

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: \$3.75
 July 24, 2009

Stock Data

| | |
|---------------------------|------------|
| Price | \$3.75 |
| 52Wk High | \$7.00 |
| 52Wk Low | \$2.47 |
| 3mo. Daily Volume | 27,000 |
| Market Capitalization | \$67.2 Mil |
| Shares Outstanding | 17.9 Mil |
| Dividend Yield | 2.30% |
| Book Value | \$6.63 |
| Net Debt-to-Total Capital | 7% |
| EV-to-Sales | 0.15 |

Financial Data

| | OLD | NEW | OLD | NEW |
|---------|-----------|-----------|---------|---------|
| EPS | FY-09E | FY-09E | FY-10E | FY-10E |
| Q1-Aug | \$.20A | \$.20A | | \$ 0.03 |
| Q2-Nov | \$.31A | \$.31A | | \$ 0.16 |
| Q3-Feb | (\$.65)A | (\$.65)A | | \$ 0.06 |
| Q4-May | \$ 0.04 | (\$.59)A | | \$ 0.15 |
| FY-May | (\$ 0.05) | (\$ 0.69) | \$ 0.80 | \$ 0.40 |
| P/E | | | | 9.4 |
| Revenue | \$505 | \$496 | \$507 | \$464 |
| % Chg | -11% | -13% | 0% | -7% |
| ROIC | 5% | -8% | 12% | 8% |
| Cash | \$30 | \$44 | \$33 | \$30 |
| Assets | \$256 | \$249 | \$281 | \$254 |
| Debt | \$56 | \$52 | \$57 | \$53 |
| Equity | \$123 | \$119 | \$139 | \$126 |

Note: Figures in \$millions except per share data

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Q4 EPS of \$.01 (excluding one-time charges) was lower than our estimate of \$.04 due to foreign currency loss of (\$.07/share). Adjusted operating income of \$3.4 million exceeded our estimate of \$2.2 million.

Sales declined 26% YOY in Q4 and exceeded our estimate of a 20% decline. Electron Device Group and Canvys Group sales were especially weaker than expected.

Gross margin of 24% (excluding inventory write-off) matched our estimate and was lower than 24.4% in the prior year. The company continues to target a gross margin of 24.5% in the near term.

Cost-cutting efforts are proving effective. Excluding severance costs, SG&A as a % of sales for FY09 declined YOY from 21.5% to 21.3%.

Cash increased \$11.3 million sequentially to \$43.9 million (\$2.45/share) due to continued effective working capital management. Net cash (Cash-Debt) improved YOY from (\$15.7) million to (\$8.5) million.

The company declared a \$.02/share dividend and the \$12.6 million stock repurchase program remains in effect.

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



Analysis of Q4 Results

Q4 EPS of \$.01 (excluding one-time charges) was lower than our estimate of \$.04 due to a foreign currency loss of (\$.07). Operating income of \$3.4 million, excluding one-time charges, exceeded our estimate of \$2.2 million as cost-cutting and efficiency measures continue to prove effective. The company's current headcount stands at 775 vs. 926 in the prior year. Sales declined 26% YOY for Q4 vs. our estimate of a 20% decline. The Electron Device and Canvys groups have proven more sensitive to the macro economy. EDG and Canvys sales declined 36% and 46% respectively. The company is scaling back manufacturing for EDG and wrote off \$7.5 million in inventory. The RFPD division continues to weather the macro climate. While sales declined 5.6% for FY09, the overall industry declined between 20-30%. Growth continued in the infrastructure segment of RFPD due to the TD-SCDMA build-out in China. Sales in Asia/Pacific grew 8.3% YOY for FY09 and now comprise 37% of total sales. The balance sheet strengthened over the quarter as cash improved \$11.3 million sequentially to \$43.9 million (\$2.45/share). The company also announced a dividend of \$.02/share and the stock repurchase program remains in effect with no expiration date.

