

Business Description

Richardson Electronics, Ltd. is a global provider of engineered solutions, serving the RF, Wireless, & Power Conversion; Electron Device; and Display Systems markets. The Company delivers engineered solutions for its customers' through product manufacturing, systems integration, prototype design and manufacture, testing and logistics.



NASDAQ: RELL
 PRICE: \$5.60
 October 9, 2009

Stock has rebounded nearly 50% since July.

Q1 EPS of \$.11 exceeded our estimate of \$.03 due to lower than expected operating expenses (\$.07) and higher than expected gross margin (\$.01).

Total sales declined 21.3% YOY vs. our estimate of a 19.6% decline. Sales for Q2 are expected to decline 10-15% YOY. The company is targeting YOY sales growth of 4-8% for the third and fourth quarters.

Gross margin improved 70 basis points YOY to 24.2% based on product mix. The company continues to target gross margin of 24.5%. Gross margin for the EDG division improved 280 basis points despite declining sales.

Operating expenses declined 20% YOY as effective cost-cutting measures continue.

TTM EBITDA includes \$22.2 million of one-time expenses related to severance, inventory write-downs, goodwill impairment, and losses on asset disposals. Excluding these items TTM EBITDA is \$17.6 million.

Stock trades at a discount to peers based on several valuation metrics.

We are increasing our FY10 EPS estimate from \$.40 to \$.55 based on improved cost control.

Stock Data

Price	\$5.60
52Wk High	\$5.95
52Wk Low	\$2.47
3mo. Daily Volume	47,000
Market Capitalization	\$100 Mil
Shares Outstanding	17.9 Mil
Dividend Yield	1.60%
Book Value	\$6.86
Net Debt-to-Equity	9%
EV-to-Sales TTM	0.24x
EV-to-EBITDA TTM	6.3x

Financial Data

		OLD	NEW
EPS	FY-08	FY-09	FY-10E
Q1-Aug	(\$0.02)	0.20	\$0.03
Q2-Nov	(\$0.04)	\$0.31	\$0.16
Q3-Feb	(\$0.12)	(\$0.65)	\$0.06
Q4-May	(\$0.30)	(\$0.59)	\$0.15
FY-May	(\$0.48)	(\$0.69)	\$0.40
P/E			10.2
Revenue	\$568	\$496	\$464
% Chg	2%	-13%	-7%
ROIC	6%	-8%	8%
Cash	\$40	\$44	\$30
Assets	\$286	\$249	\$254
Debt	\$56	\$52	\$53
Equity	\$141	\$119	\$126

Note: Figures in \$millions except per share data

Mark Zinski
 414.431.8704
 mziniski@tfcentury.com

RICHARDSON ELECTRONICS INC
 as of 8-Oct-2009



Q1 Results Better Than Expected

Q1 EPS of \$.11 exceeded our estimate of \$.03 as cost cutting measures progressed more quickly and to a larger degree than we had forecast. The new operating cost structure is now more closely aligned with sales. Operating expenses declined nearly 20% YOY (\$22.9 million vs. \$28.3 million). SG&A as a % of sales was 21.3% vs. 20.9% in the prior year. Sequentially, SG&A as a percentage of sales declined from 24.3%. The company recorded \$.2 million in severance expenses for the quarter. Headcount now stands at 765 vs. 900+ in the prior year. Sales declined 21.3% YOY, slightly more than our forecast of 19.6%. The company reports signs of stabilization in end markets. Gross margin improved 70 basis points YOY to 24.2% and exceeded our estimate of 23.5%. Specifically the EDG division reported gross margin improvement of 280 basis points despite a 25% decline in sales. Management reports that the improved gross margin for this segment continued in September. A foreign exchange loss of \$.8 million (\$.04) mitigated a tax benefit of \$.3 million. Working capital investment of \$3.7 million for the quarter was higher than expected but necessary to adequately respond to future customer activity. The company expects positive operating cash flow for the remainder of FY10. The company's net debt position of \$10.6 million improved \$8 million from the prior year. The company declared a \$.02/share dividend and the \$12.6 million stock repurchase program remains in effect.

