

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	\$10.59
52Wk High	\$12.35
52Wk Low	\$2.84
3mo. Daily Volume	116,000
Market Capitalization	\$186 Mil.
Shares Outstanding	18 Mil.
Dividend Yield	0.80%
Book Value Per Share	\$7.04
Net Debt-to-Equity	0%
EV-to-Sales TTM	0.4x
EV-to-EBITDA TTM	8.3x*

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	\$0.24A	\$0.24A	
Q3-Feb	(\$0.65)	\$0.17	\$0.25A	
Q4-May	(\$0.59)	\$0.18	\$0.25	
FY-May	(\$0.69)	\$0.70	\$0.85	\$0.93
P/E				12.5
*excludes one-time charges				
Revenue	\$496	\$462	\$477	\$504
% Chg	-13%	-7%	-4%	6%
ROIC	-8%	12%	15%	15%
Cash	\$44	\$45	\$45	\$36
Assets	\$249	\$255	\$261	\$254
Debt	\$52	\$44	\$34	\$20
Equity	\$119	\$135	\$132	\$148

Note: Figures in \$millions except per share data

Mark Zinski

414.431.8704
mzinski@tfcentury.com



NASDAQ: RELL
PRICE: \$10.59
May 10, 2010

Richardson differentiates itself from other electronics distributors on multiple fronts: 1) exclusive distribution agreements with suppliers 2) “engineered solutions” services which design and integrate electronic components in addition to supplying parts 3) successful in finding growing niche markets such as alternative energy, cellular infrastructure build-outs in China, and induction energy applications.

The company has improved key operating metrics including Return on Working Capital, Inventory/Sales, Operating Margin, and Operating Cash Flow

Leaner cost structure and tighter working capital structure now in place with leverage and free cash flow generation potential

Stronger balance sheet vs. the prior year as long-term debt through 3/31/10 has declined to \$33.8 million vs. \$52.4 million in the prior year. Cash balance has improved YOY from \$32.6 million to \$51.6 million (\$2.87/share)

Richardson Electronics, Ltd.



Operational Review

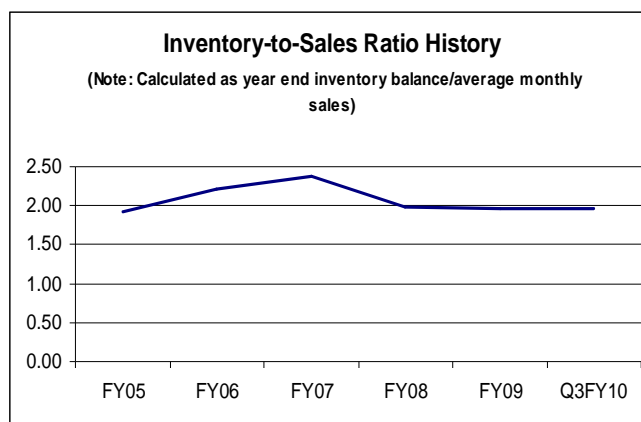
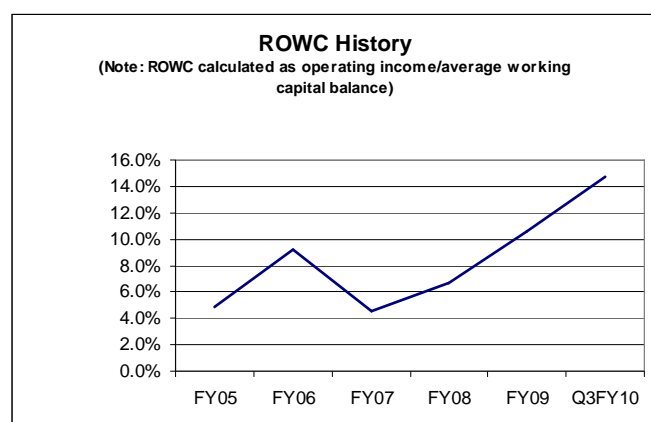
Richardson Electronics weathered the global financial crisis in 2009 through effective working capital management, cash preservation, and cost reductions. Additionally, the company's exposure in Asia and product sales into the wireless infrastructure market helped blunt further sales declines. The company now operates a leaner cost structure with a stronger balance sheet. The company reduced its long-term debt level to \$33.8 million in March of 2010 and ended the recent February quarter with \$51.6 million (\$2.87/share) in cash. Its most macro sensitive business units, EDG and Canvys, are demonstrating signs of stabilization. Operating margin has recently surpassed 4%.