Outlook

The company expects topline challenges to continue in the short-term, forecasting a 20% sales decline for Q1 of FY10. The company continues to target near-term gross margin of 24.5%. Operating expenses for FY10 are projected to be near \$97 million. The company maintains that numerous opportunities for cost savings and efficiency improvements remain. Income taxes, cap ex, and D&A are projected to be \$2 million, \$2 million, and \$4 million respectively for FY10. The company expects to generate positive operating cash flow in FY10. The RFPD division is projected to record YOY sales declines of 6-9% in the first half of FY10 with modest growth expected in the second half. Please note that financial performance in Q1 of the prior year was still relatively strong so Year over Year comps for Q1FY10 may obscure sequential performance. The company's operating cost structure is now more tightly coiled and offers significant leverage opportunities when the macro economy improves. Additionally, the Asian electronics market offers growth potential. A recent survey of Chinese electronics distributors found that 89% of these distributors project average revenue growth of 13%¹ for 2009. The same survey also acknowledged Richardson as one of 10 companies to be cited as a "Most Preferred Overseas Franchised Distributor" for China. Applying the aforementioned operating assumptions for FY10, we arrive at an EPS estimate of \$.40 for FY10. The stock trades at a discount to its peers based on multiple valuation metrics.

| Business Unit | Net Sales (in thousands) | | | Gross Profit (in thousands) | | | |
|-------------------------------|--------------------------|-----------|----------|-----------------------------|------------|----------|------------|
| | Q4FY09 | Q4FY08 | % Change | Q4FY09 | % of Sales | Q4FY08 | % of Sales |
| RF, Wireless & Power Division | \$84,307 | \$102,996 | -18.1% | \$16,076 | 19.1% | \$22,866 | 22.2% |
| Electron Device Group | \$16,914 | \$27,507 | -38.5% | \$689 | 4.1% | \$8,972 | 32.6% |
| Canvys | \$13,343 | \$23,775 | -43.9% | \$3,283 | 24.6% | \$5,712 | 24.0% |
| Corporate | \$1 | \$815 | | (\$41) | | \$370 | |
| Total | \$114,565 | \$155,093 | -26.1% | \$20,007 | 17.5% | \$37,920 | 24.4% |

¹ Global Sources, June 2009

**Peer Group Comparison
(in thousands)**

| Ticker | Name | Price | EV/ Sales | EV/ EBITDA | P/BV | P/E | P/E- CY09E | P/E- CY10E |
|-------------|-------------------------------|---------------|--------------|---------------|------------|------------|---------------|---------------|
| ARW | Arrow Electronics | \$24.64 | 0.22 | 5.9 | 1.1 | NA | 17.1 | 13.4 |
| AVT | Avnet | \$24.38 | 0.23 | 6.0 | 1.3 | NA | 13.2 | NA |
| WCC | Wesco International Inc. | \$25.97 | 0.35 | 6.1 | 1.5 | 5.8 | 9.4 | 9.5 |
| NUHC | NuHorizons Electronics | \$3.81 | 0.13 | 20.0 | 0.5 | NA | NA | 18.1 |
| | Median | | 0.23 | 6.1 | 1.2 | 5.8 | 13.2 | 13.4 |
| RELL | Richardson Electronics | \$3.75 | 0.15 | 4.0 | 0.6 | NA | NA | 9.4 |

Note: All figures based on trailing 12-months, except P/E-09 and PE/-10 based on consensus estimates
 EBITDA excludes one-time charges
 Prices as of 7/23/09

