With over 6,900 RadioShack℠, Computer City¤ and Incredible Universe¤ stores and dealers worldwide, Tandy Corporation is the largest retailer of consumer electronics.

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ANNUAL REPORT 1995

TANDY

DEAR FELLOW SHAREHOLDERS,

FISCAL 1995 had a major dimension in new store openings. RadioShack opened 160 new stores, the most in a decade. Computer City opened 30 new stores to bring their total to 99 in four countries in as many years. Incredible Universe almost doubled their number of stores with eight, for a total of 17.

John V. Roach, Chairman of the Board and Chief Executive Officer, Tandy Corporation

RADIOSHACK strengthened its position as a "retail service concept" as it became the leading retailer of cellular phones and services. RadioShack also became a leading retailer of DSS satellite systems and the related DIRECTV and USSB services. A strategic alliance with IBM also led to RadioShack becoming the #1 retailer of IBM Aptiva computers during the '95 holiday season.

COMPUTER CITY'S focus on new store openings diverted attention from growing the basic business, resulting in a very modest old store sales gain. Incredible Universe aggressively opened eight new stores only to find that the new stores were not developing the anticipated sales volume. The net result was a disappointing profit performance in the fourth quarter and only a 7% earnings per share growth for 1995.

1996 is therefore a year of challenge, change and great opportunity. RadioShack plans to build on its successes of 1995 with major programs in the promotion of our higher-margin core categories. While our sales growth in batteries in 1995 exceeded the industry, RadioShack plans to pursue the same growth in other parts and accessory categories. RadioShack will also place significant effort behind selling security monitoring services during 1996.

RADIOSHACK will also be developing its positioning in the new era in telecommunications initiated by Congressional passage of new legislation. RadioShack's unique positioning as a "retail service concept," its unparalleled distribution with 6,800 stores and dealers, its personally oriented sales approach and proven record of selling telecommunications services are significant strengths for potential allies who are attempting to broaden their span of services offered to the consumer. The legislation opens the channels to let everyone get into everyone else's business, and RadioShack can help. While this new era offers challenges, it can be a significant enhancement to RadioShack's already promising future.

Net Sales and Operating Revenues
(In millions)

COMPUTER CITY will shift its focus in 1996 from new store openings to profitable growth of its existing stores. The number of net new stores may not exceed 15. New programs being instituted at Computer City include a commissioned sales program, a 110% price guarantee, increased emphasis on being adequately in-stock on advertised and fast-moving merchandise, strengthened infrastructure and support for corporate sales and the development and training of store personnel. These programs should propel Computer City from a start-up company to an efficient, customer service oriented retailer.

THE INCREDIBLE UNIVERSE division is also shifting its focus from new store openings to growing existing stores. Investment in new stores has been reduced to a minimum. A number of volume- and traffic-building programs have been introduced for 1996. These include new advertising programs that better present the broad scope of Incredible Universe and increase focus on our differentiating strengths of product demonstrations, vendor seminars, clinics and community events. Also, increased utilization of space is being planned to increase sales per square foot. The thrust for 1996 is clearly to help Incredible Universe reach its potential.

DURING 1995 we continued our program of share repurchase by purchasing 7.5 million shares. On December 18, 1995, the Board of Directors authorized an additional repurchase of five million shares. We believe these repurchases are in the long term a good investment for all shareholders. Also, Leonard Roberts, President of RadioShack, was named President of Tandy Corporation with responsibility for RadioShack and Tandy Retail Services. I enthusiastically recommended this promotion in recognition of his contributions at RadioShack and the potential to bring new dimensions to our support services.

1996 promises to be a challenging year with a possibly questionable retail environment, but it is also in a period that almost seems to be "raining opportunity," which should bode well for our future.

John V. Roach

WITH locations in virtually every mall and community in America, RadioShack is perhaps the ultimate convenience/service store for consumer electronics and computers. The stores carry a diverse mix of audio, video, security and computer products, but their real strength is in high-margin, hard-to-find products such as cables, connectors, jacks, batteries, and various electronic parts. RadioShack is the place America goes for answers to everyday questions about electronics—and America has questions. The division is poised to continue its upward trend. RadioShack has a "new-look" image for its advertising, packaging and store design, highlighted by a clean, easily identifiable new logo. New alliances with leading name-brand vendors including IBM, PrimeStar and ADT bode well for even greater customer awareness and acceptance.

Sales & revenues:
1995: $3.2 billion
1994: $3.0 billion
Number of stores: 6,836
(4,831 company-owned)

New stores added (net): 160 in 1995, 48 in 1994
New stores planned for 1996: 100-120
Average store size: 2,450 sq. ft.
Items in inventory: 3,650 (approx.)

COMPUTER CITY is a destination superstore, with typically one to six locations in a major market area. Aisle after aisle of the best names in hardware, peripherals, software and accessories, all at great prices, provide an outstanding selection for any computing need: business, home office, entertainment or education. Computer City's growth has created a substantial store base; the division will now focus on strengthening its existing stores' position in the PC marketplace. New marketing initiatives include a fun-filled aisle devoted to younger customers. New marketing strategies will be introduced to help target the "corporate customer" demographic.

Sales & revenues:
1995: $1.8 billion
1994: $1.2 billion
Number of stores: 99
New stores added: 30 in 1995, 29 in 1994

New stores planned for 1996: 15-20
Average store age as of 12/31/95: 20 months
Average store size:
SuperCenters (88 locations): 22,700 sq. ft.
Express stores (11 locations): 12,300 sq. ft.
Items in inventory: 5,000 (approx.)

THE revolutionary Incredible Universe "gigastore" format may be the ultimate destination store. As big as some malls, it offers an incredible selection of consumer electronics, computers, major appliances, software, electronic games, CDs, videos and accessories, often with dozens of models from which to choose. Typically, one or two stores serve a major market. Research shows that customers are willing to drive past many competing stores to reach Incredible Universe's vast selection, appealing prices and fun environment. The concept is still young, but the electrifying gigastores and their throngs of customers have won rave reviews. As it matures, Incredible Universe plans to continue to differentiate itself through marketing, including increased campaigns to encourage repeat customer visits. Strategies to improve inventory control, gross margins, new product selection and sales of services such as DSS, the Internet and wireless communications have been implemented.

Sales & revenues:
1995: $742 million
1994: $382 million
Number of stores: 17
New stores added: 8 in 1995, 6 in 1994

New stores planned for 1996: 2-3
Average store age as of 12/31/95: 13 months
Average store size: 184,000 sq. ft.
Items in inventory: 85,000 (approx.)

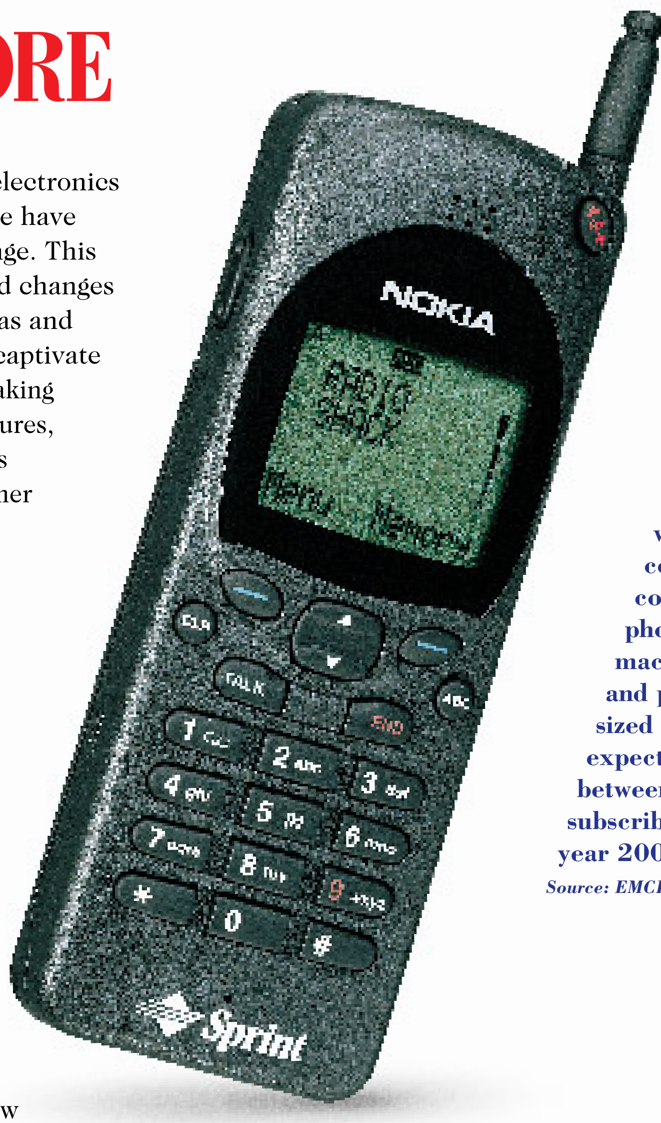
All data as of 12/31/95

WHAT'S IN STORE

SINCE our start in consumer electronics retailing over 75 years ago, we have witnessed one constant: change. This business builds and grows and changes and evolves, propelled by ideas and innovations that attract and captivate new customers. Now, the digital revolution is making possible a new wave of products with clearer pictures, crisper sound and expanded capabilities. Tandy is ready with the best, brightest concepts in consumer electronics and computer retailing.

- Right now, our RadioShack stores are enjoying new growth and customer acceptance, and we believe the division has great potential.
- Right now, our Computer City chain has neared the 100-store milestone, and is in position to serve the needs of over 70% of all U.S. computer users.
- Right now, our Incredible Universe gigastores are establishing themselves as the ultimate destination store for major purchases, with an entertaining concept that keeps people coming back for more.

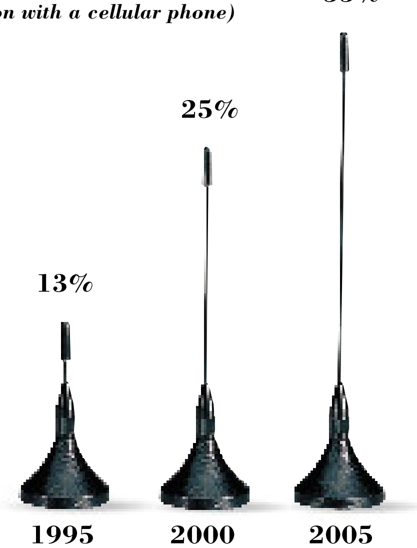
THE OPPORTUNITIES this vibrant industry offers make this an exciting time for Tandy Corporation. Here is a look at a few of the product categories that could drive our business in 1996 . . . and beyond.



MORE THAN CELLULAR
PCS, the next wave of wireless communications, combines a portable phone, answering machine, Caller ID and pager in a palm-sized handset. PCS is expected to grow to between 20-25 million subscribers by the year 2000.

Source: EMCI, Dataquest

Cellular Telephone Owners
(projected percentage of U.S. population with a cellular phone)



NEW LOOK
RadioShack recently introduced a new look for its logo, store design, advertising and packaging. The simple, clean style was created to help keep RadioShack fresh and appealing to customers.

RadioShack SM

WIRELESS COMMUNICATIONS

IMPROVED features and reduced prices have transformed cellular phones and pagers from business-only products to the real-life world of American families. Cellular has been a major force, developing the status of a "must-have" product. In 1990, an estimated 1.9 million cellular phones were sold industrywide. It is estimated that more than triple that amount—almost 6.8 million units—will be sold in 1996.

Incredible Universe draws customers from incredible distances.

RADIOSHACK has become America's largest retailer of cellular phones and pagers. Incredible Universe has also proven adept at marketing wireless communications products, and Computer City has added wireless products to its line.

PAGERS are now such a convenient, economical way to keep in touch that many families have more than one. Low prices on one-way pagers and the versatility of new two-way pagers should fuel continued growth.

PERSONAL COMMUNICATION SERVICE (PCS) is the next wave of cellular technology, combining the features of a portable phone, answering machine, Caller ID unit and pager in a palm-sized handset that's smaller and lighter than traditional cellular phones.

BECAUSE PCS is 100% digital, it offers clearer voice quality and encrypted transmissions for a higher degree of privacy. PCS uses frequencies formerly reserved for government use, and is being rolled out on a market-by-market basis in 1996. PCS is expected to grow to between 20-25 million subscribers by the year 2000.

SERVICE SUBSCRIPTIONS for cellular phones, pagers and PCS are a key opportunity. Our divisions' emphasis on service and built-in customer acceptance as outlets for wireless communications products gives us every reason to believe we can build on our position of market leadership.

TWO-WAY PAGING: NEW OPPORTUNITY
Industry sources predict that two-way paging, only available in test markets in 1995, could grow to a subscriber base of over 4.5 million users by 1999.

THE PAGER BOOM
One-way (narrow-band) paging currently has 24.5 million subscribers, and is expected to grow to 56.2 million by the year 2000 and 92.2 million by 2005.

Source: PCIA

CELLULAR SELLS
Telecommunications forecaster Herschel Shosteck expects cellular subscriptions to jump from just 13% of the U.S. population in 1995 to 33% by the year 2005.

HOME AUDIO/VIDEO

ENTERTAINMENT is the key role of many consumer electronics products. Even in uncertain economic times, this category provides consumers with affordable entertainment options.

The blossoming Home Theater market is the biggest news in the home audio and video scene. With rising costs for going out—parking, babysitters, tickets and concessions—consumers are looking to Home Theater as a great way to enjoy big-budget Hollywood movies in the comfort of their own home. Linking television, stereo and VCR or laserdisc, Home Theater duplicates the cinematic "surround sound" experience.

HOME THEATER IS A HIT!
The number of households with the necessary equipment to experience Home Theater is estimated to have more than doubled during 1995, to 10.8 million households.

Source: Electronic Industries Association, Consumer Electronics Group

HOME THEATER offers numerous sales opportunities. Customers often add a new receiver, VCR, five to six new speakers, a subwoofer and a big-screen TV. That's not to mention the cables and adapters needed to hook everything up, plus a rooftop antenna, and for a truly complete system, a DSS dish.

CUSTOMERS FIND the investment pays off in a big way: The Consumer Electronics Marketing Association says Home Theater owners spend 30% more time with their families than they did before they purchased their system.

BOTH RADIOSHACK and Incredible Universe have proven well-suited to selling Home Theater products. For example, vast selection, exciting atmosphere and sheer floorspace for product displays helps Incredible Universe sell big-screen projection TVs at a rate over three times the industry average.

DSS (Digital Satellite Systems) is a new product of the digital revolution. This affordable satellite TV system works with a user-installable outdoor mini-dish only 18" wide. In less than two years DSS has become a major consumer product. More than a million households already enjoy the benefits: access to up to 200 channels plus digital picture and sound quality light-years ahead of existing cable TV.

LIKE CELLULAR and pagers, DSS also offers additional revenue opportunity

SOUNDS LIKE A WINNER
RadioShack's fast-selling Optimus¤ PRO LX5 speakers have won glowing reviews from industry experts. *Video* magazine pronounced them "the best sounding $300 pair of speakers I have ever heard," and *Audio* magazine's reviewer says the speakers are "an astonishing hi-fi bargain if there ever was one."

with sales of broadcast services (DIRECTV¤ and USSB). Service subscriptions are priced comparably to cable TV, yet DSS's digital signal allows for a greatly enhanced picture and CD-quality sound. RadioShack has become a leading retailer of DSS in the U.S. in less than a year, and is now adding PrimeStar to its lineup.

ANOTHER digital innovation is DVD (Digital Video Disc), which could trigger the next revolution in consumer electronics. Just one side of a single CD-sized DVD can store 133 minutes of live-action video, with a picture better than today's laserdisc players and audio comparable to CDs.

THE DVD format could be adopted as a standard for movie players, computers, game players, navigation and network servers. A single DVD disc has the storage capacity of 15 compact discs, or a stack of paper twice as tall as the Empire State Building. What's more, the discs should even be recordable in the near future.

SATELLITE TAKING OFF
New DSS (shown here) and PrimeStar satellite TV systems each sold more than a million units industrywide during 1995. A DSS system is up and running at many RadioShack locations. The chain also tested offering PrimeStar during 1995, and will have a nationwide rollout of PrimeStar during 1996.

COMPUTING

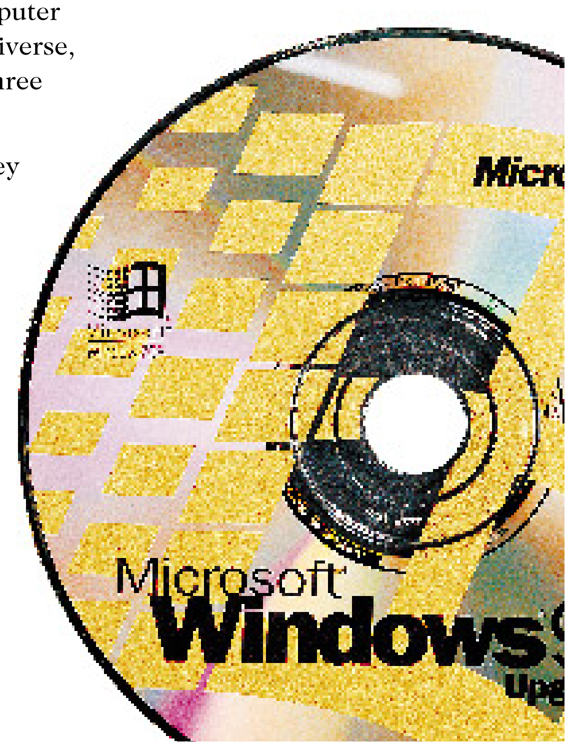
PROBABLY the single most essential tool in the business world, the computer is now a pervasive part of life outside the workplace as well. The Consumer Electronics Manufacturers Association estimates that over 40% of U.S. households now have a PC.

THE COMPUTER industry could grow at an annual rate of around 15% over the next several years. Americans want computers, and Tandy's varied retail approaches provide solutions for almost every customer—whether through the convenience of RadioShack, or the selection and low prices of Computer City and Incredible Universe, plus the expertise all three chains offer.

A RECENT survey shows that more than 80% of people who plan

After four years of rapid growth, Computer City is now in position to serve an estimated 70% of America's computer users. Direct mail campaigns and additional expansion will help extend that reach.

DOING WINDOWS
As more users adopt Microsoft Windows¤95 the operating system should continue to fuel sales of more powerful PCs, memory, peripherals and software.



to buy a computer say it is primarily for their children's education. New products designed to cater to this market segment include "Wondertools," an innovative line of interactive computer products created by Compaq and Fisher-Price.

TODAY, the "typical" new computer has a Pentium processor running at 100 MHz, about 8 to 16 megabytes of RAM, 1 to 1.6 gigabytes of hard disk space, and a CD-ROM drive. It is easy to imagine a PC with five to ten times those capabilities and a writeable CD drive in the not-too-distant future.

THESE ADVANCES will enrich multimedia, which enables programs to offer sound, photos, animation and video. The multimedia software industry could grow as much as 40% within the next two years.

THE INTERNET, or "Information Superhighway," is dramatically expanding the amount of information available to PC users. Using a modem, Internet "surfers" can have their PC call a local phone number, and then browse and interact with a world of "sites" from universities, companies, organizations and individuals—each offering something different in terms of information and services.

A NEW product category may emerge for scaled-down computers priced as low as $500, with little hardware other than that needed to go online. Such a machine could tap new market potential.

THE INTERNET and online services are accessed through subscriptions—the marketing of which provides another revenue opportunity. By marketing these services, RadioShack, Computer City and Incredible Universe can all serve as reliable "on-ramps to the Information Superhighway."

FAST MOVER
During the '95 holiday season, RadioShack sold almost its entire stock of IBM Aptiva computers—a prime example of how RadioShack is building profitable alliances with brand-name vendors.

GAINING MOMENTUM
In the U.S. in 1995, the number of computers sold through the consumer channel almost equaled the number of passenger cars sold.

Sources: Consumer Electronics Manufacturers Association and CNN Financial Network

HOME ON THE WEB
The Internet has created a true global community, with borders traversed by a few simple keystrokes. Here is Tandy's Internet address on the World Wide Web:

http://www.tandy

SERVICES

THE CONSUMER electronics and computer industries provide significant revenue opportunities beyond the sale of products.

