



RadioShack®

C O R P O R A T I O N

Investor Conference

Mike Newman

SVP & Chief Financial Officer

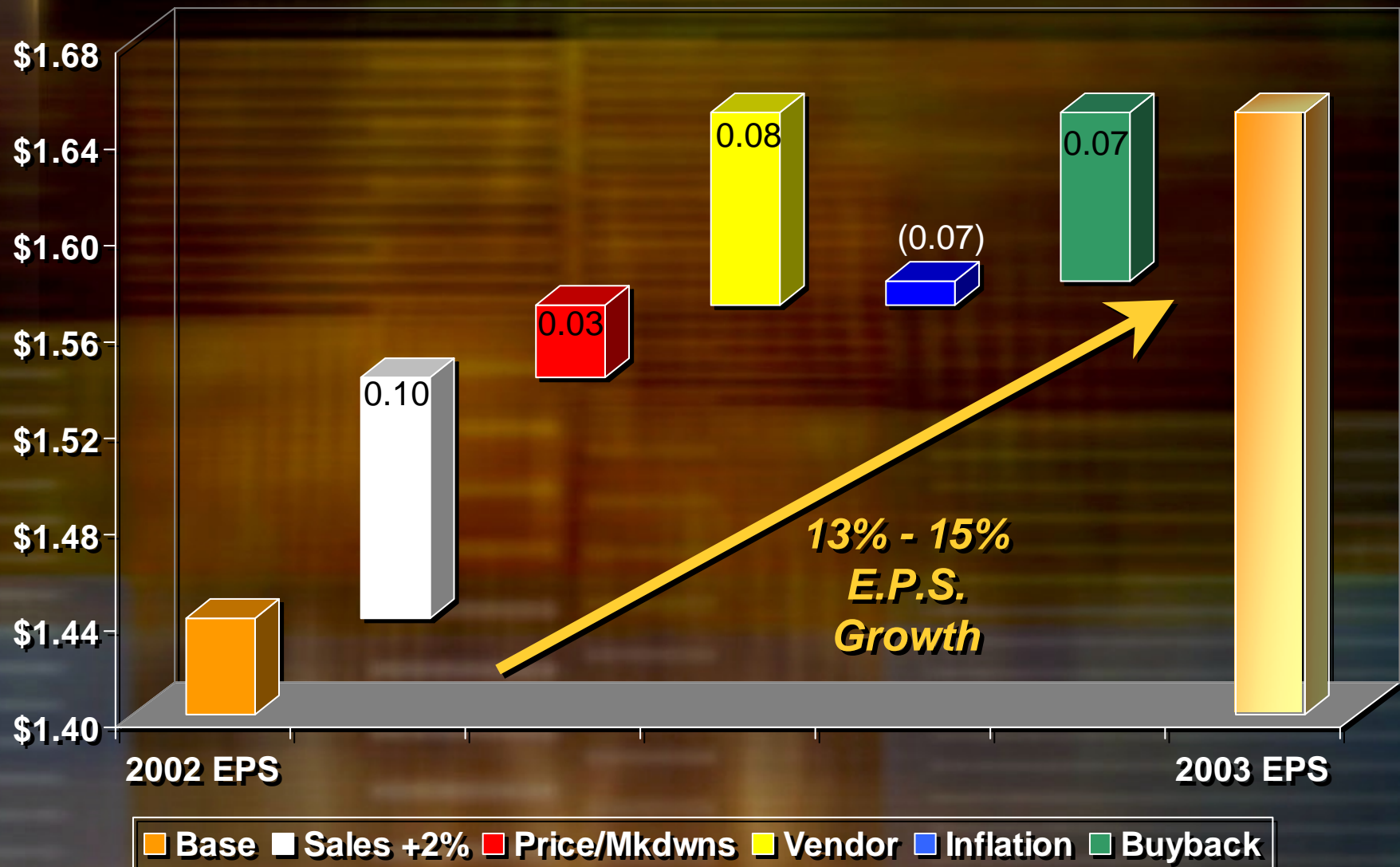
4Q 2002 Sales

- Comparable Store Sales +2%
- Total Sales (-1%)
- Areas of Strength
 - Portable Computing
 - Computer Accessories
 - Photography
 - DVD Players
 - Select Toys & Giftables (e.g. Zip Zap Micro RC Cars, Environizer)
- Areas of Weakness
 - Sprint PCS Handset Unit Sales
 - Most Radio Control Toys
 - Direct-to-Home Satellite TV
 - Desktop Computers

Long-Term Financial Model 2003 – 2005

	<u><i>Base Case</i></u>
Sales	2% to 3%
GM Rate	70 to 80 bps/yr
SG&A Growth	1% to 2%
Operating Income Growth	10% to 12%
EPS Growth	13% to 15%

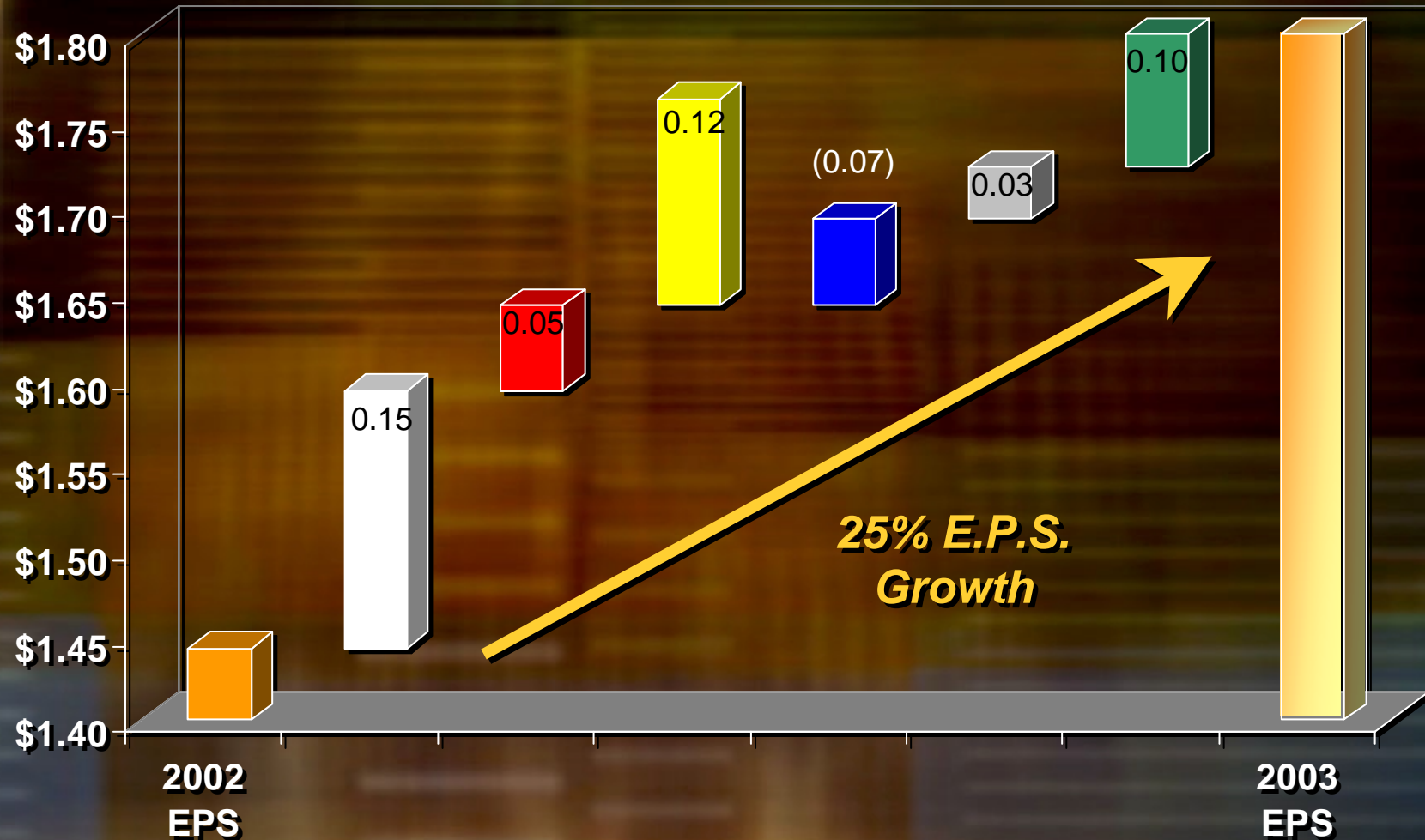
2003 E.P.S. Goal Predicated In Part Upon Vendor Initiatives and Stock Buyback