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 | Q1-10E | Q2-10E | Q3-10E | Q4-10E | 2010E |
|---|---------|----------|---------|---------|----------|----------|----------|---------|---------|---------|---------|---------|
| Sales | \$557.3 | \$568.4 | \$138.9 | \$132.5 | \$110.3 | \$114.6 | \$496.3 | \$111.8 | \$120.8 | \$113.3 | \$117.7 | \$463.5 |
| COGS | \$424.9 | \$432.8 | \$106.2 | \$99.3 | \$86.6 | \$94.6 | \$386.7 | \$85.5 | \$91.5 | \$86.3 | \$89.0 | \$352.4 |
| Gross Profit | \$132.4 | \$135.6 | \$32.7 | \$33.2 | \$23.7 | \$20.0 | \$109.6 | \$26.3 | \$29.2 | \$27.0 | \$28.7 | \$111.2 |
| Operating Expenses | \$124.6 | \$125.4 | \$28.3 | \$28.2 | \$33.5 | \$27.9 | \$117.9 | \$24.2 | \$25.0 | \$24.4 | \$24.8 | \$98.4 |
| EBIT | \$7.8 | \$10.2 | \$4.5 | \$5.0 | (\$9.8) | (\$7.9) | (\$8.2) | \$2.1 | \$4.2 | \$2.6 | \$3.9 | \$12.8 |
| Interest Expense, Net | \$5.3 | \$6.9 | \$1.2 | \$1.2 | \$1.1 | \$1.1 | \$4.6 | \$1.1 | \$1.0 | \$1.0 | \$0.9 | \$4.0 |
| Other Expense, Net | \$0.4 | \$12.0 | (\$1.3) | (\$2.6) | (\$0.8) | \$1.6 | (\$2.4) | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.4) |
| Prietary Income | \$2.2 | (\$8.7) | \$4.6 | \$6.4 | (\$10.8) | (\$10.6) | (\$10.4) | \$1.1 | \$3.3 | \$3.1 | \$3.1 | \$9.2 |
| Income Tax | \$0.6 | (\$0.2) | \$0.9 | \$0.4 | \$0.6 | (\$0.1) | \$1.8 | \$0.5 | \$0.5 | \$0.5 | \$0.5 | \$2.0 |
| Net Income | \$1.5 | (\$8.5) | \$3.7 | \$6.0 | (\$11.4) | (\$10.5) | (\$12.2) | \$0.6 | \$2.8 | \$1.2 | \$2.6 | \$7.2 |
| Shares Outstanding-Diluted | 17.7 | 17.8 | 18.1 | 19.1 | 17.6 | 17.9 | 17.8 | 17.9 | 18.0 | 18.1 | 18.1 | 18.1 |
| EPS - Diluted | \$0.09 | (\$0.48) | \$0.20 | \$0.31 | (\$0.65) | (\$0.59) | (\$0.69) | \$0.03 | \$0.16 | \$0.06 | \$0.15 | \$0.40 |
| Dividend per Share | \$0.16 | \$0.12 | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.08 | | | | | |
| % 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% | 76.5% | 75.8% | 76.2% | 75.6% | 76.0% |
| Gross Profit | 23.8% | 23.9% | 23.5% | 25.1% | 21.5% | 17.5% | 22.1% | 23.5% | 24.2% | 23.8% | 24.4% | 24.0% |
| Operating Expenses | 22.4% | 22.1% | 20.3% | 21.3% | 30.4% | 24.3% | 23.7% | 21.7% | 20.7% | 21.5% | 21.1% | 21.2% |