Business Unit	FY05	FY06	FY07	FY08	9 months FY09	FY09	Q1FY10	Q2FY10	Q3FY10	9 months FY10
RF, Wireless & Power Division	\$296,334	\$334,131	\$369,936	\$376,203	\$270,882	\$355,189	\$79,478	\$82,818	\$87,922	\$250,218
Gross Margin	21.9%	22.7%	22.8%	22.9%	22.1%	22.1%	21.9%	21.9%	21.6%	21.8%
Operating Margin	11.5%	14.1%	13.2%	11.6%	10.8%	10.8%	10.6%	Unavailable	Unavailable	Unavailable
Electron Device Group	\$92,174	\$94,443	\$108,029	\$108,272	\$65,254	\$82,168	\$18,796	\$20,121	\$21,229	\$60,146
Gross Margin	31.9%	32.2%	32.9%	32.4%	32.2%	32.0%	33.3%	36.6%	34.2%	34.4%
Operating Margin	19.2%	20.8%	21.4%	18.3%	16.3%	15.3%	18.3%	Unavailable	Unavailable	Unavailable
Canvys	\$78,078	\$95,010	\$75,273	\$79,655	\$45,676	\$59,019	\$11,218	\$12,995	\$12,179	\$36,392
Gross Margin	22.9%	25.8%	22.0%	22.1%	23.9%	25.1%	25.0%	27.2%	42.0%	26.5%
Operating Margin	10.0%	9.6%	-1.2%	1.0%	0.8%	1.1%	2.4%	Unavailable	Unavailable	Unavailable
Total Revenue	\$466,586	\$523,584	\$553,238	\$564,130	\$381,812	\$496,376	\$109,492	\$115,934	\$121,330	\$346,756
Total Gross Margin	24.0%	25.0%	24.7%	24.6%	24.1%	24.1%	24.2%	25.1%	25.9%	24.5%
Total Operating Margin	3.5%	3.1%	3.6%	2.4%	2.0%	2.6%	3.2%	4.7%	4.7%	4.2%

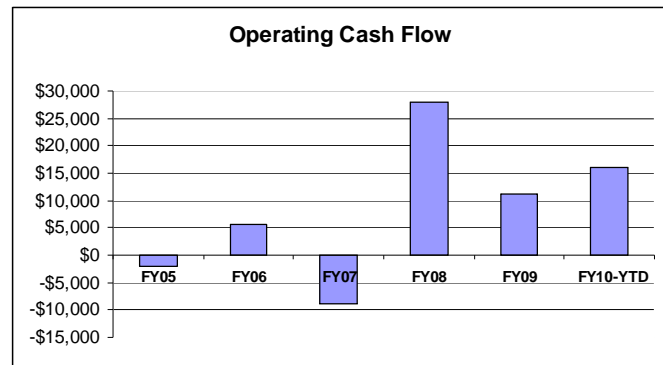
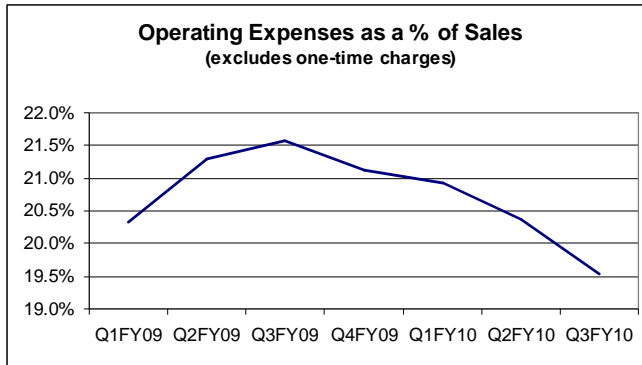
*Data excludes inventory write-downs, goodwill impairment, severance expense, AR write-offs, asset disposal costs, and corporate revenues.

	FY05	FY06	FY07	FY08	9 months FY09	FY09	9 months FY10
North America	\$217,275	\$227,926	\$229,296	\$228,466	\$136,218	\$171,961	\$116,705
Asia/Pacific	\$124,763	\$147,993	\$165,230	\$167,943	\$133,795	\$181,906	\$132,874
Europe	\$109,626	\$129,212	\$143,823	\$151,685	\$98,973	\$125,932	\$85,350
Latin America	\$16,476	\$18,601	\$16,979	\$17,288	\$11,783	\$15,319	\$11,860

Key operating metrics have improved markedly since FY07 as shown below.