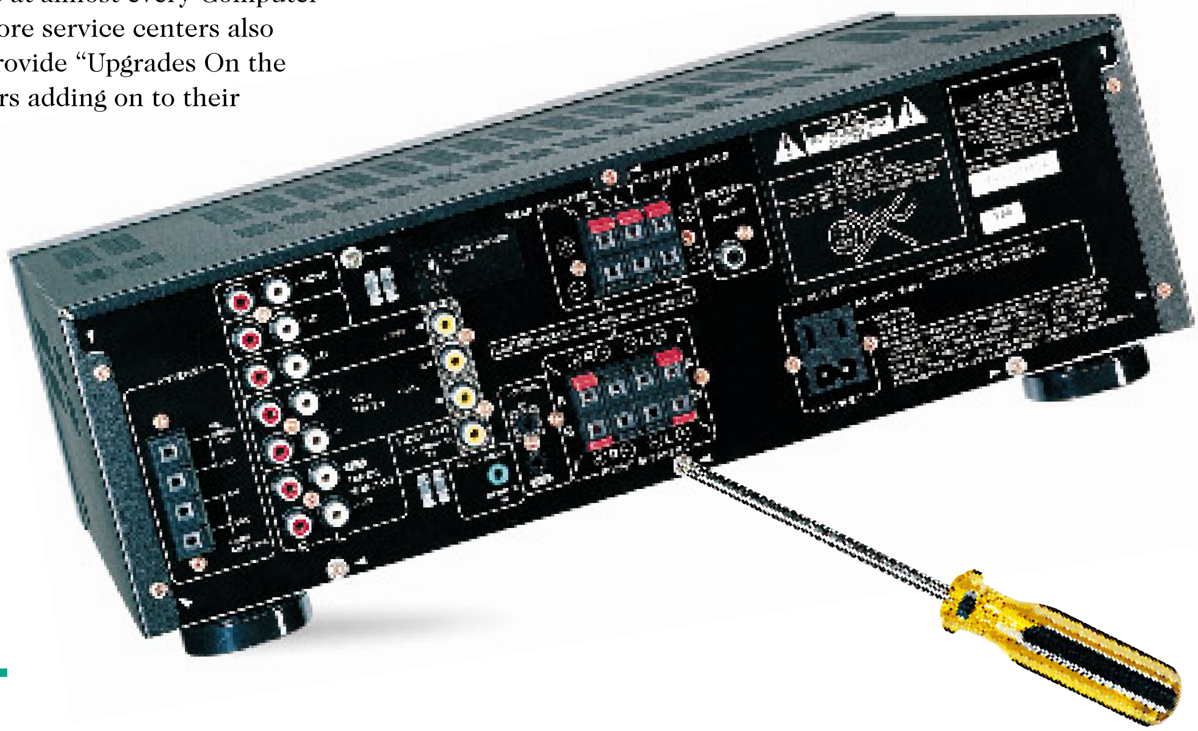
SERVICE SUBSCRIPTIONS for products such as cellular phones, PCS phones, satellite TV, Internet access and online services can be a lucrative business. Key considerations are having the right services to sell, and the expertise to explain those services to the consumer. Tandy's size, well-established relationships with service providers and reputation for providing answers to consumers create a strong basis for success in these arenas.

MONITORED SECURITY is another area of opportunity. Americans frequently cite crime as their #1 concern. RadioShack helps meet security needs by offering monitored security systems from two industry leaders: ADT Security Systems and Orca Technology Monitoring Services.

MANY CONSUMER electronics products require occasional maintenance or repair. The Repair Shop at RadioShack, which provides service for most major brands of out-of-warranty electronics, was made possible by Tandy's existing strength of 139 service centers nationwide. This network also allows Incredible Universe to offer similar service.

FACTORY-AUTHORIZED service for computer products is available at almost every Computer City location. These in-store service centers also allow Computer City to provide "Upgrades On the Spot" service for customers adding on to their computer systems.

By the end of 1995 there were 6,836 RadioShack stores and dealers nationwide, 4,831 of which were company-owned. During the past three years, over 119 million customers have shopped at RadioShack.



WE CAN FIX IT
The Repair Shop at RadioShack℠ provides repair for most major brands of out-of-warranty electronics. Customers can drop items off at their neighborhood RadioShack store, a convenience no competitor can match.

.com

OTHER OPPORTUNITIES exist as well. We have leveraged off existing capabilities to create programs such as RadioShack Gift Express℠, which can wrap a gift, add a card and ship anywhere in the U.S., as easy as sending flowers!

ANOTHER OUTGROWTH of our existing capabilities are parts and products-ordering programs like RadioShack Unlimited℠, which makes an extraordinary variety of unique and hard-to-find items available for delivery anywhere in the U.S. through your conveniently located RadioShack store. One appeal of RadioShack Unlimited is that it expands RadioShack's product line by over 100,000 items without expanding store size or increasing inventory.

RadioShack Gift Express℠

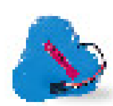
RadioShack Gift Express gives customers the ability to send great electronic gifts anywhere in the U.S., quickly and easily. Gifts are wrapped and a personalized card is included; orders are processed at a strategically located distribution center.

AND SO MUCH MORE!

YOU CAN FIND IT . . .
When customers ask for a hard-to-find item, even our competitors' salespeople know the score. Almost everyone has been told at one time or another "You can find that at RadioShack."

HIGH-PROFILE ITEMS like computers and cellular phones attract a lot of attention—but there are thousands of other more humble products that also play a vital role in our business. Consider the batteries, cables, wires, plugs, jacks, bulbs, switches, connectors, antennas and other parts that make the bigger-ticket items work.

SIGNIFICANT OPPORTUNITY exists with other supposedly low-profile products. For example, 3M predicts that the computer "ergonomics industry" of wrist rests, copy holders and similar items will be a $1 billion business by 1997. These represent just a few of the hundreds of accessory products sold at Computer City's stores, which are heavily merchandised with highly profitable "impulse items" at every turn. The same is true of Incredible Universe, which also carries many "parts and pieces."



HIGH-ROLLING
Radio-controlled cars are big business at RadioShack. In November/December 1995, the chain sold roughly as many "vehicles" as Chevrolet, Buick, Cadillac, Pontiac, GMC, Oldsmobile, Chrysler, Plymouth, Dodge, Eagle and Jeep *combined*.
Source: CNN Financial Network

MAJOR APPLIANCES
After Incredible Universe's first few months in business in the Dallas/Fort Worth area, a survey by Babson College showed that it was second only to Sears in terms of customer awareness for major household appliances.

OUR STORES are the source for thousands of products that help people do the things they want to do: security alarms; boom boxes; telephones; answering machines; caller ID; PA equipment; scanners; toys; speakers; business-band, CB and shortwave radios; clock radios; Weatheradios®; thermometers; camcorders; calculators. The list goes on and on.

OTHER "END PRODUCT" categories are also an important part of the Tandy retail story. Can any other appliance dealer match the incredible selection of Incredible Universe? With 579 stoves, refrigerators, dishwashers and other major household appliances on display, the breadth of choice is hard to beat.

THIS INDUSTRY is about the future—and we are excited about what the future holds for Tandy Corporation. We have the products customers want in venues that meet their needs. We have the know-how to close the sale (and inspire the next sale).

VISIT US SOON, and join us as we continue to expand our role as America's premier consumer electronics and computer retailer.

POWERFUL PRODUCTS
RadioShack offers over 750 types of batteries, including alkalines and Ni-Cd rechargeables. RadioShack sells more than 100 million batteries a year.

STORE NETWORK: THE TOP 40 MARKETS

Our growth strategies have placed RadioShack, Computer City, Incredible Universe and our repair/service centers in prime position to serve consumers. This chart shows the number of Tandy stores and dealers in the top 40 Dominant Marketing Areas (DMAs) in the United States at December 31, 1995.

Market	RadioShack	Computer City	Incredible Universe	Service Centers
1. NEW YORK	311	6	1	6
2. LOS ANGELES	246	7	-	6
3. CHICAGO	171	3	-	3
4. PHILADELPHIA	112	3	-	5
5. SAN FRANCISCO/OAKLAND/SAN JOSE	122	3	-	3
6. BOSTON	122	4	-	3
7. WASHINGTON, DC	104	3	1	3
8. DALLAS/FORT WORTH	113	3	2	3
9. DETROIT	85	1	-	2
10. ATLANTA	76	4	-	3
11. HOUSTON	94	4	1	5
12. SEATTLE/TACOMA	72	4	1	4
13. CLEVELAND	84	-	-	1
14. MINNEAPOLIS/ST. PAUL	60	3	-	3
15. TAMPA/ST. PETERSBURG/SARASOTA	72	2	-	4
16. MIAMI/FT. LAUDERDALE	80	2	2	6
17. PHOENIX	55	1	1	4
18. DENVER	59	2	1	4
19. PITTSBURGH	67	1	-	4
20. ST. LOUIS	47	1	-	2
21. SACRAMENTO/STOCKTON/MODESTO	56	1	1	2
22. ORLANDO/DAYTONA BEACH/MELBOURNE	55	2	-	2
23. BALTIMORE	48	2	-	3
24. PORTLAND, OR	36	1	1	2
25. INDIANAPOLIS	47	-	1	2
26. HARTFORD/NEW HAVEN	61	-	-	1
27. SAN DIEGO	47	2	1	2
28. CHARLOTTE	37	1	1	2
29. CINCINNATI	44	1	-	2
30. RALEIGH/DURHAM	35	-	-	2
31. MILWAUKEE	38	1	-	1
32. KANSAS CITY	36	1	-	2
33. NASHVILLE	27	1	-	2
34. COLUMBUS, OH	36	-	1	2
35. GREENVILLE/SPARTANBURG/ASHEVILLE/ANDERSON	29	-	-	1
36. SALT LAKE CITY	32	1	1	3
37. SAN ANTONIO	34	1	-	2
38. GRAND RAPIDS/KALAMAZOO/BATTLE CREEK	26	1	-	1
39. BUFFALO	35	1	-	3
40. NORFOLK/PORTSMOUTH/NEWPORT NEWS	38	-	-	2
SUBTOTAL	2,949	74	17	113
OTHER MARKETS (includes international)	3,887	25	0	26
TOTAL	6,836*	99	17	139

*SPECIALTY RETAIL GROUP (included in RadioShack total above)
McDuff, The Edge in Electronics, Audio Video & Computers and Famous Brands Electronics: 94 stores

6,900+ STORES & GROWING

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

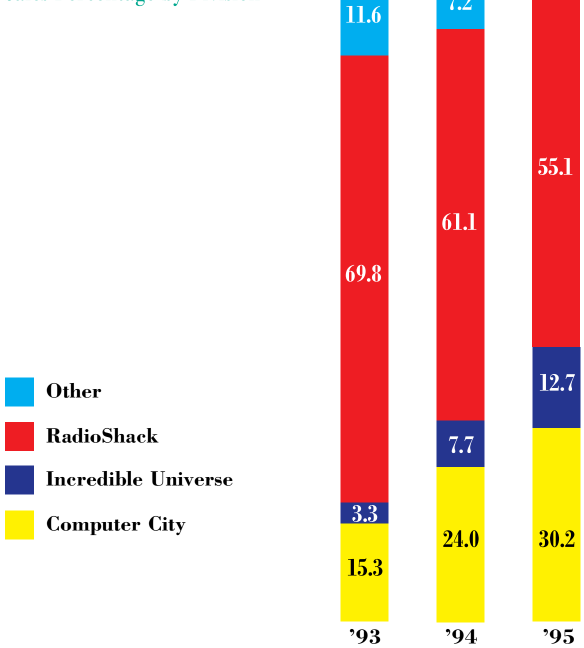
With the exception of historical information, the matters discussed herein are forward-looking statements that involve risks and uncertainties including, but not limited to, economic conditions, interest rate fluctuations, product demand, competitive products and pricing, availability of products, inventory risks due to shifts in market demand, the regulatory and trade environment, real estate market fluctuations and other risks indicated in filings with the Securities and Exchange Commission.

NET SALES AND OPERATING REVENUES

(In thousands)	Year Ended December 31, 1995	1994	1993
RadioShack	$3,219,330	$3,022,846[1]	$2,863,842[1]
Incredible Universe	741,966	381,682	136,119
Computer City	1,763,883	1,184,152	626,222
	5,725,179	4,588,680	3,626,183
Tandy Name Brand (closed)	28,041	271,504	335,389
Other Sales	85,847	83,495	140,979
	$5,839,067	$4,943,679	$4,102,551

(1) Reclassified to include the remaining 73 Tandy Name Brand retail units.

Sales Percentage by Division



For the year ended December 31, 1995, Tandy Corporation's ("Tandy" or the "Company") sales increased 18% to $5,839,067,000 from $4,943,679,000 for the year ended December 31, 1994. The increase in sales was primarily attributable to the addition of 160 RadioShack℠ stores (net of closures), eight Incredible Universe¤ stores and 30 Computer City¤ stores during 1995. Due to the closure of 233 Tandy Name Brand Retail Group ("Tandy Name Brand") stores during the first quarter of 1995, sales for that division decreased from $271,504,000 to $28,041,000. This division is now closed and sales of the remaining Tandy Name Brand stores are included in the RadioShack total for each period presented in the accompanying table.

For the year ended December 31, 1995, the Company showed approximately 5% same store sales growth, with all divisions showing same store sales increases during the year. The RadioShack division achieved 6% same store sales growth, while Incredible Universe and Computer City each had same store sales increases of 2%.

Same store sales increases (decreases) for the quarter ended December 31, 1995 for RadioShack, Computer City and Incredible Universe were 5%, (6%) and less than 1%, respectively. RadioShack's increased sales for the year and the quarter reflected the increasing demand for cellular phones. Cellular phone commissions increased in 1995 by approximately $150,000,000 as compared to 1994. In addition, sales of its core products also increased, reflecting the results of new advertising campaigns. Same store sales at Computer City for the fourth quarter declined primarily because of lower than anticipated demand for personal computers at its stores. Computer City and Incredible Universe are reevaluating their advertising plans, customer service and other marketing strategies in an effort to increase same store sales in 1996. For example, new programs being instituted at Computer City include a commissioned sales program, a 110% price guarantee, increased emphasis on being adequately stocked in advertised and fast-moving merchandise, strengthened infrastructure and support for corporate sales and the development and training of store personnel. At Incredible Universe a number of volume and traffic building programs have been introduced for 1996. These include new advertising programs that better represent the broad scope of Incredible Universe and increase focus on our differentiating strengths such as demonstrations, vendor seminars, clinics and community events. Also, increased utilization of space is being planned to increase sales per square foot.

Retail Outlets

	Avg. Store Size (Sq. Ft.)	Dec. 31, 1995	Dec. 31, 1994	Dec. 31, 1993
RadioShack Division				
Company-Owned	2,450	4,831[1]	4,598	4,553
Dealer/Franchise	N.A.	2,005	2,005	2,002
		6,836	6,603	6,555
Computer City	21,550	99	69	40
Incredible Universe	184,000	17	9	3
Tandy Name Brand Retail Group[2]				
McDuff Supercenters		—	71	75
McDuff/VideoConcepts Mall Stores		—	219	231
The Edge in Electronics		—	16	16
		6,952	6,987	6,920

(1) As of January 1, 1995, the Specialty Retail Group of the RadioShack division included 73 Tandy Name Brand units.

(2) In the first quarter of 1995, 151 VideoConcepts, 30 McDuff mall stores and 19 McDuff Supercenters were closed. In addition, 33 other mall stores or Supercenters were converted into RadioShack or Computer City Express℠ stores. See "Provision for Business Restructuring".

RadioShack sales in 1995 of consumer electronics and cellular commissions, as a percentage of overall sales, rose modestly while the percentage of overall sales attributable to personal computers and electronic parts, accessories and specialty equipment decreased. The decrease in RadioShack's computer business reflected the impact of sharply lower pricing in response to competitive pressures in the marketplace. The changing dynamics of the personal computer business had a significant impact on RadioShack's sales performance during 1993, and to a lesser extent in 1994 and 1995. A combination of shifts in retail distribution to computer superstores, large consumer electronics store formats and telemarketing combined with rapidly declining prices has taken the computer category from approximately 14.2% of RadioShack's sales and a gross profit of approximately 15.2% for the year ended December 31, 1993 to approximately 10.6% of sales and a gross profit of approximately 11.8% for the year ended December 31, 1995. It is anticipated that personal computer sales should be between 10% and 12% of RadioShack's business in 1996. The table below shows the breakdown by major category of RadioShack sales.

RadioShack Sales to Customers

	Percent of Total Sales Year Ended December 31,		
Class of Products	**1995**	**1994**	**1993**
Consumer electronics	46.1%	45.4%	44.6%
Electronic parts, accessories and specialty equipment	32.9	36.0	36.1
Personal computers, peripherals, software and accessories	10.6	12.0	14.2
Repair services, cellular commissions and other	10.4	6.6	5.1
	100.0%	100.0%	100.0%

During 1994, Tandy and InterTAN Inc. ("InterTAN") entered into a new import/export agreement under which Tandy's A&A International ("A&A") operations would act as InterTAN's agent in importing consumer electronics from the Far East. Commencing in March 1994, only the purchasing agent commission and sales made by Tandy manufacturing plants to InterTAN were recorded as sales. InterTAN purchases from third parties through A&A are no longer recorded as sales, reflecting the arrangement under the new merchandise agreement; however, commission income is reported as operating revenue. Accordingly, reported sales by Tandy to InterTAN in 1995 and 1994, reflected in Other Sales, were considerably lower than in 1993; however, the earned income relating thereto was not materially different. See the discussion in the "InterTAN Update" found below.

RadioShack Sales & Stores/Dealers

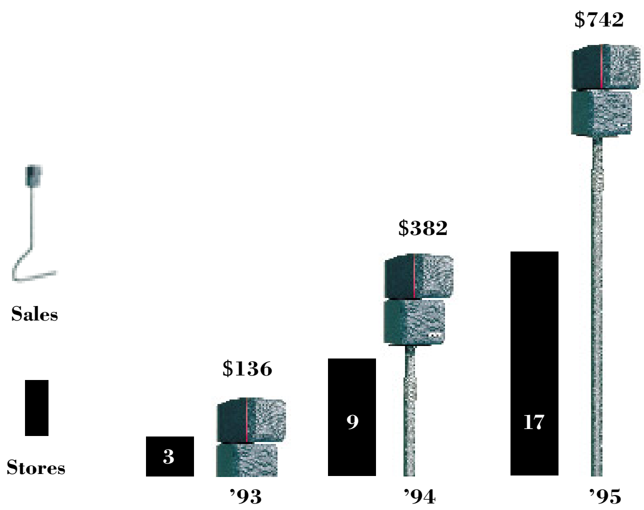
(Dollars in billions.)

Computer City Sales/Store Growth

(Dollars in billions.)

Incredible Universe Sales/Store Growth

(Dollars in millions.)



Tandy's sales increased 21% to $4,943,679,000 in 1994 from $4,102,551,000 in 1993. The increase in sales was primarily attributable to the addition of six Incredible Universe and 29 Computer City stores during 1994. A net increase of 45 RadioShack stores also contributed to the sales increase. Partially offsetting these upward trends in sales was an overall decline in sales for Tandy Name Brand. This decline can be partially attributed to the fact that 110 McDuff¤ and VideoConcepts¤ stores were closed during February 1993. See "Provision for Business Restructuring" below for further discussion of Tandy Name Brand.

During 1994, Tandy posted a 5% same store sales increase. RadioShack and Computer City achieved same store sales increases of 5% while the Tandy Name Brand group was up only slightly. Incredible Universe, with three old stores, experienced a 20% comparable stores sales gain during calendar 1994. Same store sales increases reflected growing demand for consumer electronics and a strong economy.

