

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.

Stock Data

Price	\$7.31
52Wk High	\$7.33
52Wk Low	\$2.47
3mo. Daily Volume	56,500
Market Capitalization	\$131 Mil
Shares Outstanding	18 Mil
Dividend Yield	1.30%
Book Value	\$7.19
Net Debt-to-Equity	2%
EV-to-Sales TTM	0.3x
EV-to-EBITDA TTM	7.4x*

Financial Data

		OLD	NEW	NEW
EPS	FY-09	FY-10E	FY-10E	FY-11E
Q1-Aug	0.20	\$0.11A	\$0.11A	
Q2-Nov	\$0.31	\$0.15	\$0.24A	
Q3-Feb	(\$0.65)	\$0.13	\$0.17	
Q4-May	(\$0.59)	\$0.16	\$0.18	
FY-May	(\$0.69)	\$0.55	\$0.70	\$0.85
P/E				8.6
*excludes \$22.2 million in one-time charges				
Revenue	\$496	\$460	\$462	\$502
% Chg	-13%	-7%	-7%	9%
ROIC	-8%	10%	12%	15%
Cash	\$44	\$33	\$45	\$52
Assets	\$249	\$243	\$255	\$274
Debt	\$52	\$53	\$44	\$44
Equity	\$119	\$131	\$135	\$151

Note: Figures in \$millions except per share data

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NASDAQ: RELL
PRICE: \$7.31
January 8, 2010

Q2 EPS of \$.24 beat our estimate of \$.15. Higher than expected gross margin and an income tax benefit contributed \$.04 and \$.07 respectively while higher than expected FX losses trimmed \$.02.

Sales declined 12.5% YOY to \$115.9 million but within management's prior guidance. Sales declines are moderating and the company expects positive YOY sales growth in the next quarter.

Gross margin of 25% exceeded our estimate of 24.2% due to favorable product mix.

Operating expenses as a % of sales declined YOY from 21.3% to 20.4%. The company continues to demonstrate effective cost management via process improvements and headcount reductions.

Effective working capital management continued as the company generated operating cash flow of \$6.9 million for the quarter. The company expects to generate positive operating cash flow for the remainder of the fiscal year.

We are raising our FY10 EPS estimate to \$.70 based on improved margin performance trends. We are forecasting EPS of \$.85 for FY11.

RICHARDSON ELECTRONICS INC
as of 7-Jan-2010



Q2 Results Better Than Expected

Q2 EPS of \$.24/share exceeded our estimate of \$.15/share due to higher than expected gross margin (\$.04) and a one-time tax benefit (\$.07). Sales declined 12.5% YOY to \$115.9 million vs. our estimate of \$116.5 million but fell within prior management guidance. Gross margin of 25% exceeded our estimate of 24.2% due to gross margin improvements from the EDG and Canvys divisions. Total gross margin was flat YOY despite the sales decline. The company continued its austere cost containment strategy as SG&A as a percentage of sales declined 90 basis points YOY to 20.4%. Severance expense was \$.3 million for the quarter. The company generated operating cash flow of \$6.9 million for the quarter. The company's long-term debt will be reduced by approximately \$8.5 million in Q3 as the company redeems convertible debt, resulting in a new long-term debt balance of approximately \$44 million. The company declared a \$.02/share cash dividend. Additionally, the company will be repurchasing 300,000 shares in January of 2010 which were previously held in its ESOP.

