurring is more than remote but less than likely. ASC 450 also contains certain requirements with respect to how we accrue for and disclose information concerning our loss contingencies. We accrue for a loss contingency when we conclude that the likelihood of a loss is probable and the amount of the loss can be reasonably estimated. When the reasonable estimate of the loss is within a range of amounts, and no amount in the range constitutes a better estimate than any other amount, we accrue for the amount at the low end of the range. We adjust our accruals from time to time as we receive additional information, but the loss we incur may be significantly greater than or less than the amount we have accrued. We disclose loss contingencies if there is at least a reasonable possibility that a loss has been incurred. No accrual or disclosure is required for losses that are remote.

Brookler v. RadioShack Corporation: On April 6, 2004, plaintiffs filed a putative class action in Los Angeles Superior Court, Brookler v. RadioShack Corporation, claiming that we violated California's wage and hour laws relating to meal and rest periods. The meal period portion of the case was originally certified as a class action in February 2006. We filed a Motion for Decertification in August 2007 which was denied. After a favorable decision by the California Court of Appeals in a similar case, Brinker Restaurant Corporation v. Superior Court, we filed a second motion for decertification which was granted in October 2008. The plaintiffs appealed this ruling and in August 2010, the California Court of Appeals reversed the trial court's decertification. In September 2010, we filed a Petition for Review with the California Supreme Court, which granted review and placed the case on hold pending a decision in the Brinker case. In April 2012, the California Supreme Court issued its decision in Brinker, and in June 2012, remanded our case to the California Court of Appeals instructing it to vacate its prior order and reconsider its ruling in light of the Supreme Court's ruling in Brinker. In December 2012, the Court of Appeals affirmed the trial court's decertification of the class. In June 2013, the Plaintiff filed a motion to amend his Complaint to assert rest and meal period, as well as off-the-clock and PAGA claims, and to add an additional class representative. In July 2013, the trial court granted the motion to amend and plaintiff filed his Second Amended Complaint. In August, 2013, we filed a Petition to remove the case to federal court which plaintiffs opposed. We are waiting for a decision by the court in regards to our Petition to remove the case. The outcome of this case is uncertain and the ultimate resolution of it could have a material adverse effect on our consolidated financial statements in the period in which the resolution is recorded.

Ordonez v. RadioShack Corporation: In May 2010, we were named as a defendant in a putative class action lawsuit in Los Angeles Superior Court alleging that we failed to provide required meal periods and rest breaks, pay for all time worked, pay overtime compensation, pay minimum wages, and maintain required records. In September 2010, we removed the case to the United States District Court for the Central District of California. The meal period claims in Ordonez are similar to the claims in the Brookler case discussed above. In July 2012, plaintiff filed a Motion for Class Certification. In January 2013, the court denied, without prejudice, the Motion for Class Certification as to all claims. In February 2013, plaintiff filed a Motion for Reconsideration of the court's denial of class certification only with regard to the rest period claim. In April 2013, the court ordered that plaintiff could conduct limited additional discovery and file a renewed Motion for Class Certification. Plaintiff filed the renewed motion in July 2013. Our response is due on October 25, 2013. The outcome of this case is uncertain and the ultimate resolution of it could have a material adverse effect on our consolidated financial statements in the period in which the resolution is recorded.

Song-Beverly Credit Card Act Litigation: In November 2010 we were named as a defendant in the first of four putative class action lawsuits filed in California alleging violations under California's Song-Beverly Credit Card Act. These lawsuits have been resolved and no further actions are necessary. The resolution to these matters will not have a material adverse effect on our consolidated financial statements.

FACTA Litigation: In September 2011 and November 2011, we were named as a defendant in nationwide putative class action lawsuits in the United States District Court for the Northern District of Illinois alleging that we violated certain provisions of the Fair and Accurate Credit Transactions Act of 2003 ("FACTA") by displaying the expiration dates of customers' credit or debit cards on printed transaction receipts. In May 2013, the parties reached a settlement and on May 29, 2013, the court granted preliminary approval of the settlement. Notice of the settlement was mailed to known class members and published in several national publications. A hearing on final approval of the settlement was held on September 17, 2013. The parties are awaiting the court's decision. The outcome of these cases is still uncertain and the ultimate resolution of them could have a material adverse effect on our consolidated financial statements in the period in which the resolution is recorded.

FLSA Litigation: We have been named as a defendant in multiple putative class action lawsuits claiming we violated the federal Fair Labor Standards Act, and the laws of Pennsylvania, New York, New Jersey and Ohio based on our use of the "fluctuating workweek" method to calculate overtime pay. The outcome of these cases is still uncertain and the ultimate resolution of them could have a material adverse effect on our consolidated financial statements in the period in which the resolution is recorded.

Additional Disclosure: For certain loss contingencies, we are currently able to estimate the reasonably possible loss or range of loss, including reasonably possible loss amounts in excess of our accruals, and we estimate that the aggregate of these amounts could be up to $15.8 million. This amount reflects recent developments in case law that pertain to certain claims currently pending against the Company. Probable and reasonably possible losses that we are currently unable to estimate are not included in this amount. In future periods, we may recognize a loss for all, part, or none of this amount.

We are currently unable to estimate the reasonably possible loss or range of loss in respect of certain loss contingencies. Some cases remain in an early stage, with few or no substantive legal decisions by the court defining the scope of the claims, the class (if any), or the potential damages. In addition, in some cases we are not able to estimate the amount of the loss, due to a significant unresolved question of law that is expected to have a significant impact on the probability or amount of loss when resolved. As these matters develop and we receive additional information, we may be able to estimate reasonably possible losses or range of loss for these matters.

Our evaluation of our loss contingencies involves subjective assessments, assumptions, and judgments, and actual losses incurred in future periods may differ significantly from our estimates. Accordingly, although occasional adverse resolutions may occur and negatively affect our consolidated financial statements in the period of the resolution, we believe that the ultimate resolution of our loss contingencies for which we have not accrued losses will not materially adversely affect our financial condition.

NOTE 9 – SEGMENT REPORTING

The U.S. RadioShack company-operated stores segment consists solely of our 4,291 U.S. company-operated retail stores, all operating under the RadioShack brand name. We evaluate the performance of our segments based on operating income, which is defined as sales less cost of products sold and certain direct operating expenses, including labor, rent, and occupancy costs. Asset balances by segment have not been included in the table below, as these are managed on a company-wide level and are not fully allocated to segments for management reporting purposes. Amounts in the other category reflect our business activities that are not separately reportable, which include sales to our independent dealers, sales generated by our Mexican subsidiary and our www.radioshack.com website, sales to commercial customers, and sales to other third parties through our global sourcing operations.