Additionally, ongoing cost restructurings have lowered SG&A as a percentage of sales consistently in recent quarters.



Relevant Industry Acquisitions

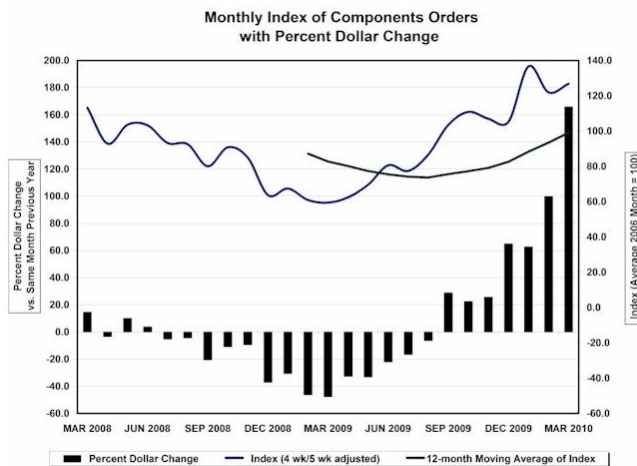
While M&A activity was less robust in 2009, some key acquisitions in 2009 and early 2010 provide some reference points for possible valuations for an electronics distribution business. In January of 2009 Avnet acquired Abacus for a transactional value of \$141.6 million. A private company headquartered in the UK, Abacus distributes semiconductor, interconnect, passive, and electro mechanical device products to ten countries within Europe. Trailing sales and EBITDA were \$402 million and \$17.8 million respectively, translating to EV/EBITDA and EV/Sales buyout multiples of 8.2x and .35x.

Additionally, in March of 2010 Avnet acquired Bell Micro for a transactional value of \$594 million. Bell Micro distributes IT products with a focus on storage. Bell Micro generated sales of roughly \$3 billion in 2009 with EBITDA of \$74 million. The deal represents an EV/EBITDA multiple of 8X and an EV/Sales multiple of .2x. Bell Micro's gross margins were 10%.

Other pertinent deals without publicly disclosed acquisition prices were TTI Inc.'s acquisitions of Flightspares Electronics and Net-Aye, both in March of 2010.

Industry Analysis and Outlook

The global electronic components industry has experienced an uptick lately as shown in the graph below.



Source: Electronic Components Association

Several large electronics distributors have reported positive YOY growth in sales for Q1 of 2010. Management teams are reporting strength beyond comparisons to an extremely weak prior year.

Peer Group Comparison
(in thousands)

Ticker	Name	Price	Sales	Sales Per Employee	GM%	OM%	NM%	ROE	ROA	Net Debt Ratio	A/R Turns	Inv Turns	AP Turns	Days in Sales	Days in Inv	Days in Pur	Cash Conv Cycle	EV / Sales	EV / EBITDA	P/BV	P/E	P/E- CY10E	P/E- CY11E
ARW	Arrow Electronics	\$27.49	\$15,502,039	\$1,372	12.0%	2.3%	1.2%	6.9%	2.8%	13.3%	5.6	9.3	5.6	72.6	39.5	77.2	34.8	0.24	8.1	1.1	18.1	8.5	7.8
AVT	Avnet	\$27.49	\$17,711,778	\$1,373	11.7%	3.0%	1.4%	8.9%	3.9%	5.7%	5.9	9.3	6.4	68.5	40.8	71.3	38.0	0.25	7.4	1.4	17.1	9.5	NA
WCC	Wesco International Inc.	\$36.12	\$4,623,954	\$758	19.5%	3.9%	2.3%	13.5%	4.1%	32.8%	6.7	7.0	7.3	55.1	49.7	48.2	56.7	0.45	9.3	1.6	15.0	15.8	12.0
NUHC	NuHorizons Electronics	\$3.57	\$670,727	\$861	14.1%	0.6%	-0.3%	-1.6%	-0.8%	16.3%	5.5	5.1	7.3	71.8	74.4	49.9	96.2	0.14	16.1	0.4	(6.2)	NA	NA
	Median		\$10,062,997	\$1,116	13.1%	2.6%	1.3%	7.9%	3.4%	14.8%	5.8	8.1	6.9	70.1	45.3	60.6	47.3	0.24	8.7	1.3	16.0	9.5	9.9
RELL	Richardson Electronics	\$10.59	\$461,321	\$659	22.7%	3.9%	-0.2%	-0.7%	-0.4%	0.0%	4.9	4.1	5.4	75.6	81.4	80.6	76.5	0.40	8.3	1.5	NA	11.9	NA

