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December 15, 2010

Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference No. 1850-100

Re: Proposed Accounting Standards Update, *Leases (Topic 840)*

We are responding to the invitation of the FASB/IASB ("the Boards") to comment on the Proposed *Accounting Standards Update, Leases* ("proposed standard").

While we support the Boards' attempt to improve the accounting and financial reporting of lease transactions, we do not believe that the proposed standard will achieve the desired results for our business and businesses similarly situated. RadioShack almost exclusively leases retail space within multi-tenant major malls and shopping centers. We believe that users of our financial statements will not be well-served by the proposed standard as written because of the following:

1. It is difficult to understand the proposed model for real estate rental contracts.
2. The right of use asset model is inconsistent with how management views our operations and leasing decisions and we anticipate it will not be used by management to evaluate the operating results of our business.
3. The calculation of the right of use asset and lease liability assumes that negotiated lease payments include an implied charge based on our incremental borrowing rate. We have not found this to be the case in actual practice.
4. The calculation of the right of use asset is based on a high number of inputs. Many of these inputs include significant estimates which will require continuous management judgment and could result in unreliable information.
5. The proposed standard does not consider the accounting treatment of a lease contract which is extended beyond its original renewal periods before expiration. This is a frequent scenario in our business.

We have further elaborated below.

1. It is difficult to understand the proposed model for real estate rental contracts.

We believe that the proposed model is not as applicable to leases of real estate as it is to leases of other assets. When leasing a piece of equipment or an automobile, the lessee is effectively financing the purchase of an asset for a specified price and simultaneously agreeing to sell the asset in the future at a predetermined price. Most readers of financial statements can intuitively understand that the leasing transaction is just an alternative form of asset ownership. The right of use concept in a leasing transaction becomes an accounting proxy for

not taking legal title to the underlying asset as would occur in a normal purchase transaction and accurately captures the economics of the transaction.

The leasing of real estate is a different economic transaction from making a lease versus buy decision for non-real estate assets. The decision to lease space for a store in a multi-tenant building is not made as an alternative to buying an asset. The proposed standard implies that we are entering a lease as an alternative to financing an asset purchase when this is obviously not the case. We believe that the application of the proposed standard to such real estate transactions will not provide relevant and "representationally faithful" information regarding our real estate leases.

2. The right of use asset model is inconsistent with how management views our leasing decisions and operations.

When evaluating the operating results of our business, we consider straight-line lease expense as an operating expense in the profitability of our stores. We do not believe the right of use asset model is a reasonable view of the performance of our operations. We currently expect that we will not conform to this accounting guidance for our internal reporting and will calculate the required amounts only as a financial reporting exercise.

We also are considering the effect that the proposed standard will have on our disclosures. If we conclude that our internal reporting should not reflect the changes of the proposed standard, then we would be required to adjust our segment reporting measure of profit and loss to be consistent with our internal reporting presentation. Our segment reporting measure of profit and loss would then be presented in accordance with the FAS 13 model rather than the proposed standard. We would also consider providing proforma disclosures to our readers as part of our MD&A to allow them to view our results of operations and financial position on the same basis as management.

3. The calculation of the right of use asset and lease liability assumes that negotiated lease payments include an implied charge based on our incremental borrowing rate. We have not found this to be the case in actual practice.

In our experience, the economics of a rental real estate transaction is influenced by the location of the real estate and the tenants desired by the landlord. While our credit worthiness may be reviewed by the landlord to determine our ability to pay, the rates that we negotiate are based on the local real estate market rather than on our incremental borrowing rate.

Using our incremental borrowing rate to calculate the present value of our lease payments is an arbitrary position taken by the Boards and is not indicative of the economics of the transaction. The best estimate of the right of use asset at the inception of a real estate lease is the amount the landlord would accept as payment for a fully prepaid lease. The negotiation of this amount would be based on numerous factors for both parties, but not likely our incremental borrowing rate. We realize that other accounting guidance uses the incremental borrowing rate for calculating the present value of future obligations; however, it is not consistent with the reality of these transactions and therefore contributes to the information being unreliable. Furthermore, retail stores located in the same shopping center with similar

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lease payments and different borrowing rates would result in different right of use asset amounts, which reduces comparability.

4. The calculation of the right of use asset is based on a high number of inputs. Many of these inputs include significant estimates which will require continuous management judgment and will result in unreliable information.

In our U.S. RadioShack company-operated store segment, we operate 4,475 retail locations. Under the proposed guidance, the inputs to calculate our right of use assets for all of these locations would require:

- a) An incremental borrowing rate in effect at the origination of each lease. Our incremental borrowing rate changes on a daily basis as reflected in fluctuations of credit default swaps related to our borrowings. Therefore, if we capture the most accurate borrowing rate on the day of lease origination, then we would be required to maintain 4,475 unique borrowing rates for these leases.
- b) The minimum lease payments for each lease. Based on our lease agreements and past practices, we estimate that we will have an initial lease term of 10 years. Therefore, each store will have 120 minimum lease payments to include in the calculation. For purposes of this discussion, we will assume that half of these payments are remaining for the entire portfolio. This represents 268,500 data inputs to the calculation.
- c) The estimated contingent rental payments for each lease. Approximately 1,000 of our leases have contingent rent provisions. To calculate these estimated payments we would be required to create at least a high, medium and low sales forecast for the remainder of the lease duration. This would result in approximately 180,000 data inputs to the calculation. We also noted that the estimates for these amounts in the later years of the lease would be highly unreliable due to the uncertain future of the general U.S. economy and the consumer electronics industry.

While item (a) above would be fixed at lease inception, the approximate 448,500 data inputs in items (b) and (c) will require review at each quarterly balance sheet date. All of our leases will not have a change in term or a change in sales forecast each quarter, but under the proposed standard, we will have to review these data inputs in order to conclude whether a change has occurred or not. This will be an extremely time-intensive task to render these conclusions each quarter to be compliant with the proposed standard, and it will be virtually impossible to ensure that every conclusion is current and accurate at the balance sheet date.

5. The proposed standard does not consider the accounting treatment of a lease contract which is extended beyond its original renewal periods before expiration. This is a frequent scenario in our business.

On a regular basis, our real estate department evaluates our retail locations and identifies situations where we may be able to renegotiate a lease with more favorable terms well before the expiration of the current lease term. Particularly in an economic downturn, we have been successful in renegotiating our lease contracts if a landlord is having difficulty keeping its mall or shopping center occupied. This results in a new lease contract with new payments, a new term and new renewal periods.

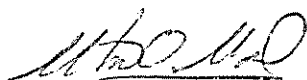
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Under the proposed standard it is unclear how we would account for the cancellation of the original lease and the commencement of the new lease. During the term of a lease, our unamortized right of use asset balance will be lower than our lease liability balance due to the acceleration of the expense recognition pattern under the proposed standard. Will the difference between these balances be added to the right of use asset balance to minimize the income statement effect? If so, this arbitrary treatment will further mislead a financial statement reader as to the nature of the right of use asset balance.

While we understand the Boards desire to create principle-based accounting guidance for all lease transactions, we believe that the proposed standard does not accurately reflect the underlying economics of partial real estate leasing transactions. We believe that the current FAS 13 model more appropriately reflects the underlying economics of these transactions. We believe that efforts to provide improved information to readers should be attempted through enhanced disclosures. We hope that the Boards will reconsider their proposal for partial real estate leasing transactions.

We appreciate the opportunity to express our views and would be pleased to discuss our comments or answer any questions that the Boards' staff may have. If you have questions in relation to this letter please contact me at 817-415-3726.

Sincerely,



Martin O. Moad
Vice President and Controller