| EBIT | 1.4% | 1.8% | 3.2% | 3.8% | -8.9% | -6.9% | -1.7% | 1.8% | 3.5% | 2.3% | 3.3% | 2.8% |
| Interest Expense, Net | 0.9% | 1.2% | 0.8% | 0.9% | 1.0% | 1.0% | 0.9% | 1.0% | 0.8% | 0.9% | 0.8% | 0.9% |
| Other Expense, Net | 0.1% | 2.1% | -0.9% | -2.0% | -0.1% | 1.4% | -0.5% | -0.1% | -0.1% | -0.1% | -0.1% | -0.1% |
| Prietary Income | 0.4% | -1.5% | 3.3% | 4.8% | -9.8% | -9.2% | -2.1% | 1.0% | 2.8% | 1.5% | 2.7% | 2.0% |
| Income Tax Rate | 29.1% | 2.5% | 19.1% | 6.3% | -5.6% | 0.9% | -17.0% | 47.0% | 15.0% | 30.1% | 16.0% | 21.8% |
| Net Income | 0.3% | -1.5% | 2.7% | 4.5% | -10.3% | -9.2% | -2.5% | 0.5% | 2.3% | 1.0% | 2.2% | 1.5% |
| Revenue by Segment | | | | | | | | | | | | |
| RF, Wireless & Power Division | \$369.9 | \$376.2 | \$96.9 | \$93.4 | \$80.5 | \$84.3 | \$355.1 | \$82.3 | \$86.4 | \$84.5 | \$88.5 | \$341.8 |
| Electron Device Group | \$101.2 | \$103.3 | \$25.1 | \$22.2 | \$18.0 | \$16.9 | \$82.2 | \$17.5 | \$20.0 | \$17.6 | \$16.5 | \$71.5 |
| Canys | \$82.1 | \$84.7 | \$17.1 | \$16.8 | \$11.7 | \$13.3 | \$58.9 | \$12.0 | \$14.3 | \$11.1 | \$12.6 | \$50.0 |
| 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 | \$111.8 | \$120.8 | \$113.3 | \$117.7 | \$463.5 |
| Revenue % by Segment | | | | | | | | | | | | |
| RF, Wireless & Power Division | 66.4% | 66.2% | 69.7% | 70.5% | 73.0% | 73.6% | 71.5% | 73.7% | 71.5% | 74.6% | 75.2% | 73.7% |
| Electron Device Group | 18.2% | 18.2% | 18.0% | 16.8% | 16.3% | 14.7% | 16.6% | 15.7% | 16.5% | 15.5% | 14.0% | 15.4% |
| 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% | 10.7% | 11.8% | 9.8% | 10.7% | 10.8% |
| 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% | -15.0% | -7.5% | 5.0% | 5.0% | -3.7% |
| Electron Device Group | 7.1% | 2.0% | 1.9% | -18.9% | -27.5% | -36.2% | -20.4% | -30.0% | -10.0% | -2.5% | -2.5% | -12.9% |
| Canys | -13.6% | 3.1% | -11.7% | -19.5% | -40.3% | -46.4% | -30.4% | -30.0% | -15.0% | -5.0% | -5.0% | -15.1% |
| 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% | -19.6% | -8.9% | 2.7% | 2.7% | -6.6% |
| Fiscal Year End - May | | | | | | | | | | | | |
| (\$ in millions, except per share data) | | | | | | | | | | | | |

