

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	\$9.82
52Wk High	\$12.35
52Wk Low	\$3.24
3mo. Daily Volume	126,000
Market Capitalization	\$173 Mil
Shares Outstanding	18 Mil
Dividend Yield	0.80%
Book Value Per Share	\$6.87
Net Debt-to-Equity	0%
EV-to-Sales TTM	0.3x
EV-to-EBITDA TTM	6x*

Financial Data

	OLD	NEW	OLD	NEW
EPS	FY-10E	FY-10E	FY-11E	FY-11E
Q1-Aug	\$0.11A	\$0.11A		\$0.20
Q2-Nov	\$0.24A	\$0.24A		\$0.25
Q3-Feb	\$0.25A	\$0.25A		\$0.30
Q4-May	\$0.25E	\$0.36E		\$0.40
FY-May	\$0.85	\$0.91	\$0.93	\$1.15
P/E				8.5
*excludes one-time charges				
Revenue	\$477	\$492	\$504	\$515
% Chg	-4%	-1%	6%	5%
ROIC	15%	18%	15%	16%
Cash	\$45	\$29	\$36	\$60
Assets	\$261	\$235	\$254	\$258
Debt	\$34	\$20	\$20	\$20
Equity	\$132	\$130	\$148	\$151

Note: Figures in \$millions except per share data

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NASDAQ: RELL
PRICE: \$9.82
July 26, 2010

Q4 EPS of \$0.36 beat our estimate of \$0.25 due to greater than expected sales. FX gains and a lower than expected tax rate contributed approximately \$0.03.

Sales in Q4 grew 26.6% YOY to \$145.1 million and exceeded our forecast of \$130.5 million. Q4 YOY sales growth by business unit were as follows: RF Wireless and Power (+26%), EDG (+56%), and Canvys (-6.8%).

Operating expenses as percentage of sales declined sequentially from 19.5% to 17.6%.

Interest rate expense will decline by over \$3 million for FY11 as all outstanding convertible debt has been redeemed.

The company generated \$24.4 million in operating cash flow for FY11.

The balance sheet strengthened with \$29 million in cash, \$0 long-term debt, and \$19.5 million of short-term debt.

The stock trades at a discount to peers based on the EV/EBITDA metric.

We are raising our FY11 EPS estimate from \$0.93 to \$1.15 based on recent performance and management guidance.

Richardson Electronics, Ltd.



Q4 Results Better Than Expected

Q4 EPS of \$.36/share surpassed our estimate of \$.25/share as sales were higher than expected. An FX gain and a lower than expected tax rate contributed approximately \$.03 to EPS. Sales grew 26.6% YOY to \$145.1 million vs. our estimate of \$130.5 and exceeded the company's guidance range of \$130-\$135 million. The RFPD and EDG divisions grew 26% and 56% YOY respectively while the Canvys division declined 7% due to healthcare reform uncertainty and the termination of one customer. This division was successful in taking out costs. Gross margin improved YOY from 17.5% to 22.8% but declined sequentially due to product and geography mix. The RFPD division experienced some pricing pressure due to higher sales of lower margin products to Asia. Operating expenses were 17.6% of sales for the quarter vs. 23% in the prior year. The company recorded approximately \$1 million of severance expense for this quarter. The company's headcount now stands at 744 vs. 780 in the prior year. The company amended its revolving line of credit from \$20 to \$40 million at an interest rate of less than 2%. Consequently, the company completed the redemption of all outstanding convertible debentures. The company's balance sheet has strengthened with \$29 million in cash, \$0 long-term debt, and \$19.5 million drawn on the revolver. Additionally, DSO's improved by 13 days for the quarter.