Long-Term Financial Model 2003 - 2005

		<u>Stretch Case</u>
Sales	2% to 3%	4% to 5%
GM Rate	70 to 80 bps/yr	90 to 100 bps/yr
SG&A Growth	1% to 2%	2% to 3%
Operating Income Growth	10% to 12%	22% to 24%
EPS Growth	13% to 15%	25% to 30%

2003 E.P.S. Stretch Goal Predicated In Larger Part Upon Initiatives Other Than Sales

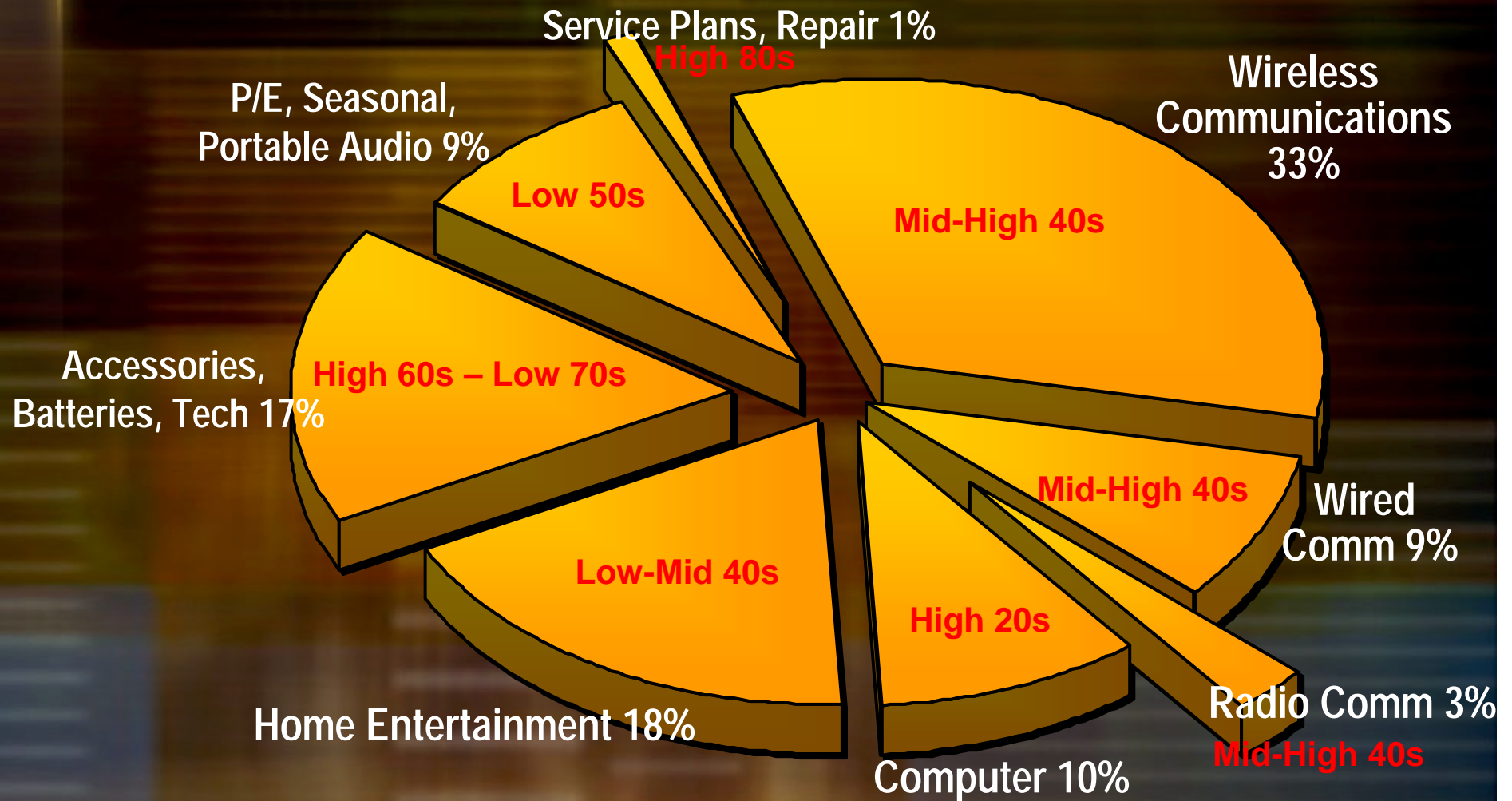


■ Base ■ Sales +4% ■ Price/Markdowns ■ Vendor ■ Inflation ■ SG&A Lev. ■ Buyback



How We Define Our Business

RadioShack Retail Sales Composition



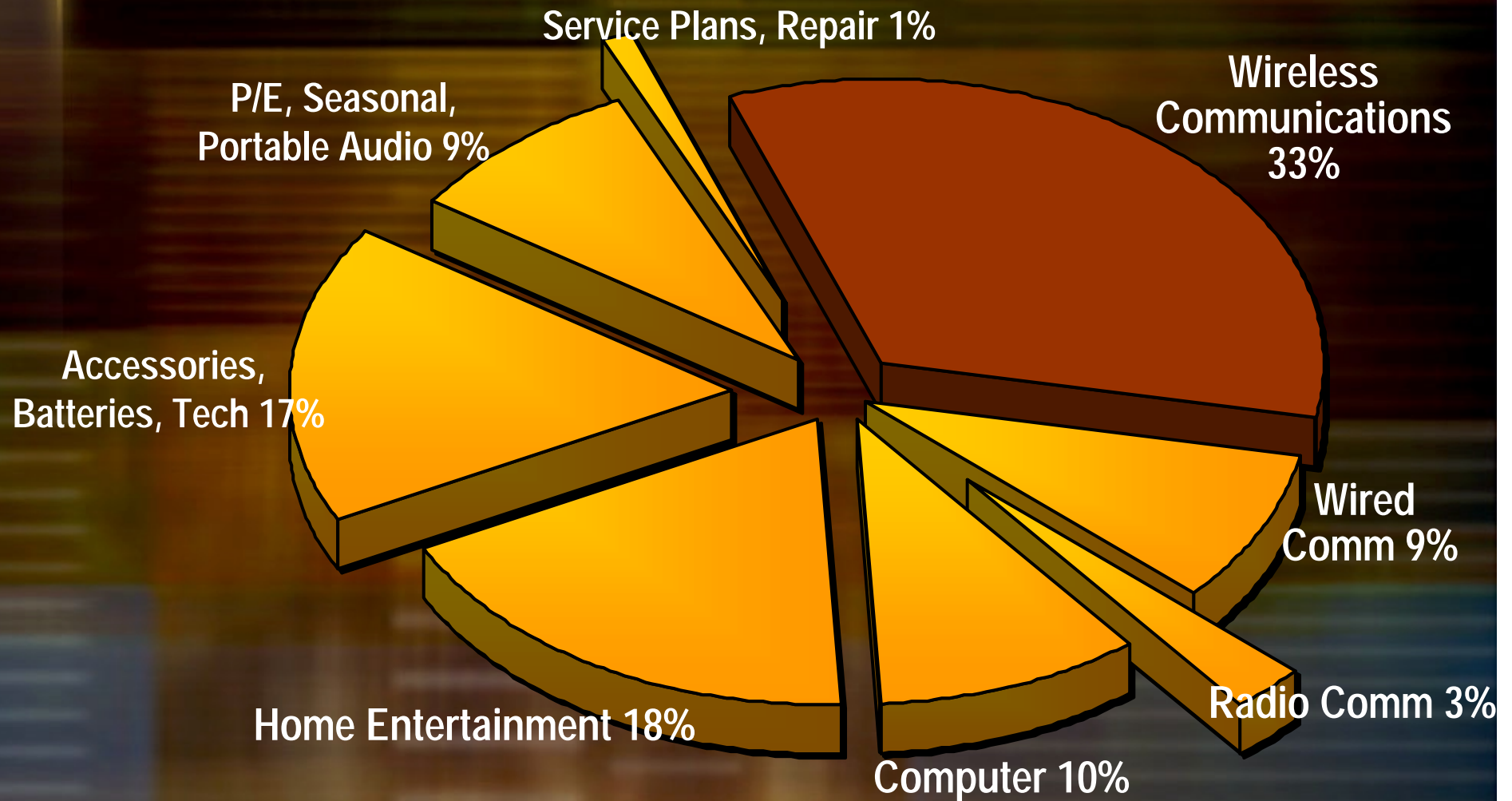
Based on 3Q02 YTD Sales

Red Type = Gross Margin %

Credible 2003 Sales Case: Credible Improvements, Favorable Anniversaries in H/E and Computer