Outlook

The company is guiding for Q3 revenue in the range of \$115-\$120 million. The company's EDG division appears to have stabilized, buoyed by a recovering semiconductor industry while the Canvys segment is exhibiting some positive momentum. We believe the long-term prognosis for the RFPD division appears strong due to communication infrastructure build-outs both in the U.S. and abroad. The timing of these cap ex projects remains unclear but the company should begin benefiting by the end of calendar 2010. Cell tower construction is expected to grow 10%¹ annually in the U.S. through 2012. Growth potential also exists within Asia for alternative energy, broadcasting, and networking. The company's operating expenses are projected to fall below \$95 million for FY10. Further cost reductions via process improvement and headcount reductions remain possible. The company expects positive operating cash flow for the remainder of the fiscal year. Continued foreign currency headwinds and a higher tax liability remain likely in the two ensuing quarters. We have raised our gross margin estimates for Q3 and Q4 as recent margin improvement appears sustainable. We are also reducing our operating expense projections slightly for FY10 EPS based on recent management guidance. We are projecting FY10 EPS of \$.70 and FY11 EPS of \$.85. Our FY11 estimate assumes continued operating leverage led by solid growth in the RFPD segment and moderate recoveries in the EDG and Canvys segments.

Business Unit	Net Sales (in thousands)			Gross Profit (in thousands)			
	Q2FY10	Q2FY09	% Change	Q2FY10	% of Sales	Q2FY09	% of Sales
RF, Wireless & Power Division	\$82,818	\$93,445	-11.4%	\$18,141	21.9%	\$21,263	22.8%
Electron Device Group	\$20,121	\$22,210	-9.4%	\$7,366	36.6%	\$7,811	35.2%
Canvys	\$12,995	\$16,820	-22.7%	\$3,535	27.2%	\$4,156	24.7%
Corporate		\$76				(\$52)	
Total	\$115,934	\$132,551	-12.5%	\$29,042	25.1%	\$33,178	25.0%

¹ Yankee Group

Peer Group Comparison
 (in thousands)

Ticker	Name	Price	EV/ Sales	EV/ EBITDA	P/BV	P/E- CY09E	P/E- CY10E
ARW	Arrow Electronics	\$29.22	0.26	8.8	1.3	17.9	12.7
AVT	Avnet	\$29.20	0.28	9.2	1.6	17.7	12.5
WCC	Wesco International Inc.	\$29.17	0.37	7.9	1.3	12.5	13.3
NUHC	NuHorizons Electronics	\$4.16	0.12	32.0	0.5	NA	14.9
	Median		0.27	9.0	1.3	17.7	13.0
RELL	Richardson Electronics	\$7.31	0.30	7.4	1.0	NA	9.5

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 1/07/10

Disclaimers & Disclosures

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21st Century Equity Research