Revenue by reportable segment is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2013	2012	2013	2012
U.S. RadioShack company-operated stores	$ 733.9	$ 814.4	$ 2,272.7	$ 2,420.4
Other	71.5	83.6	226.2	239.5
	$ 805.4	$ 898.0	$ 2,498.9	$ 2,659.9

Operating income (loss) by reportable segment and the reconciliation to loss from continuing operations before income taxes are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2013	2012	2013	2012

U.S. RadioShack company-operated stores	$ (26.5)	$ 62.1	$ 74.1	$ 225.4
Other	1.6	10.1	13.2	24.5
	(24.9)	72.2	87.3	249.9
Unallocated (1)	(93.1)	(106.2)	(265.2)	(290.9)
Operating loss	(118.0)	(34.0)	(177.9)	(41.0)
Interest income	0.3	0.5	1.0	1.3
Interest expense	(11.5)	(13.2)	(40.6)	(39.2)
Other loss	--	(0.6)	(0.3)	(0.6)
Loss from continuing operations before income taxes	$ (129.2)	$ (47.3)	$ (217.8)	$ (79.5)

(1) The unallocated category included in operating income relates to our overhead and corporate expenses that are not allocated to our operating segments for management reporting purposes. Unallocated costs include corporate departmental expenses such as labor and benefits, advertising, insurance, distribution, and information technology costs, plus certain unusual or infrequent gains or losses.

NOTE 10 – SUPPLEMENTAL GUARANTOR FINANCIAL INFORMATION

The obligation to pay principal and interest on our 2019 Notes is jointly and severally guaranteed on a full and unconditional basis, subject to customary release provisions, by all of the guarantors under our amended and restated $450 million revolving credit agreement that expires on January 4, 2016 (the “2016 Credit Facility”). The 2019 Notes are guaranteed by all of our wholly-owned domestic subsidiaries except Tandy Life Insurance Company. Refer to Note 5 – “Indebtedness and Borrowing Facilities” of our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2012, for additional information on the 2019 Notes and the 2016 Credit Facility.

The following condensed consolidating financial information represents the financial information of RadioShack Corporation, its guarantor subsidiaries, and its non-guarantor subsidiaries prepared on the equity basis of accounting. Earnings of subsidiaries are, therefore, reflected in the parent company's investment accounts and earnings. The elimination entries primarily eliminate investments in subsidiaries and intercompany balances and transactions. The non-guarantor subsidiaries are comprised of the foreign subsidiaries of the Company and Tandy Life Insurance Company. The financial information may not necessarily be indicative of results of operations, cash flows or financial position had the guarantor or non-guarantor subsidiaries operated as independent entities.

Condensed Consolidating Statements of Comprehensive Income (unaudited)

For the Three Months Ended September 30, 2013

(In millions)	RadioShack Corporation (Parent Co.)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales and operating revenues	$ 773.8	$ 528.4	$ 30.5	$ (527.3)	$ 805.4
Cost of products sold	553.8	516.0	20.2	(527.3)	562.7
Gross profit	220.0	12.4	10.3	--	242.7
Operating expenses:					
Selling, general and administrative	328.4	1.3	13.6	--	343.3
Depreciation and amortization	14.1	--	0.9	--	15.0
Impairment of long-lived assets	2.4	--	--	--	2.4
Total operating expenses	344.9	1.3	14.5	--	360.7
Operating (loss) income	(124.9)	11.1	(4.2)	--	(118.0)
Interest income	0.2	2.9	1.5	(4.3)	0.3
Interest expense	(15.6)	--	(0.2)	4.3	(11.5)
Other income	--	--	--	--	--
(Loss) income from continuing operations					
before income taxes	(140.3)	14.0	(2.9)	--	(129.2)
Income tax (benefit) expense	(19.6)	2.3	0.5	--	(16.8)
Equity in earnings of subsidiaries, net of income taxes	8.3	(3.4)	--	(4.9)	--

(Loss) income from continuing operations	(112.4)	8.3	(3.4)	(4.9)	(112.4)
Discontinued operations, net of income taxes	--	--	--	--	--
Net (loss) income	$ (112.4)	$ 8.3	$ (3.4)	$ (4.9)	$ (112.4)
Comprehensive (loss) income	$ (113.2)	$ 7.4	$ (4.1)	$ (3.3)	$ (113.2)

Condensed Consolidating Statements of Comprehensive Income (unaudited)

For the Three Months Ended September 30, 2012

(In millions)	RadioShack Corporation (Parent Co.)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales and operating revenues	$ 943.1	$ 816.0	$ 30.9	$ (892.0)	$ 898.0
Cost of products sold	662.4	766.8	20.0	(892.0)	557.2
Gross profit	280.7	49.2	10.9	--	340.8
Operating expenses:					
Selling, general and administrative	340.3	2.5	11.2	--	354.0
Depreciation and amortization	15.3	0.1	0.6	--	16.0
Impairment of long-lived assets and goodwill	4.8	--	--	--	4.8
Total operating expenses	360.4	2.6	11.8	--	374.8
Operating (loss) income	(79.7)	46.6	(0.9)	--	(34.0)
Interest income	0.3	2.8	1.5	(4.1)	0.5
Interest expense	(17.2)	--	(0.1)	4.1	(13.2)
Other loss	(0.6)	--	--	--	(0.6)
(Loss) income from continuing operations before income taxes	(97.2)	49.4	0.5	--	(47.3)
Income tax (benefit) expense	(34.6)	18.6	0.1	--	(15.9)
Equity in earnings of subsidiaries, net of income taxes	15.6	0.1	--	(15.7)	--
(Loss) income from continuing operations	(47.0)	30.9	0.4	(15.7)	(31.4)
Discontinued operations, net of income taxes	--	(15.7)	--	--	(15.7)
Net (loss) income	$ (47.0)	$ 15.2	$ 0.4	$ (15.7)	$ (47.1)
Comprehensive (loss) income	$ (44.6)	$ 17.8	$ 2.8	$ (20.6)	$ (44.6)

Condensed Consolidating Statements of Comprehensive Income (unaudited)

For the Nine Months Ended September 30, 2013

(In millions)	RadioShack Corporation (Parent Co.)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales and operating revenues	$ 2,470.1	$ 1,879.1	$ 96.2	$ (1,946.5)	$ 2,498.9
Cost of products sold	1,646.5	1,841.7	63.4	(1,946.5)	1,605.1
Gross profit	823.6	37.4	32.8	--	893.8
Operating expenses:					
Selling, general and administrative	977.7	1.8	38.6	--	1,018.1
Depreciation and amortization	44.5	--	2.5	--	47.0
Impairment of long-lived assets	6.6	--	--	--	6.6
Total operating expenses	1,028.8	1.8	41.1	--	1,071.7
Operating (loss) income	(205.2)	35.6	(8.3)	--	(177.9)
Interest income	0.5	8.3	4.4	(12.2)	1.0
Interest expense	(52.3)	--	(0.5)	12.2	(40.6)
Other loss	(0.3)	--	--	--	(0.3)
(Loss) income from continuing operations before income taxes	(257.3)	43.9	(4.4)	--	(217.8)
Income tax (benefit) expense	(25.9)	8.9	(0.2)	--	(17.2)
Equity in earnings of subsidiaries, net of income taxes	22.6	(5.2)	--	(17.4)	--
(Loss) income from continuing operations	(208.8)	29.8	(4.2)	(17.4)	(200.6)
Discontinued operations, net of income taxes	--	(8.2)	--	--	(8.2)
Net (loss) income	$ (208.8)	$ 21.6	$ (4.2)	$ (17.4)	$ (208.8)
Comprehensive (loss) income	$ (208.9)	$ 21.5	$ (4.2)	$ (17.3)	$ (208.9)

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Condensed Consolidating Statements of Comprehensive Income (unaudited)

