

RADIOSHACK CORP  
Form 11-K  
December 24, 2014

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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, 2014

OR

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

Commission file number 050-05571

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, 2014, and June 30, 2013  
and for the Plan Years Ended June 30, 2014, and June 30, 2013

Supplemental Schedule at June 30, 2014

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 statements of net assets available for benefits of the RadioShack Puerto Rico 1165(e) Plan (the "Plan") as of June 30, 2014 and 2013 and the related statements of changes in net assets available for benefits for each of the years then ended. The Plan's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. Our audit included 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 audits provide 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 Plan as of June 30, 2014 and 2013, and the changes in its net assets available for benefits for each of the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were 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  
December 24, 2014

RADIOSHACK 1165(e) PLAN  
Statements of Net Assets Available for Benefits

	June 30	
	2014	2013
Assets		
Investments at fair value		
Money market funds	\$ 505,601	\$ 463,595
Mutual funds	4,254,442	3,311,047
Common stock	119,229	298,317
Total investments	4,879,272	4,072,959
Receivables		
Notes receivable from participants	564,229	735,187
Employer receivables	3,395	5,078
Total receivables	567,624	740,265
Liabilities		
Excess deferrals payable	(6,502 )	-
Total liabilities	(6,502 )	-
Net assets available for benefits	\$ 5,440,394	\$ 4,813,224

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

RADIOSHACK 1165(e) PLAN  
 Statements of Changes in Net Assets Available for Benefits

	Year Ended June 30,	
	2014	2013
Investment income:		
Dividends	\$43,542	\$47,983
Net appreciation fair value of assets	464,659	409,227
Total investment income	508,201	457,210
Participant loan interest	24,524	25,105
Contributions:		
Participants	288,609	313,235
Employer	192,800	204,502
Total contributions	481,409	517,737
Deductions:		
Benefits paid to participants	(366,205 )	(1,300,222)
Corrective distributions	(6,502 )	-
Administrative expenses	(14,257 )	(12,743 )
Total deductions	(386,964 )	(1,312,965)
Net increase(decrease) in net assets available for benefits	627,170	(312,913 )
Net assets available for benefits at beginning of period	4,813,224	5,126,137
Net assets available for benefits at end of period	\$5,440,394	\$4,813,224

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 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, 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 1081.01(d) (formerly 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, 2014 and 2013, there were 137 and 156 employees of the Company participating in the Plan and 383 and 373 employees eligible to participate, respectively. 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

In addition to being a resident of or performing services in Puerto Rico, an employee is eligible to participate in the Plan immediately such that an employee’s entry date shall be as soon as practicable following the employment date. For the purpose of Company matching contributions, an employee shall become a participant on the payroll period following the date on which the employee completes one year of service. 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, 2014, in accordance with the provisions of the Code, participants generally could not elect more than \$15,000 in pre-tax contributions during the 2014 calendar year. Participants who were age 50 and over in 2014 were permitted to contribute additional “catch-up” contributions of up to \$1,500 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 years ended June 30, 2014 and 2013, 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, 2014, 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. See Subsequent Events footnote at Note 6 for changes made to Company contributions.

#### 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. 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 years ended June 30, 2014 and 2013.

#### 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, 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. For the Plan years ended June 30, 2014 and 2013, interest rates on participant loans ranged from 4.25% to 9.25%, respectively.

#### 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 in conformity with accounting principles generally accepted in the United States of America ("GAAP").

#### Use of Estimates

The preparation of financial statements in conformity with GAAP 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 statements of net assets available for benefits. Shares of registered investment companies are valued at quoted market prices, which represent the net asset value ("NAV") of shares held by the Plan at year end. There are no significant restrictions on redeeming these securities at NAV. 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.

The net appreciation in fair value of investments includes realized gains and losses on sales during the year and current year changes in unrealized appreciation in fair value of investments held at year end, less investment management fees.

#### 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 Accounting Standards Codification No. 820, Fair Value Measurements, 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. At June 30, 2014 and 2013, none of the Plan assets were considered Level 2 investments.