Income Statement (in millions)	2007	2008	Q1-09	Q2-09	Q3-09	Q4-09	2009	Q1-10	Q2-10	Q3-10E	Q4-10E	2010E	2011E
Sales	\$557.3	\$588.4	\$138.9	\$132.5	\$110.3	\$114.6	\$496.3	\$109.4	\$115.9	\$117.1	\$119.4	\$461.8	\$501.8
COGS	\$424.9	\$432.8	\$106.2	\$99.3	\$86.6	\$94.6	\$386.7	\$82.9	\$86.9	\$88.4	\$90.2	\$348.4	\$378.4
Gross Profit	\$132.4	\$155.6	\$32.7	\$33.2	\$23.7	\$20.0	\$109.6	\$26.5	\$29.0	\$28.7	\$29.2	\$113.4	\$123.4
Operating Expenses	\$124.6	\$125.4	\$28.3	\$28.2	\$33.5	\$27.9	\$117.9	\$22.9	\$23.6	\$23.6	\$24.0	\$94.1	\$101.5
EBIT	\$7.8	\$10.2	\$4.5	\$5.0	(\$9.8)	(\$7.9)	(\$8.2)	\$3.6	\$5.4	\$5.1	\$5.2	\$19.3	\$22.0
Interest Expense, Net	\$5.3	\$6.9	\$1.2	\$1.2	\$1.1	\$1.1	\$4.6	\$1.2	\$1.0	\$0.9	\$0.8	\$3.9	\$3.2
Other Expense, Net	\$0.4	\$12.0	(\$1.3)	(\$2.6)	(\$0.1)	\$1.6	(\$2.4)	\$0.8	\$0.7	\$0.5	\$0.4	\$2.4	\$1.6
Pretax Income	\$2.2	(\$8.7)	\$4.6	\$6.4	(\$10.8)	(\$10.6)	(\$10.4)	\$1.6	\$3.7	\$3.7	\$4.0	\$13.0	\$17.2
Income Tax	\$0.6	(\$0.2)	\$0.9	\$0.4	\$0.6	(\$0.1)	\$1.8	(\$0.3)	(\$0.6)	\$0.7	\$0.7	\$0.5	\$1.8
Net Income	\$1.5	(\$8.5)	\$3.7	\$6.0	(\$11.4)	(\$10.5)	(\$12.2)	\$1.9	\$4.3	\$3.0	\$3.3	\$12.5	\$15.4
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	18.2
EPS - Diluted	\$0.09	(\$0.48)	\$0.20	\$0.31	(\$0.65)	(\$0.59)	(\$0.69)	\$0.11	\$0.24	\$0.17	\$0.18	\$0.70	\$0.85
Dividend per Share	\$0.16	\$0.12	\$0.02	\$0.02	\$0.02	\$0.02	\$0.08	\$0.02	\$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%	100.0%
COGS	76.2%	76.1%	76.5%	74.9%	78.5%	82.5%	77.9%	75.8%	75.0%	75.5%	75.5%	75.4%	75.4%
Gross Profit	23.8%	23.9%	23.5%	25.1%	21.5%	17.5%	22.1%	24.2%	25.0%	24.5%	24.5%	24.6%	24.6%
Operating Expenses	22.4%	22.1%	20.3%	21.3%	30.4%	24.3%	23.7%	20.9%	20.4%	20.2%	20.1%	20.4%	20.2%
EBIT	1.4%	1.8%	3.2%	3.8%	-8.9%	-6.9%	-1.7%	3.3%	4.7%	4.3%	4.4%	4.2%	4.4%
Interest Expense, Net	0.9%	1.2%	0.8%	0.9%	1.0%	1.0%	0.9%	1.1%	0.9%	0.8%	0.7%	0.8%	0.6%
Other Expense, Net	0.1%	2.1%	-0.9%	-2.0%	-0.1%	1.4%	0.7%	0.7%	0.6%	0.4%	0.3%	0.5%	0.3%