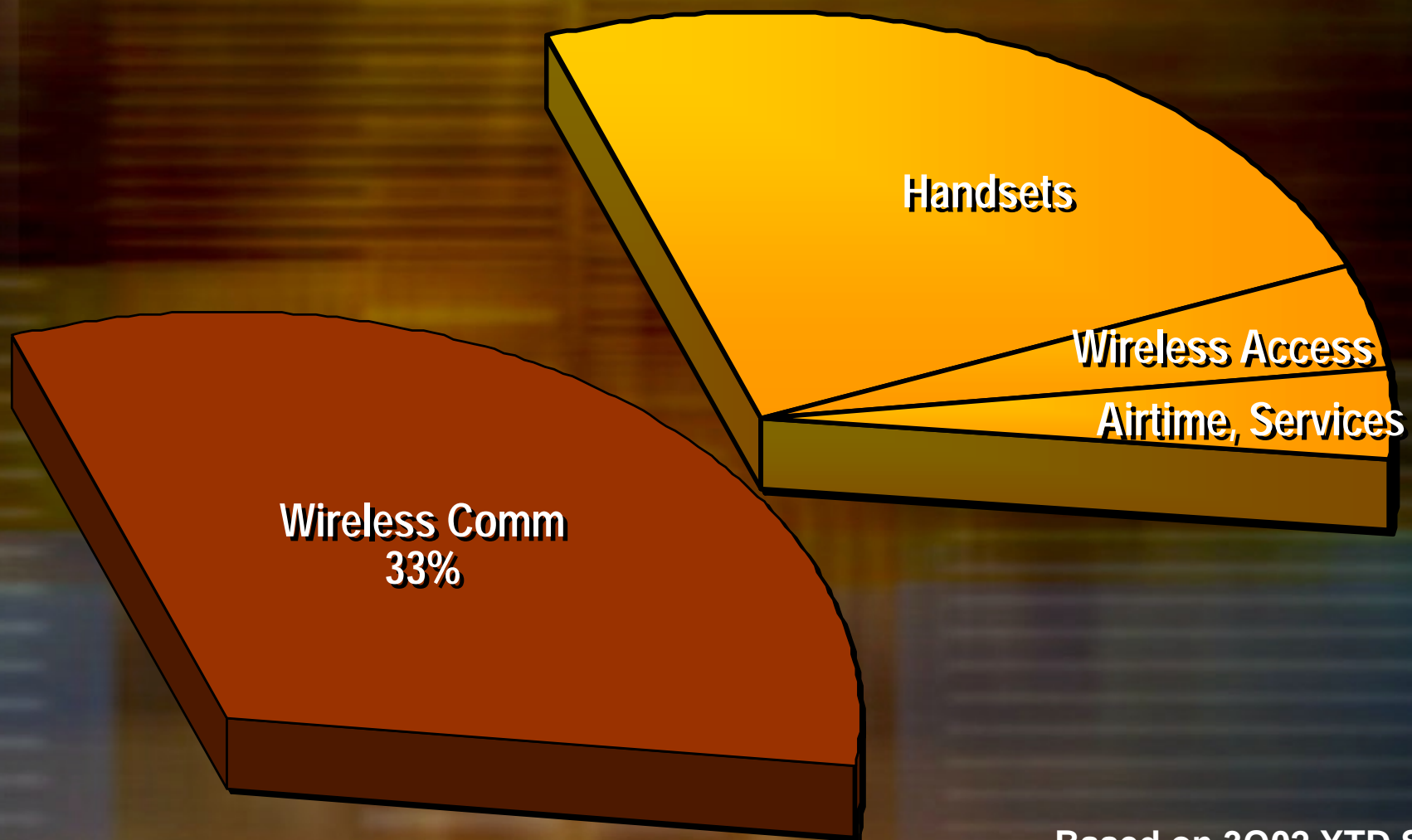
<u>Dept</u>	<u>Nov YTD '02 Sales</u>	<u>Base Case '03-'05</u>
Wireless	11%	3% – 4%
Wired	(-2%)	(-2%) – 0%
Radio	(-11%)	(-3%) – 0%
Computer	(-8%)	10% – 12%
Home Ent.	(-26%)	0% – 2%
Accs/Bat/Tech	4%	3%
Toys/Port Aud/P-E	(-10%)	1% – 2%
TOTAL	(-5%)	2%