Level 3. Valuation inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. At June 30, 2014 and 2013, 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 at June 30, 2014 and 2013.

	June 30, 2014	
	Level 1	Total
Money market funds	\$505,601	\$505,601
Mutual funds		
International funds	305,874	305,874
Growth funds	1,440,373	1,440,373
Target date funds	1,876,853	1,876,853
Index funds	326,057	326,057
Fixed income funds	305,285	305,285
Common stock - RadioShack Corporation	119,229	119,229
Total investments	\$4,879,272	\$4,879,272

	June 30, 2013	
	Level 1	Total
Money market fund	\$463,595	\$463,595
<b>Mutual funds</b>		
International funds	247,156	247,156
Growth funds	1,072,500	1,072,500
Target date funds	1,518,122	1,518,122
Index funds	174,927	174,927
Fixed income funds	298,342	298,342
Common stock - RadioShack Corporation	298,317	298,317
<b>Total investments</b>	<b>\$4,072,959</b>	<b>\$4,072,959</b>

#### Concentration, Market and Credit Risk

The Plan provides for investment alternatives in RadioShack 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.

Additionally, some investments held by the Plan are invested in the securities of foreign companies. These investments involve special risks not typically associated with investments in the securities of United States companies. Those risks include currency fluctuation, less reliable information about the issuers of securities, and possibly adverse political and economic developments.

At June 30, 2014 and 2013, approximately 2% and 7% respectively of the investments of the Plan consisted of securities of its sponsor, RadioShack Corporation. On December 23, 2014, the Company's stock price closed at \$0.38. On June 30, 2014, and June 28, 2013, the Company's stock price closed at \$0.99 and \$3.16, respectively.

#### Benefits Paid to Participants

Benefits paid to participants are recorded when paid.

#### Notes Receivable from Participants

Notes receivable from participant loans are recorded at the unpaid principal balance.

#### 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 statements of changes in net assets available for benefits, and include loan origination, investment trading, and withdrawal processing fees.

## 3. Plan Investments

The following table presents the individual investments that exceeded 5% or more of the Plan's net assets at June 30, 2014 and 2013.

	June 30	
	2014 Fair Value	2013 Fair Value
Harbor Capital Appreciation Fund	\$816,987	\$573,682
T. Rowe Price Retirement 2030 Fund	624,757	508,132
WFA Heritage Money Market Fund	505,601	463,595
PIMCO Total Return Fund	302,036	258,629
Harbor International Fund	301,370	247,144
T. Rowe Price Retirement 2040 Fund	288,482	*
T. Rowe Price Retirement 2035 Fund	276,295	291,197
Morgan Stanley Small Company Growth Portfolio	273,088	*
RadioShack Corporation Common Stock	*	298,317

\*Investment did not exceed 5% or more of the Plan's net assets

During the Plan year ended June 30, 2014, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the period) appreciated in value by \$464,659 as follows:

	June 30	
	2014	2013
Common stock	\$(242,115 )	\$(40,795 )
Registered investment companies	706,774	450,022
	\$464,659	\$409,227

#### 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. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Company believes that the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan was qualified and the related trust was tax-exempt as of the financial statement date. Also, the Administrative Committee believes the Plan is currently operating in compliance with the applicable requirements of the Code. Accordingly, employee contributions, employer contributions, and investment earnings of the Plan are not taxable to participants until distributed.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Commonwealth of Puerto Rico Department of Treasury. The plan administrator has analyzed the tax positions taken by the Plan and has concluded that, as of June 30, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company believes it is no longer subject to income tax examination for years prior to 2010.

#### 5. Related Party/Parties-in-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer where employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50% or more of such an employer or employee organizations or relatives of such persons.

The Plan makes loans to Plan participants and also invests in shares of a money market fund managed by the recordkeeper; therefore, these transactions qualify as party-in-interest. In addition, the Plan invests in the common stock of the Company. At June 30, 2014 and 2013, the Plan held 120,312 and 94,404 shares of common stock of the Company. These amounts represented approximately 2% and 7%, respectively, of the Plan's total investments and less than 0.1% of the outstanding common shares of the Company at both dates.