Pretax Income	0.4%	-1.5%	3.3%	4.8%	-9.8%	-9.2%	-2.1%	1.5%	3.2%	3.1%	3.4%	2.8%	3.4%
Income Tax Rate	29.1%	2.5%	19.1%	6.3%	-5.6%	0.9%	-17.0%	-18.8%	-16.2%	19.0%	17.4%	3.8%	10.5%
Net Income	0.3%	-1.5%	2.7%	4.5%	-10.3%	-9.2%	-2.5%	-1.7%	3.7%	2.5%	2.8%	2.7%	3.1%
Revenue by Segment													
RF, Wireless & Power Division	\$369.9	\$376.2	\$96.9	\$93.4	\$80.5	\$84.3	\$355.1	\$79.5	\$82.8	\$86.1	\$90.2	\$338.6	\$372.5
E Electron Devices Group	\$101.2	\$103.3	\$25.1	\$22.2	\$18.0	\$16.9	\$82.2	\$18.8	\$20.1	\$18.9	\$16.5	\$74.3	\$79.5
Canvys	\$82.1	\$84.7	\$17.1	\$16.8	\$11.7	\$13.3	\$58.9	\$11.2	\$13.0	\$11.9	\$12.6	\$48.8	\$49.7
Corporate	\$4.1	\$4.3	(\$0.1)	\$0.1	\$0.1	\$0.1	\$0.2	(\$0.1)	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1
Total	\$557.3	\$588.4	\$138.9	\$132.5	\$110.3	\$114.6	\$496.3	\$109.4	\$115.9	\$117.1	\$119.4	\$461.8	\$501.8
Revenue % by Segment													
RF, Wireless & Power Division	66.4%	66.2%	69.7%	70.5%	73.0%	73.8%	71.5%	72.7%	71.4%	73.6%	75.5%	73.3%	74.2%
E Electron Devices Group	18.2%	18.2%	18.0%	16.8%	16.3%	14.7%	16.6%	17.2%	17.3%	16.1%	13.8%	16.1%	15.8%
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%	0.0%
Canvys	14.7%	14.9%	12.3%	12.7%	10.6%	11.6%	11.9%	10.2%	11.2%	10.2%	10.6%	10.6%	9.9%
Corporate	0.7%	0.8%	-0.1%	0.1%	0.1%	0.1%	0.0%	-0.1%	0.0%	0.1%	0.1%	0.0%	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%	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%	-11.3%	7.0%	7.0%	-4.6%	10.0%
E Electron Devices Group	7.1%	2.0%	1.9%	-18.9%	-27.5%	-36.2%	-20.4%	-25.0%	-9.5%	5.0%	-2.5%	-9.6%	7.0%
Canvys	-13.6%	3.1%	-11.7%	-19.5%	-40.3%	-46.4%	-30.4%	-34.6%	-22.6%	2.0%	-5.0%	-17.2%	2.0%
Corporate	-26.5%	5.6%	-107.5%	-92.0%	-90.3%	-87.7%	-95.1%	5.0%	-100.0%	0.0%	0.0%	-49.5%	-6.1%
Total	NA	2.0%	7.3%	-8.6%	-20.6%	-26.1%	-12.7%	-21.3%	-12.5%	6.1%	4.2%	-7.0%	8.7%
Fiscal Year End - May													
(\$ in millions, except per share data)													