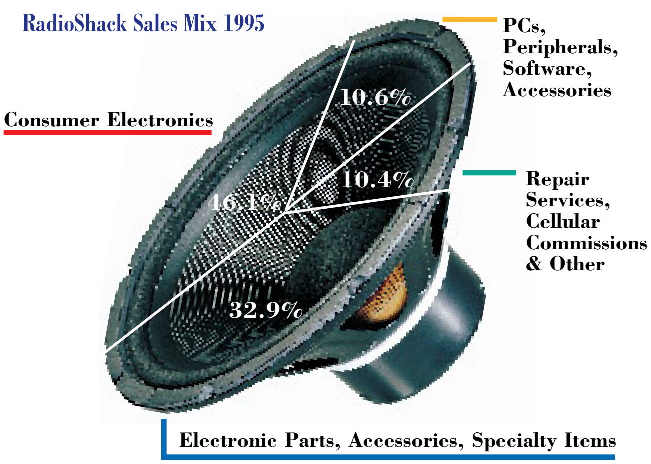
GROSS PROFIT

Gross profit as a percentage of sales declined from 39.0% in 1994 to 35.5% in 1995. This decrease reflects the continued expansion of Tandy's lower gross margin retail formats. During calendar year 1995, Computer City and Incredible Universe represented 42.9% of total sales and operating revenues compared to 31.7% of the 1994 total. Management anticipates that Tandy's consolidated gross profit percentage will continue to decline as the effects of the Computer City and Incredible Universe expansions are increasingly reflected in the revenue and gross profit mix.

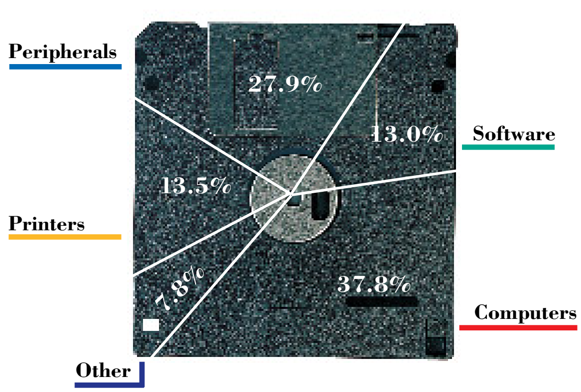
During 1995 RadioShack's gross margin decreased when compared to 1994 due to the rapid growth of cellular phone and digital satellite system sales. It is anticipated that RadioShack's gross margin as a percentage of sales in 1996 could be equal to or slightly exceed the comparable 1995 figure due to emphasis on higher margin categories. Computer City's gross margin remained relatively flat in 1995 when compared to 1994. Competitive forces have continued to play a major factor in keeping margins flat in 1995. Margins are not expected to vary much in 1996 as these competitive forces in the marketplace remain in place and may even increase in some quarters. Incredible Universe's gross margins decreased slightly in 1995 compared to 1994 reflecting the fact that personal computers and related equipment, which inherently have lower margins, contributed a larger portion to the overall sales mix in 1995 versus 1994. This trend is expected to continue in 1996.

Gross profit as a percentage of sales declined in 1994 to 39.0% from the 1993 level of 41.9%. Expansion of the Computer City and Incredible Universe store formats impacted gross margin during these years. During 1994, Computer City and Incredible Universe represented 31.7% of total sales and operating revenues compared to 18.6% of the 1993 total. Offsetting the mix of business shift within Tandy were the increasing gross margins at RadioShack in

RadioShack Sales Mix 1995



Computer City Sales Mix 1995



1994, which continued to benefit from a lower percentage of sales related to low margin computer equipment and a higher percentage associated with the sale of higher gross margin categories including parts, accessories and consumer electronics.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses ("SG&A") as a percentage of sales and operating revenues for the year ended December 31, 1995 declined from the years ended December 31, 1994 and 1993. The accompanying table summarizes the breakdown of various components of SG&A and their related percentage of sales and operating revenues. The lower SG&A percentage reflects the lower costs, relative to net sales and operating revenues, of the Company's newer retail formats (Computer City and Incredible Universe), as well as the lower operating costs achieved through cost reduction programs.

In comparison with the prior year, payroll and commissions expense for 1995 decreased as a percentage of total sales and operating revenues while the dollar amounts increased from year to year. The decrease as a percentage of sales is due to the increase in combined Computer City and Incredible Universe sales as a percentage of total sales and operating revenues from 31.7% in 1994 to 42.9% in 1995. These divisions have an inherently lower salary structure when compared to the total company.

Advertising costs for 1995 have decreased slightly as a percentage of sales, while the dollar amounts have increased since 1994. The increase in advertising costs relates to the addition of 30 new Computer City and eight Incredible Universe stores during 1995 and, therefore, increased marketing efforts in these new markets. Additionally, RadioShack incurred minor advertising expense increases primarily relating to inflation.

Rent expense in 1995 decreased as a percentage of sales in comparison with the prior year, while the dollar amounts remained relatively stable. This decrease as a percentage of sales directly relates to the closing of Tandy Name Brand stores and the increase in the number of Computer City and Incredible Universe stores, as they have lower rent expense as a percentage of sales than the Company as a whole. The relatively stable dollar amount is the result of the reduction in rent expenses related to the 233 closed Tandy Name Brand units offset by the rent of the additional RadioShack, Computer City and Incredible Universe stores.

The expenses of the credit operations have significantly declined as a result of the sale of the private label credit card portfolios which was completed by March 31, 1995.

The sale of the credit card portfolio balance has eliminated most of the risk of uncollectible accounts receivable, thereby significantly reducing the bad debt provision during 1995 as compared to prior years. In addition, servicing costs associated with the portfolio have also been eliminated with the sale. These factors were the primary contributors to the decrease in expenses of the credit operations. Offsetting these reductions are decreased interest income (see discussion below) resulting from the credit card portfolio sale. Commencing in 1995, the Company receives fees from an unrelated third party financier of its private label credit card portfolio balance for the generation of normal interest bearing accounts, and pays a fee for the generation of special purpose promotional accounts, such as "zero percent interest for twelve months." These fees are classified in Credit card fees in the accompanying SG&A table and are the primary reason for the increase in this category in 1995 versus 1994. Credit card fees expense also includes fees associated with third party bank credit cards.

Summary of Selling, General and Administrative Expenses

	Year Ended December 31,					
	1995		1994		1993	
(In thousands)	Dollars	% of Sales & Revenues	Dollars	% of Sales & Revenues	Dollars	% of Sales & Revenues
Payroll and commissions	$ 698,893	12.0%	$ 627,307	12.7%	$ 554,728	13.5%
Advertising	257,299	4.4	224,212	4.5	205,831	5.0
Rent	217,601	3.7	212,422	4.3	202,401	4.9
Other taxes	96,698	1.7	89,488	1.8	79,508	1.9
Utilities and telephone	71,273	1.2	67,398	1.4	62,437	1.5
Insurance	48,341	0.8	51,090	1.0	45,373	1.1
Stock purchase and savings plans	19,704	0.3	21,031	0.4	17,562	0.4
Foreign currency transaction gains	(1,097)	—	(1,495)	—	(762)	—
Credit operations	6,342	0.1	56,828	1.1	55,914	1.4
Credit card fees	52,746	0.9	28,484	0.6	21,550	0.5
Other	178,636	3.1	155,908	3.2	110,134	2.8
	$1,646,436	28.2%	$1,532,673	31.0%	$1,354,676	33.0%

Other SG&A expenses increased $22,728,000 in 1995 to $178,636,000, primarily related to store growth.

Although payroll and commissions expense for 1994 increased in dollars in comparison with 1993, this cost decreased as a percentage of sales and operating revenues. This was due to the increase in Computer City and Incredible Universe sales as a percentage of total sales and operating revenues from 18.6% in 1993 to 31.7% in 1994; these divisions have an inherently lower salary structure when compared to RadioShack. In addition, Computer City payroll expense as a percentage of Computer City sales decreased from 1993 to 1994, while that of the other retail divisions has remained approximately the same from year to year.

Advertising costs decreased as a percentage of sales and operating revenues in the year ended December 31, 1994 as compared to the year ended December 31, 1993. Management focused its efforts on more efficient advertising methods for RadioShack utilizing the Company's database of customer activity to reduce costs while maintaining market awareness. Advertising costs increased in dollars compared to the prior year as new Computer City and Incredible Universe stores opened and RadioShack shifted its marketing program to electronic media. The Company spent approximately 30% of its advertising funds for television and radio commercials, compared to 20% in previous years. RadioShack's advertising spots were shifted from sports-related events to prime-time shows in order to reach a broader audience.

Rent expense increased slightly in dollars but decreased as a percentage of sales during the year ended December 31, 1994 as compared to the year ended December 31, 1993. The increase in rent expense was due to a net increase of 45 RadioShack stores and the addition of 29 Computer City stores and six Incredible Universe stores. Incredible Universe and Computer City formats typically have lower rent, as a percentage of sales, than Tandy overall.

The Company's credit operations were successful in supporting sales of the retail operations during 1994 and 1993. Private label credit cards represented 35% of credit sales for the year ended December 31, 1994 and 34% for the year ended December 31, 1993. Expenses associated with the credit card operations, which are included in SG&A expense, decreased as a percentage of sales during this period because of a decrease in credit losses which reflected a stronger economy. As discussed above, the Company sold its Computer City and Incredible Universe private label credit card portfolios in 1994 and in the first quarter of 1995 sold its RadioShack and McDuff private label credit card portfolios.

Credit card fees in 1994 increased over that in 1993 primarily due to an increase in discount fees paid to third party bank cards because of both increased sales in the Computer City and Incredible Universe formats and an increase in credit card sales as a percentage of sales.

Other SG&A expenses increased $45,774,000 from 1993 to 1994. RadioShack merchandise repair expenses increased $8,261,000 in 1994 primarily reflecting an increase in extended service plan sales. The change in other SG&A also reflects the $6,047,000 gain on the 1993 sale of the Company's interests in two cellular telephone manufacturing joint ventures, the $1,796,000 realized loss on the sale of the cellular joint ventures included in 1993 foreign currency transactions and an increase in attorney fees of $4,671,000 in 1994.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense as a percentage of sales and operating revenues decreased slightly in the year ended December 31, 1995 as compared with the years ended December 31, 1994 and 1993. The dollar amount of depreciation and amortization expense for the year ended December 31, 1995 increased 8.5% over the dollar amount for the year ended December 31, 1994 and 15.1% over the dollar amount in 1993. The increase was due to additional capital expenditures related to new stores added in the past two years. This increase was partially offset by the closure of the Tandy Name Brand stores previously discussed. In 1995 the Company added 160 RadioShack stores (net of closings), eight Incredible Universe stores and 30 Computer City stores. Six Incredible Universe stores, 29 Computer City stores and 45 RadioShack stores (net of closings) were added during 1994, thereby increasing depreciation and amortization from 1993 to 1994.

NET INTEREST INCOME

(In thousands)	Year Ended December 31, 1995	1994	1993
Interest income:			
Credit operations	$ 18,540	$ 46,868	$ 57,401
InterTAN notes receivable, including accretion of discount	8,248	8,280	3,085
AST note receivable, including accretion of discount	4,922	5,724	1,679
IRS settlements	6,183	9,582	4
Other interest income	4,429	8,158	3,369
Total interest income	42,322	78,612	65,538
Interest expense	(33,706)	(30,047)	(39,707)
Net interest income	$ 8,616	$ 48,565	$ 25,831

Net interest income was $8,616,000 for the year ended December 31, 1995, $48,565,000 for the year ended December 31, 1994 and $25,831,000 for the year ended December 31, 1993. The decrease in interest income is directly attributable to the sale of the Company's private label credit card portfolios in the December quarter of 1994 and the March quarter of 1995.

Interest income in 1994 and 1993 was primarily attributable to the Company's credit card operations. Increased short-term investments in 1994 resulted from proceeds received from the divestiture of discontinued manufacturing and marketing operations, as well as from cash provided by operating activities.

Interest income from the credit card operations decreased in 1995 due to the sale of the Company's credit card portfolios. As a result of the sale of the Computer City and Incredible Universe credit card portfolios in 1994 and the RadioShack and McDuff credit card portfolios in 1995, the Company will no longer earn interest income from these portfolios. Interest income for 1995 includes the amount of interest received prior to the sale of the RadioShack and McDuff portfolios. The decrease in interest income from the credit card operations from 1993 to 1994 was a result of increased use of certain special sales promotions and marketing initiatives, some of which provided for no interest charges for specified initial periods. The decline in average credit card receivables in 1994 resulted from increased payments from credit customers reflecting the overall improvement in the economy and a desire by consumers to shift debt to lower interest rate instruments.

Other interest income relates primarily to short-term investments of the Company. The AST Research, Inc. ("AST") note will mature in July 1996 and, therefore, interest income derived therefrom will be less in 1996 than in previous years. Interest income relating to the InterTAN notes will continue in 1996. The Company does not anticipate interest income relating to settlements with the IRS in 1996.

The increase in interest expense for the year ended December 31, 1995 as compared to the year ended December 31, 1994 is due to an increase in the use of short-term borrowing facilities. The use of these facilities was significantly higher during the year ended December 31, 1995 as the Company retired long-term debt, funded store expansion and funded the share repurchase program. Even though short-term debt outstanding at the end of the year decreased 17.1%, the weighted average of seasonal bank loans outstanding during the year increased from $16,358,000 in 1994 to $106,963,000 in 1995, and the weighted average interest rate rose from 5.2% in 1994 to 6.2% in 1995. Assuming interest rates do not change significantly, it is anticipated that the weighted average of short-term debt used during 1996 will increase as compared to that used in 1995 due to a greater need for funds for the share repurchase and store expansion programs. Although a portion of the funds will be met with cash flows from operations, proceeds from the AST note due in July 1996 and continuing principal payments from the InterTAN notes receivable, the Company still anticipates that a portion will be met through increased debt borrowings. As a result, the Company expects to incur net interest expense in 1996. Long-term debt decreased 8.2% from December 31, 1994 due to the repayment of debt such as medium-term notes and senior notes. During 1995, a significant portion of the cash proceeds received from the sale of the credit operations was applied to the funding of store expansion and repurchase of the final 7,500,000 shares under the completed 12,500,000 share repurchase program.

PROVISION FOR BUSINESS RESTRUCTURING

In December 1994, the Company adopted a business restructuring plan to close or convert 233 of the 306 Tandy Name Brand stores. At March 31, 1995 all 233 stores had been closed or converted. The remaining stores have become part of the Tandy Specialty Retail Group of RadioShack. A pre-tax charge of $89,071,000 was taken in the fourth quarter of fiscal 1994 related to the closing and conversion of these stores. The components of the restructuring charge and an analysis of the amounts charged against the reserve are outlined in a table in Note 4 of the Notes to Consolidated Financial Statements.

Sales and operating revenues and operating losses associated with the closed Tandy Name Brand stores in 1995 approximated $28,041,000 and $3,064,000, respectively. Sales and operating revenues associated with the closed Tandy Name Brand stores approximated $261,990,000 and $271,914,000 for 1994 and 1993, respectively, and operating losses approximated $18,125,000 and $15,342,000 for 1994 and 1993, respectively. In conjunction with this restructuring, 1,425 employees were terminated, most of whom were store employees.

GAIN ON SALE OF CREDIT OPERATIONS AND EXTENDED SERVICE CONTRACTS

In December 1994, the Company entered into an agreement with SPS Transaction Services, Inc., a majority-owned subsidiary of Dean Witter, Discover & Company ("SPS") to sell its Computer City and Incredible Universe private label credit card portfolios without recourse. As a result of the agreement, Tandy received cash of $85,764,000 and received a deferred payment of $179,777,000. The Company recognized a gain of $35,708,000 in the accompanying 1994 Consolidated Statements of Income. The deferred payment amount did not bear interest. The total principal amount of $179,777,000 was paid in full during 1995. The Company discounted the deferred payment by $3,477,000 to yield interest income of approximately 5% over the twelve month payout period.

On March 30, 1995, the Company completed the sale, at net book value, of the RadioShack and Tandy Name Brand private label credit card accounts and substantially all related accounts receivable to Hurley State Bank, a subsidiary of SPS. As a result of the transaction, Tandy received $342,822,000 in cash and a deferred payment amount of $49,444,000. The deferred payment does not bear interest and principal is paid monthly with final payment due February 29, 1996. The remaining discounted deferred payment balance of $2,098,000 is classified as a current receivable in the accompanying Consolidated Balance Sheet at December 31, 1995.

Effective December 1994, the Company transferred all of its existing obligations with respect to extended service contracts in force at December 31, 1994, with the exception of certain contracts aggregating approximately $7,734,000, to an unrelated third party. The unrelated third party contractually assumed all of the Company's legal obligations and risk of future loss pursuant to the extended service contracts in exchange for $75,059,000. As a result, the Company recognized a gain of $55,729,000 associated with this transaction in its accompanying 1994 Consolidated Statements of Income. The Company continues to provide repair services to customers who tender products pursuant to the extended service contracts on a non-exclusive basis. The unrelated third party pays the Company competitive market rates for repairs on products tendered pursuant to the extended service contracts.

PROVISION FOR INCOME TAXES

The effective tax rate was 38.25% for the year ended December 31, 1995, 37.6% for the year ended December 31, 1994 and 37.1% for the year ended December 31, 1993. The increase in the effective tax rates for these years reflects shifts of income into states with higher income tax rates such as California, New York and Ohio.

The IRS Dallas field office is reviewing the Company's 1987-1989 tax returns and has referred certain issues to the IRS National office. The resolution of this matter, which raises questions about the private letter rulings issued by the IRS regarding the spin-off of InterTAN and certain other tax matters, could result in additional taxes and interest to the Company. Although aggregate additional taxes involved in these transactions could potentially range from $0 to $27 million, based on the advice of the Company's independent tax advisors, the Company believes it would prevail if any tax litigation was instituted. Any ultimate tax assessment would also include interest expense. In any event, the Company believes the ultimate resolution would have no material impact on the Company's financial condition.

DISCONTINUED OPERATIONS

On June 25, 1993, the Board of Directors of Tandy adopted a formal plan of divestiture under which the Company would sell its computer manufacturing and marketing businesses, the O'Sullivan Industries, Inc. ("O'Sullivan") ready-to-assemble furniture manufacturing and related marketing business, the Memtek Products division and the Lika printed circuit board business.

Computer Manufacturing. The Company closed the sale of the computer manufacturing and marketing businesses to AST on July 13, 1993. In accordance with the terms of the definitive agreement between Tandy and AST, Tandy received $15,000,000 upon closing of the sale. The balance of the purchase price of $96,720,000 was payable by a promissory note. The Company has discounted this note by $2,000,000 and the discount continues to be recognized as interest income using the effective interest rate method over the life of the note.

During the quarter ended September 30, 1995, the Company received $6,720,000 from AST as a prepayment on its promissory note. The original promissory note was supported by a standby letter of credit in the amount of the lesser of $100,000,000 or 70% of the outstanding principal amount of the promissory note. This letter of credit has been replaced by a $75,000,000 Letter of Guarantee dated August 22, 1995, from Samsung Electronics Co., Ltd., a Korean corporation, or, alternatively, Samsung Electronics America, Inc., a New York corporation. As of December 31, 1995, Samsung owned approximately 40% of AST's outstanding stock. Samsung's current credit ratings by S&P and Moody's are A– and Baa1, respectively.

As a result of the prepayment, the note has been amended and the principal amount reduced to $90,000,000. The terms of the original promissory note stipulated that the outstanding principal balance could be paid on July 11, 1996 at AST's option in cash or the common stock of AST, provided that not more than 50% of the original principal amount of the note could be paid in common stock of AST. The amended promissory note provides that AST may repay the note in AST common stock, provided that not more than the lesser of (a) $30,000,000, or (b) 33% of the outstanding principal amount of the note at the time of payment may be payable by AST in common stock of AST. The interest rate on the promissory note is currently 5% per annum and is adjusted annually, not to exceed 5% per annum. Interest is accrued and paid annually.

Memtek Products. On November 10, 1993, the Company executed a definitive agreement with Hanny Magnetics (B.V.I.) Limited, a British Virgin Islands corporation ("Hanny"), to sell certain assets of the Company's Memtek Products operations, including the license agreement with Memorex Telex, N.V. for the use of the Memorex trademark on licensed consumer electronics products. This sale closed on December 16, 1993. Proceeds from this sale aggregated $69,602,000.

O'Sullivan Industries. On January 27, 1994, the Company announced that it had reached an agreement with the underwriters to sell all the common stock of O'Sullivan Industries Holdings, Inc., the parent company of O'Sullivan, to the public at $22 per share. The net proceeds realized by Tandy in the initial public offering, together with a $40,000,000 cash dividend from O'Sullivan, approximated $350,000,000. The initial public offering closed on February 2, 1994.