Note: All figures based on trailing 12-months, except P/E-10 and PE-11 based on consensus estimates
Prices as of 5/7/10

Operating income and EBITDA exclude one-time charges

RFPD

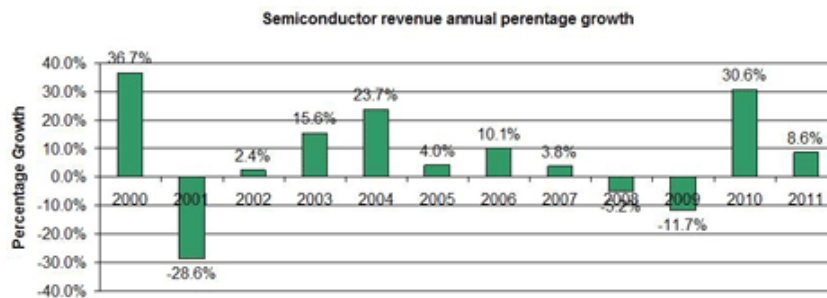
The prognosis for components related to cellular backhaul build-outs within the company's RFPD (Radio Frequency Power Division) appears promising. China's investment in 3G wireless technology is growing rapidly. China Telecom is committing \$11.7 billion to expand its CDMA network through 2011. Surprisingly, China has only 16 million mobile internet subscribers, but this is expected to increase to 500 million over the next three years according to the MIIT (Ministry of Industry and Information Technology). Globally, 3G remains the dominant technology platform. LTE (Long-Term Evolution) remains in its infancy. Shifts in spending between 3G, 2G, and LTE remain ongoing.

While wireless infrastructure spending in China has been fairly robust, spending by wireless carriers in North America has been more tepid. Overall, network capital expenditures declined 2.7% in 2009¹ primarily due to constrained credit markets. However, ABI predicts that spending will increase 4% in 2010. Increased data demands and network capacity issues from growing transmittals of photos, videos, music, etc. via Smartphone usage is a pressing issue for network carriers. Some opinion suggests that spending on antennae and amplifiers may begin accelerating in the second quarter of 2010. Powerwave Technologies Inc., a supplier of components for cell towers, is conservatively forecasting revenue growth of 7% for 2010 based on these trends. Additionally, the Yankee Group is forecasting the number of cell towers in the U.S. to grow at a 10% CAGR through 2012.

EDG

After sales declined 24% in FY09, the EDG (Electron Device Group) division has now grown sequentially in the last four quarters. The division serves multiple industries including steel, automotive, textile, plastics, semiconductor, and broadcasting but has demonstrated the most sensitivity to the semiconductor industry. Consequently, the division has benefitted recently from the recovery in the semiconductor fabrication manufacturing sector. Although a trailing edge technology, the vacuum tube devices still fill niche requirements for high frequency and power capabilities and carry comparatively higher gross margins for the company. ISupply is forecasting semiconductor revenue growth of 30% in 2010 which is projected off a much depressed base in 2009. However, it still represents 15% growth over 2008 levels. The semiconductor industry is benefitting from positive growth in applications such as PC's, mobile handsets, and LCD TV's. Additionally, the forecast for 2011 is also positive at 8.6% growth.

¹ ABI Research



Source: ISupply

Canvys

Although Canvys sales declined 30% in FY09, the unit witnessed some stabilization this past quarter as sales grew 4.3% YOY and backlog was reported to be strong. The unit is subject to discretionary spending trends, in this case, reduced advertising budgets resulting from the recession. However, one positive trend is emerging. ISupply forecasts that units shipped of LCD's and plasma signs for use in entertainment facilities, hospitality centers, healthcare facilities, auditoriums, and indoor arenas will increase 70% in 2010 to 720,000. At this stage, it still remains unclear if indoor digital signage will regain the momentum it experienced prior to the global financial crisis.