RadioShack Retail Sales Composition



Based on 3Q02 YTD Sales

Breakdown of Wireless Communication



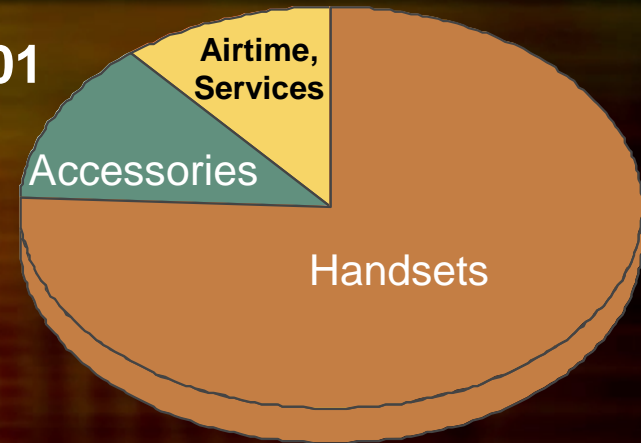
Based on 3Q02 YTD Sales

Healthy Wireless Dept Sales Growth

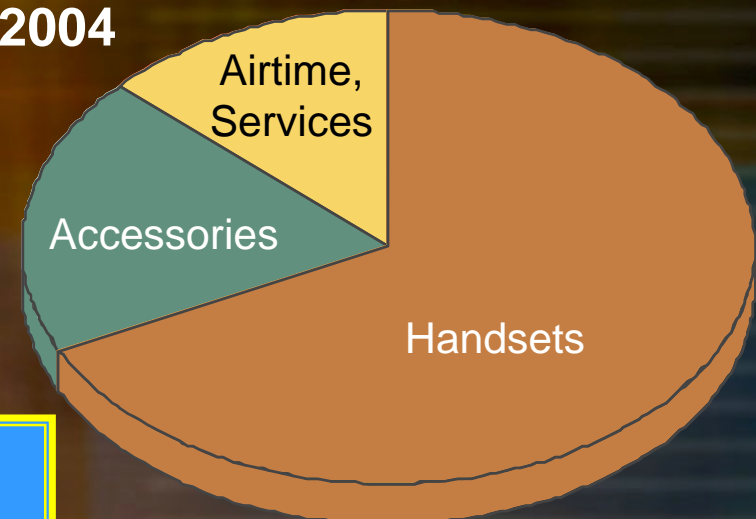
Less Reliant on Handsets

- Assumes Handset Growth Low-Mid Singles
- Assumes 10% Growth in Accessories

2001

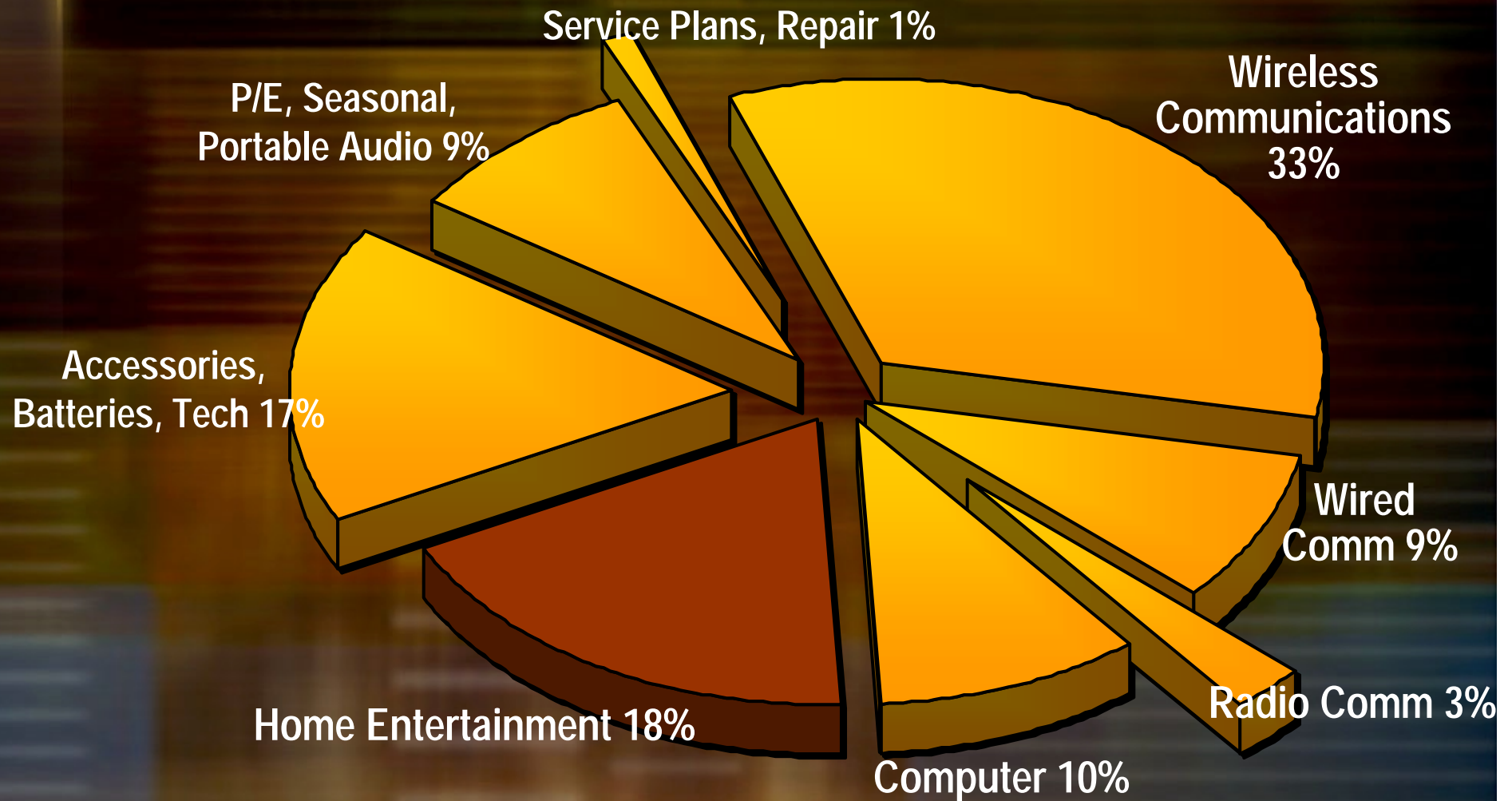


2004



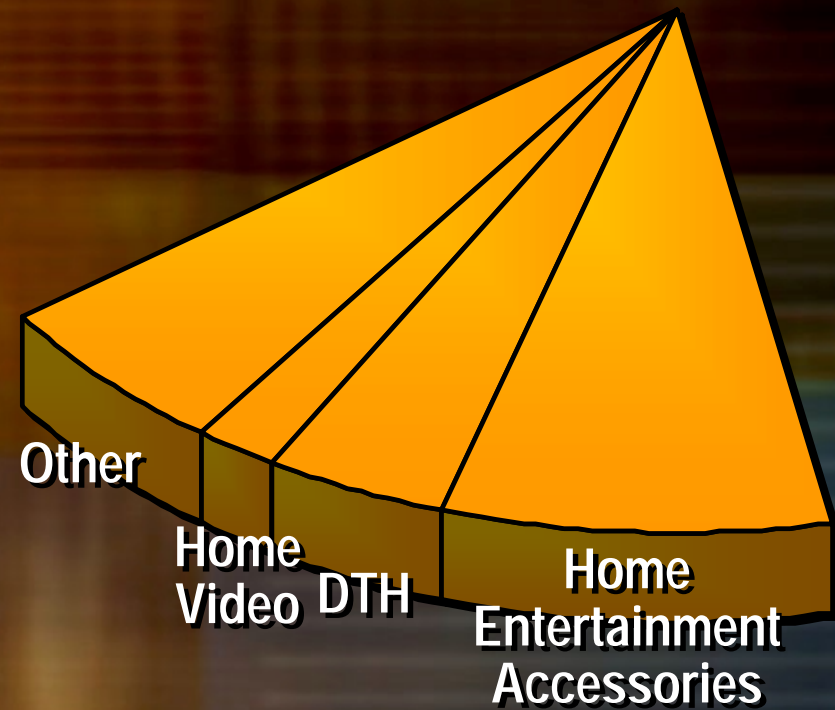
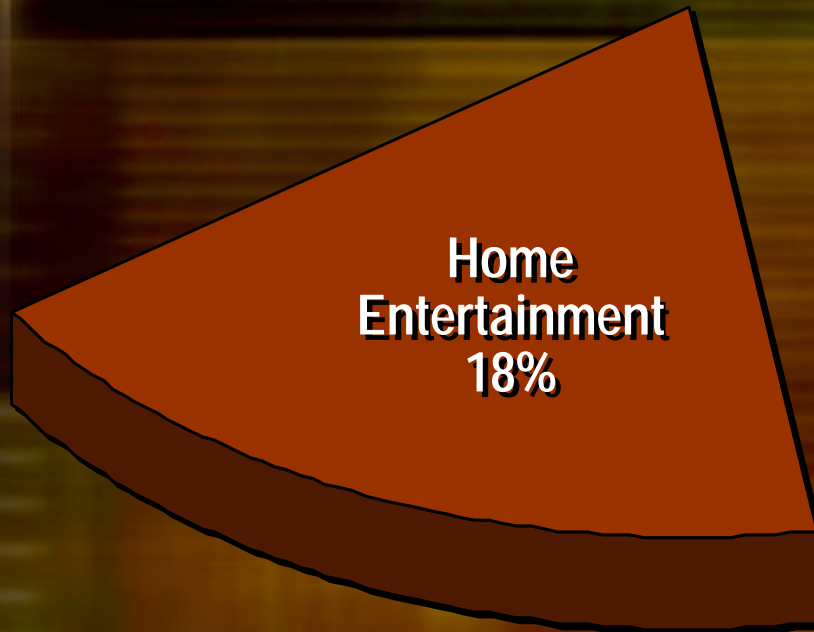
3-Year CAGR of Dept
Low to Mid-Single %

RadioShack Retail Sales Composition



Based on 3Q02 YTD Sales

Breakdown of Home Entertainment



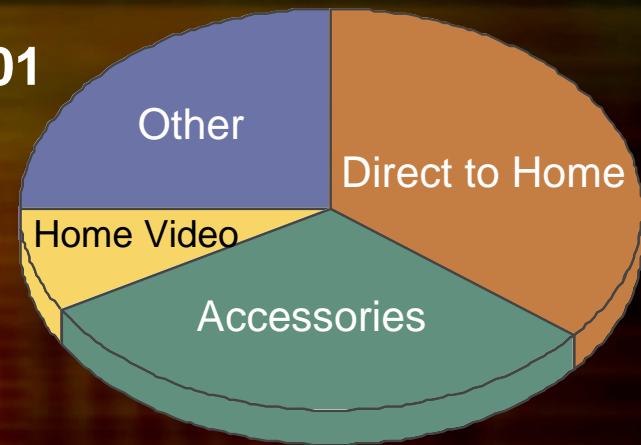
Based on 3Q02 YTD Sales

Mixing Up Home Entertainment to Drive Profit

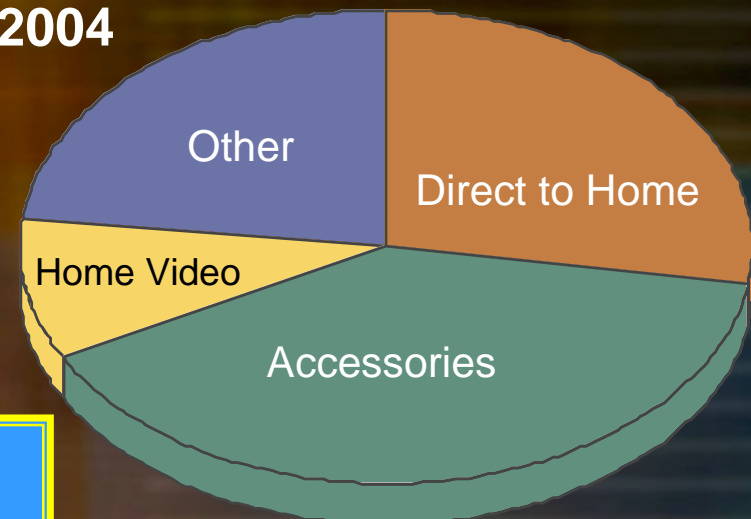
Strong Accessory Growth; Less Dependent on DTH

- Material Mix Shift in Favor of Accessories, Up Mid-Single %
- Home Video Share Gain to Smaller Extent
- DTH Down Single-Digit %, Due to DISH Lower Sales Ring