Tandy has recognized income of approximately $1,335,000 and $4,399,000, net of tax, during the years ended December 31, 1995 and 1994, respectively, pursuant to a Tax Sharing and Tax Benefit Reimbursement Agreement (the "Agreement") between Tandy and O'Sullivan. Under the Agreement Tandy receives payments from O'Sullivan approximating the federal tax benefit that O'Sullivan realizes from the increased tax basis of its assets resulting from the initial public offering. The higher tax basis increases O'Sullivan's tax deductions and, accordingly, reduces income taxes payable by O'Sullivan. These payments will be made over a 15-year time period and are contingent upon O'Sullivan's taxable income each year. The Company is recognizing these payments as additional sale proceeds and gain in the year in which the payments become due and payable to the Company pursuant to the Agreement. The additional gain is recorded as a reduction of SG&A expense in the accompanying Consolidated Statements of Income.

Lika. On October 11, 1994, Tandy sold the assets used in its Lika¤ printed circuit board division to Viktron Limited Partnership, an Illinois limited partnership. The proceeds from the sale and liquidation of assets approximated $16,380,000 which included $7,754,000 in cash, proceeds from liquidation of retained assets of $5,594,000 and secured promissory notes for $3,032,000. At December 31, 1995, $1,400,000 remained as a receivable from Viktron.

CASH FLOW AND LIQUIDITY

(In thousands)	Year Ended December 31, 1995	1994	1993
Operating activities	**$ 672,994**	$268,938	$322,294
Investing activities	**(180,347)**	236,620	(57,464)
Financing activities	**(554,782)**	(513,160)	(164,221)

Tandy's cash flow and liquidity, in management's opinion, remains strong. During the year ended December 31, 1995, cash provided by operations was $672,994,000 as compared to $268,938,000 for the year ended December 31, 1994.

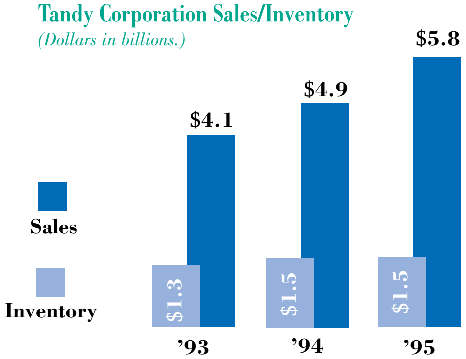
The increased cash flow from operations was due mainly to the cash received from the sale of the credit card portfolios, which approximated $342,822,000, collection of the deferred payment amount from SPS of $179,777,000 and liquidation of remaining unsold private label credit card balances. Inventory required less cash in 1995 than in 1994 due to liquidation of Tandy Name Brand inventory related to closing stores and a net reduction in Computer City inventory, which was partially offset by increases in inventory to support Incredible Universe and RadioShack store expansion, while accounts payable and accrued expenses and income taxes required $376,349,000 more cash in 1995 than in 1994.

During the year ended December 31, 1994, cash provided by operations decreased from $322,294,000 in 1993 to $268,938,000. The decreased cash flow from operations was due partially to the financing of receivables and inventories related to the expansion of Computer City and Incredible Universe store chains. The increase of $261,071,000 in cash used to fund accounts receivable was due primarily to the increase in Tandy Credit receivables related to increased retail sales by Computer City and Incredible Universe and the use of certain special sales promotions and marketing initiatives, some of which provided for no interest charges for specified initial periods. Inventory required $156,129,000 more cash in 1994 than in 1993, relating to new store openings and increases in average inventory to ensure in-stock positions throughout the Christmas selling season. Partially offsetting the cash used to finance receivables and inventory were the sale of the Computer City and Incredible Universe private label credit card portfolios which provided cash of $85,764,000 as well as increases in accounts payable, accrued expenses and income taxes which provided $184,017,000 more cash in 1994 than in 1993. The 1994 increase in accounts payable, accrued expenses and income taxes is net of the cash expended of approximately $70,702,000 associated with the transfer of the legal obligation and risk of loss for existing extended service contracts to an unrelated third party.

Investing activities involved capital expenditures primarily for retail expansion totaling $226,511,000 for the year ended December 31, 1995, $180,559,000 for the year ended December 31, 1994, and $129,287,000 for the year ended December 31, 1993. Proceeds from the sale of property, plant and equipment in 1995 and 1994 resulted primarily from sale-leaseback transactions involving certain Incredible Universe stores which netted the Company $37,550,000 and $52,719,000, respectively, in cash. Prepayment of a portion of the note receivable from AST amounted to $6,720,000 in 1995. Proceeds received from the sale of divested operations totaled $359,004,000 and $111,988,000 during the years ended December 31, 1994 and 1993, respectively. See “Discontinued Operations”. Investing activities in 1993 also included $31,663,000 for the purchase of InterTAN’s bank debt and the extension and funding of a working capital line of credit. See “InterTAN Update” for further information. Future store expansions and refurbishments and other capital expenditures such as updated POS and information systems are expected to approximate $150,000,000 to $160,000,000 per year over the next two years and will be funded primarily from available cash and cash flow from operations. The Company’s cash flow from investing activities will be impacted in 1996 by the maturity of the AST note and note payments from InterTAN. It is not anticipated that additional stores in 1996 will materially impact inventory levels.

Purchases of treasury stock used cash of $502,239,000, $275,415,000 and $27,650,000 in 1995, 1994 and 1993, respectively. Increases in treasury stock purchases in 1995 and 1994 related primarily to the share repurchase program. See “Capital Structure and Financial Condition” for further discussion. Sales of treasury stock to the Company’s Stock Purchase Program generated cash of $44,623,000, $41,579,000 and $42,067,000 in 1995, 1994 and 1993, respectively. Dividends paid, net of tax, in 1995, 1994 and 1993 amounted to $62,991,000, $74,512,000 and $74,873,000, respectively. As a result of the Company calling for the redemption of its $2.14 Depositary Shares of the Company’s Series C Preferred Equity Redemption Convertible Stock (“PERCS”) in March 1995, the Company eliminated its annual dividend payment to the PERCS shareholders of approximately $32,000,000. However, it paid upon conversion a cash dividend to the PERCS shareholders of approximately $0.321 for each depositary share, representing the accrued dividend from January 16, 1995 through the redemption date of March 10, 1995. The Company plans to fund common stock dividends with available cash and cash flow from operations.

Tandy Corporation Sales/Inventory
(Dollars in billions.)



At December 31, 1995, 1994 and 1993, the Company decreased short-term borrowings by $1,778,000, $110,393,000 and $46,885,000, respectively. Even though short-term debt outstanding at the end of the year has decreased 17.1% from 1994, the weighted average of seasonal bank loans outstanding during the year increased from $16,358,000 in 1994 to $106,963,000 in 1995. Assuming interest rates do not change significantly, it is anticipated that the weighted average of short-term debt used during 1996 will increase as compared to that used in 1995 due to a greater need for funds for the share repurchase program and store expansion. Although a portion of the funds will be met with cash flow from operations, proceeds from the AST note due in July 1996 and continuing principal payments from the InterTAN notes receivable, the Company still anticipates that a portion will be met through increased debt borrowings. The reduction in short-term borrowings has been funded primarily by proceeds from the sale of divested operations and cash provided by operations. The Company’s primary source of short-term debt, for which borrowings and repayments have been presented net in the Consolidated Statements of Cash Flows, consists of short-term seasonal bank debt and commercial paper. The commercial paper matures within 90 days as does the short-term seasonal bank debt.

In January 1995, the $45,000,000 of 8.69% senior notes which were outstanding at December 31, 1994 were paid in full. These senior notes had been outstanding since February 7, 1990. In February 1995, the $6,000,000 of Tandy Credit’s medium-term notes, which were outstanding at December 31, 1994 and were to mature in May and August of 1995, were paid in full.

Following are the current credit ratings for Tandy, which are generally considered investment grade:

Category	Moody’s	Standard and Poor’s	Duff & Phelps
Medium Term Notes	Baa2	A–	A–
ESOP Senior Notes	Baa2	A–	N/A
Commercial Paper	P-2	A-2	D-1–

CAPITAL STRUCTURE AND FINANCIAL CONDITION

The Company's balance sheet and financial condition continue to be strong. The Company's available borrowing facilities as of December 31, 1995 are detailed in Note 9 of the Notes to Consolidated Financial Statements.

In the fiscal year ended June 30, 1992, the Company issued 150,000 PERCS shares and used the proceeds of this offering to purchase $430,000,000 of the Company's common stock for treasury. The PERCS are discussed further in Note 18 of the Notes to Consolidated Financial Statements. On January 23, 1995, Tandy announced that it had exercised its right to call the issued and outstanding PERCS for conversion on March 10, 1995 prior to the mandatory conversion date of April 15, 1995. For each depositary share redeemed, 0.787757 Tandy common shares were issued for an aggregate of approximately 11,816,000 shares.

On December 18, 1995, the Company announced that its Board of Directors authorized management to purchase up to 5,000,000 shares of its common stock in addition to shares required for employee plans. This authorization to purchase additional shares follows the 12,500,000 share repurchase program which began in August 1994 and concluded in December 1995. Purchases will be made from time to time in the open market, and it is expected that funding of the program will come from operating cash flow and existing bank facilities. As of December 31, 1995, the Company had not repurchased any shares under this new program.

The Company's issue of 10% subordinated debentures due June 30, 1994 was called by the Company on February 23, 1994 for redemption on April 1, 1994. The redemption was at 100% of face value or $32,431,000.

The revolving credit backup facilities to Tandy's commercial paper program were renewed in May 1994. These facilities are to be used only if maturing commercial paper cannot be repaid due to an inability to sell new commercial paper. This agreement is composed of two facilities—one for $200,000,000 expiring May 1996 and another $200,000,000 facility expiring in May 1997. Annual commitment fees for the facilities are $\frac{2}{25}$ of 1% per annum and $\frac{1}{8}$ of 1% per annum, respectively, whether used or unused.

In fiscal 1991, the Company filed a shelf registration for $500,000,000, of which $400,000,000 was designated for medium-term notes. During fiscal 1991, short-term debt was refinanced by the issuance of $155,500,000 in medium-term notes. Tandy's medium-term notes outstanding at December 31, 1995 totaled $67,104,000 compared to $73,044,000 and $125,479,000 at December 31, 1994 and 1993, respectively. Availability under the program at December 31, 1995 approximated $312,800,000. In February 1995, the $6,000,000 of Tandy Credit's medium-term notes, which were outstanding at December 31, 1994 and were to mature in May and August of 1995, were paid in full.

The total debt-to-capitalization ratio was 17.1% at December 31, 1995 and 1994 and 22.8% at December 31, 1993. This debt-to-capitalization ratio could increase as Tandy continues to repurchase shares under the existing authorization and fund new store openings and other capital expenditures such as updating its POS and other information systems.

The Company also has agreements with unaffiliated groups to lease certain stores and these groups are committed to make available up to $317,426,000 for development or acquisition of stores leased by the Company. At December 31, 1995, the Company had used $208,178,000 of that availability. Agreements with these groups mature over the next five years, and the Company is continuously monitoring financial markets to optimize renewal terms. In connection with the financing of 16 locations by these groups, the Company has guaranteed the residual value of the properties at approximately $160,671,000 at the end of the lease terms.

Management believes that the Company's present borrowing capacity is greater than the established credit lines and long-term debt in place. Management also believes that the Company's cash flow from operations, cash and short-term investments and its available borrowing facilities are more than adequate to fund planned store expansion, to meet debt service and dividend requirements and to fund its share repurchase program.

INFLATION

Inflation has not significantly impacted the Company over the past three years. Management does not expect inflation to have a significant impact on operations in the foreseeable future unless global situations substantially affect the world economy.

NEW ACCOUNTING STANDARDS

In March 1995, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("FAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" ("FAS 121"), which is effective for fiscal years beginning after December 15, 1995. Effective January 1, 1996, the Company will adopt FAS 121 which requires that long-lived assets (i.e. property, plant and equipment and goodwill) held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the net book value of the asset may not be recoverable. An impairment loss will be recognized if the sum of the expected future cash flows (undiscounted and before interest) from the use of the asset is less than the net book value of the asset. The amount of the impairment loss will generally be measured as the difference between the net book value of the assets and the estimated fair value of the related assets. Upon adoption in the first quarter of fiscal 1996, it is anticipated that the Company may record an initial pre-tax impairment loss of approximately $15,000,000 to $25,000,000 to conform with this statement since it requires grouping of assets at the lowest level of cash flows to determine impairment.

In October 1995, the FASB issued FAS No. 123, "Accounting for Stock-Based Compensation" ("FAS 123"), which is effective for fiscal years beginning after December 15, 1995. Effective January 1, 1996, the Company will adopt FAS 123 which establishes financial accounting and reporting standards for stock-based employee compensation plans. The pronouncement defines a fair value based method of accounting for an employee stock option or similar equity instrument and encourages all entities to adopt that method of accounting for all of their employee stock option compensation plans. However, it also allows an entity to continue to measure compensation cost for those plans using the intrinsic value based method of accounting as prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). Entities electing to remain with the accounting in APB 25 must make pro forma disclosures of net income and earnings per share as if the fair value based method of accounting defined in FAS 123 had been applied. The Company will continue to account for stock-based employee compensation plans under the intrinsic method pursuant to APB 25 and will make the disclosures in its footnotes as required by FAS 123.

SALE OF JOINT VENTURE INTEREST

During the quarter ended September 30, 1993, the Company entered into definitive agreements with Nokia Corporation ("Nokia") to sell the Company's interests in two cellular telephone manufacturing joint ventures with Nokia. Pursuant to the terms of the definitive agreements, the Company received an aggregate of approximately $31,700,000 for its interests in these joint ventures. The Company also entered into a three-year Preferred Supplier Agreement pursuant to which it has agreed to purchase from Nokia substantially all of RadioShack's requirements for cellular telephones at prevailing competitive market prices at the time of the purchase. These operations were not part of the overall divestment plan adopted in June 1993 by the Company's Board of Directors; therefore, the gain on the sale and their results of operations were not included in discontinued operations.

INTERTAN UPDATE

Summarized in the tables below are the amounts recognized by the Company at December 31, 1995 and 1994, and for each of the three years ended December 31, 1995, in relation to its agreements with InterTAN. The Company purchased the notes at a discount and InterTAN has an obligation to pay the gross amount of the notes.

	Balance at December 31,	
(In thousands)	1995	1994
Gross amount of notes	$44,903	$51,861
Discount	12,161	16,343
Net amount of notes	$32,742	$35,518
Current portion of notes	$14,639	$ 4,260
Non-current portion of notes	18,103	31,258
Other current receivables	6,707	4,447
	$39,449	$39,965

	Year Ended December 31,		
(In thousands)	1995	1994	1993
Sales and commission income	$10,904	$19,764	$93,315
Interest income	$ 4,066	$ 4,426	$ 3,085
Accretion of discount	4,182	3,854	—
	$ 8,248	$ 8,280	$ 3,085
Royalty income	$ 758	—	—

InterTAN, the former foreign retail operations of Tandy, was spun off to Tandy stockholders as a tax-free dividend in fiscal 1987. Under the merchandise purchase terms of the original distribution agreement, InterTAN could purchase on payment terms products sold or secured by Tandy. A&A, a subsidiary of Tandy, was the exclusive purchasing agent for products originating in the Far East for InterTAN.

On July 16, 1993, InterTAN had an account payable to Tandy of approximately $17,000,000, of which $7,600,000 was in default. InterTAN's outstanding purchase orders for merchandise placed under the distribution agreement with Tandy, but not yet shipped, totaled approximately $44,000,000. Since InterTAN defaulted, on July 16 Tandy terminated the merchandise purchase terms of the distribution agreement and the license agreements. Tandy offered InterTAN interim license agreements which expired July 22, 1993, unless extended. The agreements were extended on July 23, 1993.

On July 30, 1993, Trans World Electronics, Inc. ("Trans World"), a subsidiary of Tandy, reached agreement with InterTAN's banking syndicate to buy approximately $42,000,000 of InterTAN's debt at a negotiated, discounted price. The closing of this purchase occurred on August 5, 1993, at which time Tandy resumed limited shipments to InterTAN and granted a series of short-term, interim licenses pending the execution of new license and merchandise agreements. The debt purchased from the banks was restructured into a seven-year note with interest of 8.64% due semiannually beginning February 25, 1994 and semiannual principal payments beginning February 25, 1995 (the "Series A" note). Trans World provided approximately $10,000,000 in working capital and trade credit to InterTAN. Interest on the working capital loan (the "Series B" note) of 8.11% is due semiannually beginning February 25, 1994 with the principal due in full on August 25, 1996. Trans World also has received warrants with a five-year term exercisable for approximately 1,450,000 shares of InterTAN common stock at an exercise price of $6.618 per share. As required by an agreement with Tandy, InterTAN has registered the warrants under the Securities Act of 1933. At December 31, 1995, InterTAN's common stock price, as quoted in the *Wall Street Journal*, was $7.25 per share. At February 29, 1996, InterTAN's common stock price was $5.00 per share.

In addition to the bank debt purchased by Trans World and the working capital loan, InterTAN's obligations to Trans World included two additional notes for approximately $23,665,000 (the "Series C" note) and $24,037,000 (the "Series D" note) with interest rates of 7.5% and 8%, respectively. All principal and interest on these two notes have been paid in full. Subject to certain conditions described below, all of Tandy's debt from InterTAN is secured by a first priority lien on substantially all of InterTAN's assets in Canada and the U.K.

A new merchandise agreement was reached with InterTAN in October 1993, and amended in 1995, which requires a percentage of future purchase orders to be backed by letters of credit posted by InterTAN. New license agreements provide a royalty payable to Tandy, which began in the September 1995 quarter. InterTAN had obligations for purchase orders outstanding for merchandise ordered by A&A for InterTAN but not yet shipped totaling approximately $25,447,000 at December 31, 1995.

InterTAN increased its bank revolving credit facility with its new banking syndicate to Canadian $60,000,000 (U.S. $43,975,000 equivalent at December 31, 1995) in 1994. In the event of InterTAN's default on the bank credit line, Tandy will, at the option of InterTAN's new banking syndicate, purchase InterTAN's inventory and related accounts receivable at 50% of their net book value, up to the amount of outstanding bank loans, but not to exceed Canadian $60,000,000. In that event, Tandy could foreclose on its first priority lien on InterTAN's assets in Canada and the U.K. If Tandy fails to purchase the inventory and related accounts receivable of InterTAN from the banking syndicate, the syndicate, upon notice to Tandy and expiration of time, can foreclose upon InterTAN's assets in Canada and the U.K. ahead of Tandy. The inventory repurchase agreement between InterTAN's banking syndicate and Tandy has been amended and restated to reflect the foregoing.

A&A will continue as the exclusive purchasing agent for InterTAN in the Far East on a commission basis. Effective March 1994, only the purchasing agent commission and sales by Tandy manufacturing plants to InterTAN were recorded as sales and operating revenues. InterTAN purchases from third parties through A&A are no longer recorded as sales, reflecting the arrangement under the new merchandise agreement. Accordingly, sales by Tandy to InterTAN in 1994 and 1995 were considerably lower than in prior years; however, the earned income relating thereto was not materially different.

Through February 1996, InterTAN has met all of its payment obligations to Tandy. Published income before taxes for the six months ended December 31, 1995 approximated $13,151,000 compared to $15,329,000 for the six months ended December 31, 1994. The reduction in InterTAN's earnings per fully diluted share from $1.11 in the six months ended December 31, 1994 to $0.52 in the current six months is primarily attributable to a tax credit taken in fiscal 1995, and to a lesser extent, an economic downtrend in its primary market of Canada. Nothing has come to the attention of management which would indicate that InterTAN would not be able to continue to meet its payment obligations pursuant to the debt agreements with Tandy.

Canadian tax authorities are reviewing InterTAN's Canadian subsidiary's 1987-89 tax returns. The Company cannot determine whether the ultimate resolution of that review will have an effect on InterTAN's ability to meet its obligations to Tandy, but at the present, the Company believes that the ultimate resolution of this review will not impair InterTAN's ability to meet its obligations to Tandy.

Price Waterhouse LLP

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
and Stockholders of
Tandy Corporation

In our opinion, the consolidated balance sheets and the related consolidated statements of income, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Tandy Corporation and its subsidiaries (the "Company") at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995 in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for income taxes in 1993.