For the Nine Months Ended September 30, 2012

(In millions)	RadioShack Corporation (Parent Co.)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales and operating revenues	$ 2,854.9	$ 2,438.4	$ 90.2	$ (2,723.6)	$ 2,659.9
Cost of products sold	1,967.7	2,307.8	56.9	(2,723.6)	1,608.8
Gross profit	887.2	130.6	33.3	--	1,051.1
Operating expenses:					
Selling, general and administrative	997.9	6.3	32.1	--	1,036.3
Depreciation and amortization	47.8	0.1	1.6	--	49.5
Impairment of long-lived assets and goodwill	6.3	--	--	--	6.3
Total operating expenses	1,052.0	6.4	33.7	--	1,092.1
Operating (loss) income	(164.8)	124.2	(0.4)	--	(41.0)
Interest income	0.4	8.3	4.4	(11.8)	1.3
Interest expense	(50.9)	--	(0.1)	11.8	(39.2)
Other loss	(0.6)	--	--	--	(0.6)
(Loss) income from continuing operations before income taxes	(215.9)	132.5	3.9	--	(79.5)
Income tax (benefit) expense	(80.4)	52.7	0.5	--	(27.2)
Equity in earnings of subsidiaries, net of income taxes	59.5	2.2	--	(61.7)	--
(Loss) income from continuing operations	(76.0)	82.0	3.4	(61.7)	(52.3)
Discontinued operations, net of income taxes	--	(23.8)	--	--	(23.8)
Net (loss) income	$ (76.0)	$ 58.2	$ 3.4	$ (61.7)	$ (76.1)
Comprehensive (loss) income	$ (70.9)	$ 63.3	$ 8.2	$ (71.5)	$ (70.9)

Condensed Consolidating Balance Sheets (unaudited)

At September 30, 2013

(In millions)	RadioShack Corporation (Parent Co.)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 86.8	$ 209.3	$ 20.3	$ --	$ 316.4
Accounts and notes receivable, net	198.7	--	2.9	--	201.6
Inventories	654.8	22.4	30.5	--	707.7
Other current assets	93.7	5.0	6.5	--	105.2
Intercompany receivables	--	275.6	--	(275.6)	--
Intercompany notes receivable	--	1,586.9	--	(1,586.9)	--
Total current assets	1,034.0	2,099.2	60.2	(1,862.5)	1,330.9
Property, plant and equipment, net	190.0	0.8	12.4	--	203.2
Goodwill, net	--	0.6	35.5	--	36.1
Other assets, net	23.6	--	13.3	--	36.9
Investment in subsidiaries	2,064.8	69.5	--	(2,134.3)	--
Total assets	$ 3,312.4	$ 2,170.1	$ 121.4	$ (3,996.8)	$ 1,607.1
Liabilities and Stockholders' Equity					
Current liabilities:					
Current maturities of long-term debt	$ 1.0	$ --	$ --	$ --	$ 1.0
Accounts payable	216.6	48.6	16.9	--	282.1
Accrued expenses and other current liabilities	185.0	25.8	6.6	--	217.4
Intercompany payables	257.7	--	17.9	(275.6)	--
Intercompany notes payable	1,586.9	--	--	(1,586.9)	--
Total current liabilities	2,247.2	74.4	41.4	(1,862.5)	500.5
Long-term debt, excluding current maturities	498.3	--	--	--	498.3
Other non-current liabilities	172.9	41.4	--	--	214.3
Total liabilities	2,918.4	115.8	41.4	(1,862.5)	1,213.1
Stockholders' equity	394.0	2,054.3	80.0	(2,134.3)	394.0
Total liabilities and stockholders' equity	$ 3,312.4	$ 2,170.1	$ 121.4	$ (3,996.8)	$ 1,607.1

Condensed Consolidating Balance Sheets (unaudited)

At December 31, 2012

(In millions)	RadioShack Corporation (Parent Co.)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 84.9	$ 430.5	$ 20.3	$ --	$ 535.7
Accounts and notes receivable, net	381.0	69.6	1.9	--	452.5
Inventories	804.8	62.7	40.8	--	908.3
Other current assets	74.8	4.2	6.4	--	85.4
Intercompany receivables	--	146.9	--	(146.9)	--
Intercompany notes receivable	--	1,354.5	--	(1,354.5)	--
Total current assets	1,345.5	2,068.4	69.4	(1,501.4)	1,981.9
Property, plant and equipment, net	218.5	6.3	14.2	--	239.0
Goodwill, net	--	0.5	36.1	--	36.6
Other assets, net	30.7	0.1	10.8	--	41.6
Investment in subsidiaries	2,041.0	77.8	--	(2,118.8)	--
Total assets	$ 3,635.7	$ 2,153.1	$ 130.5	$ (3,620.2)	$ 2,299.1
Liabilities and Stockholders' Equity					
Current liabilities:					
Current maturities of long-term debt	$ 278.7	$ --	$ --	$ --	$ 278.7
Accounts payable	373.0	36.5	26.1	--	435.6
Accrued expenses and other current liabilities	217.6	36.4	9.9	--	263.9
Intercompany payables	141.7	--	5.2	(146.9)	--
Intercompany notes payable	1,354.5	--	--	(1,354.5)	--
Total current liabilities	2,365.5	72.9	41.2	(1,501.4)	978.2
Long-term debt, excluding current maturities	499.0	--	--	--	499.0
Other non-current liabilities	172.5	50.5	0.2	--	223.2
Total liabilities	3,037.0	123.4	41.4	(1,501.4)	1,700.4
Stockholders' equity	598.7	2,029.7	89.1	(2,118.8)	598.7
Total liabilities and stockholders' equity	$ 3,635.7	$ 2,153.1	$ 130.5	$ (3,620.2)	$ 2,299.1

Condensed Consolidating Balance Sheets (unaudited)

At September 30, 2012

(In millions)	RadioShack Corporation (Parent Co.)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 159.1	$ 369.3	$ 17.7	$ --	$ 546.1
Accounts and notes receivable, net	313.3	31.0	4.9	--	349.2
Inventories	752.7	55.8	42.6	--	851.1
Other current assets	166.5	0.9	6.6	--	174.0
Intercompany receivables	--	270.6	--	(270.6)	--
Intercompany notes receivable	--	1,415.3	--	(1,415.3)	--
Total current assets	1,391.6	2,142.9	71.8	(1,685.9)	1,920.4
Property, plant and equipment, net	223.3	7.4	10.3	--	241.0
Goodwill, net	--	0.5	36.4	--	36.9
Other assets, net	28.4	0.1	10.5	--	39.0
Investment in subsidiaries	2,095.2	77.4	--	(2,172.6)	--
Total assets	$ 3,738.5	$ 2,228.3	$ 129.0	$ (3,858.5)	$ 2,237.3
Liabilities and Stockholders' Equity					
Current liabilities:					
Current maturities of long-term debt	$ 275.2	$ --	$ --	$ --	$ 275.2
Accounts payable	317.7	50.5	18.0	--	386.2
Accrued expenses and other current liabilities	205.4	47.3	8.6	--	261.3
Intercompany payables	256.8	--	13.8	(270.6)	--
Intercompany notes payable	1,415.3	--	--	(1,415.3)	--
Total current liabilities	2,470.4	97.8	40.4	(1,685.9)	922.7
Long-term debt, excluding current maturities	474.0	--	--	--	474.0
Other non-current liabilities	131.7	45.8	0.7	--	178.2
Total liabilities	3,076.1	143.6	41.1	(1,685.9)	1,574.9
Stockholders' equity	662.4	2,084.7	87.9	(2,172.6)	662.4
Total liabilities and stockholders' equity	$ 3,738.5	$ 2,228.3	$ 129.0	$ (3,858.5)	$ 2,237.3

