

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: \$12.74
January 7, 2011

Stock Data

Price	\$12.74
52Wk High	\$13.00
52Wk Low	\$6.60
3mo. Daily Volume	108,000
Market Capitalization	\$226
Shares Outstanding	18 Mil.
Dividend Yield	70.00%
Book Value Per Share	\$8.36
Net Debt-to-Equity	0%
EV-to-Sales TTM	0.5x
EV-to-EBITDA TTM	7.8x

Financial Data

		OLD	NEW	NEW
EPS	FY-10	FY-11E	FY-11E	FY-12E
Q1-Aug	\$0.11	\$0.47A	\$0.47A	
Q2-Nov	\$0.24	\$0.02E	\$0.01A	
Q3-Feb	\$0.25	\$0.05E	\$0.02E	
Q4-May	\$0.36	\$0.06E	\$0.03E	
FY-May	\$0.91	\$0.60E	\$0.53E	\$0.30E
P/E			24.0	42.5
Revenue	\$492	\$253	\$260	\$177
% Chg	-1%	-49%	-47%	-32%
ROIC	18%	12%	12%	6%
Cash	\$29	\$225	\$218	\$225
Assets	\$235	\$289	\$278	\$289
Debt	\$20	\$20	\$20	\$20
Equity	\$130	\$242	\$225	\$230

Note: Figures in \$millions except per share data

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Q2 EPS of \$.01 was below our estimate of \$.02 due to lower than expected gross margin in the EDG division resulting from a new distribution agreement.

The RFPD division has been reclassified as "discontinued operations". The sale to Arrow Electronics is expected to close within 60 days.

Q2 sales grew 23.7% YOY to \$41 million and exceeded our estimate of \$38 million. Management had previously guided for Q2 revenue of \$35-\$40 million.

SG&A as a % of sales was 27.3% vs. our estimate of 27.9% despite including \$.6 million in start-up costs related to the new distribution agreement.

The company generated \$2.8 million in operating cash flow for the quarter.

Undervalued-The stock is trading at approximately 1x proforma book value while the peer group trades at 1.4x.

We are now forecasting FY12 EPS of \$.30 with estimated cash of \$12.30/share.



Analysis of Q2 Results

Q2 EPS of \$.01 was below our estimate of \$.02 due to lower than expected gross margin in the EDG division stemming from a new distribution agreement based on higher volume but lower pricing. The company has reclassified its pending RFPD division sale to Arrow Electronics as discontinued operations. Transaction costs related to the divestiture flowed through discontinued operations. Deployment of the impending cash windfall of \$180 million could take the form of a bolt-on acquisition, stock buyback, or special dividend. The company reports that it has explored alternative energy acquisition candidates in China. Total sales grew 23.7% YOY to \$41 million and exceeded our estimate of \$38 million. EDG sales grew 42.4% YOY for the quarter to \$28.7 million while Canvys sales declined 5% YOY to \$12.3 million. Canvys had recorded a large non-recurring sale in the prior year. Canvys sales improved sequentially from \$10 million and backlog is at its highest level in two years. This combined with working capital improvement and cost controls suggest some stability for this segment which is more sensitive to macro conditions. Backlog for the EDG division remains strong at over \$25 million and the company reports no ill effects from European economic uncertainty as roughly two-thirds of this business is international. The company generated \$2.8 million of operating cash flow for the quarter. The company's balance sheet remains solid with a current cash balance of \$33 million and \$18 million in debt.

Business Unit	Net Sales (in thousands)			Gross Profit (in thousands)			
	Q2FY11	Q2FY10	% Change	Q2FY11	% of Sales	Q2FY10	% of Sales
Electron Device Group	\$28,655	\$20,121	42.4%	\$8,942	31.2%	\$7,366	36.6%
Canvys	\$12,325	\$12,995	-5.2%	\$2,853	23.1%	\$3,535	27.2%
Total	\$40,980	\$33,116	23.7%	\$11,795	28.8%	\$10,901	32.9%