2001

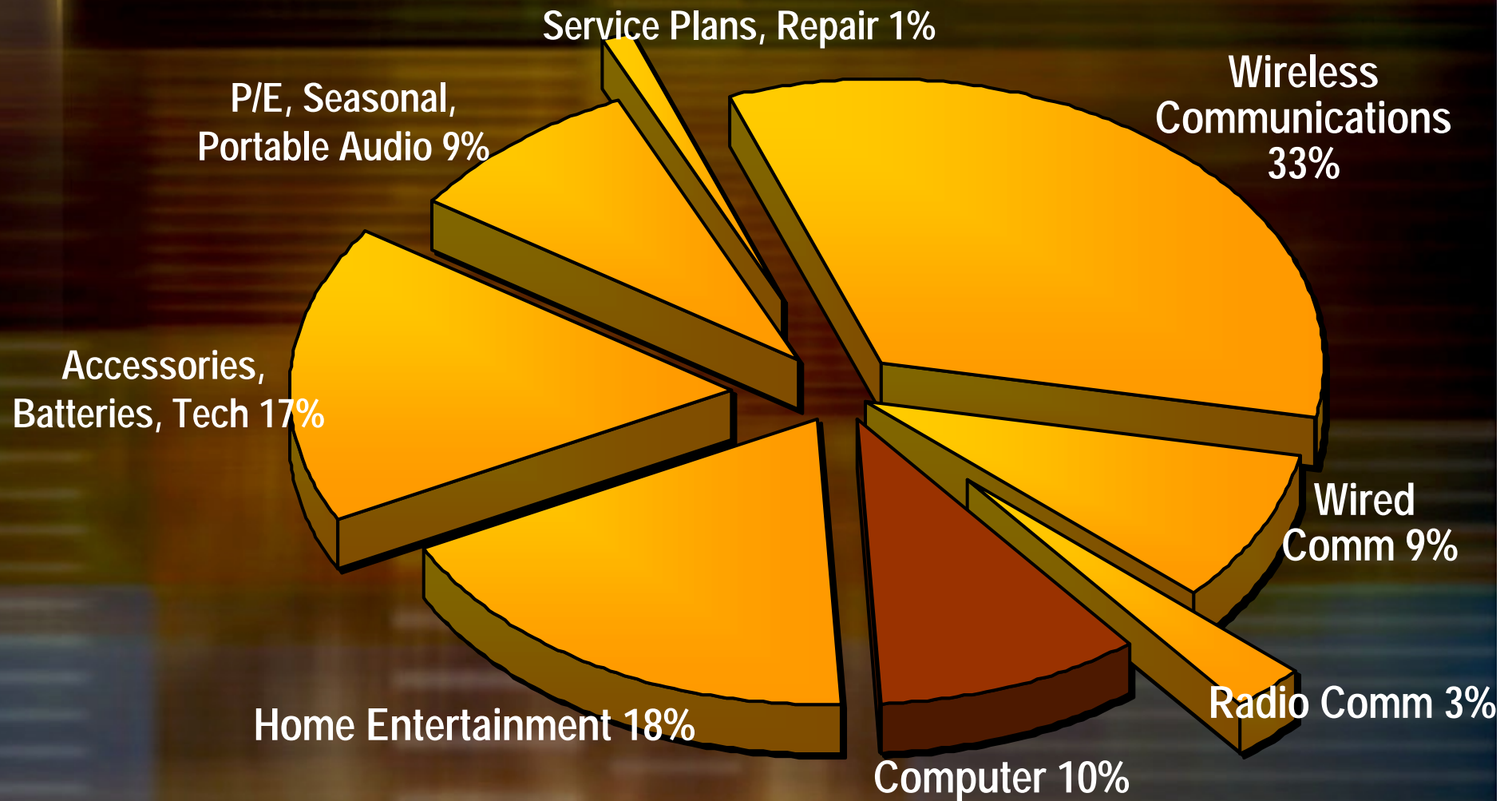


2004



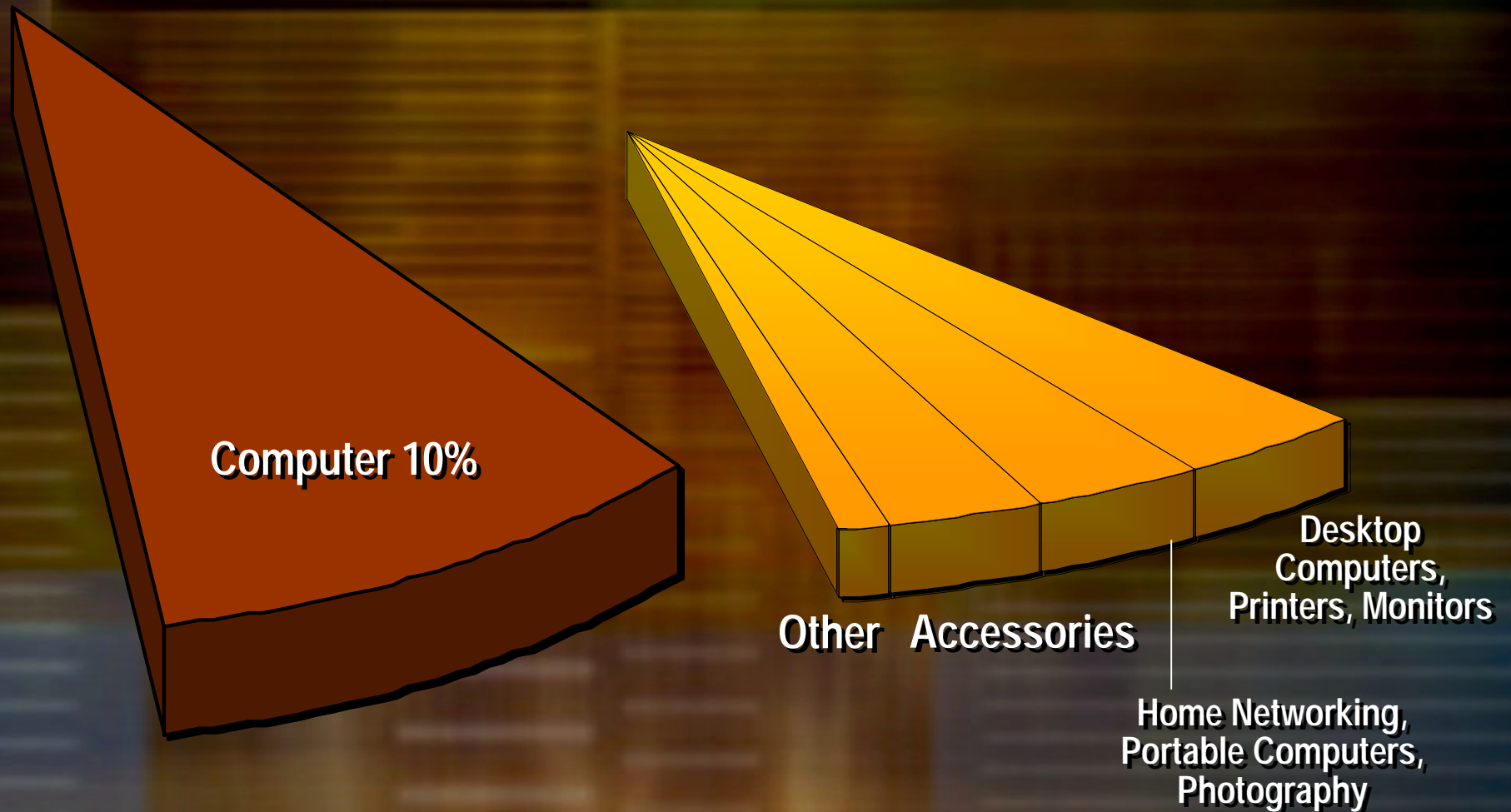
3-Year CAGR of Dept
Flat to Low-Single %

RadioShack Retail Sales Composition



Based on 3Q02 YTD Sales

Breakdown of Computer Department

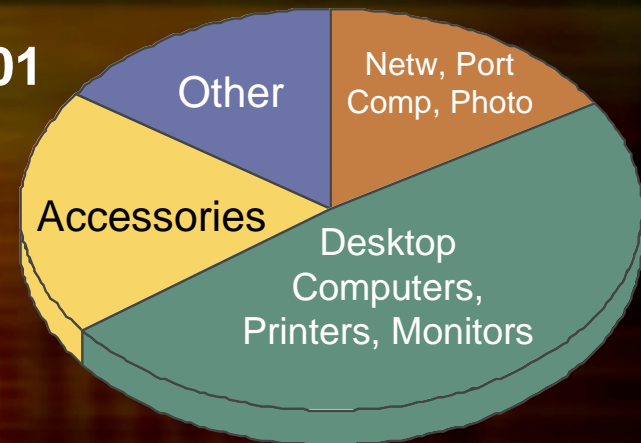


Based on 3Q02 YTD Sales

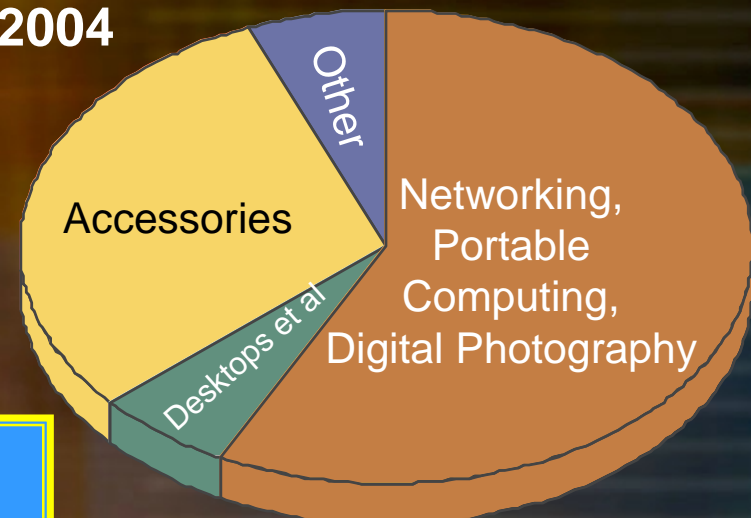
Computer Dept To Look Vastly Different

- Continuing Strong Double Digit % Growth of Home Networking, Portable Computing, and Digital Photography
- Double-Digit Growth of Other Accessories
- Continued Deceleration of Desktops, 20% - 30%