Business Unit	Net Sales (in thousands)			Gross Profit (in thousands)			
	Q4FY10	Q4FY09	% Change	Q4FY10	% of Sales	Q4FY09	% of Sales
RF, Wireless & Power Division	\$106,257	\$84,307	26.0%	\$22,152	20.8%	\$16,076	19.1%
Electron Device Group	\$26,395	\$16,914	56.1%	\$8,027	30.4%	\$689	4.1%
Canvys	\$12,439	\$13,343	-6.8%	\$2,914	23.4%	\$3,283	24.6%
Corporate		\$1				(\$41)	
Total	\$145,091	\$114,565	26.6%	\$33,093	22.8%	\$20,007	17.5%

Business Unit	FY10			FY09			
	FY10	FY09	% Change	FY10	% of Sales	FY09	% of Sales
RF, Wireless & Power Division	\$356,475	\$355,189	0.4%	\$76,727	21.5%	\$76,031	21.4%
Electron Device Group	\$86,541	\$82,168	5.3%	\$28,721	33.2%	\$21,512	26.2%
Canvys	\$48,831	\$59,019	-17.3%	\$12,563	25.7%	\$12,405	21.0%
Corporate		\$3				-\$318	
Total	\$491,847	\$496,379	-0.9%	\$118,011	24.0%	\$109,630	22.1%

Outlook

The company is guiding conservatively for revenue growth of 4-5% for FY11. While decent visibility exists for Q1 and Q2, Q3 and Q4 remain more uncertain. The company expects gross margin to be flat or slightly below FY10 levels with operating expenses below 20%. The company is targeting an operating margin of 5% for FY11. Please recall that Q1 is typically the weakest quarter due to seasonality. Tax cash expenses are forecasted at \$2.5-\$3.5 million. Cap ex is expected in the range of \$2.5-\$3.5 million while D&A expense should gravitate towards \$3.7 million. Note that interest expense for FY11 will be significantly lower due to the latest debt redemption. We are raising our previous FY11 estimate from \$.93 to \$1.15 based on recent performance and management guidance. We believe there is upside to management's sales guidance. The RFPD division could grow more than expected due to the continued global wireless backhaul build-out coupled with promising growth in the alternative energy markets in India and China. Additionally, the EDG division may continue to benefit more than expected from the rebound in the semi-conductor industry. Gartner predicts spending on wafer fabrication equipment, which is served directly by the company's EDG products, will increase 7.2%¹ in 2011. The EDG unit also expanded its distribution channel which should add \$10-\$15 million in revenue

¹ Gartner, June 2010

for FY11, albeit at lower margins. The company has demonstrated effective cost controls and working capital management, trends which should continue going forward. Additionally, the company may record a non-cash tax benefit related to its valuation allowances in the first half of the year which would positively impact EPS. Given the company's propensity for strong operating cash flow combined with the recent extinguishing of long-term debt, the potential exists to appreciably build up its cash balance in FY11. The primary risk factors include foreign currency and exposure to the European market which remains uncertain as new austerity measures across Europe unfold.

Peer Group Comparison (in thousands)

Ticker	Name	Price	EV/ Sales	EV/ EBITDA	P/BV	P/E	P/E- CY10E	P/E- CY11E
ARW	Arrow Electronics	\$23.71	0.22	6.6	1.0	15.6	7.4	7.1
AVT	Avnet	\$25.98	0.23	7.2	1.3	16.1	8.8	7.3
WCC	Wesco International Inc.	\$35.85	0.45	10.7	1.5	15.3	15.6	9.0
NUHC	NuHorizons Electronics	\$3.51	0.14	8.7	0.4	31.9	23.4	50.1
	Median		0.23	7.9	1.1	15.9	12.2	8.2
RELL	Richardson Electronics	\$9.82	0.33	6.0	1.4	10.8	8.5	NA

Note: All figures based on trailing 12-months, except P/E-10 and PE-11 based on consensus estimates
RELL EBITDA excludes one-time charges
Prices as of 7/23/10