Condensed Consolidating Statements of Cash Flows (unaudited)

For the Nine Months Ended September 30, 2013

(In millions)	RadioShack Corporation (Parent Co.)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 41.3	$ 139.9	$ (5.6)	$ --	$ 175.6
Cash flows from investing activities:					
Additions to property, plant and equipment	(25.5)	--	(1.1)	--	(26.6)
Proceeds from sale of property, plant and equipment	6.5	--	--	--	6.5
Changes in restricted cash	(6.8)	--	--	--	(6.8)
Other investing activities	(3.0)	(2.9)	(2.9)	5.8	(3.0)
Return of capital from subsidiary	6.0	6.0	--	(12.0)	--
Net cash (used in) provided by investing activities	(22.8)	3.1	(4.0)	(6.2)	(29.9)
Cash flows from financing activities:					
Principal amount of long-term debt repayments	(286.9)	--	--	--	(286.9)
Changes in cash overdrafts	(78.1)	--	--	--	(78.1)
Payment of capital distribution	--	(6.0)	(6.0)	12.0	--
Capital contribution	--	2.9	2.9	(5.8)	--
Change in intercompany receivable/payable	348.4	(361.1)	12.7	--	--
Net cash (used in) provided by financing activities	(16.6)	(364.2)	9.6	6.2	(365.0)
Net increase (decrease) in cash and cash equivalents	1.9	(221.2)	--	--	(219.3)
Cash and cash equivalents, beginning of period	84.9	430.5	20.3	--	535.7
Cash and cash equivalents, end of period	$ 86.8	$ 209.3	$ 20.3	$ --	$ 316.4

Condensed Consolidating Statements of Cash Flows (unaudited)

For the Nine Months Ended September 30, 2012

RadioShack Corporation	Guarantor	Non-Guarantor

(In millions)	(Parent Co.)	Subsidiaries	Subsidiaries	Eliminations	Consolidated
Net cash (used in) provided by operating activities	$ (98.0)	$ 151.2	$ (20.8)	$ --	$ 32.4
Cash flows from investing activities:					
Additions to property, plant and equipment	(40.0)	(1.4)	(3.1)	--	(44.5)
Changes in restricted cash	(26.5)	--	--	--	(26.5)
Other investing activities	0.1	--	--	--	0.1
Net cash used in investing activities	(66.4)	(1.4)	(3.1)	--	(70.9)
Cash flows from financing activities:					
Principal amount of long-term debt repayments	(88.1)	--	--	--	(88.1)
Net proceeds from issuance of long-term debt	150.0	--	--	--	150.0
Payments of debt issuance costs	(5.9)	--	--	--	(5.9)
Payments of dividends	(24.9)	--	--	--	(24.9)
Changes in cash overdrafts	(38.2)	--	--	--	(38.2)
Change in intercompany receivable/payable	176.0	(185.4)	9.4	--	--
Net cash provided by (used in) financing activities	168.9	(185.4)	9.4	--	(7.1)
Net increase (decrease) in cash and cash equivalents	4.5	(35.6)	(14.5)	--	(45.6)
Cash and cash equivalents, beginning of period	154.6	404.9	32.2	--	591.7
Cash and cash equivalents, end of period	$ 159.1	$ 369.3	$ 17.7	$ --	$ 546.1

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A").

This MD&A section of our Quarterly Report on Form 10-Q discusses our results of operations, liquidity and capital resources, and certain factors that may affect our future results of operations. You should read this MD&A in conjunction with our condensed consolidated financial statements and accompanying notes included under Part I, Item 1, of this Quarterly Report, as well as with our Annual Report on Form 10-K for the year ended December 31, 2012.

EXECUTIVE SUMMARY

Since the third quarter of 2011, our results of operations have trended significantly lower than our historical average before that time. In February 2013 we hired a new Chief Executive Officer to lead a turnaround of the business by focusing on an initial set of strategic initiatives ("Strategic Plan"), which include:

- Reposition the brand
- Revamp the product assortment
- Reinvigorate the store experience
- Operational efficiency
- Financial flexibility

We anticipate that the implementation of these strategic initiatives will continue well into 2014.

We have made a number of changes to our business in the third quarter related to these initiatives. The most significant change was that we planned and began executing an improved merchandise assortment in our stores during the second half of the quarter. In connection with this effort, we identified and began removing certain products from our inventory assortment which resulted in losses on disposal of and lower inventory valuations for these products. The aggregate effect of this effort on our third quarter results of operations was an increase of approximately $47 million to our cost of products sold.

RESULTS OF OPERATIONS

We ceased operating all of our Target Mobile centers prior to March 31, 2013. Therefore, unless specifically noted, the following discussion excludes the operating results of the Target Mobile centers, which have been presented as discontinued operations.

Third Quarter Summary

Net sales and operating revenues decreased $92.6 million, or 10.3%, for the third quarter when compared with the same period last year. Our decrease in net sales and operating revenues was primarily driven by a comparable store sales decrease of 8.4%. This decrease was driven by decreased sales for each of our product platforms.

Consolidated gross profit decreased $98.1 million, or 28.8%, for the third quarter, when compared with the same period last year. The decrease in gross profit dollars was partially driven by the $47 million effect of our initiative to improve our inventory assortment discussed above. Additionally, our consolidated sales decrease and decreased gross profit for our postpaid wireless business contributed to our lower gross profit in the third quarter.

Consolidated SG&A expense decreased $10.7 million for the third quarter, when compared with the same period last year. This resulted in SG&A expense as a percentage of net sales and operating revenues of 42.6%, which was a 3.2 percentage point increase from the third quarter of 2012. The decrease in SG&A expense for the third quarter was primarily driven by the fact that we operated fewer stores in 2013 than in 2012, and by $8.5 million in severance costs recognized in the third quarter of 2012 in connection with the departure of our Chief Executive Officer combined with the termination of employment of certain corporate headquarters support staff. These decreases were partially offset by increased professional fees.

Our loss from continuing operations was $112.4 million ($1.11 per share) for the third quarter, compared with a loss of $31.4 million ($0.31 per share) for the same period last year.

Adjusted EBITDA from continuing operations was negative $100.8 million, compared with negative $15.9 million for the same period last year.