2001



2004



3-Year CAGR of Dept
Double Digit %

Leaning Into RadioShack's Strength: Servicing Customers' Routine Electronics Needs

	<u>'02 Sales (mil)</u>	<u>'02 Sales Growth</u>	<u>CAGR '03-'05</u>
Computer Accessories	\$150	40%	Strong Dbl Digit %
Home Ent Accessories	\$350	6%	Mid-Single %
Wireless Accessories	\$200	17%	10%
Batteries	\$250	10%	High-Single %
	<u>\$950</u>	<u>13%</u>	<u>8% - 10%</u>

Activities to Drive Sales, Profit

- In-Store Space Allocation
- Assortment
- Training
- Compensation

Operating Efficiency

- Pricing
- Supply Chain – Vendors & Purchasing
- SG&A Management
- ROIC
- Cash Flow

Pricing Initiatives

- **2003 Targeted Benefits**
 - \$10 Million (In 13% - 15% Base Case)
 - \$15 Million (In 25% Stretch Case)
- **Markdowns**
 - \$200 Million Annually
 - Improved Management
 - New Tools for Buyers
- **DemandTec, Price Optimization Software**

Vendor, Purchasing Initiatives

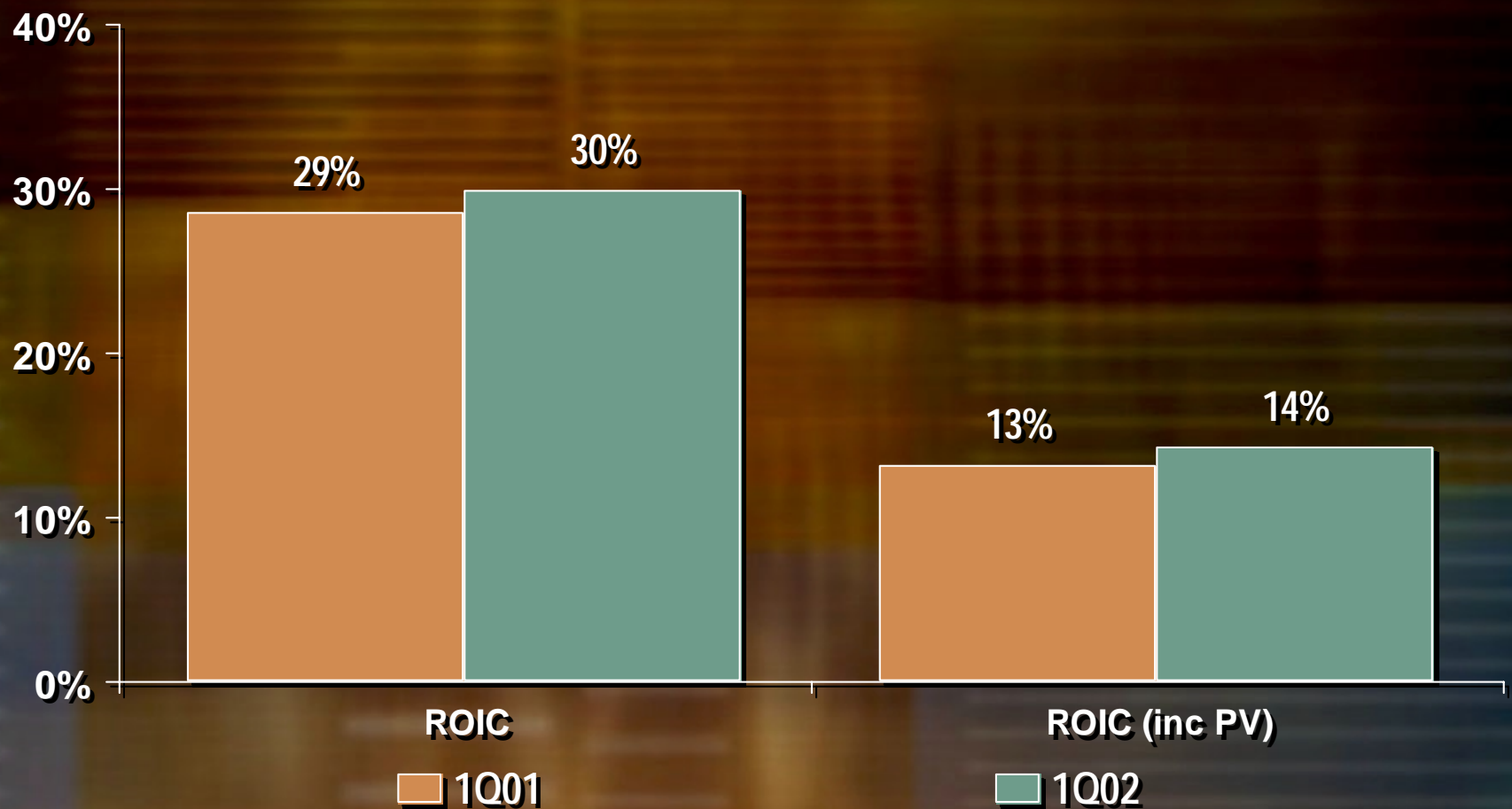
- 2003 Targeted Benefits
 - \$25-\$30 Million (In 13% - 15% Base Case), 1% of COGS
 - \$45-\$50 Million (In 25% Stretch Case), 2% of COGS
- Significant Progress Made in 2002 on Vendor Costs
- Significant % of 2003 Base Target Realized & Capitalized in Inventory

SG&A Initiatives

- 2002 SG&A Dollars Approximately Flat vs. 2001
 - 2001 Restructuring / Headcount Reductions
 - Improved Cost Management
- 2002 SG&A at Upper 30s % of Sales
- Cost Team Formed
 - Indirect Cost Opportunity of \$20 Million
 - Benchmarking of Functions and Processes vs. External Best Practices
 - Targeting 33% - 34% of Sales in 2005