Price Waterhouse LLP

Fort Worth, Texas
February 20, 1996

CONSOLIDATED STATEMENTS OF INCOME

Tandy Corporation and Subsidiaries

	Year Ended December 31,					
	1995		1994		1993	
(In thousands, except per share amounts)	Dollars	% of Revenues	Dollars	% of Revenues	Dollars	% of Revenues
Net sales and operating revenues	$5,839,067	100.0%	$4,943,679	100.0%	$4,102,551	100.0%
Cost of products sold	3,764,884	64.5	3,017,615	61.0	2,382,607	58.1
Gross profit	2,074,183	35.5	1,926,064	39.0	1,719,944	41.9
Expenses/(income):						
Selling, general and administrative	1,646,436	28.2	1,532,673	31.0	1,354,676	33.0
Depreciation and amortization	91,990	1.6	84,782	1.7	79,944	1.9
Interest income	(42,322)	(0.7)	(78,612)	(1.6)	(65,538)	(1.6)
Interest expense	33,706	0.6	30,047	0.6	39,707	1.0
Provision for restructuring cost	1,100	—	89,071	1.8	—	—
Gain from sale of credit accounts and extended service contracts	—	—	(91,437)	(1.8)	—	—
	1,730,910	29.7	1,566,524	31.7	1,408,789	34.3
Income before income taxes, discontinued operations and cumulative effect of change in accounting principle	343,273	5.8	359,540	7.3	311,155	7.6
Provisions for income taxes	131,299	2.2	135,205	2.7	115,523	2.8
Income from continuing operations	211,974	3.6	224,335	4.6	195,632	4.8
Loss from discontinued operations:						
Operating loss, net of tax	—	—	—	—	(57,619)	(1.4)
Loss on disposal, net of tax	—	—	—	—	(54,178)	(1.3)
	—	—	—	—	(111,797)	(2.7)
Income before cumulative effect of change in accounting principle	211,974	3.6	224,335	4.6	83,835	2.1
Cumulative effect of change in accounting principle	—	—	—	—	13,014	0.3
Net income	211,974	3.6	224,335	4.6	96,849	2.4
Preferred dividends	6,537	0.1	6,777	0.1	7,136	0.2
Net income available to common shareholders	$ 205,437	3.5%	$ 217,558	4.5%	$ 89,713	2.2%
Net income available per average common and common equivalent share:						
Income from continuing operations	$ 3.12		$ 2.91		$ 2.50	
Loss from discontinued operations	—		—		(1.48)	
Income before cumulative effect of change in accounting principle	3.12		2.91		1.02	
Cumulative effect of change in accounting principle	—		—		0.17	
Net income available per average common and common equivalent share	$ 3.12		$ 2.91		$ 1.19	
Average common and common equivalent shares outstanding	65,928		74,874		75,543	
Dividends declared per common share	$ 0.74		$ 0.63		$ 0.60	

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

CONSOLIDATED BALANCE SHEETS

Tandy Corporation and Subsidiaries

(In thousands)	December 31, 1995	1994
Assets		
Current assets:		
Cash and short-term investments	$ 143,498	$ 205,633
Accounts and notes receivable, less allowance for doubtful accounts	320,588	769,101
Inventories, at lower of cost or market	1,511,984	1,504,324
Other current assets	72,175	77,202
Total current assets	2,048,245	2,556,260
Property, plant and equipment, at cost, less accumulated depreciation	577,720	504,587
Other assets, net of accumulated amortization	96,098	182,927
	$ 2,722,063	$3,243,774
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term debt, including current maturities of long-term debt	$ 189,861	$ 229,135
Accounts payable	365,131	582,194
Accrued expenses	321,939	376,795
Income taxes payable	82,978	18,026
Total current liabilities	959,909	1,206,150
Long-term debt and capital leases, excluding current maturities	140,813	153,318
Other non-current liabilities	20,006	34,095
Total other liabilities	160,819	187,413
Stockholders' equity:		
Preferred stock, no par value, 1,000,000 shares authorized		
Series A junior participating, 100,000 shares authorized and none issued	—	—
Series B convertible, 100,000 shares authorized and issued	100,000	100,000
Series C PERCS, 150,000 shares authorized and issued	—	429,982
Common stock, $1 par value, 250,000,000 shares authorized with 85,645,000 shares issued	85,645	85,645
Additional paid-in capital	102,819	93,357
Retained earnings	2,332,120	2,176,971
Foreign currency translation effects	(1,094)	(1,799)
Common stock in treasury, at cost, 23,918,000 and 27,388,000 shares, respectively	(963,301)	(971,611)
Unearned deferred compensation related to TESOP	(54,854)	(62,334)
Total stockholders' equity	1,601,335	1,850,211
Commitments and contingent liabilities		
	$ 2,722,063	$3,243,774

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Tandy Corporation and Subsidiaries

(In thousands)	Year Ended December 31, 1995	1994	1993
Cash flows from operating activities:			
Net income	$211,974	$224,335	$ 96,849
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss reserve on disposal of discontinued operations	—	—	54,178
Provision for restructuring cost	1,100	89,071	—
Gain on sale of extended service contracts	—	(55,729)	—
Gain on sale of credit card portfolios	—	(35,708)	—
Cumulative effect of change in accounting principle	—	—	(13,014)
Depreciation and amortization	91,990	84,782	98,571
Deferred income taxes and other items	20,129	68,257	11,552
Provision for credit losses and bad debts	15,736	49,344	57,491
Changes in operating assets and liabilities:			
Sale of credit card portfolios	342,822	85,764	—
Receivables	167,358	(230,938)	30,133
Inventories	(23,342)	(220,094)	(63,965)
Other current assets	3,218	(8,504)	16,158
Accounts payable, accrued expenses and income taxes	(157,991)	218,358	34,341
Net cash provided by operating activities	672,994	268,938	322,294
Investing activities:			
Additions to property, plant and equipment	(226,511)	(180,559)	(129,287)
Proceeds from sale of property, plant and equipment	42,002	56,437	3,011
Proceeds from sale of divested operations	—	359,004	111,988
Prepayment of portion of AST note	6,720	—	—
Purchase of InterTAN bank debt and restructuring of working capital loans	—	—	(31,663)
Other investing activities	(2,558)	1,738	(11,513)
Net cash provided (used) by investing activities	(180,347)	236,620	(57,464)
Financing activities:			
Purchases of treasury stock	(502,239)	(275,415)	(27,650)
Sales of treasury stock to employee stock purchase program	44,623	41,579	42,067
Proceeds from exercise of stock options	18,188	2,465	5,315
Dividends paid, net of taxes	(62,991)	(74,512)	(74,873)
Changes in short-term borrowings, net	(1,778)	(110,393)	(46,885)
Additions to long-term borrowings	10,307	28,936	—
Repayments of long-term borrowings	(60,892)	(125,820)	(62,195)
Net cash used by financing activities	(554,782)	(513,160)	(164,221)
Increase (decrease) in cash and short-term investments	(62,135)	(7,602)	100,609
Cash and short-term investments at the beginning of the year	205,633	213,235	112,626
Cash and short-term investments at the end of the year	$143,498	$205,633	$213,235

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Tandy Corporation and Subsidiaries

(In thousands)	Preferred Stock	Common Stock Shares	Common Stock Dollars	Treasury Stock Shares	Treasury Stock Dollars	Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation Effects	Unearned Deferred Compensation	Total
Balance at Dec. 31, 1992	$529,982	85,645	$85,645	(22,419)	$(726,861)	$ 86,414	$2,006,174	$(11,056)	$(81,947)	$1,888,351
Purchase of treasury stock	—	—	—	(763)	(24,749)	—	—	—	—	(24,749)
Foreign currency translation adjustments, net of taxes	—	—	—	—	—	—	—	12,059	—	12,059
Sale of treasury stock to SPP	—	—	—	1,311	42,292	(225)	—	—	—	42,067
Exercise of stock options	—	—	—	182	5,882	(437)	—	—	—	5,445
Series B convertible stock dividends, net of taxes of $2,497,000	—	—	—	—	—	—	(4,638)	—	—	(4,638)
TESOP deferred compensation earned	—	—	—	—	—	—	—	—	9,605	9,605
Series C PERCS dividends	—	—	—	—	—	—	(32,100)	—	—	(32,100)
Repurchase of preferred stock	—	—	—	—	(3,895)	—	—	—	—	(3,895)
Common stock dividends declared	—	—	—	—	—	—	(38,244)	—	—	(38,244)
Net income	—	—	—	—	—	—	96,849	—	—	96,849
Balance at Dec. 31, 1993	529,982	85,645	85,645	(21,689)	(707,331)	85,752	2,028,041	1,003	(72,342)	1,950,750
Purchase of treasury stock	—	—	—	(6,798)	(296,419)	—	—	—	—	(296,419)
Foreign currency translation adjustments, net of taxes	—	—	—	—	—	—	—	(2,802)	—	(2,802)
Sale of treasury stock to SPP	—	—	—	1,023	33,958	7,621	—	—	—	41,579
Exercise of stock options	—	—	—	76	2,481	(16)	—	—	—	2,465
Series B convertible stock dividends, net of taxes of $2,372,000	—	—	—	—	—	—	(4,405)	—	—	(4,405)
TESOP deferred compensation earned	—	—	—	—	—	—	—	—	10,008	10,008
Series C PERCS dividends	—	—	—	—	—	—	(32,100)	—	—	(32,100)
Repurchase of preferred stock	—	—	—	—	(4,300)	—	—	—	—	(4,300)
Common stock dividends declared	—	—	—	—	—	—	(38,900)	—	—	(38,900)
Net income	—	—	—	—	—	—	224,335	—	—	224,335
Balance at Dec. 31, 1994	529,982	85,645	85,645	(27,388)	(971,611)	93,357	2,176,971	(1,799)	(62,334)	1,850,211
Purchase of treasury stock	—	—	—	(9,737)	(473,059)	—	—	—	—	(473,059)
Foreign currency translation adjustments, net of taxes	—	—	—	—	—	—	—	705	—	705
Sale of treasury stock to SPP	—	—	—	896	33,779	10,844	—	—	—	44,623
Exercise of stock options	—	—	—	493	18,064	1,950	—	—	—	20,014
Series B convertible stock dividends, net of taxes of $2,288,000	—	—	—	—	—	—	(4,249)	—	—	(4,249)
TESOP deferred compensation earned	—	—	—	—	—	—	—	—	7,480	7,480
Series C PERCS dividends	—	—	—	—	—	—	(4,824)	—	—	(4,824)
Repurchase of preferred stock	—	—	—	—	(3,876)	—	—	—	—	(3,876)
Common stock dividends declared	—	—	—	—	—	—	(47,752)	—	—	(47,752)
Directors' stock compensation plan	—	—	—	2	56	32	—	—	—	88
Redemption of PERCS	(429,982)	—	—	11,816	433,346	(3,364)	—	—	—	—
Net income	—	—	—	—	—	—	211,974	—	—	211,974
Balance at Dec. 31, 1995	$100,000	85,645	$85,645	(23,918)	$(963,301)	$102,819	$2,332,120	$ (1,094)	$(54,854)	$1,601,335

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Tandy Corporation and Subsidiaries

NOTE 1-DESCRIPTION OF BUSINESS

Tandy Corporation ("Tandy" or the "Company") is engaged in consumer electronics retailing including the retail sale of personal computers. RadioShack℠ is the largest of Tandy's retail store systems with company-owned stores and dealer/franchise outlets. RadioShack's sales are primarily related to private label consumer electronics and brand name personal computers. Tandy also operates the Computer City¤ and Incredible Universe¤ store chains. Computer City sales relate to personal computers, printers, peripheral equipment and software. Incredible Universe sales relate primarily to brand name appliances and consumer electronics including personal computers and related software.

On December 30, 1994, the Company adopted a formal plan to close 233 Tandy Name Brand stores, and as a result of the closings, the Tandy Name Brand Retail Group ("Tandy Name Brand") was dissolved in 1995. The remaining 73 Tandy Name Brand stores have been transferred to the Tandy Specialty Retail Group of the RadioShack division. Additionally, Tandy continues to operate certain related retail support groups and consumer electronics manufacturing businesses.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include the accounts of Tandy and its wholly owned subsidiaries. Investments in 20% to 50% owned companies are accounted for on the equity method. The fiscal periods of certain foreign operations end one month earlier than the Company's year end to facilitate their inclusion in the consolidated financial statements. The manufacturing and marketing operations included in the divestment plan have been accounted for as discontinued operations. See Note 21 for further information relating to discontinued operations. Significant intercompany transactions are eliminated in consolidation.

Foreign Currency Translation: In accordance with the Financial Accounting Standards Board (the "FASB") Statement No. 52, "Foreign Currency Translation," balance sheet accounts of the Company's foreign operations are translated from foreign currencies into U.S. dollars at year end or historical rates while income and expenses are translated at the weighted average sales exchange rates for the year. Translation gains or losses related to net assets located outside the United States are shown as a separate component of stockholders' equity. Losses aggregating $19,803,000, net of tax, relating to discontinued operations were transferred from equity and charged to loss on disposal of discontinued operations during 1993. Gains and losses resulting from foreign currency transactions (transactions denominated in a currency other than the entity's functional currency) are included in net income. Such foreign currency transaction gains approximated $1,097,000, $1,495,000 and $762,000 for the years ended December 31, 1995, 1994 and 1993, respectively.

Change In Accounting Principle-Provision For Income Taxes: In January 1993, the Company adopted Statement of Financial Accounting Standards ("FAS") No. 109, "Accounting for Income Taxes" ("FAS 109") and applied the provisions prospectively. The adoption of FAS 109 changes the Company's method of accounting for income taxes from the deferred method ("APB 11") to an asset and liability approach. The asset and liability approach requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

The adjustments to the January 1, 1993 balance sheet to adopt FAS 109 totaled $13,014,000. Approximately $9,786,000 of this adjustment related to continuing operations and the remaining $3,228,000 was from discontinued operations. The aggregate amount of $13,014,000 is reflected in the accompanying 1993 Consolidated Statements of Income as the cumulative effect of change in accounting principle. It primarily represents the impact of adjusting deferred taxes to reflect the then current tax rate of 34% as opposed to the higher tax rates that were in effect when the deferred taxes originated. See Note 12 for further discussion of income taxes.

Extended Service Contracts: Tandy's retail operations offer extended service contracts on products sold. These contracts generally provide extended service coverage for periods of 12 to 48 months. During 1995, the Company sold extended service contracts on behalf of an unrelated third party and, to a much lesser extent, sold its own extended service contracts. Contracts sold prior to January 1, 1995 were offered directly by the Company. The Company accounts for sales of its own contracts in accordance with FASB Technical Bulletin No. 90-1, "Accounting for Separately Priced Extended Warranty and Product Maintenance Contracts" which requires that revenues from sales of extended service contracts be recognized ratably over the lives of the contracts. Costs directly related to sales of such contracts are deferred and charged to expense proportionately as the revenues are recognized. A loss is recognized on extended service contracts if the sum of the expected costs of providing services under the contracts exceeds related unearned revenue. Commission revenue for the unrelated third party extended service contracts is recognized at the time of sale.

As described in Note 3, the Company transferred all obligations with respect to contracts in force at December 31, 1994 to an unrelated party, except certain contracts aggregating approximately $7,734,000.

Cash and Short-Term Investments: Cash on hand in stores, deposits in banks and short-term investments with original maturities of three months or less are considered cash and cash equivalents. Short-term investments are carried at cost, which approximates market value.

Accounts Receivable and Allowance for Doubtful Accounts:

Credit Operations-As described in Note 3, the Company's Computer City and Incredible Universe private label credit card portfolios were sold in December 1994, and the Company's RadioShack and McDuff private label credit card portfolios were sold in the first half of 1995. Subsequent to the sale of portfolios, consumer sales made pursuant to the private label credit card programs are being financed by an unrelated third party.

Prior to the sale, the customer receivables of the credit operations were classified as current assets, including amounts which were contractually due after one year. This is consistent with retail industry practices.

Finance charges, late charges and returned check fees arising from the Company's private label credit cards were recognized when earned as interest income. The Company's policy was to write off accounts when they became 180 days past due or whenever deemed uncollectible by management, whichever was sooner. Collection efforts continued subsequent to write-off.

The Company was charged a fee by an outside accounts receivable processing service for establishing new accounts. These initial direct costs were capitalized and amortized on a straight-line basis over a period of 84 months, the estimated life over which the account would be used by a customer. These costs are shown in the accompanying 1994 Consolidated Balance Sheet as a part of the related accounts receivable. Amortization of these loan origination costs were included as a reduction of interest income in the accompanying 1994 and 1993 Consolidated Statements of Income. Costs to process accounts on an ongoing basis were expensed as incurred. These initial direct costs were sold along with the portfolios.

Other Customer Receivables-An allowance for doubtful accounts is provided when accounts are determined to be uncollectible.

Concentrations of credit risk with respect to customer receivables are limited due to the large number of customers comprising the Company's customer base and their location in many different geographic areas of the country; however, see Note 8 for a discussion of a concentration of credit risk of long-term receivables.

Inventories: Inventories are stated at the lower of cost (principally based on average cost) or market value and are comprised primarily of finished goods.

Property, Plant and Equipment: For financial reporting purposes, depreciation and amortization are primarily calculated using the straight-line method, which amortizes the cost of the assets over their estimated useful lives. The ranges of estimated useful lives are:

Buildings	10-40 years
Buildings under capital lease	over the life of the lease
Equipment	2-15 years
Leasehold improvements	primarily, the shorter of the life of the improvements or the term of the related lease and certain renewal periods

When depreciable assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts. Any gains or losses are included in selling, general and administrative expenses. Major additions and betterments are capitalized. Maintenance and repairs which do not materially improve or extend the lives of the respective assets are charged to operating expenses as incurred. Amortization of buildings under capital lease is included in depreciation and amortization in the Consolidated Statements of Income.

Amortization of Excess Purchase Price Over Net Tangible Assets of Businesses Acquired: The excess purchase price is generally amortized over a 40-year period using the straight-line method and the net balance is classified as a non-current asset.

Fair Value of Financial Instruments: The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. Unless otherwise disclosed, the fair values of financial instruments approximate their recorded values due primarily to the short-term nature of their maturities.

Hedging and Derivative Activity: The Company enters into interest rate swap agreements to manage its interest rate exposure by effectively trading floating interest rates for fixed interest rates. As the Company has used the swaps to hedge certain obligations with floating rates, the difference between the floating and fixed interest rate amounts, based on these swap agreements, is recorded as income or expense. Through December 31, 1995, the Company had entered into five swaps with regard to notional amounts totaling $90,000,000. The swap agreements all expire during the third quarter of 1999. Prior to 1995 the Company was not a party to any interest rate swaps. The Board of Directors has authorized management to enter into interest rate swaps up to notional amounts not exceeding $250,000,000. At December 31, 1995, the Company would have had to pay approximately $7,000,000 to terminate the interest rate swaps in place. This amount was obtained from the counterparties and represents the fair value of the swap agreements; the amount is not recognized in the consolidated financial statements since the swaps are not held for trading purposes. At December 31, 1995, the weighted average interest rate of the floating rate obligations being hedged was 6.4%, and the weighted average interest rate of the fixed rate obligations imposed by the swap agreements was 7.7%. The interest rate swap agreements have been entered into with major financial institutions which are expected to fully perform under the terms of the swap agreements.

The Company has not historically utilized derivatives to manage foreign currency risks and exposure except for an immaterial amount of foreign exchange forward contracts used to hedge a portion of its foreign purchases. As of December 31, 1995, the Company had no outstanding purchase orders for which a foreign exchange contract was used as a hedge. The few contracts that were used did not involve leverage and did not have other high risk characteristics. Moody's has assigned a counterparty rating to Tandy Corporation of Baa2. This rating is an opinion of the financial capacity of Tandy to honor its senior obligations under financial contracts. Financial contracts entered into by Tandy include the limited use of foreign currency forwards to hedge foreign exchange risk arising from the purchase of inventory.

Revenues: Retail sales are recorded on the accrual basis.

Store Pre-Opening Costs: Direct incremental expenses associated with the openings of new Computer City and Incredible Universe stores, comprised primarily of payroll and payroll-related costs, are deferred and amortized over a twelve-month period from the date of the store opening. Deferred store pre-opening expenses for Computer City and Incredible Universe approximated $6,795,000, $4,538,000 and $1,845,000 at December 31, 1995, 1994 and 1993, respectively.