Disclaimers & Disclosures

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Income Statement (in millions)	2008	2009	Q1-10	Q2-10	Q3-10	Q4-10	2010	Q1-11E	Q2-11E	Q3-11E	Q4-11E	2011E
Sales	\$568.4	\$496.3	\$109.5	\$115.9	\$121.3	\$145.1	\$491.8	\$121.4	\$125.1	\$130.7	\$138.0	\$515.2
COGS	\$432.8	\$386.7	\$83.0	\$86.9	\$91.9	\$112.0	\$373.8	\$93.0	\$95.4	\$100.0	\$104.2	\$392.6
Gross Profit	\$135.6	\$109.6	\$26.5	\$29.0	\$29.4	\$33.1	\$118.0	\$28.4	\$29.6	\$30.7	\$33.8	\$122.6
Operating Expenses	\$125.4	\$117.9	\$22.9	\$23.6	\$23.7	\$25.5	\$95.7	\$23.6	\$24.0	\$24.2	\$25.5	\$97.3
Operating Income	\$10.2	(\$8.2)	\$3.6	\$5.4	\$5.7	\$7.6	\$22.3	\$4.8	\$5.6	\$6.5	\$8.3	\$25.3
Add back D&A	\$5.3	\$4.1	\$1.0	\$1.1	\$0.9	\$0.9	\$3.9	\$0.9	\$0.9	\$0.9	\$0.9	\$3.6
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
EBITDA	\$16.2	(\$3.4)	\$4.7	\$6.7	\$6.8	\$8.7	\$26.9	\$5.8	\$6.7	\$7.6	\$9.4	\$29.6
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
Other Expense, Net	\$12.0	(\$2.4)	\$0.8	\$0.7	(\$0.1)	\$0.0	\$1.4	\$0.3	\$0.3	\$0.3	\$0.3	\$1.2
Pretax Income	(\$8.7)	(\$10.4)	\$1.6	\$3.7	\$4.8	\$7.0	\$17.1	\$4.4	\$5.2	\$6.1	\$7.9	\$23.6
Income Tax	(\$0.2)	\$1.8	(\$0.3)	(\$0.6)	\$0.3	\$0.4	(\$0.2)	\$0.7	\$0.7	\$0.8	\$0.8	\$3.0
Net Income	(\$8.5)	(\$12.2)	\$1.9	\$4.3	\$4.5	\$6.6	\$17.3	\$3.7	\$4.5	\$5.3	\$7.1	\$20.6
Shares Outstanding-Diluted	17.8	17.8	17.9	18.0	18.0	19.0	18.9	18.0	18.0	18.0	18.0	18.0
EPS - Diluted	(\$0.48)	(\$0.69)	\$0.11	\$0.24	\$0.25	\$0.35	\$0.91	\$0.20	\$0.25	\$0.30	\$0.40	\$1.15
Dividend per Share	\$0.12	\$0.08	\$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	76.1%	77.9%	75.8%	75.0%	75.8%	77.2%	76.0%	76.6%	76.3%	76.5%	75.5%	76.2%
Gross Profit	23.9%	22.1%	24.2%	25.0%	24.2%	22.8%	24.0%	23.4%	23.7%	23.5%	24.5%	23.8%
Operating Expenses	22.1%	23.7%	20.9%	20.4%	19.5%	17.6%	19.5%	19.4%	19.2%	18.5%	18.5%	18.9%