21st Century Equity Research

Balance Sheet	2007	2008	Q1-09	Q2-09	Q3-09	Q4-09	2009	Q1-10	Q2-10	Q3-10E	Q4-10E	2010E	2011E
Assets													
Cash	\$79.3	\$40.0	\$37.1	\$35.5	\$32.6	\$43.9	\$43.9	\$41.8	\$49.9	\$40.0	\$45.0	\$45.0	\$52.0
Accounts Receivable	\$105.7	\$109.5	\$105.8	\$100.2	\$92.5	\$92.4	\$92.4	\$87.6	\$94.1	\$93.9	\$95.8	\$95.8	\$101.7
Inventories	\$110.2	\$93.9	\$100.1	\$99.7	\$94.4	\$81.2	\$81.2	\$83.6	\$77.1	\$87.4	\$84.2	\$84.2	\$91.2
Other Current Assets	\$7.5	\$6.4	\$7.9	\$7.4	\$6.5	\$7.8	\$7.8	\$10.0	\$9.4	\$10.0	\$10.7	\$10.7	\$11.6
Current Assets	\$302.7	\$249.8	\$250.9	\$242.8	\$226.0	\$225.3	\$225.3	\$223.0	\$230.5	\$231.3	\$235.7	\$235.7	\$256.6
Net Property, Plant, and Equipment	\$29.7	\$28.6	\$27.5	\$26.5	\$20.0	\$19.4	\$19.4	\$18.7	\$17.8	\$16.7	\$15.6	\$15.6	\$13.5
Goodwill & Other Assets	\$16.6	\$7.8	\$7.3	\$7.0	\$5.7	\$4.1	\$4.1	\$4.3	\$4.5	\$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	\$252.8	\$252.0	\$255.3	\$255.3	\$274.1
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	\$0.0
Accounts Payable	\$55.5	\$58.9	\$62.0	\$62.4	\$53.2	\$53.0	\$53.0	\$45.4	\$44.7	\$48.6	\$49.5	\$49.5	\$53.9
Accrued Expenses	\$34.1	\$21.8	\$20.1	\$18.8	\$17.4	\$18.4	\$18.4	\$19.3	\$21.0	\$21.0	\$20.0	\$20.0	\$19.0
Current Liabilities	\$155.3	\$80.7	\$82.1	\$81.2	\$70.6	\$71.4	\$71.4	\$64.7	\$65.7	\$69.6	\$69.5	\$69.5	\$72.9
Long-term Debt	\$55.7	\$55.7	\$55.7	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4	\$44.0	\$44.0	\$44.0	\$44.0
Deferred Taxes & Other Long-term Liabilities	\$1.5	\$8.4	\$7.8	\$6.5	\$6.3	\$6.3	\$6.3	\$6.1	\$5.2	\$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	\$123.3	\$119.6	\$119.5	\$119.5	\$122.9
Shareholder Equity	\$136.5	\$141.4	\$140.0	\$136.2	\$122.4	\$118.7	\$118.7	\$122.8	\$129.5	\$132.5	\$135.8	\$135.8	\$151.2
Total Liabilities and Equity	\$349.1	\$286.2	\$285.7	\$276.3	\$251.7	\$248.8	\$248.8	\$246.0	\$252.8	\$252.0	\$255.3	\$255.3	\$274.1
Book Value Per Share	\$7.73	\$7.97	\$7.73	\$7.13	\$6.95	\$6.63	\$6.67	\$6.86	\$7.19	\$7.36	\$7.55	\$7.55	\$8.31
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	5.3
Days' Sales in Receivables Outstanding	69.2	70.3	69.5	69.0	76.5	73.6	67.9	73.1	74.1	73.0	73.0	75.7	74.0
Inventory Turnover	3.5	4.3	4.4	3.7	3.4	4.3	4.4	3.6	3.9	3.9	4.4	3.5	4.0
Days' Sales in Inventory Outstanding	94.6	79.2	86.0	91.6	99.5	78.3	76.6	92.0	81.0	90.0	85.0	88.2	88.0
Accounts Payable Turnover	7.6	7.4	7.0	6.1	6.2	6.8	7.3	6.2	6.5	6.9	7.0	5.9	6.8
Days' Purchases in Payables Outstanding	47.7	49.6	53.3	57.3	56.1	51.1	50.0	50.0	46.9	50.0	50.0	51.9	52.0
Cash Conversion Cycle (Days)	116.2	99.8	102.2	103.3	119.9	100.8	94.6	115.1	108.1	113.0	108.0	112.0	110.0
Capital Structure													
Total Debt-to-Total Capital Ratio	47.1%	28.2%	28.5%	27.8%	30.0%	30.8%	30.6%	29.9%	28.8%	24.9%	24.5%	24.5%	22.5%
Total Debt-to-Equity Ratio	88.9%	39.4%	39.8%	38.5%	42.8%	44.1%	44.1%	42.7%	40.5%	33.2%	32.4%	32.4%	29.1%
Fiscal Year End - May													
(\$ in millions, except per share data)													

21st Century Equity Research

ROIC and Free Cash Flow	2007	2008	Q1-09	Q2-09	Q3-09	Q4-09	2009	Q1-10	Q2-10	Q3-10E	Q4-10E	2010E	2011E
NOPAT													
EBIT	\$7.8	\$10.2	\$4.5	\$5.0	(\$9.8)	(\$7.9)	(\$8.2)	\$3.6	\$5.4	\$5.1	\$5.2	\$19.3	\$22.0
Cash Taxes on EBIT	(\$0.9)	(\$0.4)	\$0.6	\$0.3	\$0.7	(\$0.1)	\$2.5	(\$0.1)	(\$0.4)	\$0.5	\$0.6	\$0.4	\$1.5
NOPAT	\$8.7	\$10.6	\$3.8	\$4.7	(\$10.5)	(\$7.8)	(\$10.8)	\$3.7	\$5.8	\$4.6	\$4.7	\$19.0	\$20.5