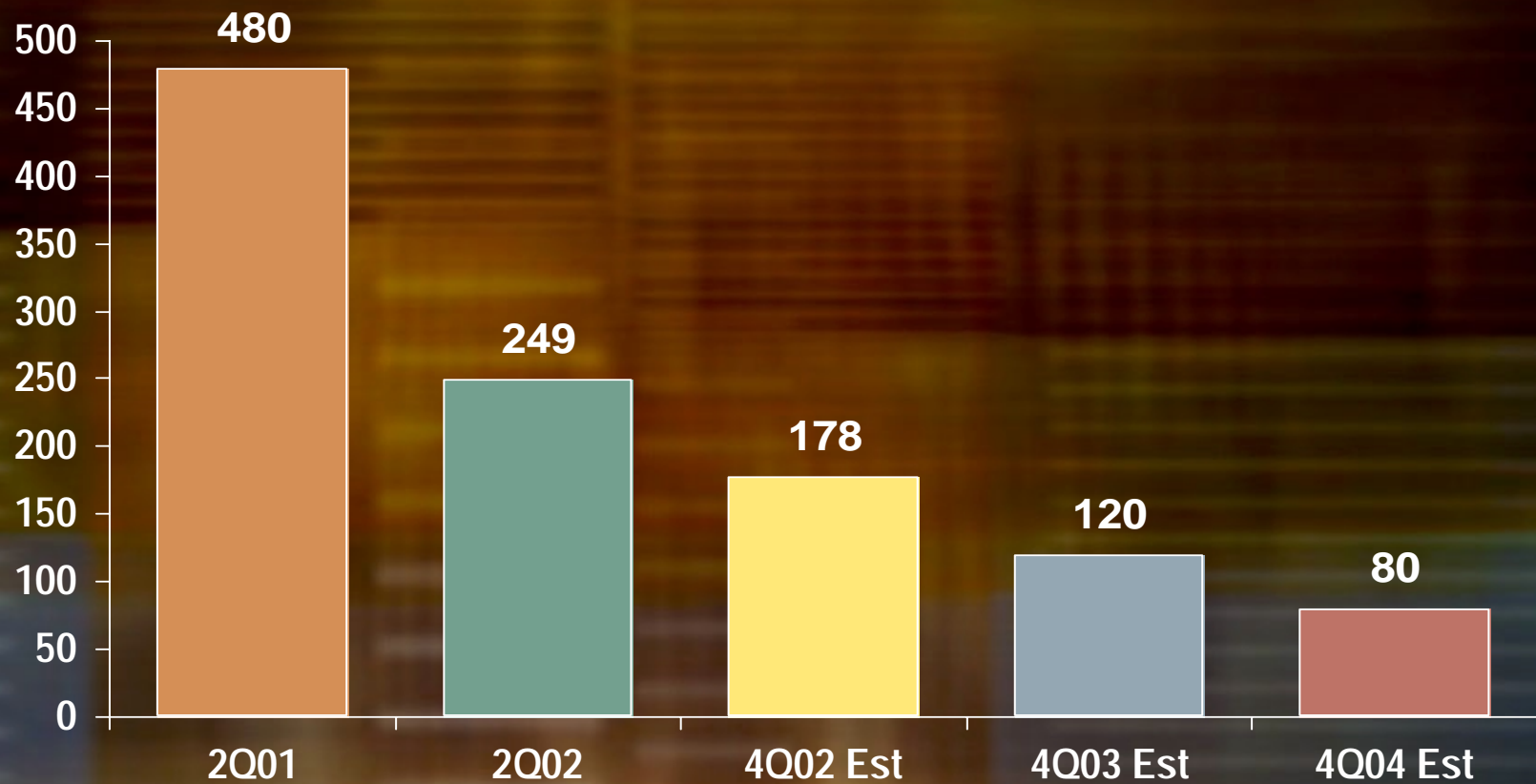
New Store ROIC Improving

Based on Stores Open in 1Q00



ROIC Improving

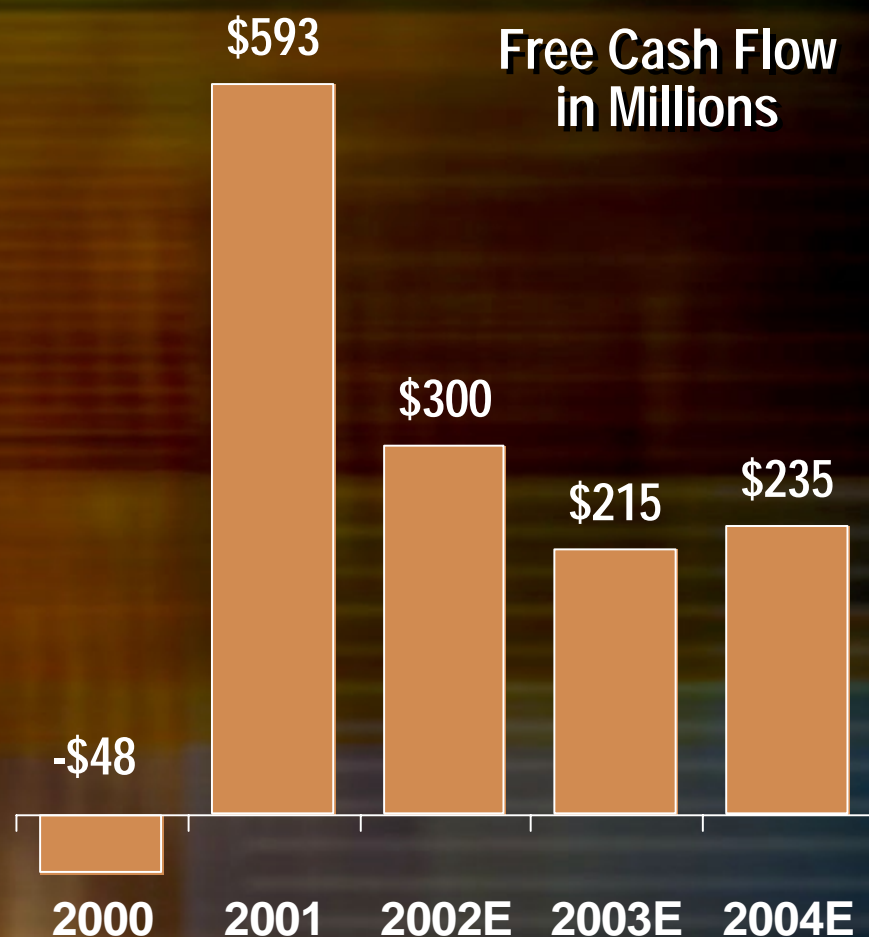
Number of Stores with ROIC Less Than 10%



Cash Flow Detail

HQ Financing To Impact Cap Ex

	<u>2002E</u>	<u>2003E</u>	<u>2004E</u>
Net Income/ D&A/ Other Non Cash	410	440	470
A/R & Inventory	45	40	35
Cap Ex	(110)	(225)	(230)
Dividends	(45)	(40)	(40)
Total	300	215	235