| Balance Sheet | 2007 | Q1-08 | Q2-08 | Q3-08 | Q4-08 | 2008 | Q1-09 | Q2-09 | Q3-09 | Q4-09 | 2009 | 2010E |
|--|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Assets | | | | | | | | | | | | |
| Cash | \$79.3 | \$21.8 | \$20.2 | \$30.5 | \$40.0 | \$40.0 | \$37.1 | \$35.5 | \$32.6 | \$43.9 | \$43.9 | \$30.1 |
| Accounts Receivable | \$105.7 | \$97.3 | \$104.3 | \$104.5 | \$109.5 | \$109.5 | \$105.8 | \$100.2 | \$92.5 | \$92.4 | \$92.4 | \$91.4 |
| Inventories | \$110.2 | \$118.1 | \$115.8 | \$107.4 | \$93.9 | \$93.9 | \$100.1 | \$99.7 | \$94.4 | \$81.2 | \$81.2 | \$77.2 |
| Other Current Assets | \$7.5 | \$7.2 | \$7.5 | \$7.1 | \$6.4 | \$6.4 | \$7.9 | \$7.4 | \$6.5 | \$7.8 | \$7.8 | \$8.5 |
| Current Assets | \$302.7 | \$244.5 | \$247.8 | \$249.6 | \$249.8 | \$249.8 | \$250.9 | \$242.8 | \$226.0 | \$225.3 | \$225.3 | \$207.3 |
| Net Property, Plant, and Equipment | \$29.7 | \$30.1 | \$30.9 | \$29.9 | \$28.6 | \$28.6 | \$27.5 | \$26.5 | \$20.0 | \$19.4 | \$19.4 | \$30.9 |
| Goodwill & Other Assets | \$16.6 | \$16.2 | \$17.3 | \$16.2 | \$7.8 | \$7.8 | \$7.3 | \$7.0 | \$5.7 | \$4.1 | \$4.1 | \$15.5 |
| Total Assets | \$349.1 | \$290.8 | \$295.9 | \$295.7 | \$286.2 | \$286.2 | \$285.7 | \$276.3 | \$251.7 | \$248.8 | \$248.8 | \$253.7 |
| 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 | \$64.3 | \$67.8 | \$58.0 | \$58.9 | \$58.9 | \$62.0 | \$62.4 | \$53.2 | \$53.0 | \$53.0 | \$49.2 |
| Accrued Expenses | \$34.1 | \$20.9 | \$20.4 | \$19.2 | \$21.8 | \$21.8 | \$20.1 | \$18.8 | \$17.4 | \$18.4 | \$18.4 | \$24.0 |
| Current Liabilities | \$155.3 | \$85.2 | \$88.2 | \$77.1 | \$80.7 | \$80.7 | \$82.1 | \$81.2 | \$70.6 | \$71.4 | \$71.4 | \$73.2 |
| Long-term Debt | \$55.7 | \$59.9 | \$55.7 | \$65.7 | \$55.7 | \$55.7 | \$55.7 | \$52.4 | \$52.4 | \$52.4 | \$52.4 | \$53.1 |
| Deferred Taxes & Other Long-term Liabilities | \$1.5 | \$8.5 | \$8.5 | \$8.3 | \$8.4 | \$8.4 | \$7.8 | \$6.5 | \$6.3 | \$6.3 | \$6.3 | \$1.5 |
| Total Liabilities | \$212.5 | \$153.6 | \$152.4 | \$151.2 | \$144.8 | \$144.8 | \$145.7 | \$140.1 | \$129.3 | \$130.1 | \$130.1 | \$127.8 |
| Shareholder Equity | \$136.5 | \$137.2 | \$143.5 | \$144.5 | \$141.4 | \$141.4 | \$140.0 | \$136.2 | \$122.4 | \$118.7 | \$118.7 | \$125.9 |
| Total Liabilities and Equity | \$349.1 | \$290.8 | \$295.9 | \$295.7 | \$286.2 | \$286.2 | \$285.7 | \$276.3 | \$251.7 | \$248.8 | \$248.8 | \$253.7 |
| Book Value Per Share | \$7.73 | \$7.67 | \$8.04 | \$8.10 | \$7.98 | \$7.97 | \$7.73 | \$7.13 | \$6.95 | \$6.63 | \$6.67 | \$6.95 |
| Asset Utilization and Efficiency | | | | | | | | | | | | |
| Accounts Receivable Turnover | 5.0 | 4.8 | 5.2 | 5.1 | 6.4 | 5.3 | 5.5 | 5.2 | 4.5 | 4.5 | 4.9 | 2.9 |
| Days' Sales in Receivables Outstanding | 69.2 | 68.6 | 65.6 | 68.6 | 64.4 | 70.3 | 69.5 | 69.0 | 76.5 | 73.6 | 67.9 | 72.0 |
| Inventory Turnover | 3.5 | 3.4 | 3.8 | 3.9 | 4.7 | 4.3 | 4.4 | 3.7 | 3.4 | 4.3 | 4.4 | 3.7 |
| Days' Sales in Inventory Outstanding | 94.6 | 111.3 | 95.0 | 91.1 | 73.1 | 79.2 | 86.0 | 91.6 | 99.5 | 78.3 | 76.6 | 80.0 |
| Accounts Payable Turnover | 7.6 | 6.5 | 6.7 | 6.8 | 8.0 | 7.4 | 7.0 | 6.1 | 6.2 | 6.8 | 7.3 | 6.0 |
| Days' Purchases in Payables Outstanding | 47.7 | 60.6 | 55.6 | 49.2 | 45.8 | 49.6 | 53.3 | 57.3 | 56.1 | 51.1 | 50.0 | 51.0 |
| Cash Conversion Cycle (Days) | 116.2 | 119.3 | 105.0 | 110.6 | 91.7 | 99.8 | 102.2 | 103.3 | 119.9 | 100.8 | 94.6 | 101.0 |
| Capital Structure | | | | | | | | | | | | |
| Total Debt-to-Total Capital Ratio | 47.1% | 30.4% | 28.0% | 31.2% | 28.2% | 28.2% | 28.5% | 27.8% | 30.0% | 30.6% | 30.6% | 29.7% |
| Total Debt-to-Equity Ratio | 88.9% | 43.7% | 38.8% | 45.4% | 39.4% | 39.4% | 39.8% | 38.5% | 42.8% | 44.1% | 44.1% | 42.2% |
| Fiscal Year End - May | (\$ in millions, except per share data) | | | | | | | | | | | |