Risks

The company will continue to face foreign currency risks as significant cash balances are maintained in foreign currencies abroad. Gross margin fluctuation remains possible due to product mix. While the company has successfully grown in niche markets, the electronics distribution industry is generally correlated very highly with GDP. A stall in the current recovery could negatively impact the company. Lastly, approximately 25% of the company's sales are in Europe, a region which is emerging more slowly than expected from the global downturn and which is experiencing more macro uncertainty recently due to county debt problems and contagion fears.

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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	Q3-10	Q4-10E	2010E	2011E
Sales	\$557.3	\$568.4	\$138.9	\$132.5	\$110.3	\$114.6	\$496.3	\$109.4	\$115.9	\$121.3	\$130.5	\$477.1	\$503.9
COGS	\$424.9	\$432.8	\$106.2	\$99.3	\$86.6	\$94.6	\$386.7	\$82.9	\$86.9	\$91.9	\$99.1	\$360.8	\$382.0
Gross Profit	\$132.4	\$135.6	\$32.7	\$33.2	\$23.7	\$20.0	\$109.6	\$26.5	\$29.0	\$29.4	\$31.3	\$116.2	\$121.9
Operating Expenses	\$124.6	\$125.4	\$28.3	\$28.2	\$33.5	\$27.9	\$117.9	\$22.9	\$23.6	\$23.7	\$25.0	\$95.2	\$100.0
EBIT	\$7.8	\$10.2	\$4.5	\$5.0	(\$9.8)	(\$7.9)	(\$8.2)	\$3.6	\$5.4	\$5.7	\$6.3	\$21.0	\$22.0
Interest Expense, Net	\$5.3	\$6.9	\$1.2	\$1.2	\$1.1	\$1.1	\$4.6	\$1.2	\$1.0	\$1.0	\$0.7	\$3.9	\$1.3
Other Expense, Net	\$0.4	\$12.0	(\$1.3)	(\$2.6)	(\$0.1)	\$1.6	(\$2.4)	\$0.8	\$0.7	(\$0.1)	\$0.2	\$1.6	\$1.0
Pretax Income	\$2.2	(\$8.7)	\$4.6	\$6.4	(\$10.8)	(\$10.6)	(\$10.4)	\$1.6	\$3.7	\$4.8	\$5.4	\$15.5	\$19.7
Income Tax	\$0.6	(\$0.2)	\$0.9	\$0.4	\$0.6	(\$0.1)	\$1.8	(\$0.3)	(\$0.6)	\$0.3	\$0.7	\$0.1	\$2.7
Net Income	\$1.5	(\$8.5)	\$3.7	\$6.0	(\$11.4)	(\$10.5)	(\$12.2)	\$1.9	\$4.3	\$4.5	\$4.7	\$15.4	\$17.0
Shares Outstanding-Diluted	17.7	17.8	18.1	19.1	17.6	17.9	17.8	17.9	18.0	18.0	19.0	18.2	18.2
EPS - Diluted	\$0.09	(\$0.48)	\$0.20	\$0.31	(\$0.65)	(\$0.59)	(\$0.69)	\$0.11	\$0.24	\$0.25	\$0.25	\$0.85	\$0.93
Dividend per Share	\$0.16	\$0.12	\$0.02	\$0.02	\$0.02	\$0.02	\$0.08	\$0.02	\$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%	75.8%	76.0%	75.6%	75.8%