Outlook

The company remains in a transition phase pending the completion of the RFPD divestiture which should conclude within 60 days. Rightsizing the new business will be an ongoing process. Topline growth in the EDG segment appears sustainable for FY11 and FY12. The prognosis for the semiconductor industry for 2011 remains positive with Gartner forecasting 4.6% industry growth for 2011. The EDG business is correlated with the semiconductor wafer fabrication equipment industry. Additionally, the company is exploring penetration into the \$1 billion microwave market which could augment sales. Lastly, the new distribution agreement should continue to positively impact sales. Management is guiding for Q3 revenue of \$38-\$40 million. The company expects gross margin for EDG to gradually return to historical levels of 35% over the next several years as its higher margin aftermarket business grows. Startup costs related to the new distribution agreement are expected to continue in Q3 and Q4. The company continues to target a 5% operating margin in the near term. Management believes operating margin could increase beyond 5% longer term. We are forecasting FY12 EPS of \$.30 based on topline growth of 10% for the EDG division and a recovery in the Canvys segment. We have assumed FY12 gross margin of 32% and 26% for EDG and Canvys respectively and a recovery of operating margin to 5%. Capital expenditures should be \$1 million or lower on an annualized basis. The company's tax rate is projected to be in the 32-34% range for FY12. The stock appears undervalued relative to its peer group based on both book value and projected EV/EBITDA for FY12.

**Peer Group Comparison
(in thousands)**

Ticker	Name	Price	EV / Sales	EV / EBITDA	P/BV	P/E- CY10E	P/E- CY11E
ARW	Arrow Electronics	\$34.87	0.29	6.8	1.3	8.5	8.0
AVT	Avnet	\$32.99	0.29	7.3	1.5	9.1	8.3
WCC	Wesco International Inc.	\$53.24	0.57	13.0	2.1	21.4	15.8
NUHC*	NuHorizons Electronics	\$6.97	0.19	9.8	0.9	46.5	NA
	Median		0.29	8.5	1.4	15.2	8.3
RELL	Richardson Electronics	\$12.74	0.47	7.8	1.5	11.7	NA

Note: All figures based on trailing 12-months, except P/E-10 and PE/-11 based on consensus estimates