21st Century Equity Research

| ROC and Free Cash Flow | 2007 | Q1-08 | Q2-08 | Q3-08 | Q4-08 | 2008 | Q1-09 | Q2-09 | Q3-09 | Q4-09 | 2009 | 2010E |
|--|---------|----------|----------|----------|---------|----------|---------|---------|----------|----------|----------|---------|
| NOPAT | | | | | | | | | | | | |
| EBIT | \$7.8 | \$2.7 | \$2.5 | (\$0.7) | \$5.8 | \$10.2 | \$4.5 | \$5.0 | (\$9.8) | (\$7.9) | (\$6.2) | \$12.8 |
| Cash Taxes on EBIT | (\$0.9) | \$11.4 | \$3.9 | \$0.5 | (\$1.5) | (\$0.4) | \$0.6 | \$0.3 | \$0.7 | (\$0.1) | \$2.5 | \$1.1 |
| NOPAT | \$8.7 | (\$8.7) | (\$1.5) | (\$1.2) | \$7.3 | \$10.6 | \$3.8 | \$4.7 | (\$10.5) | (\$7.8) | (\$10.8) | \$11.6 |
| Cash Taxes on EBIT | | | | | | | | | | | | |
| Income Tax Provision | \$0.6 | \$0.3 | \$0.5 | \$0.3 | (\$1.3) | (\$0.2) | \$0.9 | \$0.4 | \$0.6 | (\$0.1) | \$1.8 | \$2.0 |
| Tax Deduction on Interest Expense | \$1.5 | (\$11.1) | (\$3.5) | (\$0.2) | \$0.2 | \$0.2 | \$0.2 | \$0.1 | (\$0.1) | (\$0.1) | (\$0.8) | \$0.9 |
| Cash Taxes on EBIT | (\$0.9) | \$11.4 | \$3.9 | \$0.5 | (\$1.5) | (\$0.4) | \$0.6 | \$0.3 | \$0.7 | (\$0.1) | \$2.5 | \$1.1 |
| Invested Capital | | | | | | | | | | | | |
| Total Debt | \$121.4 | \$59.9 | \$55.7 | \$65.7 | \$55.7 | \$55.7 | \$55.7 | \$52.4 | \$52.4 | \$52.4 | \$52.4 | \$53.1 |
| Stockholders' Equity | \$136.5 | \$137.2 | \$143.5 | \$144.5 | \$141.4 | \$141.4 | \$140.0 | \$136.2 | \$122.4 | \$118.7 | \$118.7 | \$125.9 |
| Total Cash & Short-term Investments | \$79.3 | \$21.8 | \$20.2 | \$30.5 | \$40.0 | \$40.0 | \$37.1 | \$35.5 | \$32.6 | \$43.9 | \$43.9 | \$30.1 |
| Invested Capital | \$178.6 | \$175.3 | \$179.0 | \$179.7 | \$157.1 | \$157.1 | \$158.6 | \$153.1 | \$142.2 | \$127.2 | \$127.2 | \$148.8 |
| Return on Invested Capital | | | | | | | | | | | | |
| Return on Invested Capital (Average) | 4.5% | -19.7% | -3.3% | -2.6% | 17.4% | 6.3% | 9.7% | 12.0% | -28.3% | -23.1% | -7.6% | 7.6% |
| Note: Quarterly Figures Have Been Annualized | | | | | | | | | | | | |
| Free Cash Flow | | | | | | | | | | | | |
| Net Income (Loss) | \$1.5 | (\$0.4) | (\$0.7) | (\$2.2) | (\$5.2) | (\$8.5) | \$3.7 | \$6.0 | (\$11.4) | (\$10.5) | (\$12.2) | \$7.2 |