Gross Profit	23.8%	23.9%	23.5%	25.1%	21.5%	17.5%	22.1%	24.2%	25.0%	24.2%	24.0%	24.4%	24.2%
Operating Expenses	22.4%	22.1%	20.3%	21.3%	30.4%	24.3%	23.7%	20.9%	20.4%	19.5%	19.2%	20.0%	19.8%
EBIT	1.4%	1.8%	3.2%	3.8%	-8.9%	-6.9%	-1.7%	3.3%	4.7%	-4.7%	4.8%	4.4%	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%	0.5%	0.8%	0.3%
Other Expense, Net	0.1%	2.1%	-0.9%	-2.0%	-0.1%	1.4%	-0.5%	0.7%	0.6%	-0.1%	0.2%	0.3%	0.2%
Pretax Income	0.4%	-1.5%	3.3%	4.8%	-9.8%	-9.2%	-2.1%	1.5%	3.2%	4.0%	4.1%	3.3%	3.9%
Income Tax Rate	29.1%	2.5%	19.1%	6.3%	-5.6%	0.9%	-17.0%	-18.8%	-16.2%	6.3%	12.9%	0.6%	13.7%
Net Income	0.3%	-1.5%	2.7%	4.5%	-10.3%	-9.2%	-2.5%	1.7%	3.7%	3.7%	3.6%	3.2%	3.4%
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	\$87.9	\$94.4	\$344.6	\$368.7
Electron Device Group	\$101.2	\$103.3	\$25.1	\$22.2	\$18.0	\$16.9	\$82.2	\$18.8	\$22.1	\$21.2	\$22.0	\$82.1	\$83.7
Canvys	\$82.1	\$84.7	\$17.1	\$16.8	\$11.7	\$13.3	\$58.9	\$11.2	\$13.0	\$12.2	\$14.0	\$50.4	\$51.4
Corporate	\$4.1	\$4.3	(\$0.1)	\$0.1	\$0.1	\$0.1	\$0.2	(\$0.1)	\$0.0	\$0.0	\$0.1	\$0.0	\$0.1
Total	\$557.3	\$568.4	\$138.9	\$132.5	\$110.3	\$114.6	\$496.3	\$109.4	\$115.9	\$121.3	\$130.5	\$477.1	\$503.9
Revenue % by Segment													
RF, Wireless & Power Division	66.4%	66.2%	69.7%	70.5%	73.0%	73.6%	71.5%	72.7%	71.4%	72.5%	72.4%	72.2%	73.2%
Electron Device Group	18.2%	18.2%	18.0%	16.8%	16.3%	14.7%	16.6%	17.2%	17.3%	17.5%	16.8%	17.2%	16.6%
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%	0.0%
Canvys	14.7%	14.9%	12.3%	12.7%	10.6%	11.6%	11.9%	10.2%	11.2%	10.1%	10.7%	10.6%	10.2%
Corporate	0.7%	0.8%	-0.1%	0.1%	0.1%	0.1%	0.0%	-0.1%	0.0%	0.0%	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%	9.2%	12.0%	-2.9%	7.0%
Electron Device Group	7.1%	2.0%	1.9%	-18.9%	-27.5%	-36.2%	-20.4%	-25.0%	-9.5%	17.8%	30.0%	-0.1%	2.0%
Canvys	-13.6%	3.1%	-11.7%	-19.5%	-40.3%	-46.4%	-30.4%	-34.6%	-22.6%	4.3%	5.0%	-14.5%	2.0%
Corporate	-26.5%	5.6%	-107.5%	-92.0%	-90.3%	-87.7%	-95.1%	5.0%	-100.0%	-100.0%	0.0%	-96.9%	1426.7%
Total	NA	2.0%	7.3%	-8.6%	-20.6%	-26.1%	-12.7%	-21.3%	-12.5%	10.0%	13.8%	-3.9%	5.6%
Fiscal Year End - May (\$ in millions, except per share data)													