Prices as of 1/6/11

* Proposed buy-out by Arrow Electronics for \$7/share

Disclaimers & Disclosures

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Income Statement (in millions)	2008	2009	Q1-10	Q2-10	Q3-10	Q4-10	2010	Q1-11	Q2-11	Q3-11E	Q4-11E	2011E	2012E
Sales	\$568.4	\$496.3	\$109.5	\$115.9	\$121.3	\$145.1	\$491.8	\$137.1	\$41.0	\$40.0	\$41.5	\$259.6	\$176.7
COGS	\$432.8	\$386.7	\$83.0	\$86.9	\$91.9	\$112.0	\$373.8	\$104.5	\$29.2	\$28.4	\$29.4	\$191.5	\$123.2
Gross Profit	\$135.6	\$109.6	\$26.5	\$29.0	\$29.4	\$33.1	\$118.0	\$32.6	\$11.8	\$11.6	\$12.1	\$68.1	\$53.6
Operating Expenses	\$125.4	\$117.9	\$22.9	\$23.6	\$23.7	\$25.5	\$95.7	\$23.3	\$11.2	\$10.8	\$11.0	\$56.3	\$44.5
Operating Income	\$10.2	(\$8.2)	\$3.6	\$5.4	\$5.7	\$7.6	\$22.3	\$9.3	\$0.6	\$0.8	\$1.1	\$11.8	\$9.1
Add back D&A	\$5.3	\$4.1	\$1.0	\$1.1	\$0.9	\$0.9	\$3.9	\$0.9	\$0.5	\$0.3	\$0.3	\$1.9	\$1.2
Add back stock compensation	\$0.7	\$0.7	\$0.1	\$0.2	\$0.2	\$0.2	\$0.7	\$0.1	\$0.2	\$0.2	\$0.2	\$0.7	\$0.8
EBITDA	\$16.2	(\$3.4)	\$4.7	\$6.7	\$6.8	\$8.7	\$26.9	\$10.3	\$1.3	\$1.3	\$1.6	\$14.4	\$11.1
Interest Expense, Net	\$6.9	\$4.6	\$1.2	\$1.0	\$1.0	\$0.7	\$3.9	\$0.2	\$0.1	\$0.1	\$0.1	\$0.5	\$0.4
Other Expense, Net	\$12.0	(\$2.4)	\$0.8	\$0.7	(\$0.1)	\$0.0	\$1.4	\$0.2	\$0.1	\$0.1	\$0.1	\$0.5	\$0.4
Pretax Income	(\$8.7)	(\$10.4)	\$1.6	\$3.7	\$4.8	\$7.0	\$17.1	\$8.9	\$0.4	\$0.6	\$0.9	\$10.8	\$8.3
Income Tax	(\$0.2)	\$1.8	(\$0.3)	(\$0.6)	\$0.3	\$0.4	(\$0.2)	\$0.5	\$0.3	\$0.2	\$0.3	\$1.3	\$2.7
Net Income	(\$8.5)	(\$12.2)	\$1.9	\$4.3	\$4.5	\$6.6	\$17.3	\$8.4	\$0.1	\$0.4	\$0.6	\$9.5	\$5.5
Shares Outstanding-Diluted	17.8	17.8	17.9	18.0	18.0	19.0	18.9	17.9	18.1	18.2	18.2	18.1	18.3
EPS - Diluted (Continuing Ops)	(\$0.48)	(\$0.69)	\$0.11	\$0.24	\$0.25	\$0.35	\$0.91	\$0.47	\$0.01	\$0.02	\$0.03	\$0.53	\$0.30
Dividend per Share	\$0.12	\$0.08	\$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	76.1%	77.9%	75.8%	75.0%	75.8%	77.2%	76.0%	76.2%	71.2%	71.0%	70.8%	73.8%	69.7%
Gross Profit	23.9%	22.1%	24.2%	25.0%	24.2%	22.8%	24.0%	23.8%	28.8%	29.0%	29.2%	26.2%	30.3%