Operating Income	1.8%	-1.7%	3.3%	4.7%	4.7%	5.2%	4.5%	4.0%	4.5%	5.0%	6.0%	4.9%
Interest Expense, Net	1.2%	0.9%	1.1%	0.9%	0.8%	0.4%	0.8%	0.2%	0.1%	0.1%	0.1%	0.1%
Other Expense, Net	2.1%	-0.5%	0.7%	0.6%	-0.1%	0.0%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
Pretax Income	-1.5%	-2.1%	1.5%	3.2%	4.0%	4.8%	3.5%	3.6%	4.2%	4.7%	5.7%	4.6%
Income Tax Rate	2.5%	-17.0%	-18.8%	-16.2%	6.3%	5.8%	-1.2%	16.0%	13.3%	13.1%	10.1%	12.7%
Net Income	-1.5%	-2.5%	1.7%	3.7%	3.7%	4.5%	3.5%	3.0%	3.6%	4.1%	5.2%	4.0%
Revenue by Segment												
RF, Wireless & Power Division	\$376.2	\$355.1	\$79.5	\$82.8	\$87.9	\$106.3	\$356.5	\$89.4	\$91.1	\$96.7	\$103.0	\$380.2
Electron Device Group	\$103.3	\$82.2	\$18.8	\$20.1	\$21.2	\$26.4	\$86.5	\$20.0	\$21.0	\$22.0	\$23.0	\$86.0
Canvys	\$84.7	\$58.9	\$11.2	\$13.0	\$12.2	\$12.4	\$48.8	\$12.0	\$13.0	\$12.0	\$12.0	\$49.0
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
Total	\$568.4	\$496.3	\$109.5	\$115.9	\$121.3	\$145.1	\$491.8	\$121.4	\$125.1	\$130.7	\$138.0	\$515.2
Revenue % by Segment												
RF, Wireless & Power Division	66.2%	71.5%	72.6%	71.4%	72.5%	73.3%	72.5%	73.6%	72.8%	74.0%	74.6%	73.8%
Electron Device Group	18.2%	16.6%	17.2%	17.3%	17.5%	18.2%	17.6%	16.5%	16.8%	16.8%	16.7%	16.7%
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%
Canvys	14.9%	11.9%	10.2%	11.2%	10.1%	8.5%	9.9%	9.9%	10.4%	9.2%	8.7%	9.5%
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%
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	1.7%	-5.6%	-17.9%	-11.3%	9.2%	26.1%	0.4%	12.5%	10.0%	10.0%	-3.1%	6.7%
Electron Device Group	2.0%	-20.4%	-25.0%	-9.5%	17.8%	56.2%	5.3%	6.4%	4.5%	3.8%	-12.9%	-0.6%
Canvys	3.1%	-30.4%	-34.6%	-22.6%	4.3%	-6.8%	-17.2%	7.1%	0.0%	-1.6%	-3.2%	0.4%
Corporate	5.6%	-95.1%	-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%	10.9%	7.9%	7.7%	-4.9%	4.8%