(In millions)	Three Months Ended September 30, 2013	2012	Nine Months Ended September 30, 2013	2012
Reconciliation of adjusted EBITDA from continuing operations to loss from continuing operations				
Adjusted EBITDA from continuing operations (1)	$ (100.8)	$ (15.9)	$ (124.2)	$ 14.7
Interest expense, net of interest income	(11.2)	(12.7)	(39.6)	(37.9)
Income tax benefit	16.8	15.9	17.2	27.2
Depreciation and amortization	(17.2)	(18.1)	(53.7)	(55.7)
Other loss	--	(0.6)	(0.3)	(0.6)
Loss from continuing operations	$ (112.4)	$ (31.4)	$ (200.6)	$ (52.3)

(1) Adjusted EBITDA from continuing operations ("Adjusted EBITDA"), a non-GAAP financial measure, is defined as earnings from continuing operations before interest, taxes, depreciation, and amortization. Our calculation of Adjusted EBITDA is also adjusted for other income or loss and cumulative effects of changes in accounting principles, if applicable. The comparable financial measure to Adjusted EBITDA under GAAP is income (loss) from continuing operations. Adjusted EBITDA is used by management to evaluate the operating performance of our business for comparable periods. Adjusted EBITDA should not be used by investors or others as the sole basis for formulating investment decisions, as it excludes a number of important items. We compensate for this limitation by using GAAP financial measures as well in managing our business. In the view of management, Adjusted EBITDA is an important indicator of operating performance because Adjusted EBITDA excludes the effects of financing and investing activities by eliminating the effects of interest, depreciation costs, and other losses.

RadioShack Retail Outlets

The table below shows our retail locations allocated among U.S. and Mexico company-operated stores and dealer and other outlets at the following dates:

	Sep. 30, 2013	June 30, 2013	March 31, 2013	Dec. 31, 2012	Sep. 30, 2012
U.S. RadioShack company-operated stores (1)	4,291	4,311	4,331	4,395	4,412
Mexico RadioShack company-operated stores	273	273	270	269	237
Dealers and other outlets	975	982	997	1,014	1,044
	5,539	5,566	5,598	5,678	5,693
Discontinued locations (2)	--	--	--	1,522	1,512
Total number of retail locations	5,539	5,566	5,598	7,200	7,205

(1) We closed 107 stores after we decided not to renew their leases in the first nine months of 2013.

(2) In the third quarter of 2010, we signed a multi-year agreement with Target Corporation to operate Target Mobile centers in certain Target stores. In October 2012, we exercised our contractual right to notify Target Corporation of our intention to stop operating the Target Mobile centers if we could not amend the current arrangement. An

acceptable arrangement was not negotiated; therefore, we exited this business in the first quarter of 2013.

Net Sales and Operating Revenues

Consolidated net sales and operating revenues are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2013	2012	2013	2012
U.S. RadioShack company-operated stores	$ 733.9	$ 814.4	$ 2,272.7	$ 2,420.4
Other	71.5	83.6	226.2	239.5
Consolidated net sales and operating revenues	$ 805.4	$ 898.0	$ 2,498.9	$ 2,659.9
Consolidated net sales and operating revenues decrease	(10.3%)	(4.0%)	(6.1%)	(4.7%)
Comparable store sales (1) decrease	(8.4%)	(2.2%)	(4.4%)	(3.7%)

(1) Comparable store sales include the sales of U.S. and Mexico RadioShack company-operated stores with more than 12 full months of recorded sales. Sales from discontinued operations have been excluded from these calculations.

U.S. RadioShack Company-Operated Stores Segment

U.S. RadioShack company-operated store sales for the third quarter decreased $80.5 million, or 9.9%, and decreased $147.7 million, or 6.1%, for the first nine months of 2013 when compared with the same periods last year. These decreases in sales were primarily driven by decreased sales in our mobility and consumer electronics platforms. Additionally, we operated 121 fewer stores at September 30, 2013, than we did at September 30, 2012, which contributed to a decrease in consolidated sales and affected the sales results for each platform discussed below.

Mobility Platform: Sales in our mobility platform decreased 11.6% for the third quarter and decreased 7.0% for the first nine months of 2013, when compared with the same periods last year. These decreases were primarily driven by decreased sales in our postpaid wireless business, which were partially offset by increased sales in our prepaid wireless business. Comparable store sales in this platform decreased 9.7% for the third quarter and decreased 4.2% for the first nine months of 2013.

Signature Platform: Sales in our signature platform decreased 4.6% for the third quarter and increased 0.2% for the first nine months of 2013, compared with the same periods last year. Sales for both periods were positively affected by increased sales of portable speakers and sales of Apple Lightning compatible cables and adaptors. Additionally, for the first nine months of 2013, we recorded a sales increase in wireless accessories. These sales increases were offset by sales decreases in a majority of our remaining product categories for this platform. Comparable store sales in this platform decreased 2.5% for the third quarter and increased 1.1% for the first nine months of 2013.

Consumer Electronics Platform: Sales in our consumer electronics platform decreased 17.0% for the third quarter and decreased 18.4% for the first nine months of 2013, compared with the same periods last year. These sales decreases were primarily driven by sales declines in laptop computers, internet telephone devices, GPS devices, digital music players, and cameras. Comparable store sales in this platform decreased 15.7% for the third quarter and decreased 16.7% for the first nine months of 2013.

Other Sales

Amounts in other sales reflect our business activities that are not separately reportable, including sales to our independent dealers, sales generated by our Mexican subsidiary and our www.radioshack.com website, sales to commercial customers, and sales to other third parties through our global sourcing operations. Other sales decreased $12.1 million, or 14.5%, for the third quarter and decreased $13.3 million, or 5.6%, for the first nine months of 2013, when compared with the same periods last year. These decreases were primarily driven by sales decreases to our independent dealers. Additionally, we recognized $3.0 million of franchise fee revenue in the third quarter of 2012 related to the opening of our first franchised stores in Southeast Asia.

Gross Profit
Consolidated gross profit and gross margin are as follows:

(In millions)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Gross profit	$ 242.7	$ 340.8	$ 893.8	$ 1,051.1
Gross margin	30.1%	38.0%	35.8%	39.5%
Gross profit decrease	(28.8%)	(18.3%)	(15.0%)	(17.2%)

Consolidated gross profit decreased $98.1 million, or 28.8%, for the third quarter of 2013, when compared with the same period last year. The gross profit decrease for the third quarter was partially driven by an initiative we have undertaken as part of our Strategic Plan. During the second half of the quarter, we planned and began executing an improved merchandise assortment in our stores. In connection with this effort, we identified and began removing certain products from our inventory assortment which resulted in losses on disposal of, or lower inventory valuations for, these products. The aggregate effect of this effort on our third quarter gross profit was a decrease of approximately $47 million. Our estimate for this amount was based on our plan for disposition of these products, which was primarily to scrap in-store or ship to a third-party liquidator. The lower inventory valuations were based on our estimates of the net proceeds to be received from the planned dispositions. Additionally, our consolidated sales decrease and decreased gross profit for our postpaid wireless business contributed to our lower gross profit in the third quarter.

Consolidated gross profit decreased $157.3 million, or 15.0%, for the first nine months of 2013, when compared with the same period last year. In addition to the items affecting the third quarter, the gross profit decrease for the first nine months of 2013 was also driven by more sales promotions in the second quarter of 2013, when compared with the same period last year.

Our consolidated gross margin rate for the third quarter and the first nine months of 2013 decreased by 7.9 percentage points and 3.7 percentage points, respectively, when compared with the same periods last year. The reasons for these decreases are discussed above.