Operating Expenses	22.1%	23.7%	20.9%	20.4%	19.5%	17.6%	19.5%	17.0%	27.3%	27.0%	26.5%	21.7%	25.2%
Operating Income	1.8%	-1.7%	3.3%	4.7%	4.7%	5.2%	4.5%	6.8%	1.5%	2.0%	2.7%	4.6%	5.1%
Interest Expense, Net	1.2%	0.9%	1.1%	0.9%	0.8%	0.4%	0.8%	0.1%	0.2%	0.3%	0.2%	0.2%	0.2%
Other Expense, Net	2.1%	-0.5%	0.7%	0.6%	-0.1%	0.0%	0.3%	0.1%	0.2%	0.3%	0.2%	0.2%	0.2%
Pretax Income	-1.5%	-2.1%	1.5%	3.2%	4.0%	4.8%	3.5%	6.5%	1.0%	1.5%	2.2%	4.2%	4.7%
Income Tax Rate	2.5%	-17.0%	-18.8%	-16.2%	6.3%	5.8%	-1.2%	5.6%	75.0%	33.0%	32.7%	12.0%	33.0%
Net Income	-1.5%	-2.5%	1.7%	3.7%	3.7%	4.5%	3.5%	6.1%	0.2%	1.0%	1.5%	3.7%	3.1%
Revenue by Segment													
RF, Wireless & Power Division	\$376.2	\$355.1	\$79.5	\$82.8	\$87.9	\$106.3	\$356.5	\$99.6				\$99.6	
Electron Device Group	\$103.3	\$82.2	\$18.8	\$20.1	\$21.2	\$26.4	\$86.5	\$27.5	\$28.7	\$29.0	\$30.0	\$115.2	\$126.7
Canvys	\$84.7	\$58.9	\$11.2	\$13.0	\$12.2	\$12.4	\$48.8	\$10.0	\$12.3	\$11.0	\$11.5	\$44.8	\$50.0
Corporate	\$4.3	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$568.4	\$496.3	\$109.5	\$115.9	\$121.3	\$145.1	\$491.8	\$137.1	\$41.0	\$40.0	\$41.5	\$259.6	\$176.7
Revenue % by Segment													
RF, Wireless & Power Division	66.2%	71.5%	72.6%	71.4%	72.5%	73.3%	72.5%	72.6%	0.0%	0.0%	0.0%	38.4%	0.0%
Electron Device Group	18.2%	16.6%	17.2%	17.3%	17.5%	18.2%	17.6%	20.1%	70.0%	72.5%	72.3%	44.4%	71.7%
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	14.9%	11.9%	10.2%	11.2%	10.1%	8.5%	9.9%	7.3%	30.0%	27.5%	27.7%	17.3%	28.3%
Corporate	0.8%	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	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	1.7%	-5.6%	-17.9%	-11.3%	9.2%	26.1%	0.4%	25.3%	-100.0%	-100.0%	-100.0%	-72.1%	
Electron Device Group	2.0%	-20.4%	-25.0%	-9.5%	17.8%	56.2%	5.3%	46.3%	42.8%	36.8%	13.6%	33.2%	10.0%
Canvys	3.1%	-30.4%	-34.6%	-22.6%	4.3%	-6.8%	-17.2%	-10.7%	-5.4%	-9.8%	-7.3%	-8.2%	11.6%
Corporate	5.6%	-95.1%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%					
Total	2.0%	-12.7%	-21.2%	-12.5%	10.0%	26.6%	-0.9%	25.2%	-64.6%	-67.0%	-71.4%	-47.2%	-31.9%
Fiscal Year End - May													
(\$ in millions, except per share data)													