Outlook

The company expects Q2-FY10 total sales to decline 10-15% YOY. However, YOY revenue growth of 4-8% is expected in the second half of FY10. The company's most macro sensitive divisions, EDG and Canvys, are showing signs of stabilization and pockets of rejuvenation. One of EDG's primary end markets, semiconductors, is generally demonstrating improvement. Additionally, the company recently recorded its highest book to bill ratio for Canvys since December 2007. Revenue in the RFPD division will most likely exceed \$90 million by the fourth quarter. Growth areas in this division continue to be power conversion products for alternative energy applications and cellular network build-outs in Asia. The company continues to target a gross margin of 24.5%. Operating expenses for FY10 are expected to be under \$95 million. D&A expenses are expected to continue at present run rates while capital expenditure spending should be under \$2 million for FY10. The estimated tax liability for FY10 is \$1.5 million. The company will most likely continue to face foreign currency headwinds due to the weaker U.S. dollar as the company holds U.S. dollar balances in foreign accounts. We are amending our FY10 EPS estimate from \$.40 to \$.55 based on proven cost reduction actions. The company's TTM EBITDA includes \$22.2 million of one-time expenses. Upside to the story continues to reside in potential operating leverage when economic conditions improve based on a leaner cost structure.

Business Unit	Net Sales (in thousands)			Gross Profit (in thousands)			
	Q1FY10	Q1FY09	% Change	Q1FY10	% of Sales	Q1FY09	% of Sales
RF, Wireless & Power Division	\$79,478	\$96,872	-18.0%	\$17,402	21.9%	\$20,906	21.6%
Electron Device Group	\$18,796	\$25,051	-25.0%	\$6,267	33.3%	\$7,629	30.5%
Canvys	\$11,218	\$17,113	-34.4%	\$2,800	25.0%	\$4,330	25.3%
Corporate		-\$89				(\$146)	
Total	\$109,492	\$138,947	-21.2%	\$26,469	24.2%	\$32,719	23.5%

**Peer Group Comparison
(in thousands)**

Ticker	Name	Price	EV/ Sales	EV/ EBITDA	P/BV	P/E- CY09E	P/E- CY10E
ARW	Arrow Electronics	\$27.18	0.24	7.3	1.2	18.4	13.5
AVT	Avnet	\$25.42	0.24	6.9	1.4	16.9	12.6
WCC	Wesco International Inc.	\$29.00	0.38	7.2	1.5	11.9	12.4
NUHC	NuHorizons Electronics	\$4.17	0.13	20.3	0.5	NA	19.9
	Median		0.24	7.3	1.3	16.9	13.1
RELL	Richardson Electronics	\$5.60	0.24	6.3	0.8	NA	10.2

Note: All figures based on trailing 12-months, except P/E-09 and PE/-10 based on consensus estimates
 RELL EBITDA excludes one-time charges of \$22.2 million
 Prices as of 10/08/09

Disclaimers & Disclosures

Information, opinions, or recommendations contained in the reports and updates are submitted solely for advisory and information purposes. The reports and updates are not intended to be construed as an offering or a solicitation of an offer to buy or sell the securities mentioned or discussed. The factual statements in the reports and updates have been taken from generally recognized public sources believed reliable but such statements of fact have not been independently verified and are made without any representation as to accuracy, completeness, or otherwise. The research, analysis, financial projections, and opinions expressed in the reports and updates are those of the analyst and are subject to change without notice. Additionally, the information in this report may become outdated and there is no obligation to update any information contained in this report. 21st Century Equity Research and the covering analyst receive cash compensation for research coverage directly from the subject company. The subject company has the opportunity to review the reports and updates for historical factual accuracy, but has no influence over the analysis, financial projections, or opinions made by the analyst.