Selling, General and Administrative Expense
Consolidated selling, general and administrative expense is as follows:

(In millions)	Three Months Ended September 30, 2013	2012	Nine Months Ended September 30, 2013	2012
Selling, general and administrative expense	$ 343.3	$ 354.0	$ 1,018.1	$ 1,036.3
As a percent of net sales and operating revenues	42.6%	39.4%	40.7%	39.0%
Selling, general and administrative expense decrease	(3.0%)	(6.9%)	(1.8%)	(3.6%)

Consolidated SG&A expense decreased $10.7 million, or 3.0%, for the third quarter and decreased $18.2 million, or 1.8%, for the first nine months of 2013, when compared with the same periods last year. This represents a 3.2 percentage point increase as a percentage of net sales and operating revenues for the third quarter and a 1.7 percentage point increase for the first nine months of 2013.

The decrease in SG&A expense for the third quarter was primarily driven by the fact that we operated fewer stores in 2013 than in 2012, and by $8.5 million in severance costs recognized in the third quarter of 2012 in connection with the departure of our Chief Executive Officer combined with the termination of employment of certain corporate headquarters support staff. These decreases were partially offset by increased professional fees.

In addition to those items discussed above, the decrease in SG&A expense for the first nine months of 2013 was also driven by the receipt of $5.3 million from a non-merchandise vendor as settlement of a dispute and a $2.4 million gain on the sale of a building.

Depreciation and Amortization
Depreciation and amortization from continuing operations, including amounts recorded in cost of products sold, was $17.2 million for the third quarter and $53.7 million for the first nine months of 2013, compared with $18.1 million and $55.7 million for the same periods last year.

Impairment of Long-lived Assets
Impairments for long-lived assets held and used in certain stores were $2.4 million for the third quarter and $6.6 million for the first nine months of 2013, compared with $4.8 million and $6.3 million for the same periods last year. The 2012 amounts included a goodwill impairment charge of $3.0 related to our U.S. RadioShack company-operated stores reporting unit. The remaining increases were primarily driven by increases in the number of stores that were evaluated for impairment during the periods because of their decreased operating results. If our operating results do not improve, we will continue to incur a similar or higher amount of long-lived asset impairments for U.S. RadioShack company-operated stores in future periods.

Net Interest Expense
Consolidated net interest expense, which is interest expense net of interest income, was $11.2 million for the third quarter and $39.6 million for the first nine months of 2013, compared with $12.7 million and $37.9 million for the same periods last year.

Interest expense primarily consists of interest paid at the stated rate on our notes and term loans and the non-cash amortization of the discounts on our notes.

Interest expense decreased $1.7 million for the third quarter and increased $1.4 million for the first nine months of 2013, when compared with the same periods last year. These changes were primarily driven by our average long-term debt balances during these periods. Non-cash interest expense was $0.9 million for the third quarter and $7.1 million for the first nine months of 2013, compared with $4.1 million and $12.8 million for the same periods last year.

Income Tax Expense

The income tax provision for each quarterly period reflects our current estimate of the effective tax rate for the full year, adjusted for any discrete events that are recorded in the quarterly period in which they occur. Our effective tax rate was 13.0% for the third quarter and 7.9% for the first nine months of 2013, compared with 33.6% and 34.2% for the same periods last year.

For the first nine months of 2013, we continued to provide a valuation allowance against all of our U.S. federal and state deferred tax assets. As a result, we did not record any U.S. federal or state income tax benefit related to our operating losses for the first nine months of 2013. We continue to recognize income tax expense or benefit related to our foreign operations and interest accrued on our liabilities for uncertain tax positions. In addition, we continue to recognize income tax expense in certain state jurisdictions.

The effective tax rates for the three and nine month periods ended September 30, 2013, were affected by tax benefits associated with the settlement of an Internal Revenue Service examination of tax years 2004 through 2006 in the amount of $14.3 million, and a change in measurement of a tax position taken in a prior period in the amount of $3.5 million. The effective tax rate for the first nine months of 2013 was also affected by the recognition of previously unrecognized tax benefits of $2.9 million due to the settlement of state income tax matters.

Our income tax benefits for the third quarter and the first nine months of 2012 included offsetting discrete income tax expense items related to certain stock-based compensation effects, interest accrued on our liabilities for uncertain tax positions, and valuation allowances established in the second quarter for certain state income tax deferred tax assets.

Discontinued Operations
We ceased operating all of our Target Mobile centers prior to March 31, 2013. The income (loss) before income taxes for these discontinued operations was zero for the third quarter and a loss of $7.9 million for the first nine months of 2013, compared with a loss of $24.8 million and $37.2 million, respectively, for the same periods last year.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS
Refer to Note 2 – "New Accounting Standards" in the Notes to Condensed Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Overview

Operating Activities: Cash provided by operating activities for the first nine months of 2013 was $175.6 million, compared with $32.4 million for the same period last year. Cash flows from operating activities are comprised of net income plus non-cash adjustments to net income and changes in working capital components. Net income plus non-cash adjustments to net income was negative $130.1 million for the first nine months of 2013, compared with positive $32.5 million for the same period last year. Cash provided by working capital components was $305.7 million for the first nine months of 2013, compared with cash used in working capital components of $0.1 million for the same period last year. The decrease in net income plus non-cash adjustments was primarily driven by our increased net loss for the first nine months of 2013, when compared with the first nine months of 2012.

The increase in cash provided by working capital was primarily driven by increased cash provided by accounts receivable and inventories, which were partially offset by a lower accounts payable balance.

A portion of the cash provided by our accounts receivable related to a $56.4 million income tax refund that we received in the second quarter of 2013. The change in our inventories balance was partially driven by a reduction of postpaid wireless handsets during 2013. In addition, the change in our inventories balance was also driven by decreased inventory valuations related to our initiative to improve our inventory assortment, which has been previously discussed.

Our lower accounts payable balance at September 30, 2013, when compared with our balances at December 31, 2012, and September 30, 2012, was primarily driven by decreased accounts payable with our wireless service providers because of lower sales volumes and the timing of inventory receipts during the quarter.

Investing Activities: Net cash used in investing activities was $29.9 million for the first nine months of 2013, compared with $70.9 million for the same period last year. This decrease was primarily driven by changes in restricted cash between 2013 and 2012, decreased capital expenditures in the first nine months of 2013, and proceeds received from the sale of a building in the first nine months of 2013. See "Cash Requirements" below in this MD&A regarding our restricted cash and capital expenditures.

Financing Activities: Cash used in financing activities was $365.0 million for the first nine months of 2013, compared with $7.1 million for the same period last year. This increase was primarily driven by the repayment of $286.9 million aggregate principal amount of 2013 Convertible Notes and the decrease in our cash overdrafts. Additionally, we received $144.1 million of cash proceeds from the issuance of long-term debt in 2012.

Free Cash Flow: Our free cash flow, defined as cash flows from operating activities less dividends paid and additions to property, plant and equipment, was $149.0 million for the first nine months of 2013, compared with negative $37.0 million for the same period last year. The increase in free cash flow for the first nine months of 2013 was attributable to increased cash flows from operating activities as described above and decreased capital expenditures. Additionally, we did not pay a dividend in the first nine months of 2013, compared with the payment of $24.9 million in dividends for the first nine months of 2012.