Balance Sheet	2009	Q1-10	Q2-10	Q3-10	Q4-10	2010	Q1-11	Q2-11	Q3-11E	Q4-11E	2011E	2012E
Assets												
Cash	\$43.9	\$41.8	\$49.9	\$51.5	\$29.0	\$29.0	\$32.0	\$33.0	\$215.0	\$218.0	\$218.0	\$225.0
Accounts Receivable	\$92.4	\$87.6	\$94.1	\$93.1	\$98.7	\$98.7	\$102.0	\$22.1	\$24.2	\$25.1	\$25.1	\$29.0
Inventories	\$81.2	\$83.6	\$77.1	\$79.5	\$78.7	\$78.7	\$85.6	\$26.5	\$23.7	\$22.6	\$22.6	\$23.6
Other Current Assets	\$7.8	\$10.0	\$9.4	\$9.2	\$7.0	\$7.0	\$7.0	\$1.7	\$3.6	\$2.8	\$2.8	\$2.0
Discontinued ops-assets								\$173.2				
Current Assets	\$225.3	\$223.0	\$230.5	\$233.3	\$213.4	\$213.4	\$226.6	\$256.5	\$266.5	\$268.5	\$268.5	\$279.7
Net Property, Plant, and Equipment	\$19.4	\$18.7	\$17.8	\$17.0	\$16.7	\$16.7	\$16.2	\$5.7	\$5.0	\$5.0	\$5.0	\$5.0
Goodwill & Other Assets	\$4.1	\$4.3	\$4.5	\$3.9	\$4.7	\$4.7	\$4.1	\$1.9	\$4.0	\$4.0	\$4.0	\$4.0
Total Assets	\$248.8	\$246.0	\$252.8	\$254.2	\$234.8	\$234.8	\$246.9	\$264.1	\$275.5	\$277.5	\$277.5	\$288.7
Liabilities and Stockholders' Equity												
Current Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$19.5	\$19.5	\$22.0	\$18.0	\$20.0	\$20.0	\$20.0	\$20.0
Accounts Payable	\$53.0	\$45.4	\$44.7	\$60.0	\$61.6	\$61.6	\$61.2	\$18.7	\$20.6	\$18.0	\$18.0	\$21.9
Accrued Expenses	\$18.4	\$19.3	\$21.0	\$18.7	\$18.8	\$18.8	\$18.7	\$10.9	\$10.1	\$14.0	\$14.0	\$15.8
Discontinued ops-liabilities								\$61.0				
Current Liabilities	\$71.4	\$64.7	\$65.7	\$78.7	\$99.9	\$99.9	\$101.9	\$108.6	\$50.7	\$52.0	\$52.0	\$57.7
Long-term Debt	\$52.4	\$52.4	\$52.4	\$44.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Deferred Taxes & Other Long-term Liabilities	\$6.3	\$6.1	\$5.2	\$4.9	\$5.0	\$5.0	\$4.8	\$0.8	\$1.0	\$1.0	\$1.0	\$1.0
Discontinued ops-non-current liabilities								\$3.3				
Total Liabilities	\$130.1	\$123.2	\$123.3	\$127.6	\$104.9	\$104.9	\$106.7	\$112.7	\$51.7	\$53.0	\$53.0	\$58.7
Shareholder Equity	\$118.7	\$122.8	\$129.5	\$126.7	\$129.9	\$129.9	\$140.2	\$151.4	\$223.8	\$224.4	\$224.4	\$229.9
Total Liabilities and Equity	\$248.8	\$246.0	\$252.8	\$254.3	\$234.8	\$234.8	\$246.9	\$264.1	\$275.5	\$277.5	\$277.5	\$288.7
Book Value Per Share	\$6.67	\$6.86	\$7.19	\$7.04	\$6.84	\$6.87	\$7.83	\$8.36	\$12.30	\$12.33	\$12.40	\$12.57
Asset Utilization and Efficiency												
Accounts Receivable Turnover	4.9	4.5	4.8	5.2	6.1	5.1	5.8	2.8	2.7	2.7	4.2	2.7
Days' Sales in Receivables Outstanding	67.9	73.0	74.1	70.0	62.1	73.3	67.9	49.2	55.0	55.0	35.3	60.0
Inventory Turnover	4.4	3.6	3.9	4.2	5.6	3.8	4.9	2.3	2.2	2.3	3.1	2.1
Days' Sales in Inventory Outstanding	76.6	91.9	81.0	78.9	64.1	76.8	74.7	76.0	76.0	70.0	43.1	70.0
Accounts Payable Turnover	7.3	6.2	6.5	6.5	7.8	5.8	7.8	3.7	2.8	3.0	5.0	3.0
Days' Purchases in Payables Outstanding	50.0	49.9	46.9	59.6	50.2	60.1	53.4	65.9	66.0	55.9	34.4	65.0
Cash Conversion Cycle (Days)	94.6	115.0	108.1	89.4	76.0	89.9	89.2	59.3	65.0	69.2	44.0	65.0
Capital Structure												
Total Debt-to-Total Capital Ratio	30.6%	29.9%	28.8%	25.8%	13.1%	13.1%	13.6%	10.6%	8.2%	8.2%	8.2%	8.0%
Total Debt-to-Equity Ratio	44.1%	42.7%	40.5%	34.7%	15.0%	15.0%	15.7%	11.9%	8.9%	8.9%	8.9%	8.7%
Fiscal Year End - May												
(\$ in millions, except per share data)												