* Fiscal Year End - May

(\$ in millions, except per share data)

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Balance Sheet	2009	Q1-10	Q2-10	Q3-10	Q4-10	2010	Q1-11E	Q2-11E	Q3-11E	Q4-11E	2011E
Assets											
Cash	\$43.9	\$41.8	\$49.9	\$51.5	\$29.0	\$29.0	\$34.0	\$45.0	\$52.3	\$59.6	\$59.6
Accounts Receivable	\$92.4	\$87.6	\$94.1	\$93.1	\$98.7	\$98.7	\$94.7	\$99.0	\$97.7	\$100.1	\$100.1
Inventories	\$81.2	\$83.6	\$77.1	\$79.5	\$78.7	\$78.7	\$87.9	\$79.7	\$83.5	\$73.3	\$73.3
Other Current Assets	\$7.8	\$10.0	\$9.4	\$9.2	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0
Current Assets	\$225.3	\$223.0	\$230.5	\$233.3	\$213.4	\$213.4	\$223.7	\$230.7	\$240.4	\$240.0	\$240.0
Net Property, Plant, and Equipment	\$19.4	\$18.7	\$17.8	\$17.0	\$16.7	\$16.7	\$16.5	\$15.5	\$14.5	\$13.5	\$13.5
Goodwill & Other Assets	\$4.1	\$4.3	\$4.5	\$3.9	\$4.7	\$4.7	\$4.0	\$4.0	\$4.0	\$4.0	\$4.0
Total Assets	\$248.8	\$246.0	\$252.8	\$254.2	\$234.8	\$234.8	\$244.2	\$250.2	\$258.9	\$257.5	\$257.5
Liabilities and Stockholders' Equity											
Current Debt											
Accounts Payable	\$53.0	\$45.4	\$44.7	\$60.0	\$61.6	\$61.6	\$67.7	\$69.1	\$72.5	\$63.9	\$63.9
Accrued Expenses	\$18.4	\$19.3	\$21.0	\$18.7	\$18.8	\$18.8	\$18.0	\$18.0	\$18.0	\$18.0	\$18.0
Current Liabilities	\$71.4	\$64.7	\$65.7	\$78.7	\$99.9	\$99.9	\$105.7	\$107.1	\$110.5	\$101.9	\$101.9
Long-term Debt											
Deferred Taxes & Other Long-term Liabilities	\$6.3	\$6.1	\$5.2	\$4.9	\$5.0	\$5.0	\$5.0	\$5.0	\$5.0	\$5.0	\$5.0
Total Liabilities	\$130.1	\$123.2	\$123.3	\$127.6	\$104.9	\$104.9	\$110.7	\$112.1	\$115.5	\$106.9	\$106.9
Shareholder Equity	\$118.7	\$122.8	\$129.5	\$126.7	\$129.9	\$129.9	\$133.6	\$138.1	\$143.4	\$150.5	\$150.5
Total Liabilities and Equity	\$248.8	\$246.0	\$252.8	\$254.3	\$234.8	\$234.8	\$244.2	\$250.2	\$258.9	\$257.5	\$257.5
Book Value Per Share	\$6.67	\$6.86	\$7.19	\$7.04	\$6.84	\$6.87	\$7.42	\$7.67	\$7.97	\$8.36	\$8.36
Asset Utilization and Efficiency											
Accounts Receivable Turnover	4.9	4.5	4.8	5.2	6.1	5.1	5.3		5.5	5.6	5.2
Days' Sales in Receivables Outstanding	67.9	73.0	74.1	70.0	62.1	73.3	71.0	72.0	68.0	66.0	70.9
Inventory Turnover	4.4	3.6	3.9	4.2	5.6	3.8	4.3	4.9	4.9	5.5	4.5
Days' Sales in Inventory Outstanding	76.6	91.9	81.0	78.9	64.1	76.8	86.0	76.0	76.0	64.0	68.1
Accounts Payable Turnover	7.3	6.2	6.5	6.5	7.8	5.8	6.6	6.7	6.0	6.6	6.4
Days' Purchases in Payables Outstanding	50.0	49.9	46.9	59.6	50.2	60.1	66.2	65.9	66.0	55.9	59.4
Cash Conversion Cycle (Days)	94.6	115.0	108.1	89.4	76.0	89.9	90.8	82.1	78.0	74.2	79.6
Capital Structure											
Total Debt-to-Total Capital Ratio	30.6%	29.9%	28.8%	25.8%	13.1%	13.1%	13.0%	12.6%	12.2%	11.7%	11.7%
Total Debt-to-Equity Ratio	44.1%	42.7%	40.5%	34.7%	15.0%	15.0%	15.0%	14.5%	13.9%	13.3%	13.3%
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	Q1-11E	Q2-11E	Q3-11E	Q4-11E	2011E
NOPAT												
EBIT	\$10.2	(\$8.2)	\$3.6	\$5.4	\$5.7	\$7.6	\$22.3	\$4.8	\$5.6	\$6.5	\$8.3	\$25.3
Cash Taxes on EBIT	(\$0.4)	\$2.5	(\$0.1)	(\$0.4)	\$0.2	\$0.4	(\$0.2)	\$0.7	\$0.7	\$0.8	\$0.8	\$2.9
NOPAT	\$10.6	(\$10.8)	\$3.7	\$5.8	\$5.5	\$7.2	\$22.5	\$4.1	\$5.0	\$5.7	\$7.5	\$22.3

Cash Taxes on EBIT

Income Tax Provision	(\$0.2)	\$1.8	(\$0.3)	(\$0.6)	\$0.3	\$0.4	(\$0.2)	\$0.7	\$0.7	\$0.8	\$0.8	\$3.0
Tax Deduction on Interest Expense	\$0.2	(\$0.8)	(\$0.2)	(\$0.2)	\$0.1	\$0.0	(\$0.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1
Cash Taxes on EBIT	(\$0.4)	\$2.5	(\$0.1)	(\$0.4)	\$0.2	\$0.4	(\$0.2)	\$0.7	\$0.7	\$0.8	\$0.8	\$2.9