We believe free cash flow is a relevant indicator of our ability to repay maturing debt, make dividend payments or fund other uses of capital that management believes will enhance shareholder value. See “Liquidity Outlook” later in this MD&A for further discussion of our sources of liquidity and our cash requirements in future periods. The comparable financial measure to free cash flow under generally accepted accounting principles is net cash flows provided by or used in operating activities. Net cash flows provided by operating activities were $175.6 million for the first nine months of 2013, compared with $32.4 million for the same period last year. We do not intend for the presentation of free cash flow, a non-GAAP financial measure, to be considered in isolation or as a substitute for measures prepared in accordance with GAAP, nor do we intend to imply that free cash flow represents cash flow available for discretionary expenditures. The following table is a reconciliation of net cash provided by operating activities to free cash flow.

(In millions, except share amounts)	Nine Months Ended September 30, 2013	2012	Year Ended December 31, 2012
Net cash provided by operating activities	$ 175.6	$ 32.4	$ (43.0)
Less:			
Additions to property, plant and equipment	26.6	44.5	67.8
Payments of dividends	--	24.9	24.9
Free cash flow	$ 149.0	$ (37.0)	$ (135.7)

SOURCES OF LIQUIDITY

As of September 30, 2013, we had $316.4 million of cash and cash equivalents. Additionally, at September 30, 2013, we had $296.2 million of availability under the 2016 Credit Facility.

The 2016 Credit Facility matures on January 4, 2016, and provides for an asset-based revolving credit line of $450 million, subject to a borrowing base, which was $369.4 million at September 30, 2013. Obligations under the 2016 Credit Facility are secured by substantially all of our inventory, accounts receivable, cash, and cash equivalents. Obligations under the 2016 Credit Facility are also secured by certain real estate.

The maximum availability for revolving borrowings under the 2016 Credit Facility is determined at the end of each month and is calculated as the lesser of:

- $450 million, or

- Our borrowing base for revolving borrowings less $45 million (calculated as $324.4 million at September 30, 2013), or

- Our borrowing base for revolving borrowings up to a maximum amount of $450 million less the greater of 12.5% (currently $46.2 million) or $45 million if we do not meet a specified consolidated fixed charge coverage ratio during a trailing twelve-month period (calculated as $323.2 million at September 30, 2013).

As of September 30, 2013, our maximum availability for revolving borrowings under the 2016 Credit Facility was $323.2 million because we did not meet the consolidated fixed charge coverage ratio test at September 30, 2013. As of September 30, 2013, no revolving borrowings had been made under the facility, and letters of credit totaling $27.0 million had been issued, resulting in $296.2 million of availability for revolving borrowings under the 2016 Credit Facility. We currently believe that we will not meet the consolidated fixed charge coverage ratio test for at least the next twelve months.

Refer to Note 5 – “Indebtedness and Borrowing Facilities” in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2012, for additional information regarding the 2016 Credit Facility.

We continually assess our liquidity and capital structure and evaluate strategic capital initiatives. These may include, but are not limited to, new debt issuances; debt refinancing; or modifications of existing debt, such as the amount of debt outstanding, the types of debt issued, and the maturity dates of the debt. These alternatives, if implemented, could materially affect our capital structure, debt ratios, and cash balances.

CASH REQUIREMENTS

Long-term debt: In the first six months of 2013, we repurchased $72.5 million of aggregate principal amount of 2.50% convertible senior notes due August 1, 2013 (the “2013 Convertible Notes”). On August 1, 2013, we repaid the $214.4 million remaining aggregate principal balance of the 2013 Convertible Notes at their maturity.

There have been no other significant changes to our long-term debt since December 31, 2012. Refer to Note 5 – “Indebtedness and Borrowing Facilities” in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2012, for information regarding our long-term debt.

Capital Expenditures: We currently estimate that our capital expenditures for 2013 will range from $45 million to $55 million. U.S. RadioShack company-operated store remodels and relocations and information systems projects will account for the majority of our anticipated 2013 capital expenditures. Cash and cash equivalents and cash generated from operating activities will be used to fund these capital expenditures. Additionally, our 2016 Credit Facility could be utilized to fund capital expenditures.

Restricted Cash: Restricted cash totaled $33.4 million at September 30, 2013, and is included in other current assets in our Consolidated Balance Sheets. Restricted cash pledged as collateral for standby letters of credit issued to our casualty insurance providers totaled $32.1 million. We have the ability to withdraw this cash at any time and instead provide letters of credit issued under our 2016 Credit Facility. We have elected to pledge this cash as collateral for the letter of credit to reduce our costs associated with our casualty insurance.

Purchase Obligations: We had purchase obligations of $302.6 million at September 30, 2013, which include product commitments and marketing agreements. Of this amount, $297.5 million will be spent in the next twelve months.

Contractual Obligations: Other than the decrease in our long-term debt and purchase obligations discussed above, there have been no significant changes to our contractual obligations and commercial commitments outside the ordinary course of business since December 31, 2012. Refer to our Annual Report on Form 10-K for the year ended December 31, 2012, for additional information regarding our contractual obligations and commercial commitments.

LIQUIDITY OUTLOOK

As of September 30, 2013, we had $316.4 million in cash and cash equivalents. Additionally, we had availability of $296.2 million as of September 30, 2013, under the 2016 Credit Facility. This resulted in a total liquidity position of $612.6 million at September 30, 2013. We are currently evaluating proposals from lenders to provide us with more liquidity. We presently expect to complete this process in the fourth quarter of 2013.

If our results of operations for 2013 continue to be significantly worse than 2012, or if our trade payables decrease, we could be required to utilize more of our 2016 Credit Facility in the form of borrowings or additional letters of credit. However, in this event, we could implement cash conservation activities such as reducing our spending for professional fees, reducing our capital expenditures, reducing our spending for advertising, lowering our inventory balances or not taking advantage of discounts for early payments to vendors.

We have considered the impact of our financial projections on our liquidity analysis and have evaluated the appropriateness of the key assumptions in our forecast such as sales, gross profit and SG&A expenses. We have analyzed our cash requirements, including our inventory position, other working capital changes, capital expenditures and borrowing availability under our credit facility. Based upon these evaluations and analyses, we expect that our anticipated sources of liquidity will be sufficient to meet our obligations without disposition of assets outside the ordinary course of business or significant revisions of our planned operations for at least the next twelve months.

If the trend in our results of operations continues or further declines after the next twelve months, we may be required to borrow more under our 2016 Credit Facility, or to take additional actions to improve our liquidity that would be outside the ordinary course of business. These actions could include incurring additional debt at higher interest rates, reducing our capital expenditures to amounts below those required to support our current level of operations, closing a significant number of stores, further reducing our employee headcount, selling one or more subsidiaries, or seeking to raise additional equity capital.

Capitalization
The following table sets forth information about our capitalization on the dates indicated.

	September 30, 2013		December 31, 2012		September 30, 2012	
(In millions)	Dollars	Percent	Dollars	Percent	Dollars	Percent
Current maturities of long-term debt	$ 1.0	0.1 %	$ 278.7	20.2 %	$ 275.2	19.5 %
Long-term debt, excluding current maturities	498.3	55.8	499.0	36.3	474.0	33.6
Total debt	499.3	55.9	777.7	56.5	749.2	53.1
Stockholders' equity	394.0	44.1	598.7	43.5	662.4	46.9
Total capitalization	$ 893.3	100.0 %	$ 1,376.4	100.0 %	$ 1,411.6	100.0 %

The declaration of dividends, the dividend rate, and the amount and timing of share repurchases are at the sole discretion of our Board of Directors, and plans for future dividends and share repurchases may be revised by the board at any time. RadioShack's dividend and share repurchase programs could be affected by, among other things, changes in RadioShack's results of operations, capital expenditures, cash flows, and applicable tax laws.