#### 6. Subsequent Events

Effective September 15, 2014, the RadioShack Common Stock (“Common Stock”) will be frozen and will no longer be an active investment option in the plan. Any existing balances may remain in Common Stock, but no new contributions or transfers into Common Stock will be allowed. Participants may transfer out of the frozen Common Stock at any time.

On November 26, 2014, Manoj Singh filed a putative class action lawsuit against RadioShack, its Board of Directors, the RadioShack 401(k) Plan Administrative Committee, and related entities and individuals in the United States District Court for the Northern District of Texas, Fort Worth Division, alleging breaches of fiduciary duties under the Employee Retirement Income Security Act (“ERISA”) in connection with the administration of the RadioShack 401(k) Plan and the RadioShack Puerto Rico 1165(e) Plan, specifically with regard to investment by the Plans in RadioShack stock. On December 5, 2014, Jeffrey Snyder filed a similar lawsuit in the same court and on December 17, 2014, William A. Gerhart filed yet another similar suit in the United States District Court for the Northern District of Texas, Dallas Division. On December 18, 2014, The Singh Court granted RadioShack’s Unopposed Motion for Extension of Time to Answer or Otherwise Respond to Plaintiff’s Complaint (30 days after the Consolidated Complaint is filed). Singh filed his Motion to Consolidate (the above actions) and Appoint Counsel on December 19, 2014. RadioShack is reviewing the allegations in the Complaints to determine how to proceed. The outcome of these cases is uncertain and the ultimate resolution of them could have a material adverse effect on RadioShack’s consolidated financial statements in the period in which the resolution is recorded.

Effective February 1, 2015, RadioShack will discontinue the discretionary contribution of up to 4% of the participants annual salary.



## Schedule 1

## RADIOSHACK 1165(e) PLAN

Form 5500 Schedule H, line 4i – Schedule of Assets (Held at End of Year)

June 30, 2014

PN 050 - EIN 75-1047710

Description of Investment	Current value
Registered Investment Companies:	
Harbor Capital Appreciation Fund	\$816,987
T. Rowe Price Retirement 2030 Fund	624,757
* WFA Heritage Money Market Fund	505,601
PIMCO Total Return Fund	302,036
Harbor International Fund	301,370
T. Rowe Price Retirement 2040 Fund	288,482
T. Rowe Price Retirement 2035 Fund	276,295
Morgan Stanley Small Company Growth Portfolio	273,088
T. Rowe Price Retirement 2045 Fund	243,272
Vanguard Institutional Index Fund	238,044
American Beacon Large Cap Value Fund	156,570
T. Rowe Price Retirement 2020 Fund	139,013
T. Rowe Price Retirement 2050 Fund	112,877
Victory Institutional Diversified Stock Fund	101,994
Columbia Small Cap Value Fund II	91,734
T. Rowe Price Retirement 2025 Fund	54,637
T. Rowe Price Retirement 2055 Fund	51,748
T. Rowe Price Retirement 2010 Fund	48,546
Vanguard Small Cap Index Fund	46,140
Vanguard Mid Cap Index Fund	41,873
T. Rowe Price Retirement 2015 Fund	19,306
T. Rowe Price Retirement Income Fund	17,920
Oppenheimer Developing Mkt	4,504
Pimco Income Fund	1,741
Pimco Real Return Fund	1,508
Total Registered Investment Companies	4,760,043
* RadioShack Corporation Common Stock (120,312,shares)	119,229
Total investments	4,879,272
* Participant loans (Interest rates range from 4.25%-9.25% with various due dates)	564,229
	\$5,443,501

\*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 1165(e) Plan

Date: December 24, 2014

By /s/

Justin Johnson

Justin Johnson

Vice-President, Compensation,  
Benefits, and HR Data

Index to Exhibits

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

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