21st Century Equity Research

Income Statement (in millions)	2007	2008	Q1-09	Q2-09	Q3-09	Q4-09	2009	Q1-10	Q2-10E	Q3-10E	Q4-10E	2010E
Sales	\$557.3	\$568.4	\$138.9	\$132.5	\$110.3	\$114.6	\$496.3	\$109.4	\$116.5	\$114.9	\$119.4	\$460.2
COGS	\$424.9	\$432.8	\$106.2	\$99.3	\$86.6	\$94.6	\$386.7	\$82.9	\$86.3	\$87.1	\$90.3	\$348.6
Gross Profit	\$132.4	\$135.6	\$32.7	\$33.2	\$23.7	\$20.0	\$109.6	\$26.5	\$28.2	\$27.8	\$29.1	\$111.6
Operating Expenses	\$124.6	\$125.4	\$28.3	\$28.2	\$33.5	\$27.9	\$117.9	\$22.9	\$23.5	\$24.0	\$24.8	\$95.2
EBIT	\$7.8	\$10.2	\$4.5	\$5.0	(\$9.8)	(\$7.9)	(\$8.2)	\$3.6	\$4.7	\$3.8	\$4.3	\$16.4
Interest Expense, Net	\$5.3	\$6.9	\$1.2	\$1.2	\$1.1	\$1.1	\$4.6	\$1.2	\$1.0	\$1.0	\$0.9	\$4.1
Other Expense, Net	\$0.4	\$12.0	(\$1.3)	(\$2.6)	(\$10.8)	\$1.6	(\$2.4)	\$0.8	\$0.4	(\$0.1)	(\$0.1)	\$1.0
Pretax Income	\$2.2	(\$8.7)	\$4.6	\$6.4	(\$10.8)	(\$10.6)	(\$10.4)	\$1.6	\$3.3	\$2.9	\$3.5	\$11.3
Income Tax	\$0.6	(\$0.2)	\$0.9	\$0.4	\$0.6	(\$0.1)	\$1.8	(\$0.3)	\$0.6	\$0.6	\$0.6	\$1.5
Net Income	\$1.5	(\$8.5)	\$3.7	\$6.0	(\$11.4)	(\$10.5)	(\$12.2)	\$1.9	\$2.7	\$2.3	\$2.9	\$9.8
Shares Outstanding-Diluted	17.7	17.8	18.1	19.1	17.6	17.9	17.8	17.9	18.0	18.0	18.0	18.0
EPS - Diluted	\$0.09	(\$0.48)	\$0.20	\$0.31	(\$0.65)	(\$0.59)	(\$0.69)	\$0.11	\$0.15	\$0.13	\$0.16	\$0.55
Dividend per Share	\$0.16	\$0.12	\$0.02	\$0.02	\$0.02	\$0.02	\$0.08	\$0.02				
% of Sales												
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
COGS	76.2%	76.1%	76.5%	74.9%	78.5%	82.5%	77.9%	75.8%	75.8%	75.8%	75.6%	75.7%
Gross Profit	23.8%	23.9%	23.5%	25.1%	21.5%	17.5%	22.1%	24.2%	24.2%	24.2%	24.4%	24.3%
Operating Expenses	22.4%	22.1%	20.3%	21.3%	30.4%	24.3%	23.7%	20.9%	20.2%	20.9%	20.8%	20.7%
EBIT	1.4%	1.8%	3.2%	3.8%	-8.9%	-6.9%	-1.7%	3.3%	4.0%	3.3%	3.6%	3.6%
Interest Expense, Net	0.9%	1.2%	0.8%	0.9%	1.0%	1.0%	0.9%	1.1%	0.9%	0.9%	0.8%	0.9%