Invested Capital

Total Debt	\$55.7	\$52.4	\$52.4	\$52.4	\$44.0	\$19.5	\$19.5	\$20.0	\$20.0	\$20.0	\$20.0	\$20.0
Stockholders' Equity	\$141.4	\$118.7	\$122.8	\$129.5	\$126.7	\$129.9	\$129.9	\$133.6	\$138.1	\$143.4	\$150.5	\$150.5
Total Cash & Short-term Investments	\$40.0	\$43.9	\$41.8	\$49.9	\$51.5	\$29.0	\$29.0	\$34.0	\$45.0	\$52.3	\$59.6	\$59.6
Invested Capital	\$157.1	\$127.2	\$133.4	\$132.0	\$119.2	\$120.4	\$120.4	\$119.6	\$113.1	\$111.1	\$110.9	\$110.9

Return on Invested Capital

Return on Invested Capital (Average)	6.3%	-7.6%	10.1%	16.4%	16.7%	23.4%	18.1%	13.1%	16.2%	19.9%	26.0%	15.8%
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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	\$3.7	\$4.5	\$5.3	\$7.1	\$20.6
Adjustments:												
Depreciation	\$5.5	\$5.3	\$1.1	\$1.1	\$1.0	\$1.1	\$4.3	\$0.9	\$0.9	\$0.9	\$0.9	\$3.6
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 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
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	\$5.5	\$5.3	\$1.1	\$1.1	\$1.0	\$1.1	\$4.3	\$0.9	\$0.9	\$0.9	\$0.9	\$3.6
Charges 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)	\$4.0	(\$4.2)	\$1.3	(\$2.4)	(\$1.4)
Decrease (Increase) in Inventories	\$16.3	\$12.7	(\$2.4)	\$6.5	(\$2.4)	\$0.8	\$2.5	(\$9.2)	\$8.2	(\$3.8)	\$10.2	\$5.4
Decrease (Increase) in Other Current Assets	\$1.1	(\$1.4)	(\$2.2)	\$0.6	\$0.2	\$2.2	\$0.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
(Decrease) Increase in Accounts Payable	\$3.3	(\$5.9)	(\$7.6)	(\$0.7)	\$15.3	\$1.6	\$8.6	\$6.1	\$1.4	\$3.4	(\$8.6)	\$2.3
(Decrease) Increase in Other Current Liabilities	(\$12.2)	(\$3.4)	\$0.9	\$1.7	(\$2.3)	\$0.1	\$0.4	(\$0.8)	\$0.0	\$0.0	\$0.0	(\$0.8)
Total Changes in Operating Assets and Liabilities	\$4.7	\$19.1	(\$6.5)	\$1.6	\$11.8	(\$0.9)	\$6.0	\$0.0	\$5.4	\$0.9	(\$0.8)	\$5.6
Net Cash Flow from Operations	\$1.7	\$12.2	(\$3.5)	\$7.0	\$17.3	\$6.8	\$27.6	\$4.6	\$10.9	\$7.1	\$7.2	\$29.8
Capital Expenditures	(\$4.5)	(\$1.6)	(\$0.3)	(\$0.2)	(\$0.2)	(\$0.7)	(\$1.4)	(\$0.7)	(\$0.7)	(\$0.8)	(\$0.8)	(\$3.0)
Free Cash Flow	(\$2.8)	\$10.6	(\$3.8)	\$6.8	\$17.1	\$6.1	\$26.2	\$3.9	\$10.2	\$6.3	\$6.4	\$26.8
Free Cash Flow per Share	(\$0.16)	\$0.59	(\$0.21)	\$0.38	\$0.95	\$0.32	\$1.38	\$0.22	\$0.57	\$0.35	\$0.36	\$1.49

Fiscal Year End - May

(\$ in millions, except per share data)