Net Income Per Average Common and Common Equivalent Share: Net income per average common and common equivalent share is computed by dividing net income less the Series B convertible stock dividends (before tax benefit) by the weighted average common and common equivalent shares outstanding during the period. As the Preferred Equity Redemption Convertible Stock ("PERCS") mandatorily converted into common stock, they were considered outstanding common stock and the dividends have not been deducted from net income for purposes of calculating net income per average common and common equivalent share. On January 23, 1995, the Company announced that the PERCS and the underlying depositary shares would be converted on March 10, 1995. For each depositary share redeemed, 0.787757 Tandy common shares were issued for an aggregate of approximately 11,816,000 shares. Current year weighted average share calculations include approximately 11,816,000 common shares relating to the PERCS. Per share amounts and the weighted average number of shares outstanding for the years ended December 31, 1994 and 1993 also reflected the PERCS conversion into approximately 11,816,000 common shares.

Fully diluted earnings available per common and common equivalent share are not presented since dilution is less than 3%.

Earnings available per common and common equivalent share for each period presented, assuming the PERCS converted to common stock under the "if converted" method and only if dilutive, would have been presented as in the table which follows.

	Year Ended December 31, 1993
Primary EPS, as adjusted:	
Income from continuing operations	$2.45
Loss from discontinued operations	(1.75)
Cumulative effect of change in accounting principle	0.20
Net income available per average common and common equivalent share	$0.90

Treasury Stock Repurchase Program: On December 18, 1995, the Company announced that its Board of Directors authorized management to purchase up to 5,000,000 shares of its common stock in addition to shares required for employee plans. These purchases are in addition to the share repurchase program which began in August 1994 and concluded in December 1995, under which the Company repurchased 12,500,000 shares. Purchases will be made from time to time in the open market, and it is expected that funding of the program will come from operating cash flow and existing bank facilities. As of December 31, 1995, the Company had not repurchased any shares under this new program.

Advertising Costs: All advertising costs of the Company are expensed the first time the advertising takes place. Advertising expense was $257,299,000, $224,212,000 and $205,831,000 for the years ended December 31, 1995, 1994 and 1993, respectively.

New Accounting Standards: In March 1995, the FASB issued FAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" ("FAS 121"), which is effective for fiscal years beginning after December 15, 1995. Effective January 1, 1996, the Company will adopt FAS 121 which requires that long-lived assets (i.e. property, plant and equipment and goodwill) held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the net book value of the asset may not be recoverable. An impairment loss will be recognized if the sum of the expected future cash flows (undiscounted and before interest) from the use of the asset is less than the net book value of the asset. The amount of the impairment loss will generally be measured as the difference between the net book value of the assets and the estimated fair value of the related assets. Upon adoption in the first quarter of fiscal 1996, it is anticipated that the Company may record an initial pre-tax impairment loss of approximately $15,000,000 to $25,000,000 (unaudited) to conform with this statement since it requires grouping of assets at the lowest level of cash flows to determine impairment.

In October 1995, the FASB issued FAS No. 123, "Accounting for Stock-Based Compensation" ("FAS 123"), which is effective for fiscal years beginning after December 15, 1995. Effective January 1, 1996, the Company will adopt FAS 123 which establishes financial accounting and reporting standards for stock-based employee compensation plans. The pronouncement defines a fair value based method of accounting for an employee stock option or similar equity instrument and encourages all entities to adopt that method of accounting for all of their employee stock option compensation plans. However, it also allows an entity to continue to measure compensation cost for those plans using the intrinsic value based method of accounting as prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). Entities electing to remain with the accounting in APB 25 must make pro forma disclosures of net income and earnings per share as if the fair value based method of accounting defined in FAS 123 had been applied. The Company will continue to account for stock-based employee compensation plans under the intrinsic method pursuant to APB 25 and will make the disclosures in its footnotes as required by FAS 123.

Pervasiveness of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and related revenues and expenses, and disclosure of gain and loss contingencies at the date of the financial statements. Actual results could differ from those estimates.

Reclassification: Certain amounts in prior years have been reclassified to conform to classifications adopted in 1995.

NOTE 3-GAIN ON SALE OF CREDIT OPERATIONS AND EXTENDED SERVICE CONTRACTS

In December 1994, the Company entered into an agreement with SPS Transaction Services, Inc., a majority-owned subsidiary of Dean Witter, Discover & Company ("SPS") to sell its Computer City and Incredible Universe private label credit card portfolios without recourse. As a result of the agreement, Tandy received cash of $85,764,000 and received a deferred payment of $179,777,000. The Company recognized a gain of $35,708,000 in the accompanying 1994 Consolidated Statements of Income. The deferred payment amount did not bear interest. The total principal amount of $179,777,000 was paid in full during 1995. The Company discounted the deferred payment by $3,477,000 to yield interest income of approximately 5% over the twelve month payout period.

On March 30, 1995, the Company completed the sale, at net book value, of the RadioShack and Tandy Name Brand private label credit card accounts and substantially all related accounts receivable to Hurley State Bank, a subsidiary of SPS. As a result of the transaction, Tandy received $342,822,000 in cash and a deferred payment amount of $49,444,000. The deferred payment does not bear interest and principal is paid monthly with final payment due February 29, 1996. The remaining discounted deferred payment balance of $2,098,000 is classified as a current receivable in the accompanying Consolidated Balance Sheet at December 31, 1995.

Effective December 1994, the Company transferred all of its existing obligations with respect to extended service contracts in force at December 31, 1994, with the exception of certain contracts aggregating approximately $7,734,000, to an unrelated third party. The unrelated third party contractually assumed all of the Company's legal obligations and risk of future loss pursuant to the extended service contracts in exchange for $75,059,000. As a result, the Company recognized a gain of $55,729,000 associated with this transaction in its accompanying 1994 Consolidated Statements of Income. The Company continues to provide repair services to customers who tender products pursuant to the extended service contracts on a non-exclusive basis. The unrelated third party pays the Company competitive market rates for repairs on products tendered pursuant to the extended service contracts.

NOTE 4-RESTRUCTURING CHARGES

In December 1994, the Company adopted a business restructuring plan to close or convert 233 of the 306 Tandy Name Brand stores. At March 31, 1995, all 233 stores had been closed or converted. The remaining stores have become part of the Tandy Specialty Retail Group of the RadioShack division. A pre-tax charge of $89,071,000 was taken in the fourth quarter of fiscal 1994 related to the closing and conversion of these stores. The components of the

Restructuring Charges

(In thousands)	Original Reserve	Charges Through 12/31/94	Balance 12/31/94	Charges 1/1/95-12/31/95	Balance 12/31/95
Lease obligations	$46,682	$(1,466)	$45,216	$(32,998)	**$12,218**
Impairment of fixed assets	17,991	—	17,991	(17,991)	—
Inventory impairment	16,600	—	16,600	(16,600)	—
Goodwill impairment	4,222	(4,222)	—	—	—
Termination benefits	1,218	—	1,218	(1,218)	—
Other	2,358	—	2,358	(2,358)	—
Total	$89,071	$(5,688)	$83,383	$(71,165)	**$12,218**

restructuring charge and an analysis of the amounts charged against the reserve are outlined in the accompanying table.

The lease obligation charges for 1995 were net of an additional reserve of $1,100,000. The remaining reserve at December 31, 1995 relates to estimated future payments to landlords to terminate store lease agreements for which the lease term has not yet expired, been subleased or terminated pursuant to a settlement agreement.

Sales and operating revenues associated with the closed Tandy Name Brand stores approximated $28,041,000 (unaudited) and operating losses approximated $3,064,000 (unaudited) for the year ended December 31, 1995. Sales and operating revenues associated with the closed Tandy Name Brand stores approximated $261,990,000 (unaudited) and $271,914,000 (unaudited) for 1994 and 1993, respectively, and operating losses approximated $18,125,000 (unaudited) and $15,342,000 (unaudited) for 1994 and 1993, respectively. In conjunction with this restructuring, 1,425 (unaudited) employees were terminated, most of whom were store employees and managers.

NOTE 5-SHORT-TERM INVESTMENTS

The weighted average interest rates were 4.8% and 5.2% at December 31, 1995 and 1994, respectively, for short-term investments totaling $20,797,000 and $80,373,000, respectively.

NOTE 6-ACCOUNTS AND NOTES RECEIVABLE

	December 31,	
(In thousands)	1995	1994
Gross customer receivable balances of credit operations	$ 21,278	$705,691
Less securitized customer receivables	—	(300,990)
Customer receivable balances of credit operations	21,278	404,701
Plus initial direct costs, net of amortization of $6,736,000 in 1994	—	10,649
Net customer receivable balances of credit operations	21,278	415,350
Deferred payment due on sale of credit operations, net of discount of $11,000 and $3,477,000, respectively	2,098	176,300
Net receivables related to credit operations	23,376	591,650
Trade accounts receivable	167,097	134,161
Receivable and current portion of notes due from InterTAN	21,346	8,707
AST note, net of discount of $151,000	89,849	—
Other receivables	24,805	55,957
Less allowance for doubtful accounts	(5,885)	(21,374)
	$320,588	$769,101

Allowance for Doubtful Accounts

	Year Ended December 31,		
(In thousands)	1995	1994	1993
Balance at the beginning of the year	$ 21,374	$ 22,340	$ 21,945
Provision for credit losses and bad debts included in selling, general and administrative expense	15,736	49,344	55,043
Reserve allocated to securitized receivables	—	1,748	(1,203)
Reserve on credit accounts sold	(18,830)	(6,387)	—
Uncollected receivables written off, net of recoveries	(12,395)	(45,671)	(53,445)
	$ 5,885	$ 21,374	$ 22,340

During 1991 the Company executed an asset securitization for its private label credit card portfolio for approximately $350,000,000 of which $300,990,000 was remaining at December 31, 1994. The Company no longer services, has an interest in or any obligation relating to these securitized receivables since they were included in the sale of the private label credit card portfolio to SPS (see Note 3).

Interest income related to the Company's credit card operations totaled $18,540,000, $46,868,000 and $57,401,000 for the years ended December 31, 1995, 1994 and 1993, respectively. During 1995 the Company recorded interest income earned, including accretion of discount, on notes receivable from AST Research, Inc. ("AST") and InterTAN, Inc. ("InterTAN") approximating $4,922,000 and $8,248,000, respectively. In 1995 and 1994 the Company recognized interest income from the IRS reflecting the settlement of outstanding tax issues of approximately $6,183,000 and $9,582,000, respectively. The Company also recorded in 1994 interest income earned, including accretion of discount, on notes receivable from AST and InterTAN approximating $5,724,000 and $8,280,000, respectively.

NOTE 7-PROPERTY, PLANT AND EQUIPMENT

	December 31,	
(In thousands)	1995	1994
Land	$ 18,909	$ 22,670
Buildings	181,398	155,334
Buildings under capital lease	29,876	23,873
Furniture, fixtures and equipment	475,744	430,006
Leasehold improvements	361,033	345,812
	1,066,960	977,695
Less accumulated depreciation and amortization of capital leases	489,240	473,108
	$ 577,720	$504,587

NOTE 8–OTHER ASSETS

Other assets include the excess purchase price over net tangible assets of businesses acquired of $13,615,000 at December 31, 1995 and $13,747,000 at December 31, 1994. These amounts are net of accumulated amortization of $4,183,000 and $5,035,000, respectively. The balance of other assets at December 31, 1995 also includes long-term receivables relating to InterTAN and Lika of $18,903,000, net of discount of $12,161,000. The balance at December 31, 1994 includes long-term receivables relating to InterTAN, AST and Lika of $128,926,000, net of discount of $16,796,000. See Notes 21 and 22 for a further description of the terms of the AST and InterTAN notes receivable.

NOTE 9–INDEBTEDNESS AND BORROWING FACILITIES

Borrowings payable within one year are summarized in the accompanying short-term debt table. The short-term debt caption includes primarily domestic seasonal borrowings. The current portion of long-term debt at December 31, 1995 includes $12,904,000 of medium-term notes and other loans. The current portion of long-term debt at December 31, 1994 includes $45,000,000 of senior notes and $6,208,000 of medium-term notes and other loans.

Tandy's short-term credit facilities, including revolving credit lines, are summarized in the accompanying short-term borrowing facilities table. The method used to compute averages in the short-term borrowing facilities table is based on a daily weighted average computation which takes into consideration the time period such debt was outstanding as well as the amount outstanding. The Company's primary source of short-term debt, for which borrowings and repayments have been presented net in the Consolidated Statements of Cash Flows, consists of short-term seasonal bank debt and commercial paper. The commercial paper matures within 90 days, as does the short-term seasonal bank debt.

A commercial paper program was established during fiscal 1991 for Tandy and was renewed in May 1994. The Company has $400,000,000 in committed facilities in place for the commercial paper program. These facilities are to be used only if maturing commercial paper cannot be repaid due to an inability to sell new paper. This agreement is composed of two facilities—one for $200,000,000 expiring in May 1996 and another facility for $200,000,000 expiring in May 1997. Annual commitment fees for the facilities are 2/25 of 1% per annum and 1/8 of 1% per annum, respectively, whether used or unused. The commercial paper facilities limit the amount of commercial paper that may be outstanding to a maximum of $400,000,000. At December 31, 1995, there were no amounts outstanding under the facilities.

Tandy completed a $500,000,000 shelf registration in January 1991 of which $400,000,000 was designated for medium-term notes. At December 31, 1995, available borrowing capacity under Tandy's medium-term note programs aggregated $312,800,000. Medium-term notes outstanding at December 31, 1995 totaled $67,104,000 compared to $73,044,000 at December 31, 1994. The weighted average coupon rates of medium-term notes outstanding at December 31, 1995 and 1994 were 8.4% and 8.5%, respectively. The $6,000,000 of Tandy Credit's medium-term notes which were to mature in May and August of 1995 were paid in full in February 1995.

The Company established an employee stock ownership trust in June 1990. Further information on the trust and its related indebtedness, which is guaranteed by the Company, is detailed in the discussion of the Tandy Employees Stock Ownership Plan in Note 14.

Long-term borrowings and capital lease obligations outstanding at December 31, 1995 mature as follows:

(In thousands)	
1996	$23,664
1997	41,396
1998	37,934
1999	11,971
2000	10,766
2001 and thereafter	38,746

The fair value of the Company's long-term debt of $135,716,000 (including current portion, but excluding capital leases) is approximately $143,794,000 at December 31, 1995.

Short-Term Debt

	December 31,	
(In thousands)	1995	1994
Short-term bank debt	$ 64,900	$ 78,677
Current portion of long-term debt	12,904	51,208
Commercial paper, less unamortized discount	101,297	88,775
	179,101	218,660
Current portion of capitalized lease obligations	363	675
Current portion of guarantee of TESOP indebtedness	10,397	9,800
Total short-term debt	$189,861	$229,135

Short-Term Borrowing Facilities

(In thousands)	Year Ended December 31, 1995	1994	1993
Domestic seasonal bank credit lines and bank money market lines:			
Lines available at period end	$940,000	$1,025,000	$1,050,000
Loans outstanding at period end	$ 64,900	$ 77,300	$ 90,000
Weighted average interest rate at period end	6.0%	6.4%	3.6%
Weighted average of loans outstanding during period	$106,963	$ 16,358	$ 168,901
Weighted average interest rate during period	6.2%	5.2%	3.6%
Short-term foreign credit lines:			
Lines available at period end	$139,091	$ 149,084	$ 143,685
Loans outstanding at period end	None	$ 1,377	$ 612
Weighted average interest rate at period end	N/A	7.4%	6.7%
Weighted average of loans outstanding during period	$ 256	$ 3,563	$ 1,956
Weighted average interest rate during period	3.8%	5.5%	4.0%
Letters of credit and banker's acceptance lines of credit:			
Lines available at period end	$417,500	$ 475,000	$ 526,000
Acceptances outstanding at period end	None	None	None
Letters of credit open against outstanding purchase orders at period end	$ 79,900	$ 91,645	$ 124,701
Commercial paper credit facilities:			
Commercial paper outstanding at period end	$101,297	$ 88,775	$ 172,851
Weighted average interest rate at period end	6.0%	6.2%	3.5%
Weighted average of commercial paper outstanding during period	$198,068	$ 37,878	$ 174,494
Weighted average interest rate during period	6.2%	4.8%	3.5%

Long-Term Debt

(In thousands)	December 31, 1995	1994
Notes payable with interest rates at Dec. 31, 1995 ranging from 5.10% to 6.63%	$ 9,519	$ 54,726
Medium-term notes payable, net of issuance cost, with interest rates at Dec. 31, 1995 ranging from 7.25% to 8.63%	67,104	73,044
	76,623	127,770
Less portion due within one year included in current notes payable	(12,904)	(51,208)
	63,719	76,562
Capital lease obligations	28,761	23,238
Less current portion	(363)	(675)
	28,398	22,563
Guarantee of TESOP indebtedness (See Note 14)	59,093	63,993
Less current portion	(10,397)	(9,800)
	48,696	54,193
Total long-term debt	$140,813	$153,318

NOTE 10–LEASES AND COMMITMENTS

Tandy leases rather than owns most of its facilities. The RadioShack stores comprise the largest portion of Tandy's leased facilities. The RadioShack and Computer City stores are located primarily in major shopping malls, shopping centers or freestanding facilities owned by other companies. The store leases are generally based on a minimum rental plus a percentage of the store's sales in excess of a stipulated base figure. Tandy also leases distribution centers and office space. In 1995, under sale and leaseback agreements with an unrelated third party, the Company sold certain Incredible Universe stores for approximately $37,550,000 and leased the properties back under a lease agreement which matures on September 11, 2000. No gain was recorded on the transactions. In 1994, the Company sold certain Incredible Universe stores for approximately $52,719,000 and leased the properties back under a lease agreement which matures on September 11, 2000. The 1994 transactions produced a gain of approximately $1,664,000 which was deferred and is being amortized over the life of the lease periods. The Company does not have any continuing involvement under the sale-leaseback transactions.

Future minimum rent commitments at December 31, 1995 for all long-term noncancelable leases (net of immaterial amounts of sublease rent income) are included in the following table.

(In thousands)	Operating Leases	Capital Leases
1996	$178,373	$ 5,889
1997	170,865	5,927
1998	150,878	6,033
1999	128,262	6,260
2000	106,220	6,501
2001 and thereafter	306,162	57,495
Total minimum lease payments		88,105
Less: Amount representing interest		(59,344)
Present value of net minimum lease payments		$28,761

Rent Expense

	Year Ended December 31,		
(In thousands)	1995	1994	1993
Minimum rents	$ 216,587	$210,443	$200,183
Contingent rents	2,896	2,947	2,644
Sublease rent income	(1,882)	(968)	(426)
Total rent expense	$ 217,601	$212,422	$202,401

Space Owned and Leased (Unaudited)

	Approximate Square Footage at December 31,		
	1995		
(In thousands)	Owned	Leased	Total
Retail			
Radio Shack	—	11,836	11,836
Computer City	26	2,089	2,115
Incredible Universe	503	1,221	1,724
Tandy Name Brand	—	—	—
Other	269	—	269
	798	15,146	15,944
Manufacturing	536	209	745
Warehouse and office	4,089	2,430	6,519
	5,423	17,785	23,208

	1994		
(In thousands)	Owned	Leased	Total
Retail			
Radio Shack	—	10,806	10,806
Computer City	—	1,567	1,567
Incredible Universe	300	609	909
Tandy Name Brand	—	1,509	1,509
Other	269	—	269
	569	14,491	15,060
Manufacturing	641	212	853
Warehouse and office	3,357	2,310	5,667
	4,567	17,013	21,580

The Company also has agreements with unaffiliated groups to lease certain stores and these groups are committed to make available up to $317,426,000 for development or acquisition of stores leased by the Company. At December 31, 1995, the Company had used $208,178,000 of that availability. Agreements with these groups mature over the next five years, and the Company is continuously monitoring financial markets to optimize renewal terms. In connection with the financing of the 16 locations by these groups, the Company has guaranteed the residual value of the properties at approximately $160,671,000 at the end of the lease terms.