Other Expense, Net	0.1%	2.1%	-0.9%	-2.0%	-0.1%	1.4%	-0.5%	0.7%	0.3%	-0.1%	-0.1%	0.2%
Pretax Income	0.4%	-1.5%	3.3%	4.8%	-9.8%	-9.2%	-2.1%	1.5%	2.8%	2.5%	3.0%	2.5%
Income Tax Rate	29.1%	2.5%	19.1%	6.3%	-5.6%	0.9%	-17.0%	-18.8%	18.3%	20.6%	17.0%	13.2%
Net Income	0.3%	-1.5%	2.7%	4.5%	-10.3%	-9.2%	-2.5%	1.7%	2.3%	2.0%	2.5%	2.1%
Revenue by Segment												
RF, Wireless & Power Division	\$369.9	\$376.2	\$96.9	\$93.4	\$80.5	\$84.3	\$355.1	\$79.5	\$84.1	\$86.1	\$90.2	\$339.9
Electron Device Group	\$101.2	\$103.3	\$25.1	\$22.2	\$18.0	\$16.9	\$82.2	\$18.8	\$18.9	\$17.6	\$16.5	\$71.7
Canys	\$82.1	\$84.7	\$17.1	\$16.8	\$11.7	\$13.3	\$58.9	\$11.2	\$13.4	\$11.1	\$12.6	\$48.4
Corporate	\$4.1	\$4.3	(\$0.1)	\$0.1	\$0.1	\$0.1	\$0.2	(\$0.1)	\$0.1	\$0.1	\$0.1	\$0.2
Total	\$557.3	\$568.4	\$138.9	\$132.5	\$110.3	\$114.6	\$496.3	\$109.4	\$116.5	\$114.9	\$119.4	\$460.2
Revenue % by Segment												
RF, Wireless & Power Division	66.4%	66.2%	69.7%	70.5%	73.0%	73.6%	71.5%	72.7%	72.2%	75.0%	75.5%	73.9%
Electron Device Group	18.2%	18.2%	18.0%	16.8%	16.3%	14.7%	16.6%	17.2%	16.2%	15.3%	13.8%	15.6%
Security Systems Division	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Canys	14.7%	14.9%	12.3%	12.7%	10.6%	11.6%	11.9%	10.2%	11.5%	9.7%	10.6%	10.5%
Corporate	0.7%	0.8%	-0.1%	0.1%	0.1%	0.1%	0.0%	-0.1%	0.1%	0.1%	0.1%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue Growth (Year / Year)												
RF, Wireless & Power Division	10.7%	1.7%	14.9%	-2.2%	-13.8%	-18.2%	-5.6%	-17.9%	-10.0%	7.0%	7.0%	-4.3%
Electron Device Group	7.1%	2.0%	1.9%	-18.9%	-27.5%	-36.2%	-20.4%	-25.0%	-15.0%	-2.5%	-2.5%	-12.7%
Canys	-13.6%	3.1%	-11.7%	-19.5%	-40.3%	-46.4%	-30.4%	-34.6%	-20.0%	-5.0%	-5.0%	-17.9%
Corporate	-26.5%	5.6%	-107.5%	-92.0%	-90.3%	-87.7%	-95.1%	5.0%	0.0%	0.0%	0.0%	-2.1%
Total	NA	2.0%	7.3%	-8.6%	-20.6%	-26.1%	-12.7%	-21.3%	-12.1%	4.2%	4.2%	-7.3%
Fiscal Year End - May												
(\$ in millions, except per share data)												