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)	\$0.7	\$0.7	\$0.5	\$1.8
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	\$0.1	\$0.1	\$0.3
Cash Taxes on EBIT	(\$0.9)	(\$0.4)	\$0.6	\$0.3	\$0.7	(\$0.1)	\$2.5	(\$0.1)	(\$0.4)	\$0.5	\$0.6	\$0.4	\$1.5

Invested Capital

Total Debt	\$121.4	\$55.7	\$55.7	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4	\$44.0	\$44.0	\$44.0	\$44.0
Stockholders' Equity	\$136.5	\$141.4	\$140.0	\$136.2	\$122.4	\$118.7	\$118.7	\$122.8	\$129.5	\$132.5	\$135.8	\$135.8	\$151.2
Total Cash & Short-term Investments	\$79.3	\$40.0	\$37.1	\$35.5	\$32.6	\$43.9	\$43.9	\$41.8	\$49.9	\$40.0	\$45.0	\$45.0	\$52.0
Invested Capital	\$178.6	\$157.1	\$158.6	\$153.1	\$142.2	\$127.2	\$127.2	\$133.4	\$132.0	\$136.5	\$134.8	\$134.8	\$143.2

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%	4.1%	3.3%	3.6%	12.9%	15.2%
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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	\$4.3	\$3.0	\$3.3	\$12.5	\$15.4
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	\$4.4
A mortization 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	\$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	\$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	\$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	\$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	\$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	\$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	\$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	\$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	(\$6.5)	\$0.2	(\$1.9)	(\$3.4)	(\$14.1)
Decrease (Increase) in Inventories	\$7.1	\$16.3	(\$6.2)	\$0.4	\$5.3	\$13.2	\$12.7	(\$2.4)	\$6.5	(\$10.3)	\$3.2	(\$3.0)	(\$7.6)
Decrease (Increase) in Other Current Assets	(\$2.2)	\$1.1	(\$1.5)	\$0.5	\$0.9	(\$1.3)	(\$1.4)	(\$2.2)	\$0.6	(\$0.6)	(\$0.7)	(\$2.9)	(\$1.6)
(Decrease) Increase in Accounts Payable	\$3.0	\$3.3	\$3.2	\$0.4	(\$9.2)	(\$0.2)	(\$5.9)	(\$7.6)	(\$0.7)	\$3.9	\$1.0	(\$3.5)	\$8.5
(Decrease) Increase in Other Current Liabilities	(\$3.5)	(\$12.2)	(\$1.7)	(\$1.3)	(\$1.4)	\$1.0	(\$3.4)	\$0.9	\$0.0	\$0.0	(\$1.0)	\$1.6	(\$0.3)
Total Changes in Operating Assets and Liabilities	\$21.4	\$4.7	(\$2.5)	\$5.5	\$3.3	\$12.8	\$19.1	(\$6.5)	\$1.6	(\$6.9)	\$0.6	(\$11.2)	(\$15.2)
Net Cash Flow from Operations	\$29.0	\$1.7	\$2.5	\$12.7	(\$7.0)	\$3.4	\$12.2	(\$3.5)	\$7.0	(\$2.8)	\$5.0	\$5.7	\$4.6
Capital Expenditures	(\$6.6)	(\$4.5)	(\$0.1)	(\$0.4)	(\$0.8)	(\$0.8)	(\$1.6)	(\$0.3)	(\$0.2)	(\$0.6)	(\$0.7)	(\$1.9)	(\$2.0)
Free Cash Flow	\$22.2	(\$2.8)	\$2.3	\$12.3	(\$7.8)	\$2.6	\$10.6	(\$3.8)	\$6.8	(\$3.4)	\$4.3	\$3.9	\$2.6
Free Cash Flow per Share	\$1.26	(\$0.16)	\$0.13	\$0.65	(\$0.44)	\$0.15	\$0.59	(\$0.21)	\$0.38	(\$0.19)	\$0.24	\$0.22	\$0.14

Fiscal Year End - May

(\$ in millions, except per share data)