OFF-BALANCE SHEET ARRANGEMENTS

Other than our operating leases, we do not have any off-balance sheet financing arrangements, transactions, or special purpose entities. Refer to Note 14 – "Commitments and Contingencies" in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2012, for information regarding our operating leases.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our critical accounting policies and estimates have not significantly changed since December 31, 2012. Refer to our Annual Report on Form 10-K for the year ended December 31, 2012, for a discussion of our critical accounting policies and estimates.

FACTORS THAT MAY AFFECT FUTURE RESULTS

Matters discussed in MD&A and in other parts of this report include forward-looking statements within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements are statements that are not historical and may be identified by the use of words such as "expect," "anticipate," "believe," "estimate," "potentia or similar words. These matters include statements concerning management's plans and objectives relating to our operations or economic performance and related assumptions. We specifically disclaim any duty to update any of the information set forth in this report, including any forward-looking statements. Forward-looking statements are made based on management's current expectations and beliefs concerning future events and, therefore, involve a number of assumptions, risks, and uncertainties, including the risk factors described in Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the year ended December 31, 2012. Management cautions that forward-looking statements are not guarantees, and our actual results could differ materially from those expressed or implied in the forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

At September 30, 2013, we held no derivative instruments that materially increased our exposure to market risks for interest rates, foreign currency rates, commodity prices or other market price risks.

Our exposure to interest rate risk results from changes in short-term interest rates. Interest rate risk exists with respect to our cash equivalents of $195.0 million and our $175 million of term loans that bear interest at variable rates, in each case at September 30, 2013. A hypothetical 1% increase in short-term interest rates would result in a corresponding decrease in annual net interest expense of approximately $1.0 million. Short-term liquid investments at variable interest rates currently yield less than 1% on an annualized basis. A hypothetical decrease of short-term interest rates to zero would result in a corresponding increase in annual net interest expense of approximately $0.2 million. This hypothetical example assumes no change in the proportionate relationship between our cash equivalent balance and the amount of our variable interest rate debt.

We have market risk arising from changes in foreign currency exchange rates related to our purchase of inventory from manufacturers located in China and other areas outside the U.S. Our purchases are denominated in U.S. dollars, and any weakening of the U.S. dollar against the Chinese currency, or other currencies, could cause our vendors to increase the prices of items we purchase from them. It is not possible to estimate the effect of foreign currency exchange rate changes on our purchases of this inventory. We are also exposed to foreign currency fluctuations related to our Mexican subsidiary, which accounted for less than 5% of our consolidated net sales and operating revenues in the periods covered by this report.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We have established a system of disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) designed to ensure that information relating to the Company that is required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our principal executive officer (Chief Executive Officer) and our principal financial officer (Interim Chief Financial Officer), as appropriate, to allow timely decisions regarding required disclosure. An evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report was performed under the supervision and with the participation of management, including our principal executive officer and principal financial officer. Based upon that evaluation, management, including our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Controls
There were no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Refer to Note 8 – “Commitments and Contingencies” in Notes to Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q for information on legal proceedings.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

(c) Stock Repurchases

The following table sets forth information concerning purchases made by or on behalf of RadioShack or any affiliated purchaser (as defined in the SEC's rules) of RadioShack common stock for the periods indicated.

PURCHASES OF EQUITY SECURITIES BY RADIOSHACK

(In millions)	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1) (2)
July 1 – 31, 2013	--	--	--	188,100,224
August 1 – 31, 2013	11,395 (3)	$ 2.82	--	188,100,224
September 1 – 30, 2013	822 (3)	$ 4.18	--	188,100,224
Total	12,217		--	

(1) In October 2011 our Board of Directors approved an authorization for a total share repurchase of $200 million of the Company's common stock to be executed through open market or private transactions. The share repurchase authorization has no stated expiration date. As of September 30, 2013, $188.1 million of the total authorized amount was available for share repurchases under this program. We announced on January 30, 2012, that we had suspended further share repurchases under this program.

(2) During the period covered by this table, no publicly-announced stock purchase program expired or was terminated.

(3) Shares acquired by RadioShack for tax withholdings upon vesting of restricted stock awards, which were not repurchased pursuant to a share repurchase program.

ITEM 6. EXHIBITS.

A list of the exhibits required by Item 601 of Regulation S-K and filed as part of this Quarterly Report on Form 10-Q is set forth in the Index to Exhibits on page 29.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		RADIOSHACK CORPORATION
October 22, 2013	By:	/s/ Holly Felder Etlin Holly Felder Etlin Interim Chief Financial Officer (principal financial officer)
October 22, 2013	By:	/s/ William R. Russum William R. Russum Vice President and Corporate Controller (principal accounting officer)

RADIOSHACK CORPORATION

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Certificate of Amendment of Restated Certificate of Incorporation of RadioShack Corporation(1) dated May 18, 2000 (filed as Exhibit 3a to RadioShack's Form 10-Q filed on August 11, 2000, and incorporated herein by reference).
3.2	Restated Certificate of Incorporation of RadioShack Corporation(1) dated July 26, 1999 (filed as Exhibit 3a(i) to RadioShack's Form 10-Q filed on August 11, 1999, and incorporated herein by reference).
3.3	Certificate of Elimination of Series C Conversion Preferred Stock of RadioShack Corporation(1) dated July 26, 1999 (filed as Exhibit 3a(ii) to RadioShack's Form 10-Q filed on August 11, 1999, and incorporated herein by reference).
3.4	Amended Certificate of Designations, Preferences and Rights of Series A Junior Participating Preferred Stock of RadioShack Corporation(1) dated July 26, 1999 (filed as Exhibit 3a(iii) to RadioShack's Form 10-Q filed on August 11, 1999, and incorporated herein by reference).
3.5	Certificate of Designations of Series B TESOP Convertible Preferred Stock dated June 29, 1990 (filed as Exhibit 4A to RadioShack's Form S-8 for the RadioShack Corporation Incentive Stock Plan, Reg. No. 33-51603, filed on November 12, 1993, and incorporated herein by reference).

3.6	RadioShack Corporation Bylaws, amended and restated as of May 19, 2011 (filed as Exhibit 3.1 to RadioShack's Form 8-K filed on May 23, 2011, and incorporated herein by reference).
31(a) (2)	Rule 13a-14(a) Certification of the principal executive officer of RadioShack Corporation.
31(b) (2)	Rule 13a-14(a) Certification of the principal financial officer of RadioShack Corporation.
32 (2)(3)	Section 1350 Certifications of the chief executive officer and the interim chief financial officer of RadioShack Corporation.
101.INS	XBRL Instance Document (2)(4)
101.SCH	XBRL Taxonomy Extension Schema Document (2)(4)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (2)(4)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (2)(4)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (2)(4)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (2)(4)

(1) RadioShack Corporation was known as Tandy Corporation until May 18, 2000.
(2) Filed with this report.
(3) This certification shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.
(4) The XBRL-related information in Exhibit 101 shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or

otherwise subject to the liability of that section and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates such information by reference.