Balance Sheet	2007	2008	Q1-09	Q2-09	Q3-09	Q4-09	2009	Q1-10	Q2-10E	Q3-10E	Q4-10E	2010E
Assets												
Cash	\$79.3	\$40.0	\$37.1	\$35.5	\$32.6	\$43.9	\$43.9	\$41.8	\$32.6	\$32.2	\$33.4	\$33.4
Accounts Receivable	\$105.7	\$109.5	\$105.8	\$100.2	\$92.5	\$92.4	\$92.4	\$93.4	\$92.4	\$92.2	\$95.8	\$95.8
Inventories	\$110.2	\$93.9	\$100.1	\$99.7	\$94.4	\$81.2	\$81.2	\$83.6	\$92.2	\$86.1	\$84.3	\$84.3
Other Current Assets	\$7.5	\$6.4	\$7.9	\$7.4	\$6.5	\$7.8	\$7.8	\$10.0	\$10.0	\$10.0	\$10.0	\$10.0
Current Assets	\$302.7	\$249.8	\$250.9	\$242.8	\$226.0	\$225.3	\$225.3	\$223.0	\$228.2	\$220.5	\$223.6	\$223.6
Net Property, Plant, and Equipment	\$29.7	\$28.6	\$27.5	\$26.5	\$20.0	\$19.4	\$19.4	\$18.7	\$17.6	\$16.5	\$15.4	\$15.4
Goodwill & Other Assets	\$16.6	\$7.8	\$7.3	\$7.0	\$5.7	\$4.1	\$4.1	\$4.3	\$4.0	\$4.0	\$4.0	\$4.0
Total Assets	\$349.1	\$286.2	\$285.7	\$276.3	\$251.7	\$248.8	\$248.8	\$246.0	\$249.8	\$241.0	\$243.0	\$243.0
Liabilities and Stockholders' Equity												
Current Debt	\$65.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Accounts Payable	\$55.5	\$58.9	\$62.0	\$62.4	\$53.2	\$53.0	\$53.0	\$45.4	\$48.5	\$47.9	\$49.6	\$49.6
Accrued Expenses	\$34.1	\$21.8	\$20.1	\$18.8	\$17.4	\$18.4	\$18.4	\$19.3	\$20.0	\$20.0	\$20.0	\$20.0
Current Liabilities	\$155.3	\$80.7	\$82.1	\$81.2	\$70.6	\$71.4	\$71.4	\$64.7	\$68.5	\$67.9	\$69.6	\$69.6
Long-term Debt	\$55.7	\$55.7	\$55.7	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4
Deferred Taxes & Other Long-term Liabilities	\$1.5	\$8.4	\$7.8	\$6.5	\$6.3	\$6.3	\$6.3	\$6.1	\$6.0	\$6.0	\$6.0	\$6.0
Total Liabilities	\$212.5	\$144.8	\$145.7	\$140.1	\$129.3	\$130.1	\$130.1	\$123.2	\$126.9	\$126.3	\$128.0	\$128.0
Shareholder Equity	\$136.5	\$141.4	\$140.0	\$136.2	\$122.4	\$118.7	\$118.7	\$122.8	\$125.5	\$127.8	\$130.7	\$130.7
Total Liabilities and Equity	\$349.1	\$286.2	\$285.7	\$276.3	\$251.7	\$248.8	\$248.8	\$246.0	\$252.4	\$254.0	\$258.7	\$258.7
Book Value Per Share	\$7.73	\$7.97	\$7.73	\$7.13	\$6.95	\$6.63	\$6.67	\$6.86	\$6.97	\$7.10	\$7.26	\$7.26
Asset Utilization and Efficiency												
Accounts Receivable Turnover	5.0	5.3	5.5	5.2	4.5	4.5	4.9	4.5	4.8	5.0	5.1	4.9
Days' Sales in Receivables Outstanding	69.2	70.3	69.5	69.0	76.5	73.6	67.9	73.1	73.0	73.0	73.0	76.0
Inventory Turnover	3.5	4.3	4.4	3.7	3.4	4.3	4.4	3.6	3.7	3.9	4.4	3.5
Days' Sales in Inventory Outstanding	94.6	79.2	86.0	91.6	99.5	78.3	76.6	92.0	95.0	90.0	85.0	88.3
Accounts Payable Turnover	7.6	7.4	7.0	6.1	6.2	6.8	7.3	6.2	6.4	6.9	7.0	5.9
Days' Purchases in Payables Outstanding	47.7	49.6	53.3	57.3	56.1	51.1	50.0	50.0	50.0	50.0	50.0	51.9
Cash Conversion Cycle (Days)	116.2	99.8	102.2	103.3	119.9	100.8	94.6	115.1	118.0	113.0	108.0	112.3
Capital Structure												
Total Debt-to-Total Capital Ratio	47.1%	28.2%	28.5%	27.8%	30.0%	30.6%	30.6%	29.9%	29.5%	29.1%	28.6%	28.6%
Total Debt-to-Equity Ratio	88.9%	39.4%	39.8%	38.5%	42.8%	44.1%	44.1%	42.7%	41.8%	41.0%	40.1%	40.1%
Fiscal Year End - May	(\$ in millions, except per share data)											