Balance Sheet	2008	Q1-09	Q2-09	Q3-09	Q4-09	2009	Q1-10	Q2-10	Q3-10	Q4-10E	2010E	2011E
Assets												
Cash	\$40.0	\$37.1	\$35.5	\$32.6	\$43.9	\$43.9	\$41.8	\$49.9	\$51.5	\$45.0	\$45.0	\$36.0
Accounts Receivable	\$109.5	\$105.8	\$100.2	\$92.5	\$92.4	\$92.4	\$87.6	\$94.1	\$93.1	\$100.3	\$100.3	\$99.4
Inventories	\$93.9	\$100.1	\$99.7	\$94.4	\$81.2	\$81.2	\$83.6	\$77.1	\$79.5	\$85.0	\$85.0	\$89.0
Other Current Assets	\$6.4	\$7.9	\$7.4	\$6.5	\$7.8	\$7.8	\$10.0	\$9.4	\$9.2	\$10.7	\$10.7	\$11.6
Current Assets	\$249.8	\$250.9	\$242.8	\$226.0	\$225.3	\$225.3	\$223.0	\$230.5	\$233.3	\$241.0	\$241.0	\$236.0
Net Property, Plant, and Equipment	\$28.6	\$27.5	\$26.5	\$20.0	\$19.4	\$19.4	\$18.7	\$17.8	\$17.0	\$15.9	\$15.9	\$13.5
Goodwill & Other Assets	\$7.8	\$7.3	\$7.0	\$5.7	\$4.1	\$4.1	\$4.3	\$4.5	\$3.9	\$4.0	\$4.0	\$4.0
Total Assets	\$286.2	\$285.7	\$276.3	\$251.7	\$248.8	\$248.8	\$246.0	\$252.8	\$254.2	\$260.9	\$260.9	\$253.5
Liabilities and Stockholders' Equity												
Current Debt	\$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	\$58.9	\$62.0	\$62.4	\$53.2	\$53.0	\$53.0	\$45.4	\$44.7	\$60.0	\$65.4	\$65.4	\$54.4
Accrued Expenses	\$21.8	\$20.1	\$18.8	\$17.4	\$18.4	\$18.4	\$19.3	\$21.0	\$18.7	\$24.0	\$24.0	\$24.7
Current Liabilities	\$80.7	\$82.1	\$81.2	\$70.6	\$71.4	\$71.4	\$64.7	\$65.7	\$78.7	\$89.4	\$89.4	\$79.1
Long-term Debt	\$55.7	\$55.7	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4	\$44.0	\$34.0	\$34.0	\$20.0
Deferred Taxes & Other Long-term Liabilities	\$8.4	\$7.8	\$6.5	\$6.3	\$6.3	\$6.3	\$6.1	\$5.2	\$4.9	\$6.0	\$6.0	\$6.0
Total Liabilities	\$144.8	\$145.7	\$140.1	\$129.3	\$130.1	\$130.1	\$123.2	\$123.3	\$127.6	\$129.4	\$129.4	\$105.1
Shareholder Equity	\$141.4	\$140.0	\$136.2	\$122.4	\$118.7	\$118.7	\$122.8	\$129.5	\$126.7	\$131.4	\$131.4	\$148.4
Total Liabilities and Equity	\$286.2	\$285.7	\$276.3	\$251.7	\$248.8	\$248.8	\$246.0	\$252.8	\$254.3	\$260.8	\$260.8	\$253.5
Book Value Per Share	\$7.97	\$7.73	\$7.13	\$6.95	\$6.63	\$6.67	\$6.86	\$7.19	\$7.04	\$6.92	\$7.21	\$8.15
Asset Utilization and Efficiency												
Accounts Receivable Turnover	5.3	5.5	5.2	4.5	4.5	4.9	4.5	4.8	5.2	5.4	5.0	5.4
Days' Sales in Receivables Outstanding	70.3	69.5	69.0	76.5	73.6	67.9	73.1	74.1	70.0	70.0	76.8	72.0
Inventory Turnover	4.3	4.4	3.7	3.4	4.3	4.4	3.6	3.9	4.2	4.8	3.6	4.0
Days' Sales in Inventory Outstanding	79.2	86.0	91.6	99.5	78.3	76.6	92.0	81.0	78.9	78.0	86.0	85.0
Accounts Payable Turnover	7.4	7.0	6.1	6.2	6.8	7.3	6.2	6.5	6.5	6.7	5.4	6.8
Days' Purchases in Payables Outstanding	49.6	53.3	57.3	56.1	51.1	50.0	50.0	46.9	59.6	60.0	66.1	52.0
Cash Conversion Cycle (Days)	99.8	102.2	103.3	119.9	100.8	94.6	115.1	108.1	89.4	88.0	96.6	105.0
Capital Structure												
Total Debt-to-Total Capital Ratio	28.2%	28.5%	27.8%	30.0%	30.6%	30.6%	29.9%	28.8%	25.8%	20.6%	20.6%	11.9%
Total Debt-to-Equity Ratio	39.4%	39.8%	38.5%	42.8%	44.1%	44.1%	42.7%	40.5%	34.7%	25.9%	25.9%	13.5%
Fiscal Year End - May												
(\$ in millions, except per share data)												