ROIC and Free Cash Flow	2008	2009	Q1-10	Q2-10	Q3-10	Q4-10	2010	Q1-11	Q2-11	Q3-11E	Q4-11E	2011E	2012E
NOPAT													
EBIT	\$10.2	(\$8.2)	\$3.6	\$5.4	\$5.7	\$7.6	\$22.3	\$9.3	\$0.6	\$0.8	\$1.1	\$11.8	\$9.1
Cash Taxes on EBIT	(\$0.4)	\$2.5	(\$0.1)	(\$0.4)	\$0.2	\$0.4	(\$0.2)	\$0.5	\$0.2	\$0.2	\$0.3	\$1.2	\$2.7
NOPAT	\$10.6	(\$10.8)	\$3.7	\$5.8	\$5.5	\$7.2	\$22.5	\$8.8	\$0.4	\$0.6	\$0.9	\$10.6	\$6.3
Cash Taxes on EBIT													
Income Tax Provision	(\$0.2)	\$1.8	(\$0.3)	(\$0.6)	\$0.3	\$0.4	(\$0.2)	\$0.5	\$0.3	\$0.2	\$0.3	\$1.3	\$2.7
Tax Deduction on Interest Expense	\$0.2	(\$0.8)	(\$0.2)	(\$0.2)	\$0.1	\$0.0	(\$0.0)	\$0.0	\$0.1	\$0.0	\$0.0	\$0.1	\$0.0
Cash Taxes on EBIT	(\$0.4)	\$2.5	(\$0.1)	(\$0.4)	\$0.2	\$0.4	(\$0.2)	\$0.5	\$0.2	\$0.2	\$0.3	\$1.2	\$2.7
Invested Capital													
Total Debt	\$55.7	\$52.4	\$52.4	\$52.4	\$44.0	\$19.5	\$19.5	\$22.0	\$18.0	\$20.0	\$20.0	\$20.0	\$20.0
Stockholders' Equity	\$141.4	\$118.7	\$122.8	\$129.5	\$126.7	\$129.9	\$129.9	\$140.2	\$151.4	\$223.8	\$224.4	\$224.4	\$229.9
Total Cash & Short-term Investments	\$40.0	\$43.9	\$41.8	\$49.9	\$51.5	\$29.0	\$29.0	\$32.0	\$33.0	\$215.0	\$218.0	\$218.0	\$225.0
Invested Capital	\$157.1	\$127.2	\$133.4	\$132.0	\$119.2	\$120.4	\$120.4	\$130.2	\$136.4	\$28.8	\$26.4	\$26.4	\$24.9
Return on Invested Capital													
Return on Invested Capital (Average)	6.3%	-7.6%	10.1%	16.4%	16.7%	23.4%	18.1%	26.7%	1.1%	3.4%	4.6%	10.7%	6.0%
Note: Quarterly Figures Have Been Annualized													
Free Cash Flow													
Net Income (Loss)	(\$8.5)	(\$12.2)	\$1.9	\$4.3	\$4.5	\$6.6	\$17.3	\$8.4	\$7.6	\$0.4	\$0.6	\$9.5	\$5.5
Adjustments:													
Depreciation	\$5.5	\$5.3	\$1.1	\$1.1	\$1.0	\$1.1	\$4.3	\$0.9	\$0.3	\$0.3	\$0.3	\$1.8	\$0.0
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	\$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
Divestitures										\$180.0			
Goodwill and Other Intangible Assets Impairment, Net of Tax	\$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	\$5.5	\$5.3	\$1.1	\$1.1	\$1.0	\$1.1	\$4.3	\$0.9	\$0.3	\$180.3	\$0.3	\$1.8	\$0.0
Changes in Working Capital, Net of Currency Translation Effects and Business Acquisitions:													
Decrease (Increase) in Accounts Receivable	(\$3.8)	\$17.1	\$4.8	(\$6.5)	\$1.0	(\$5.6)	(\$6.3)	(\$3.3)	(\$9.5)	(\$2.1)	(\$0.9)	\$73.6	(\$4.0)
Decrease (Increase) in Inventories	\$16.3	\$12.7	(\$2.4)	\$6.5	(\$2.4)	\$0.8	\$2.5	(\$6.9)	(\$3.5)	\$2.8	\$1.1	\$56.1	\$1.0
Decrease (Increase) in Other Current Assets	\$1.1	(\$1.4)	(\$2.2)	\$0.6	\$0.2	\$2.2	\$0.8	\$0.0		(\$1.9)	\$0.8	\$4.2	(\$0.8)
(Decrease) Increase in Accounts Payable	\$3.3	(\$5.9)	(\$7.6)	(\$0.7)	\$15.3	\$1.6	\$8.6	(\$0.4)	\$7.4	\$1.9	(\$2.6)	(\$43.6)	\$3.9
Decrease (Increase) Assets Held for Sale													
(Decrease) Increase in Other Current Liabilities	(\$12.2)	(\$3.4)	\$0.9	\$1.7	(\$2.3)	\$0.1	\$0.4	(\$0.1)	\$0.4	(\$0.8)	\$3.9	(\$4.8)	\$0.0
Total Changes in Operating Assets and Liabilities	\$4.7	\$19.1	(\$6.5)	\$1.6	\$11.8	(\$0.9)	\$6.0	(\$10.7)	(\$5.2)	(\$0.1)	\$2.3	\$85.5	\$0.2
Net Cash Flow from Operations	\$1.7	\$12.2	(\$3.5)	\$7.0	\$17.3	\$6.8	\$27.6	\$1.4	\$2.7	\$180.6	\$3.3	\$96.9	\$5.7
Capital Expenditures	(\$4.5)	(\$1.6)	(\$0.3)	(\$0.2)	(\$0.2)	(\$0.7)	(\$1.4)	(\$0.4)	(\$0.1)	(\$0.2)	(\$0.2)	(\$0.9)	(\$1.0)
Free Cash Flow	(\$2.8)	\$10.6	(\$3.8)	\$6.8	\$17.1	\$6.1	\$26.2	(\$1.8)	\$2.6	\$180.4	\$3.1	\$96.0	\$4.7
Free Cash Flow per Share	(\$0.16)	\$0.59	(\$0.21)	\$0.38	\$0.95	\$0.32	\$1.38	(\$0.10)	\$0.14	\$9.91	\$0.17	\$5.30	\$0.26

Fiscal Year End - May
(\$ in millions, except per share data)