21st Century Equity Research

ROC and Free Cash Flow	2007	2008	Q1-09	Q2-09	Q3-09	Q4-09	2009	Q1-10	Q2-10E	Q3-10E	Q4-10E	2010E
NOPAT												
EBIT	\$7.8	\$10.2	\$4.5	\$5.0	(\$9.8)	(\$7.9)	(\$8.2)	\$3.6	\$4.7	\$3.8	\$4.3	\$16.4
Cash Taxes on EBIT	(\$0.9)	(\$0.4)	\$0.6	\$0.3	\$0.7	(\$0.1)	\$2.5	(\$0.1)	\$0.4	\$0.4	\$0.4	\$1.0
NOPAT	\$8.7	\$10.6	\$3.8	\$4.7	(\$10.5)	(\$7.8)	(\$10.8)	\$3.7	\$4.3	\$3.4	\$3.9	\$15.5
Cash Taxes on EBIT												
Income Tax Provision	\$0.6	(\$0.2)	\$0.9	\$0.4	\$0.6	(\$0.1)	\$1.8	(\$0.3)	\$0.6	\$0.6	\$0.6	\$1.5
Tax Deduction on Interest Expense	\$1.5	\$0.2	\$0.2	\$0.1	(\$0.1)	\$0.0	(\$0.8)	(\$0.2)	\$0.2	\$0.2	\$0.2	\$0.5
Cash Taxes on EBIT	(\$0.9)	(\$0.4)	\$0.6	\$0.3	\$0.7	(\$0.1)	\$2.5	(\$0.1)	\$0.4	\$0.4	\$0.4	\$1.0
Invested Capital												
Total Debt	\$121.4	\$55.7	\$55.7	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4
Stockholders' Equity	\$136.5	\$141.4	\$140.0	\$136.2	\$122.4	\$118.7	\$118.7	\$122.8	\$125.5	\$127.8	\$130.7	\$130.7
Total Cash & Short-term Investments	\$79.3	\$40.0	\$37.1	\$35.5	\$32.6	\$43.9	\$43.9	\$41.8	\$32.6	\$32.2	\$33.4	\$33.4
Invested Capital	\$178.6	\$157.1	\$158.6	\$153.1	\$142.2	\$127.2	\$127.2	\$133.4	\$145.3	\$148.0	\$149.7	\$149.7
Return on Invested Capital												
Return on Invested Capital (Average)	4.5%	6.3%	9.7%	12.0%	-28.3%	-23.1%	-7.6%	2.5%	2.9%	2.4%	2.8%	10.0%
Note: Quarterly Figures Have Been Annualized												
Free Cash Flow												
Net Income (Loss)	\$1.5	(\$8.5)	\$3.7	\$6.0	(\$11.4)	(\$10.5)	(\$12.2)	\$1.9	\$2.7	\$2.3	\$2.9	\$9.8
Adjustments:												
Depreciation	\$6.0	\$5.5	\$1.3	\$1.2	\$1.1	\$1.1	\$5.3	\$1.1	\$1.1	\$1.1	\$1.1	\$4.4
Amortization of Intangibles and Financing Costs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Deferred Income Taxes	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Loss from Disposition of a Business	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Provision for Inventory Obsolescence	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other Charges	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Goodwill and Other Intangible Assets Impairment, Net	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other Non-cash Items in Net Income	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Adjustments	\$6.0	\$5.5	\$1.3	\$1.2	\$1.1	\$1.1	\$5.3	\$1.1	\$1.1	\$1.1	\$1.1	\$4.4
Changes in Working Capital, Net of Currency Translation Effects and Business Acquisitions:												
Decrease (Increase) in Accounts Receivable	\$10.0	(\$3.8)	\$3.7	\$5.6	\$7.7	\$0.1	\$17.1	\$4.8	(\$5.8)	\$1.3	(\$3.6)	(\$3.4)
Decrease (Increase) in Inventories	\$7.1	\$16.3	(\$6.2)	\$0.4	\$5.3	\$13.2	\$12.7	(\$2.4)	(\$8.6)	\$6.0	\$1.8	(\$3.1)
Decrease (Increase) in Other Current Assets	(\$2.2)	\$1.1	(\$1.5)	\$0.5	\$0.9	(\$1.3)	(\$1.4)	(\$2.2)	\$0.0	\$0.0	\$0.0	(\$2.2)
(Decrease) Increase in Accounts Payable	\$3.0	\$3.3	\$3.2	\$0.4	(\$9.2)	(\$0.2)	(\$5.9)	(\$7.6)	\$3.1	(\$0.7)	\$1.7	(\$3.4)
(Decrease) Increase in Other Current Liabilities	\$3.5	(\$12.2)	(\$1.7)	(\$1.3)	(\$1.4)	\$1.0	(\$3.4)	\$0.9	\$0.7	\$0.0	\$0.0	\$1.6
Total Changes in Operating Assets and Liabilities	\$21.4	\$4.7	(\$2.5)	\$5.5	\$3.3	\$12.8	\$19.1	(\$6.5)	(\$10.6)	\$6.6	(\$0.1)	(\$10.5)
Net Cash Flow from Operations	\$29.0	\$1.7	\$2.5	\$12.7	(\$7.0)	\$3.4	\$12.2	(\$3.5)	(\$6.8)	\$10.0	\$4.0	\$3.7
Capital Expenditures	(\$6.8)	(\$4.5)	(\$0.1)	(\$0.4)	(\$0.8)	(\$0.8)	(\$1.6)	(\$0.3)	(\$0.4)	(\$0.6)	(\$0.7)	(\$2.0)
Free Cash Flow	\$22.2	(\$2.8)	\$2.3	\$12.3	(\$7.8)	\$2.6	\$10.6	(\$3.8)	(\$7.2)	\$9.4	\$3.3	\$1.7
Free Cash Flow per Share	\$1.26	(\$0.16)	\$0.13	\$0.65	(\$0.44)	\$0.15	\$0.59	(\$0.21)	(\$0.40)	\$0.52	\$0.18	\$0.10
Fiscal Year End - May												

*(\$ in millions, except per share data)

21st Century Equity Research LLC
205 East Wisconsin Avenue, Suite 210
Milwaukee, Wisconsin 53202

Mark Zinski

414.431.8704