| Adjustments: | | | | | | | | | | | | |
| Depreciation | \$6.0 | \$1.3 | \$1.3 | \$1.3 | \$1.3 | \$5.5 | \$1.3 | \$1.2 | \$1.1 | \$1.1 | \$5.3 | \$4.0 |
| 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 |
| 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 | \$1.3 | \$1.3 | \$1.3 | \$1.3 | \$5.5 | \$1.3 | \$1.2 | \$1.1 | \$1.1 | \$5.3 | \$4.0 |
| Changes in Working Capital, Net of Currency Translation Effects and Business Acquisitions: | | | | | | | | | | | | |
| Decrease (Increase) in Accounts Receivable | \$10.0 | \$8.4 | (\$7.0) | (\$0.2) | (\$5.1) | (\$3.8) | \$3.7 | \$5.6 | \$7.7 | \$0.1 | \$17.1 | \$1.0 |
| Decrease (Increase) in Inventories | \$7.1 | (\$8.0) | \$2.4 | \$8.3 | \$13.6 | \$16.3 | (\$6.2) | \$0.4 | \$5.3 | \$13.2 | \$12.7 | \$4.0 |
| Decrease (Increase) in Other Current Assets | (\$2.2) | \$0.3 | (\$0.3) | \$0.4 | \$0.7 | \$1.1 | (\$1.5) | \$0.5 | \$0.9 | (\$1.3) | (\$1.4) | (\$0.7) |
| (Decrease) Increase in Accounts Payable | \$3.0 | \$8.8 | \$3.5 | (\$9.8) | \$0.9 | \$3.3 | \$3.2 | \$0.4 | (\$9.2) | (\$0.2) | (\$5.9) | (\$3.8) |
| (Decrease) Increase in Other Current Liabilities | \$3.5 | (\$13.2) | (\$0.5) | (\$1.3) | \$2.6 | (\$12.2) | (\$1.7) | (\$1.3) | (\$1.4) | \$1.0 | (\$3.4) | \$5.6 |
| Total Changes in Operating Assets and Liabilities | \$21.4 | (\$3.7) | (\$1.9) | (\$2.5) | \$12.8 | \$4.7 | (\$2.5) | \$5.5 | \$3.3 | \$12.8 | \$19.1 | \$6.1 |
| Net Cash Flow from Operations | \$29.0 | (\$2.7) | (\$1.2) | (\$3.4) | \$8.9 | \$1.7 | \$2.5 | \$12.7 | (\$7.0) | \$3.4 | \$12.2 | \$17.2 |
| Capital Expenditures | (\$6.8) | (\$1.9) | (\$1.9) | (\$0.3) | (\$1.0) | (\$4.5) | (\$0.1) | (\$0.4) | (\$0.8) | (\$0.8) | (\$1.6) | (\$2.0) |
| Free Cash Flow | \$22.2 | (\$4.6) | (\$3.1) | (\$3.7) | \$7.9 | (\$2.8) | \$2.3 | \$12.3 | (\$7.8) | \$2.6 | \$10.6 | \$15.2 |
| Free Cash Flow per Share | \$1.26 | (\$0.26) | (\$0.18) | (\$0.21) | \$0.44 | (\$0.16) | \$0.13 | \$0.65 | (\$0.44) | \$0.15 | \$0.59 | \$0.84 |
| Fiscal Year End - May | | | | | | | | | | | | |

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

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