NOTE 11–ACCRUED EXPENSES

	December 31,	
(In thousands)	1995	1994
Payroll and bonuses	$ 69,726	$ 68,974
Sales and payroll taxes	52,454	58,168
Insurance	59,089	52,394
Deferred service contract income	9,101	7,734
Rent	25,433	25,203
Advertising	52,733	38,301
Interest expense	4,861	5,914
Restructuring reserve	12,218	83,383
Other	36,324	36,724
	$321,939	$376,795

NOTE 12–INCOME TAXES

The components of the provision for income taxes and a reconciliation of the U.S. statutory tax rate to the Company's effective income tax rate are given in the accompanying tables.

Income Tax Expense

	Year Ended December 31,		
(In thousands)	1995	1994	1993
Current			
Federal	$105,119	$109,325	$109,543
State	11,407	8,949	8,543
Foreign	3,069	3,292	1,781
	119,595	121,566	119,867
Deferred			
Federal	11,704	12,127	(4,344)
Foreign	—	1,512	—
	11,704	13,639	(4,344)
Total income tax expense	$131,299	$135,205	$115,523

Statutory vs. Effective Tax Rate

(In thousands)	Year Ended December 31, 1995	1994	1993
Components of pretax income from continuing operations:			
United States	$341,228	$357,325	$298,506
Foreign	2,045	2,215	12,649
Income before income taxes	343,273	359,540	311,155
Statutory tax rate	35%	35%	35%
Federal income tax at statutory rate	120,146	125,839	108,904
State income taxes, less federal income tax benefit	7,415	5,817	5,553
Other, net	3,738	3,549	1,066
Total income tax expense	$131,299	$135,205	$115,523
Effective tax rate	38.25%	37.60%	37.13%

The effective tax rate increased in 1995 due primarily to an increase in the effective state tax rate resulting from a higher percentage of income being earned in states with higher tax rates.

The IRS Dallas field office is reviewing the Company's 1987-1989 tax returns and has referred certain issues to the IRS National office. The resolution of this matter, which raises questions about the private letter rulings issued by the IRS regarding the spin-off of InterTAN and certain other tax matters, could result in additional taxes and interest to the Company. Although aggregate additional taxes involved in these transactions could potentially range from $0 to $27 million, based on the advice of the Company's independent tax advisors, the Company believes it would prevail if any tax litigation were instituted. Any ultimate tax assessment would also include interest expense. In any event, the Company believes the ultimate resolution would have no material impact on the Company's financial condition.

Deferred tax assets and liabilities as of December 31, 1995 and December 31, 1994 were comprised of the following:

Deferred Tax Assets

(In thousands)	December 31, 1995	1994
Bad debt reserve	$ 2,429	$13,268
Intercompany profit elimination	6,129	4,849
Deferred service contract income	3,757	3,333
Restructuring reserves	5,176	24,680
Insurance reserves	13,715	8,484
Depreciation	1,993	—
Foreign tax credits	4,396	4,396
Other	—	4,564
	37,595	63,574
Valuation allowance	(4,396)	(4,396)
Total deferred tax assets	33,199	59,178
Deferred Tax Liabilities		
Inventory adjustments, net	4,270	6,963
Depreciation and amortization	—	5,886
Credit card origination costs	—	4,410
Deferred taxes on foreign operations	4,191	7,783
Other	2,752	—
Total deferred tax liabilities	11,213	25,042
Net Deferred Tax Assets	$21,986	$34,136

NOTE 13–STOCK PURCHASE AND SAVINGS PLANS

Tandy Corporation Stock Purchase Program ("SPP"). Eligible employees may contribute 1% to 10% (1% to 7% for U. S. eligible employees, effective January 1, 1996) of annual compensation to purchase Company common stock at fair market value. The Company matches 40%, 60% or 80% of the employee's contribution depending on the length of the employee's participation in the SPP. Tandy's contributions to the SPP were $17,975,000, $16,881,000 and $18,955,000 for the years ended December 31, 1995, 1994 and 1993, respectively.

Tandy Employees Deferred Salary and Investment Plan ("DIP"). Prior to January 1, 1996, an eligible employee electing to participate in the DIP could defer 5% of annual compensation, subject to certain limitations established by the Tax Reform Act of 1986. The Company makes contributions to the employee stock ownership plan described in Note 14 in lieu of matching contributions to the DIP. An administrative committee appointed by the Board of Directors invests the DIP's assets primarily in Tandy securities. Effective January 1, 1996, the DIP and TESOP were merged to form a new plan called the Tandy Fund. Under the Tandy Fund, participants may contribute from 1% to 8% of annual compensation. Employees participating in the Tandy Fund may elect to allocate their deferred salary contributions among a group of investment choices. The Tandy Fund accepts rollovers from other qualified 401(k) plans and has a profit sharing provision.

NOTE 14–TANDY EMPLOYEES STOCK OWNERSHIP PLAN ("TESOP")

On July 31, 1990, the TESOP trustee borrowed $100,000,000 at an interest rate of 9.34% with varying semi-annual principal payments through June 30, 2000. On December 15, 1994, the TESOP entered into an agreement with an unrelated third party to refinance a portion of the TESOP's indebtedness by borrowing $5,063,000 at an interest rate of 8.76% to retire a portion of the original $100,000,000 indebtedness. The maturity date of this borrowing is December 30, 2000. On December 28, 1995, the TESOP borrowed an additional $4,303,000 from the unrelated third party to refinance a portion of the TESOP's indebtedness. This amount was borrowed at an interest rate of 6.47% and matures on December 30, 2001. Dividend payments and contributions from Tandy will be used to repay the indebtedness. Tandy is obligated to make semi-annual contributions to the TESOP to enable it to pay principal and interest on the securities. Because Tandy has guaranteed the repayment of these notes, the indebtedness of the TESOP is recognized as a long-term obligation in the accompanying Consolidated Balance Sheets. An offsetting charge has been made in the stockholders' equity section of the accompanying Consolidated Balance Sheets to reflect unearned compensation related to the TESOP.

The TESOP trustee used the proceeds from the issuance of the 1990 notes to purchase 100,000 shares of Series B TESOP Convertible Preferred Stock (the "TESOP Preferred Stock") from Tandy at a price of $1,000 per share. Each share of such stock is convertible into 21.768 shares of Tandy common stock. The annual cumulative dividend on TESOP Preferred Stock is $75.00 per share, payable semi-annually. This series of stock has certain liquidation preferences and may be redeemed by Tandy after July 1, 1994 at specified premiums.

During the term of the TESOP, the TESOP Preferred Stock will be allocated to the participants annually based on the total debt service made on the indebtedness. As vested participants withdraw from the TESOP, payments are made in cash or Tandy common stock. The preferred stock has a face value of $1,000 per share and the Company is obligated to redeem the preferred stock at the higher of the appraised value or $1,000 per share in the event of a participant's withdrawal. The Company has the option to redeem the preferred stock in either cash or common stock.

As shares of the TESOP Preferred Stock are allocated to the TESOP participants, compensation expense is recorded and unearned compensation is reduced. Interest expense on the TESOP notes is also recognized as a cost of the TESOP. The compensation component of the TESOP expense is reduced by the amount of dividends accrued on the TESOP Preferred Stock with any dividends in excess of the compensation expense reflected as a reduction of interest expense. During the year ended December 31, 1995, the compensation and interest costs related to the TESOP before the reduction for the allocation of dividends were $7,480,000 and $5,719,000, respectively. During the year ended December 31, 1994, the compensation and interest costs related to the TESOP before the reduction for the allocation of dividends were $10,008,000 and $6,202,000, respectively. The compensation and interest costs related to the TESOP before the reduction for the allocation of dividends were $9,605,000 and $7,195,000, respectively, during the year ended December 31, 1993. Contributions from Tandy to the TESOP for the years ended December 31, 1995, 1994 and 1993 totaled $11,216,000, $11,189,000 and $17,895,000, respectively, including the $6,537,000, $6,777,000 and $7,135,000 of dividends paid on the TESOP Preferred Stock.

At December 31, 1995, 39,162 shares of TESOP Preferred Stock had been released and allocated to participants' accounts in the TESOP (including 13,619 shares which had been withdrawn by participants). At December 31, 1995, 8,071 shares of TESOP Preferred Stock were released for allocation to participants on the March 31, 1996 annual allocation date. At December 31, 1995, 52,767 shares of TESOP Preferred Stock were available for later release and allocation to participants over the remaining life of the TESOP.

The TESOP fiscal year ends on March 31. At March 31, 1995, the TESOP held as assets $95,946,000 of TESOP Preferred Stock and $3,937,000 of receivables and had liabilities comprised of the remaining principal on the notes of $63,993,000 and accrued interest payable on the notes of $1,487,000, resulting in net assets of $34,403,000.

NOTE 15–STOCK OPTIONS AND PERFORMANCE AWARDS

1985 STOCK OPTION PLAN ("SOP")

Under the 1985 SOP, as amended, options to acquire up to 2,000,000 fully registered shares of Tandy's common stock may be granted to officers and key management employees of the Company. The Organization and Compensation Committee (the "Committee") has sole discretion in determining whether to grant options, who shall receive them, the number of options granted to any individual and whether an option will be an incentive stock option or a nonstatutory stock option. The term of incentive stock options may not exceed 10 years and the term of nonstatutory stock options may not exceed a term of 10 years plus one month.

The maximum amount that may be exercised at the expiration of each of the first through fifth anniversaries of the nonstatutory stock options is 20%. On each of the first three anniversaries of the date of grant of the incentive stock options, one-third of each individual's options become exercisable. In the event of a change in control, all outstanding options become immediately exercisable for the full number of shares subject to options. The option price is determined by the Committee at the time the option is granted, but the option price will not be less than 100% of the fair market value of the stock on the date of grant. Since the option prices have been fixed at the market price on the date of grant, no compensation has been charged against earnings by the Company. Authorized and unissued shares or treasury stock may be issued to participants when options are exercised.

Under the SOP there were 978,204 vested options which could have been exercised for a total price of $33,644,772 at December 31, 1995. Shares available for additional grants under the SOP were 242,626 at December 31, 1995.

1993 INCENTIVE STOCK PLAN ("ISP")

During March 1993, the Board adopted the ISP, as amended. The ISP is administered by the Committee. A total of 3,000,000 shares of the Company's common stock were reserved for issuance under the ISP and have been registered with the Securities and Exchange Commission. In May 1995, the ISP was amended to provide for an initial option grant of 5,000 shares to each non-employee director, to increase the annual September option grant from 3,000 to 4,000 shares and to provide for payment of director retainer fees all or one-half in Company common stock.

The ISP permits the grant of incentive stock options ("ISOs"), nonstatutory stock options (options which are not ISOs) ("NSOs"), stock appreciation rights ("SARs"), restricted stock, performance units or performance shares.

Grants of options under the ISP shall be for terms specified by the Committee, except that the term generally shall not exceed 10 years. Provisions of the ISP generally provide that in the event of a change in control all options become immediately and fully exercisable and all restrictions on restricted stock lapse.

As part of the ISP, as amended in May 1995, each non-employee director of the Company receives a grant of NSOs for 4,000 shares of the Company's common stock on the first business day of September of each year ("Director Options"). Director Options have an exercise price of 100% of the fair market value of the Company's common stock on the trading day prior to the date of grant, vest as to one-third of the shares annually on the first three anniversary dates of the date of grant and expire 10 years after the date of grant. The first grant of the Director Options was made on September 1, 1993.

The exercise price of an option (other than a Director Option) is determined by the Committee, provided that the exercise price shall not be less than 100% of the fair market value of a share of the Company's common stock on the date of grant.

On January 2, 1996 the Committee awarded a total of 26,500 shares of restricted stock to the five highly compensated executive officers named in the proxy statement. At December 31, 1995 there were 274,788 vested options which could have been exercised for a total exercise price of $10,807,673 and 1,741,226 shares available for additional grants under the ISP. The ISP shall terminate on the tenth anniversary of the day preceding the date of its adoption by the Board and no option or award shall be granted under the ISP thereafter.

Stock option activity from December 31, 1992 through December 31, 1995 is summarized in the accompanying chart.

Stock Option Activity

(In thousands, except per share amounts)	Number of Shares	Option Price Per Share	Aggregate Exercised Value
December 31, 1992	1,940	$ 5.94 - $47.50	$65,326
Options granted	368	$30.00 - $37.25	13,343
Options exercised	(182)	$ 5.94 - $47.50	(5,341)
Options cancelled	(162)	$ 5.94 - $47.50	(5,533)
December 31, 1993	1,964	$25.06 - $46.13	67,795
Options granted	398	$37.00 - $44.19	17,401
Options exercised	(76)	$25.06 - $41.94	(2,465)
Options cancelled	(110)	$25.06 - $46.13	(4,068)
December 31, 1994	2,176	$25.06 - $45.88	78,663
Options granted	522	$47.00 - $62.63	28,819
Options exercised	(493)	$25.06 - $45.88	(16,980)
Options cancelled	(6)	$37.25 - $44.19	(269)
December 31, 1995	**2,199**	**$25.06 - $62.63**	**$90,233**

NOTE 16-PREFERRED SHARE PURCHASE RIGHTS

In August 1986, the Board of Directors adopted a stockholder rights plan and declared a dividend of one right for each outstanding share of Tandy common stock. The rights, as amended, which will expire on June 22, 2000, are currently represented by the common stock certificates and when they become exercisable will entitle holders to purchase one one-thousandth of a share of Tandy Series A Junior Participating Preferred Stock for an exercise price of $140 (subject to adjustment). The rights will become exercisable and will trade separately from the common stock only upon the date of public announcement that a person, entity or group ("Person") has acquired 15% or more of Tandy's outstanding common stock without the prior consent or approval of the disinterested directors ("Acquiring Person") or ten days after the commencement or public announcement of a tender or exchange offer which would result in any person becoming an Acquiring Person. In the event that any person becomes an Acquiring Person, the rights will be exercisable for 60 days thereafter for Tandy common stock with a prior market value (as determined under the rights plan) equal to twice the exercise price. In the event that, after any person becomes an Acquiring Person, the Company engages in certain mergers, consolidations, or sales of assets representing 50% or more of its assets or earning power with an Acquiring Person (or persons acting on behalf of or in concert with an Acquiring Person) or in which all holders of common stock are not treated alike, the rights will be exercisable for common stock of the acquiring or surviving company with a prior market value (as determined under the rights plan) equal to twice the exercise price. The rights will not be exercisable by any Acquiring Person. The rights are redeemable at a price of $.05 per right prior to any person becoming an Acquiring Person or, under certain circumstances, after the expiration of the 60-day period described above, but the rights may not be redeemed or the rights plan amended for 180 days following a change in a majority of the members of the Board (or if certain agreements are entered into during such 180-day period).

NOTE 17-TERMINATION PROTECTION PLANS

In August 1990, the Board of Directors of the Company approved termination protection plans and amendments to various other benefit plans described in Note 13. These plans provide for defined termination benefits to be paid to eligible employees of the Company who have been terminated, without cause, following a change in control of the Company (as defined). In addition, for a certain period of time following employee termination, the Company, at its expense, must continue to provide on behalf of the terminated employee certain employment benefits. In general, during the twelve months following a change in control, the Company may not terminate or change existing employee benefit plans in any way which will affect accrued benefits or decrease the rate of the Company's contribution to the plans.

NOTE 18-ISSUANCE OF SERIES C PERCS AND TENDER OFFER

In February 1992, the Company issued 15,000,000 depositary shares of Series C Conversion Preferred Stock ("Series C PERCS") at $29.50 per depositary share (equivalent to $2,950.00 for each Series C PERCS). Each of the depositary shares represented ownership of 1/100th of a share of Series C PERCS. The annual dividend for each depositary share was $2.14 (based on the annual dividend rate for each Series C PERCS of $214.00).

Tandy announced on January 23, 1995 that it had exercised its right to call all the issued and outstanding Series C PERCS for conversion on March 10, 1995, prior to its mandatory conversion date of April 15, 1995. For each Series C PERCS depositary share redeemed, 0.787757 Tandy common shares were issued for an aggregate of approximately 11,816,000 shares. In addition, each Series C PERCS depositary share received a dividend in cash of $0.321 representing the accrued dividend from January 16, 1995 through the redemption date of March 10, 1995.

NOTE 19-SUPPLEMENTAL CASH FLOW INFORMATION

The effects of changes in foreign exchange rates on cash balances have not been material. Cash flows from operating activities included cash payments as follows:

	Year Ended December 31,		
(In thousands)	**1995**	**1994**	**1993**
Interest paid	**$34,759**	$31,440	$ 47,223
Income taxes paid	**$68,361**	$84,516	$105,313

Capital lease obligations of $6,003,000 and $23,873,000 were recorded during the years ended December 31, 1995 and 1994, respectively, for the lease of certain retail stores.

NOTE 20-LITIGATION

The Company is a defendant in a consolidated action titled *O'Sullivan Industries Holdings, Inc. Securities Litigation*, which was commenced in 1994 and is currently pending before the United States District Court for the Western District of Missouri. The plaintiffs seek damages in an unspecified amount alleging that the initial public offering of O'Sullivan, which was formerly a subsidiary of the Company, as well as certain press releases and other materials, contained material misrepresentations and omissions. The parties have recently entered into a Memorandum of Understanding which anticipates the settlement of this litigation in the near future. The complete resolution of the matter is dependent upon the satisfaction of several conditions including the parties entering a binding agreement and the Court approving the terms of such an agreement. There can be no assurance that such an agreement will be reached or that Court approval will be obtained. Under the terms of the Memorandum of Understanding, the Company's contributions to the proposed settlement will not have a material adverse affect on its results of operations or financial condition. Tandy believes that the lawsuit is totally without merit and in the event this matter is not resolved, as is presently anticipated, the Company intends to resume its vigorous defense of this lawsuit.

Tandy has various claims, lawsuits, disputes with third parties, investigations and pending actions involving allegations of negligence, product defects, discrimination, infringement of intellectual property rights, securities matters, tax deficiencies, violations of permits or licenses, and breach of contract and other matters against the Company and its subsidiaries incident to the operation of its business. The liability, if any, associated with these matters was not determinable at December 31, 1995. While certain of these matters involve substantial amounts, and although occasional adverse settlements or resolutions may occur and negatively impact earnings in the year of settlement, it is the opinion of management that their ultimate resolution will not have a materially adverse effect on Tandy's financial position.

NOTE 21-DISCONTINUED OPERATIONS

On June 25, 1993, the Board of Directors of Tandy adopted a formal plan of divestiture under which the Company would sell its computer manufacturing and marketing businesses, the O'Sullivan Industries, Inc. ("O'Sullivan") ready-to-assemble furniture manufacturing and related marketing business, the Memtek Products division and the Lika printed circuit board business.

Computer Manufacturing. The Company closed the sale of the computer manufacturing and marketing businesses to AST on July 13, 1993. In accordance with the terms of the definitive agreement between Tandy and AST, Tandy received $15,000,000 upon closing of the sale. The balance of the purchase price of $96,720,000 was payable by a promissory note. The Company has discounted this note by $2,000,000 and the discount continues to be recognized as interest income using the effective interest rate method over the life of the note.

During the quarter ended September 30, 1995, the Company received $6,720,000 from AST as a prepayment on its promissory note. The original promissory note was supported by a standby letter of credit in the amount of the lesser of $100,000,000 or 70% of the outstanding principal amount of the promissory note. This letter of credit has been replaced by a $75,000,000 Letter of Guarantee dated August 22, 1995, from Samsung Electronics Co., Ltd., a Korean corporation, or, alternatively, Samsung Electronics America, Inc., a New York corporation. As of December 31, 1995, Samsung owned approximately 40% of AST's outstanding stock. Samsung's current credit ratings by S&P and Moody's are A– and Baa1, respectively.

As a result of the prepayment, the note has been amended and the principal amount reduced to $90,000,000. The terms of the original promissory note stipulated that the outstanding principal balance could be paid on July 11, 1996 at AST's option in cash or the common stock of AST, provided that not more than 50% of the original principal amount of the note could be paid in common stock of AST. The amended promissory note provides that AST may repay the note in AST common stock, provided that not more than the lesser of (a) $30,000,000, or (b) 33% of the outstanding principal amount of the note at the time of payment may be payable by AST in common stock of AST. The interest rate on the promissory note is currently 5% per annum and is adjusted annually, not to exceed 5% per annum. Interest is accrued and paid annually. The fair market value of the note approximates $89,754,000 at December 31, 1995.