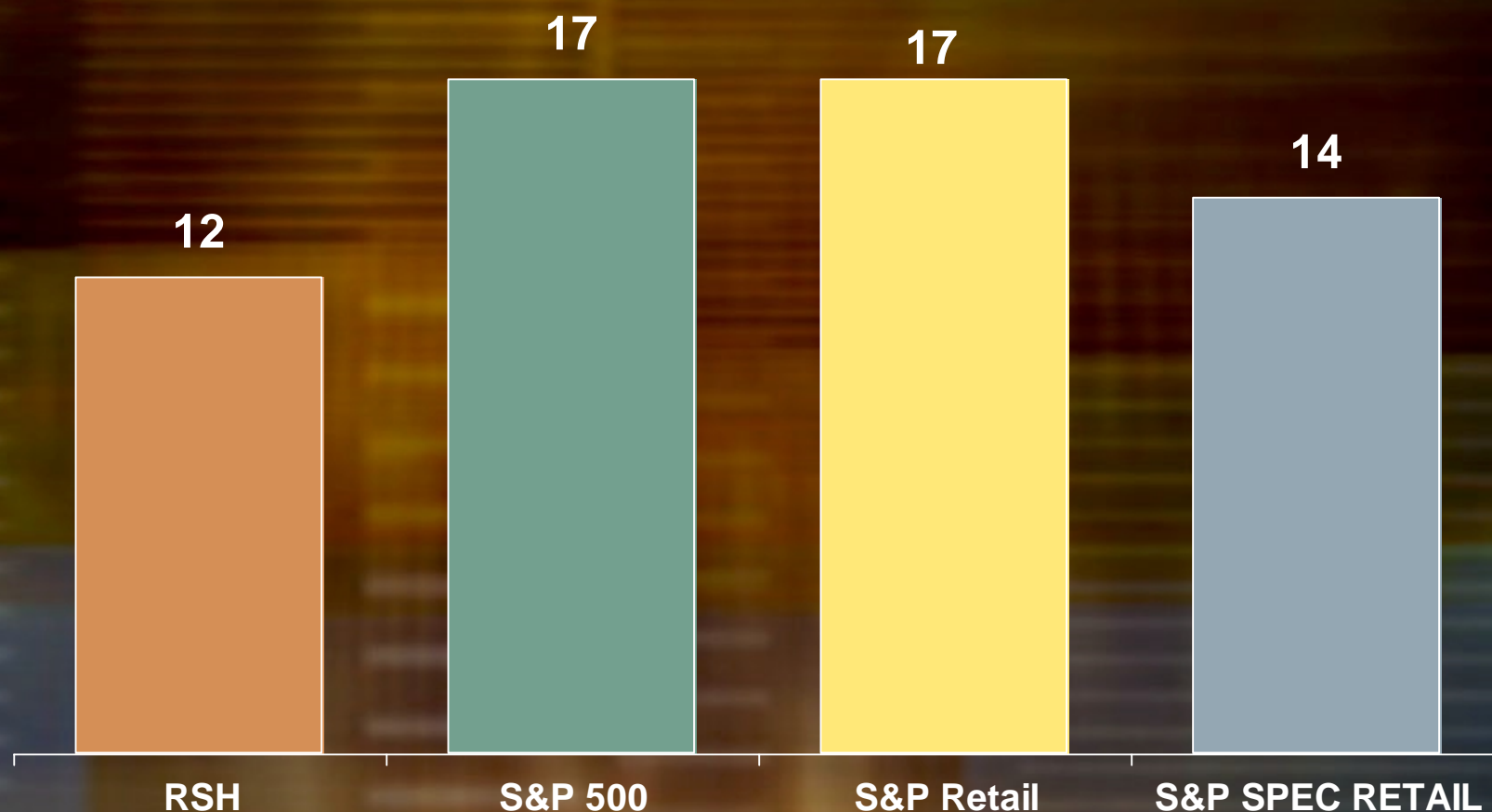




How Our Business Compares

RadioShack Trading At Discount

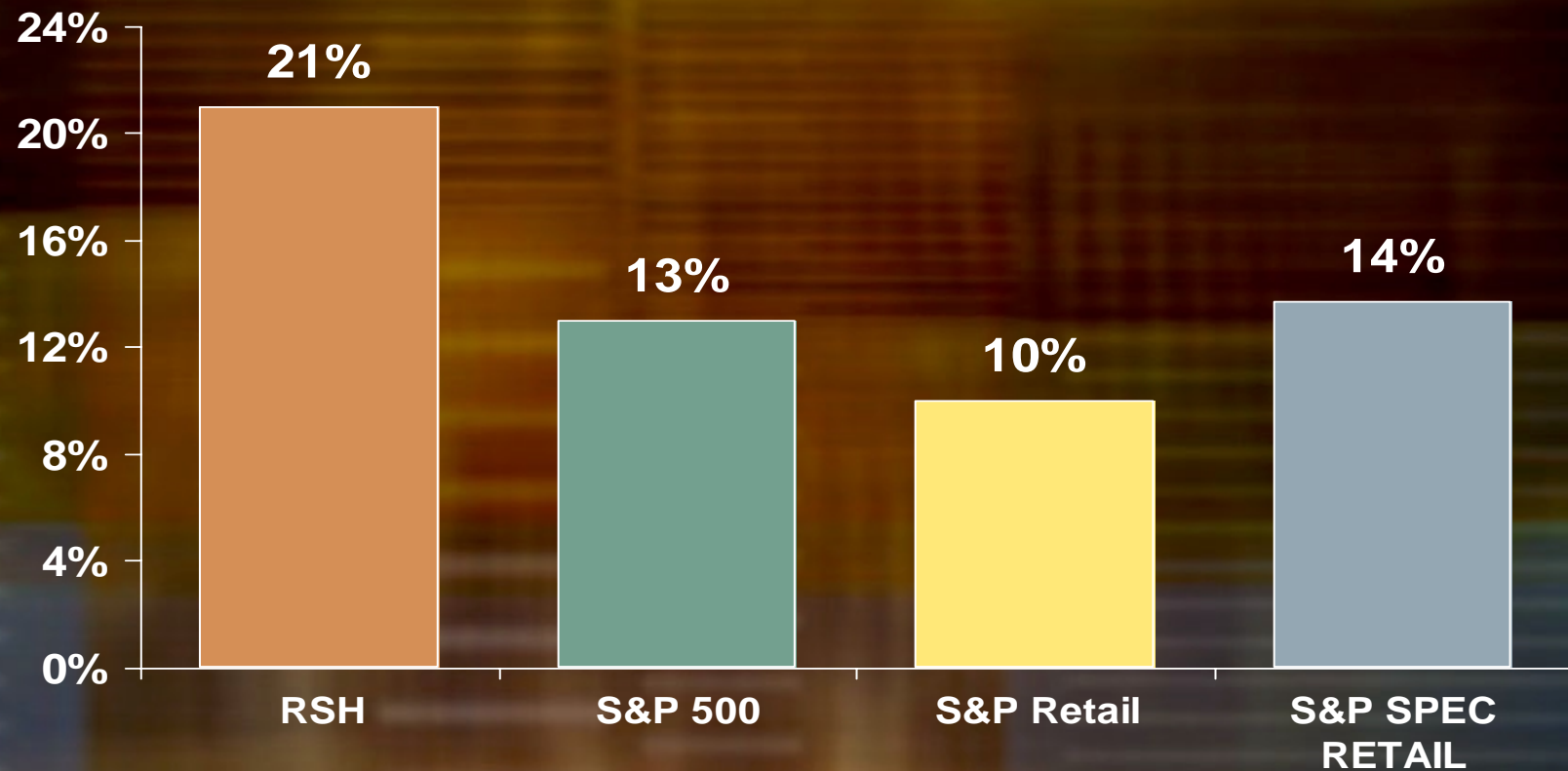
Forward P/E (2003)



Source: Compustat, Thomson Financial, Dec 06, 2002

RadioShack ROIC At Premium

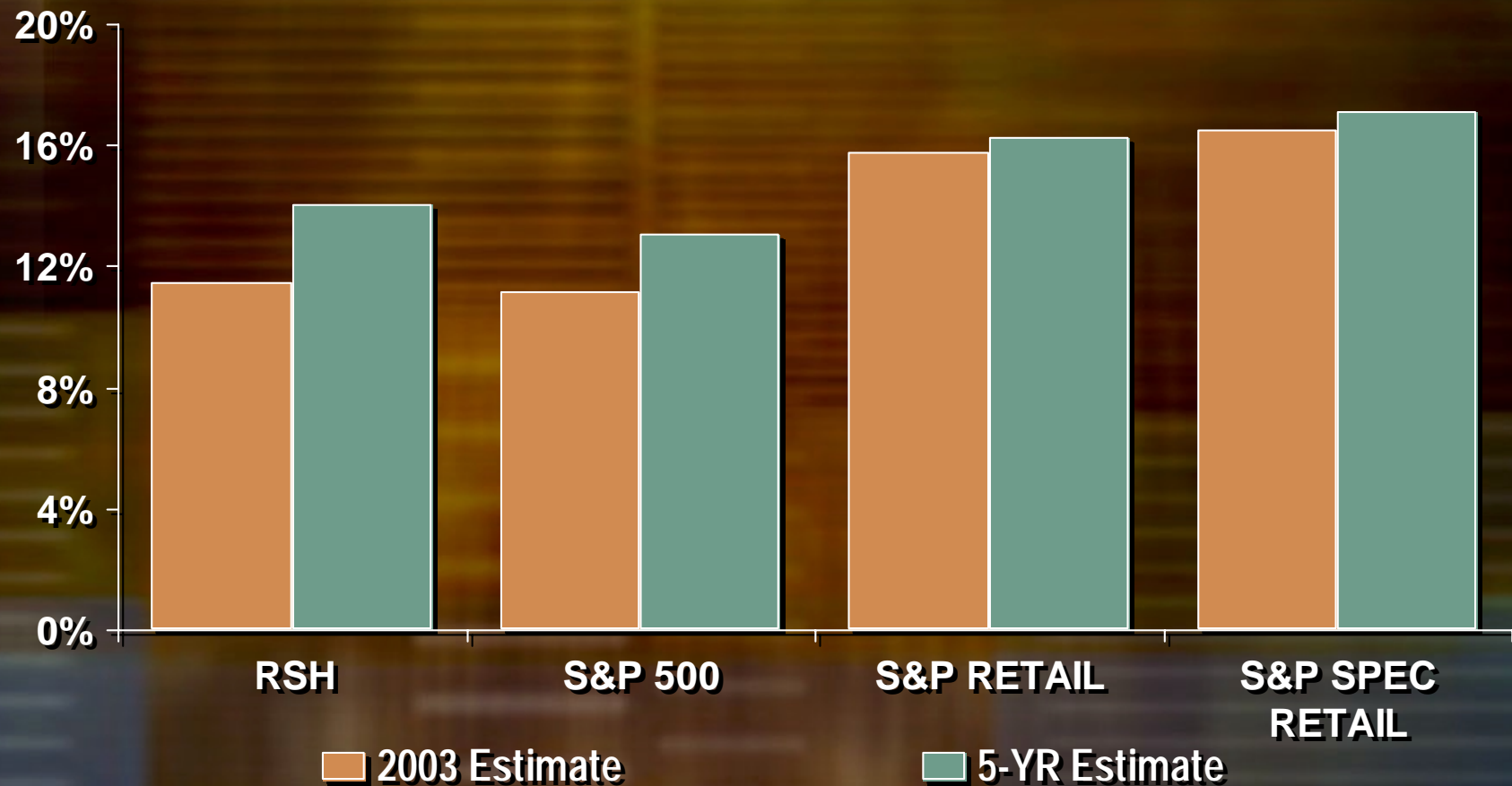
Return on Invested Capital



Source: Compustat, Thomson Financial

$ROIC\% = \text{Net Operating Profit After Tax} / (\text{Total Debt} + \text{Shareholder Equity}) * 100$

Solid Projected Earnings Growth



Source: RadioShack, Compustat, Thomson Financial

Financial Summary

Long-Term EPS Growth of 13% - 15%

Focused on Right Things to Drive Sustainable Growth

Strong Cash Flow Generation

Reasonable Valuation



RadioShack®