ROIC and Free Cash Flow	2007	2008	Q1-09	Q2-09	Q3-09	Q4-09	2009	Q1-10	Q2-10	Q3-10	Q4-10E	2010E	2011E
NOPAT													
EBIT	\$7.8	\$10.2	\$4.5	\$5.0	(\$9.8)	(\$7.9)	(\$8.2)	\$3.6	\$5.4	\$5.7	\$6.3	\$21.0	\$22.0
Cash Taxes on EBIT	(\$0.9)	(\$0.4)	\$0.6	\$0.3	\$0.7	(\$0.1)	\$2.5	(\$0.1)	(\$0.4)	\$0.2	\$0.6	\$0.1	\$2.5
NOPAT	\$8.7	\$10.6	\$3.8	\$4.7	(\$10.5)	(\$7.8)	(\$10.8)	\$3.7	\$5.8	\$5.5	\$5.7	\$20.9	\$19.5

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)	\$0.3	\$0.7	\$0.1	\$2.7
Tax Deduction on Interest Expense	\$1.5	\$0.2	\$0.2	\$0.1	(\$0.1)	\$0.0	(\$0.8)	(\$0.2)	(\$0.2)	\$0.1	\$0.1	\$0.0	\$0.2
Cash Taxes on EBIT	(\$0.9)	(\$0.4)	\$0.6	\$0.3	\$0.7	(\$0.1)	\$2.5	(\$0.1)	(\$0.4)	\$0.2	\$0.6	\$0.1	\$2.5

Invested Capital

Total Debt	\$121.4	\$55.7	\$55.7	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4	\$52.4	\$44.0	\$34.0	\$34.0	\$20.0
Stockholders' Equity	\$136.5	\$141.4	\$140.0	\$136.2	\$122.4	\$118.7	\$118.7	\$122.8	\$129.5	\$126.7	\$131.4	\$131.4	\$148.4
Total Cash & Short-term Investments	\$79.3	\$40.0	\$37.1	\$35.5	\$32.6	\$43.9	\$43.9	\$41.8	\$49.9	\$51.5	\$45.0	\$45.0	\$36.0
Invested Capital	\$178.6	\$157.1	\$158.6	\$153.1	\$142.2	\$127.2	\$127.2	\$133.4	\$132.0	\$119.2	\$120.4	\$120.4	\$132.4

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%	4.2%	4.6%	15.0%	15.0%
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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	\$4.5	\$4.7	\$15.4	\$17.0
Adjustments:													
Depreciation	\$6.0	\$5.5	\$1.3	\$1.2	\$1.1	\$1.1	\$5.3	\$1.1	\$1.1	\$1.0	\$1.1	\$4.3	\$3.8
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
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	\$1.0	\$1.1	\$4.3	\$3.8
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)	\$1.0	(\$7.2)	(\$7.9)	(\$11.8)
Decrease (Increase) in Inventories	\$7.1	\$16.3	(\$6.2)	\$0.4	\$5.3	\$13.2	\$12.7	(\$2.4)	\$6.5	(\$2.4)	(\$5.5)	(\$3.8)	(\$5.4)
Decrease (Increase) in Other Current Assets	(\$2.2)	\$1.1	(\$1.5)	\$0.5	\$0.9	(\$1.3)	(\$1.4)	(\$2.2)	\$0.6	\$0.2	(\$1.5)	(\$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)	\$15.3	\$5.4	\$12.4	\$9.0
(Decrease) Increase in Other Current Liabilities	\$3.5	(\$12.2)	(\$1.7)	(\$1.3)	(\$1.4)	\$1.0	(\$3.4)	\$0.9	\$1.7	(\$2.3)	\$5.3	\$5.6	\$5.4
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	\$11.8	(\$3.6)	\$3.3	(\$4.3)
Net Cash Flow from Operations	\$29.0	\$1.7	\$2.5	\$12.7	(\$7.0)	\$3.4	\$12.2	(\$3.5)	\$7.0	\$17.3	\$2.3	\$23.1	\$16.5
Capital Expenditures	(\$6.8)	(\$4.5)	(\$0.1)	(\$0.4)	(\$0.8)	(\$0.8)	(\$1.6)	(\$0.3)	(\$0.2)	(\$0.2)	(\$0.7)	(\$1.4)	(\$2.7)
Free Cash Flow	\$22.2	(\$2.8)	\$2.3	\$12.3	(\$7.8)	\$2.6	\$10.6	(\$3.8)	\$6.8	\$17.1	\$1.6	\$21.7	\$13.8
Free Cash Flow per Share	\$1.26	(\$0.16)	\$0.13	\$0.65	(\$0.44)	\$0.15	\$0.59	(\$0.21)	\$0.38	\$0.95	\$0.08	\$1.19	\$0.76

Fiscal Year End - May

(\$ in millions, except per share data)