Memtek Products. On November 10, 1993, the Company executed a definitive agreement with Hanny Magnetics (B.V.I.) Limited, a British Virgin Islands corporation ("Hanny"), to sell certain assets of the Company's Memtek Products operations, including the license agreement with Memorex Telex, N.V. for the use of the Memorex trademark on licensed consumer electronics products. This sale closed on December 16, 1993. Proceeds from this sale aggregated $69,602,000.

O'Sullivan Industries. On January 27, 1994 the Company announced that it had reached an agreement with the underwriters to sell all the common stock of O'Sullivan Industries Holdings, Inc., the parent company of O'Sullivan, to the public at $22 per share. The net proceeds realized by Tandy in the initial public offering, together with a $40,000,000 cash dividend from O'Sullivan, approximated $350,000,000. The initial public offering closed on February 2, 1994.

Tandy has recognized income of approximately $1,335,000 and $4,399,000, net of tax, during the years ended December 31, 1995 and 1994, respectively, pursuant to a Tax Sharing and Tax Benefit Reimbursement Agreement (the "Agreement") between Tandy and O'Sullivan. Under the Agreement Tandy receives payments from O'Sullivan approximating the federal tax benefit that O'Sullivan realizes from the increased tax basis of its assets resulting from the initial public offering. The higher tax basis increases O'Sullivan's tax deductions and, accordingly, reduces income taxes payable by O'Sullivan. These payments will be made over a 15-year time period and are contingent upon O'Sullivan's taxable income each year. The Company is recognizing these payments as additional sale proceeds and gain in the year in which the payments become due and payable to the Company pursuant to the Agreement. The additional gain is recorded as a reduction of SG&A expense in the accompanying Consolidated Statements of Income.

Lika. On October 11, 1994, Tandy sold the assets used in its Lika¤ printed circuit board division to Viktron Limited Partnership, an Illinois limited partnership. The proceeds from the sale and liquidation of assets approximated $16,380,000 which included $7,754,000 in cash, proceeds from liquidation of retained assets of $5,594,000 and secured promissory notes for $3,032,000. At December 31, 1995, $1,400,000 remained as a receivable from Viktron.

The losses from discontinued operations prior to the measurement date are outlined in the table below.

(In thousands)	**Year Ended December 31, 1993**
Net sales and operating revenues	$ 368,137
Loss from discontinued operations:	
Operating loss before income tax	$ (59,549)
Income tax benefit	1,930
Operating loss	(57,619)
Estimated loss on disposal	(63,778)
Estimated operating loss during phaseout period	(7,000)
Income tax benefit	16,600
Loss on disposal	(54,178)
Total loss from discontinued operations	$(111,797)

Interest expense of $4,608,000 allocated through the measurement date of June 30, 1993, has been allocated to discontinued operations based on the percentage of the net assets of discontinued operations to total net assets.

NOTE 22-RELATIONS WITH INTERTAN

Summarized in the tables below are the amounts recognized by the Company at December 31, 1995 and 1994, and for each of the three years ended December 31, 1995, in relation to its agreements with InterTAN. The fair market value of the notes receivable approximates $45,893,000 at December 31, 1995. The Company purchased the notes at a discount and InterTAN has an obligation to pay the gross amount of the notes.

	Balance at December 31,	
(In thousands)	1995	1994
Gross amount of notes	$44,903	$51,861
Discount	12,161	16,343
Net amount of notes	$32,742	$35,518
Current portion of notes	$14,639	$ 4,260
Non-current portion of notes	18,103	31,258
Other current receivables	6,707	4,447
	$39,449	$39,965

	Year Ended December 31,		
(In thousands)	1995	1994	1993
Sales and commission income	$10,904	$19,764	$93,315
Interest income	$ 4,066	$ 4,426	$ 3,085
Accretion of discount	4,182	3,854	—
	$ 8,248	$ 8,280	$ 3,085
Royalty income	$ 758	—	—

InterTAN, the former foreign retail operations of Tandy, was spun off to Tandy stockholders as a tax-free dividend in fiscal 1987. Under the merchandise purchase terms of the original distribution agreement, InterTAN could purchase on payment terms products sold or secured by Tandy. A&A International ("A&A"), a subsidiary of Tandy, was the exclusive purchasing agent for products originating in the Far East for InterTAN.

On July 16, 1993, InterTAN had an account payable to Tandy of approximately $17,000,000 of which $7,600,000 was in default. InterTAN's outstanding purchase orders for merchandise placed under the distribution agreement with Tandy, but not yet shipped, totaled approximately $44,000,000. Because InterTAN had defaulted, on July 16 Tandy terminated the merchandise purchase terms of the distribution agreement and the license agreements. Tandy offered InterTAN interim license agreements which expired July 22, 1993, unless extended. The agreements were extended on July 23, 1993.

On July 30, 1993, Trans World Electronics, Inc. ("Trans World"), a subsidiary of Tandy, reached agreement with InterTAN's banking syndicate to buy approximately $42,000,000 of InterTAN's debt at a negotiated, discounted price. The closing of this purchase occurred on August 5, 1993, at which time Tandy resumed limited shipments to InterTAN and granted a series of short-term, interim licenses pending the execution of new license and merchandise agreements. The debt purchased from the banks was restructured into a seven-year note with interest of 8.64% due semiannually beginning February 25, 1994 and semiannual principal payments beginning February 25, 1995 (the "Series A" note). Trans World provided approximately $10,000,000 in working capital and trade credit to InterTAN. Interest on the working capital loan (the "Series B" note) of 8.11% is due semiannually beginning February 25, 1994 with the principal due in full on August 25, 1996. Trans World also has received warrants with a five-year term exercisable for approximately $1,450,000 shares of InterTAN common stock at an exercise price of $6.618 per share. As required by an agreement with Tandy, InterTAN has registered the warrants under the Securities Act of 1933. At December 31, 1995, InterTAN's common stock price, as quoted in the *Wall Street Journal*, was $7.25 per share. The fair market value of these warrants at December 31, 1995 approximates $1,000,000. At February 29, 1996, InterTAN's common stock price had declined to $5.00, and, therefore, the fair market value of the warrants declined as well.

In addition to the bank debt purchased by Trans World and the working capital loan, InterTAN's obligations to Trans World included two additional notes for approximately $23,665,000 (the "Series C" note) and $24,037,000 (the "Series D" note) with interest rates of 7.5% and 8%, respectively. All principal and interest on these two notes have been paid in full. Subject to certain conditions described below, all of Tandy's debt from InterTAN is secured by a first priority lien on substantially all of InterTAN's assets in Canada and the U.K.

A new merchandise agreement was reached with InterTAN in October 1993, and amended in 1995, which requires a percentage of future purchase orders to be backed by letters of credit posted by InterTAN. New license agreements provide a royalty payable to Tandy, which began in the September 1995 quarter. InterTAN had obligations for purchase orders outstanding for merchandise ordered by A&A for InterTAN but not yet shipped totaling approximately $25,447,000 at December 31, 1995.

InterTAN increased its bank revolving credit facility with its new banking syndicate to Canadian $60,000,000 (U.S. $43,975,000 equivalent at December 31, 1995) in 1994. In the event of InterTAN's default on the bank credit line, Tandy will, at the option of InterTAN's new banking syndicate, purchase InterTAN's inventory and related accounts receivable at 50% of their net book value, up to the amount of outstanding bank loans, but not to exceed Canadian $60,000,000. In that event, Tandy could foreclose on its first priority lien on InterTAN's assets in Canada and the U.K. If Tandy fails to purchase the inventory and related accounts receivable of InterTAN from the banking syndicate, the syndicate upon notice to Tandy and expiration of time, can foreclose upon InterTAN's assets in Canada and the U.K. ahead of Tandy. The inventory repurchase agreement between InterTAN's banking syndicate and Tandy has been amended and restated to reflect the foregoing.

A&A will continue as the exclusive purchasing agent for InterTAN in the Far East on a commission basis. Effective March 1994, only the purchasing agent commission and sales by Tandy manufacturing plants to InterTAN were recorded as sales and operating revenues. InterTAN purchases from third parties through A&A are no longer recorded as sales, reflecting the arrangement under the new merchandise agreement. Accordingly, sales by Tandy to InterTAN in 1995 and 1994 were considerably lower than in prior years; however, the earned income relating thereto was not materially different.

Through February 1996 InterTAN has met all of its payment obligations to Tandy. Published income before taxes for the six months ended December 31, 1995 approximated $13,151,000 compared to $15,329,000 for the six months ended December 31, 1994. The reduction in InterTAN's earnings per fully diluted share from $1.11 in the six months ended December 31, 1994 to $0.52 in the current six months is primarily attributable to a tax credit taken in fiscal 1995, and to a lesser extent, an economic downtrend in its primary market of Canada. Nothing has come to the attention of management which would indicate that InterTAN would not be able to continue to meet its payment obligations pursuant to the debt agreements with Tandy.

Canadian tax authorities are reviewing InterTAN's Canadian subsidiary's 1987-89 tax returns. The Company cannot determine whether the ultimate resolution of that review will have an effect on InterTAN's ability to meet its obligations to Tandy, but at the present, the Company believes that the ultimate resolution of this review will not impair InterTAN's ability to meet its obligations to Tandy.

NOTE 23-QUARTERLY DATA (Unaudited)

(In thousands, except per share amounts)	Three Months Ended Mar. 31	June 30	Sept. 30	Dec. 31
Year ended December 31, 1995:				
Net sales and operating revenues	**$1,226,622**	**$1,185,047**	**$1,339,930**	**$2,087,468**
Gross profit	**$ 446,579**	**$ 445,769**	**$ 478,537**	**$ 703,298**
Net income	**$ 38,935**	**$ 37,964**	**$ 44,901**	**$ 90,174**
Net income available per average common and common equivalent share	**$ 0.55**	**$ 0.55**	**$ 0.66**	**$ 1.39**
Dividends declared per common share	**$ 0.18**	**$ 0.18**	**$ 0.18**	**$ 0.20**
Average common and common equivalent shares outstanding	**68,174**	**66,240**	**65,719**	**63,717**
Year ended December 31, 1994:				
Net sales and operating revenues	$ 992,135	$1,009,277	$1,119,155	$1,823,112
Gross profit	$ 407,354	$ 407,174	$ 447,656	$ 663,880
Net income	$ 41,795	$ 34,415	$ 46,191	$ 101,934
Net income available per average common and common equivalent share	$ 0.53	$ 0.44	$ 0.59	$ 1.37
Dividends declared per common share	$ 0.15	$ 0.15	$ 0.15	$ 0.18
Average common and common equivalent shares outstanding	75,802	75,417	75,023	73,262

As the Company's operations are predominantly retail oriented, its business is subject to seasonal fluctuations with the December 31 quarter being the most significant in terms of sales and profits because of the Christmas selling season.

During the quarter ended December 31, 1994, the Company recognized a restructuring charge of $89,071,000 for business restructuring relating to the closing of certain retail stores. The Company also recognized a gain of $91,437,000 relating to the sale of Computer City and Incredible Universe private label credit card portfolios and the transfer of the Company's legal obligations pursuant to extended service contracts. See Notes 3 and 4 for further information.

SELECTED SUPPLEMENTAL FINANCIAL DATA (Unaudited)

Tandy Corporation and Subsidiaries

(Dollars and shares in thousands, except per share amounts)

	Year Ended December 31,			Six Months[1] Ended December 31,		Year Ended June 30,	
	1995	**1994**	**1993**	**1992**	**1991**	**1992**	**1991**
Operations							
Net sales and operating revenues	$5,839,067	$4,943,679	$4,102,551	$2,161,149	$2,031,763	$3,649,284	$3,573,699
Income before income taxes, discontinued operations and cumulative effect of change in accounting principle	$ 343,273	$ 359,540	$ 311,155	$ 102,917	$ 201,856	$ 330,498	$ 343,277
Provision for income taxes	131,299	135,205	115,523	35,236	73,153	119,785	123,342
Income from continuing operations	211,974	224,335	195,632	67,681	128,703	210,713	219,935
Loss from discontinued operations	—	—	(111,797)	(63,875)	(8,060)	(26,866)	(13,872)
Income before cumulative effect of change in accounting principle	211,974	224,335	83,835	3,806	120,643	183,847	206,063
Cumulative effect of change in accounting principle[2]	—	—	13,014	—	—	—	(10,619)
Net income	$ 211,974	$ 224,335	$ 96,849	$ 3,806	$ 120,643	$ 183,847	$ 195,444
Net income available per average common and common equivalent share:							
Income from continuing operations	$ 3.12	$ 2.91	$ 2.50	$ 0.87	$ 1.61	$ 2.61	$ 2.75
Loss from discontinued operations	—	—	(1.48)	(0.85)	(0.10)	(0.34)	(0.17)
Income before cumulative effect of change in accounting principle	3.12	2.91	1.02	0.02	1.51	2.27	2.58
Cumulative effect of change in accounting principle	—	—	0.17	—	—	—	(0.14)
Net income available per average common and common equivalent share	$ 3.12	$ 2.91	$ 1.19	$ 0.02	$ 1.51	$ 2.27	$ 2.44
Average common and common equivalent shares outstanding	65,928	74,874	75,543	74,918	78,149	78,788	78,258
Dividends declared per common share	$ 0.74	$ 0.63	$ 0.60	$ 0.30	$ 0.30	$ 0.60	$ 0.60
Ratio of earnings to fixed charges[3]	4.22	4.56	3.89	2.83	N/A	3.95	3.55
Year End Financial Position							
Inventories	$1,511,984	$1,504,324	$1,276,302	$1,472,365		$1,391,295	$1,301,854
Total assets[4]	$2,722,063	$3,243,774	$3,219,099	$3,381,428		$3,165,164	$3,078,145
Working capital	$1,088,336	$1,350,110	$1,128,343	$1,478,041		$1,556,435	$1,550,848
Current ratio	2.13 to 1	2.12 to 1	2.09 to 1	2.39 to 1		2.99 to 1	3.18 to 1
Capital structure:							
Current debt	$ 189,861	$ 229,135	$ 387,953	$ 385,706		$ 231,097	$ 179,818
Long-term debt[6]	$ 140,813	$ 153,318	$ 186,638	$ 322,778		$ 357,525	$ 427,867
Total debt[6]	$ 330,674	$ 382,453	$ 574,591	$ 708,484		$ 588,622	$ 607,685
Total debt, net of cash and short-term investments	$ 187,176	$ 176,820	$ 361,356	$ 595,858		$ 482,168	$ 421,392
Stockholders' equity[4]	$1,601,335	$1,850,211	$1,950,750	$1,888,351		$1,930,740	$1,846,762
Total capitalization	$1,932,009	$2,232,664	$2,525,341	$2,596,835		$2,519,362	$2,454,447
Long-term debt as a % of total capitalization	7.3%	6.9%	7.4%	12.4%		14.2%	17.4%
Total debt as a % of total capitalization	17.1%	17.1%	22.8%	27.3%		23.4%	24.8%
Stockholders' equity per common share[5]	$ 25.44	$ 26.02	$ 25.46	$ 24.95		$ 25.57	$ 23.48
Financial Ratios							
Return on average stockholders' equity[3]	12.3%	11.8%	10.2%	3.5%		11.2%	12.3%
Percent of sales:							
Income before income taxes, discontinued operations and cumulative effect of change in accounting principle	5.9%	7.3%	7.6%	4.8%		9.0%	9.6%
Income from continuing operations	3.6%	4.6%	4.8%	3.2%		5.7%	6.2%

(1) The Company changed its fiscal year end from June 30 to December 31 effective with the six-month transition period ended December 31, 1992.
(2) See Note 2 of the Notes to Consolidated Financial Statements for a discussion of the 1993 change in accounting principle. The change in fiscal 1991 reflected the Company's change in accounting for extended service contracts to comply with FASB Technical Bulletin 90-1.
(3) Computed using income from continuing operations.
(4) Includes investment in discontinued operations.
(5) December 31, 1994, 1993, and 1992 and June 30, 1992 computed giving effect to the Series C PERCS conversion into approximately 11,816,000 shares of common stock.
(6) Includes capital leases.

Left to Right:

Third Row:
Jesse L. Upchurch
Donna R. Ecton
John A. Wilson
Lewis F. Kornfeld, Jr.

Second Row:
William E. Tucker
James I. Cash, Jr.
Thomas G. Plaskett
Alfred J. Stein

First Row:
William G. Morton, Jr.
John V. Roach
Jack L. Messman

BOARD OF DIRECTORS

John V. Roach
Chairman of the Board
and Chief Executive Officer (B)

James I. Cash, Jr.
Professor, Harvard University
Graduate School of
Business Administration
Boston, Massachusetts (A, C)

Donna R. Ecton
Chairman, President and CEO
Business Mail Express, Inc.
Reston, Virginia (A, C)

Lewis F. Kornfeld, Jr.
Retired Vice Chairman
Tandy Corporation
Fort Worth, Texas (A, B)

Jack L. Messman
President and CEO
Union Pacific Resources Group Inc.
Fort Worth, Texas (B, D)

William G. Morton, Jr.
Chairman and CEO
Boston Stock Exchange, Inc.
Boston, Massachusetts (C, D)

Thomas G. Plaskett
Chairman
Greyhound Lines, Inc.
Irving, Texas (A, D)

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VLSI Technology, Inc
San Jose, California (B, C)

William E. Tucker
Chancellor
Texas Christian University
Fort Worth, Texas (A, C)

Jesse L. Upchurch
Chairman
and President
Upchurch Corporation
Fort Worth, Texas (C, D)

John A. Wilson
Retired Chairman,
CEO and President
Color Tile, Inc.
Fort Worth, Texas (B, D)

A Member of Audit Committee
B Member of Executive Committee
C Member of Nominating Committee
D Member of Organization and Compensation Committee

TANDY CORPORATION OFFICERS

John V. Roach
Chairman of the Board
and Chief Executive Officer

Leonard H. Roberts
President

Herschel C. Winn
Senior Vice President and
Secretary

Dwain H. Hughes
Senior Vice President and
Chief Financial Officer

Robert M. McClure
Senior Vice President,
Tandy Retail Services

Richard L. Ramsey
Vice President and
Controller

Lou Ann Blaylock
Vice President,
Corporate Relations

Ronald L. Parrish
Vice President,
Corporate Development

Frederick W. Padden
Vice President-Law
and Assistant Secretary

Loren K. Jensen
Vice President and
Treasurer

Mark W. Barfield
Vice President,
Tax

Richard A. Silvers
Vice President and
Chief Information Officer

George Berger
Vice President,
Human Resources

Jana Freundlich
Assistant Secretary

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RadioShack

Henry Chiarelli
Vice President and
General Manager,
Incredible Universe

David Christopher
President,
A&A International
and Executive
Vice President, RadioShack

David Thirion
Senior Vice President,
RadioShack
Specialty Retail Group

CORPORATE DATA

Corporate Offices
1800 One Tandy Center
Fort Worth, Texas 76102
(817) 390-3700

Annual Meeting
10 a.m., May 16, 1996
Worthington Hotel
200 West Second Street
Fort Worth, Texas

Common Stock
Transfer Agent and Registrar:
The First National Bank of Boston
c/o Boston EquiServe, L.P.

Stock Exchange Listing
New York Stock Exchange
Common Stock
(Ticker Symbol "TAN")

Common Stock Information

	Quarter Ending March 31,		Quarter Ending June 30,		Quarter Ending September 30,		Quarter Ending December 31,	
Per Share	**1995**	**1994**	**1995**	**1994**	**1995**	**1994**	**1995**	**1994**
Trading price range								
High	**52⅜**	49⅞	**53**	38⅝	**64⅜**	43⅞	**61½**	50⅝
Low	**44**	35¼	**45⅝**	30¾	**50⅞**	33⅜	**36½**	41
Close	**47¾**	36¼	**51⅞**	34½	**60¾**	43	**41½**	50⅛
Dividends declared	**.18**	.15	**.18**	.15	**.18**	.15	**.20**	.18
Stockholders and nominees of record							**29,482**	30,942

The common stock prices are based on the reported high and low sales prices reported in the composite transactions quotations of consolidated trading for issues on the New York Stock Exchange.

Form 10-K Available
Tandy Corporation's Annual Report
to the Securities and Exchange Commission
may be obtained without charge after
March 31, 1996 by writing:
Tandy Corporation
Shareholder Services Department
1800 One Tandy Center
P.O. Box 17180
Fort Worth, Texas 76102
or by telephone: (817) 390-3022.

Internet Address
Major press releases and other
information are available on
Tandy's Home Page: *http://www.tandy.com*

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