

### 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: \$3.74  
 April 14th, 2009

### Stock Data

Price	\$3.74
52Wk High	\$7.00
52Wk Low	\$2.47
3mo. Daily Volume	27,000
Market Capitalization	\$67 Mil.
Shares Outstanding	17.6 Mil.
Dividend Yield	2.30%
Book Value	\$6.95
Net Debt-to-Total Capital	11%
EV-to-Sales-TTM	0.15

### Financial Data

	OLD	NEW	OLD	NEW
EPS	FY-09E	FY-09E	FY-10E	FY-10E
Q1-Aug	\$ .20A	\$ .20A		
Q2-Nov	\$ 0.31A	\$ 0.31A		
Q3-Feb	\$ 0.05E	(\$ .65)A*		
Q4-May	\$ 0.18E	\$ 0.04		
FY-May	\$ 0.75	(\$ 0.05)	\$ 0.95	\$ 0.80
P/E		NA		3.7

\*includes (\$ .55) in one-time charges

Revenue	\$529	\$505	\$531	\$507
% Chg	7%	-11%	1%	0%
ROIC	9.4%	4.6%	13.7%	12.0%
Cash	\$33	\$30	\$35	\$33
Assets	\$276	\$256	\$291	\$281
Debt	\$54	\$56	\$45	\$57
Equity	\$141	\$123	\$159	\$139

Note: Figures in \$millions except per share data

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**Q3 EPS of (\$ .10) excluding (\$ .55) in one time charges Missed our estimate of \$ .05.**

**Sales declined 20% Yoy in Q3 as the impact from the macro economy continued. RFPD sales declined 13.8% while EDG and Canvys declined 27.5% and 40.3% respectively.**

**Gross margin declined 100 basis points Yoy to 21.5% but includes \$2 million in inventory reserve expense. Without reserve expense, gross margin would have improved Yoy to 23.3%. Under-absorption negatively impacted gross margin by an additional \$.4 million.**

**Cash position remains strong at \$32.6 million (\$1.85/share). Positive cash flow from operations is expected in Q4.**

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

**The stock trades at 55% of Book Value.**

**We are amending our Q4-09 and FY10 EPS estimates downward to account for future severance charges and cost realignment expenses.**

RICHARDSON ELECTRONICS INC  
 as of 9-Apr-2009



**Q3 EPS of (\$.10/share), excluding (\$.55) in One-time Charges, Missed Our Estimate of \$.05**

Q3 EPS was negatively impacted by \$9.7 million, or (\$.55/share) in one time charges. The breakdown was as follows: \$5.8 million (\$.33/share) for software development write-off, \$2 million (\$.11/share) inventory reserve expense, \$1.2 million (\$.07/share) in severance expense, and \$.7 million (\$.04/share) for long-term receivable write-off. EPS was (\$.10/share) exclusive of the one-time charges. We had forecasted \$.05 share. Lower than expected sales and the resulting lower gross margin were the primary factors for the estimate miss. Sales declined 20.6% Yoy to \$110.3 million for the quarter vs. our estimate of \$120.4 million. The RF, Wireless & Power segment, which comprises 70% of total revenue, declined 13.8% Yoy vs. our estimate of a 5% decline. While the infrastructure portion continued to perform well due to the 3G telecom build-out in China, the network and power-conversion sections underperformed more than expected. The WiMax build-out suffered from an unstable real estate market while OEM's remained cautious with WiFi expansion. The power conversion segment which serves the alternative energy market grew but at a slower rate than expected. It should be noted that the company's RFPD division outperformed the overall market which declined 20% Yoy. Additionally, the backlog for the RFPD division remains healthy. The EDG and Canvys segments declined slightly more than expected. The EDG market continues to suffer from the broadcast industry's conversion to digital programming in addition to exposure to the semiconductor industry. The company expects the broadcasting conditions to be a short-term phenomenon. Gross margin, excluding the one-time inventory write-off, improved Yoy from 22.5% to 23.3%. Under absorption negatively impacted gross margin by an additional \$.4 million.

Business Unit	Net Sales (in thousands)			Gross Profit (in thousands)			
	Q3FY09	Q3FY08	% Change	Q3FY09	% of Sales	Q3FY08	% of Sales
RF, Wireless & Power Division	\$80,565	\$93,415	-13.8%	\$17,786	22.1%	\$20,990	22.5%
Electron Device Group	\$17,993	\$25,915	-30.6%	\$5,383	29.9%	\$8,375	32.3%
Canvys	\$11,743	\$18,506	-36.5%	\$636	5.4%	\$2,316	12.5%
Corporate	\$15	\$1,030		(\$79)		(\$440)	
Total	\$110,316	\$138,866	-20.6%	\$23,726		\$31,241	22.5%

**Outlook**

The company's cost realignment will continue in the near term. The company's headcount was 827 through February and is expected to decline to below 800 by the end of May. Severance expense for Q4 is forecasted to be approximately \$1.5 million. Multiple cost-cutting options remain available. The company expects Q4 revenue will continue on the 20% Yoy decline trajectory while gross margin is expected to return to 24.5% in the near term. Income taxes for FY09 are projected to be under \$2.5 million while FY10 should be in the vicinity of \$2 million. The company expects positive cash flow from operations in Q4. The cash position remains strong at \$32.6 million (\$1.85/share). We have lowered our Q4 EPS estimate to \$.04 and reduced our FY10 estimate to \$.80 from \$.95 based on Q3 performance, general company forecasts, and the probability of continued restructuring costs. A central question is how fast the company can realign its cost structure. Distributors are typically able to respond more quickly to changes in demand than other business models. The stock trades at a discount to its peers based on price/book value and EV/Sales.

**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	\$19.81	0.19	4.7	0.9	NA	11.1	9.4
AVT	Avnet	\$18.82	0.19	4.5	1.0	NA	9.7	9.4
WCC	Wesco International Inc.	\$21.92	0.33	5.5	1.2	4.5	7.1	7.1
NUHC	NuHorizons Electronics	\$2.02	0.12	17.8	0.3	NA	NA	NA
	<b>Median</b>		<b>0.19</b>	<b>5.1</b>	<b>0.9</b>	<b>4.5</b>	<b>9.7</b>	<b>9.4</b>
<b>RELL</b>	<b>Richardson Electronics</b>	<b>\$3.50</b>	<b>0.15</b>	<b>6.1</b>	<b>0.5</b>	<b>NA</b>	<b>NA</b>	<b>4.1</b>

Note: All figures based on trailing 12-months, except P/E-09 and PE/-10 based on consensus estimates  
Prices as of 4/8/09

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# 21st Century Equity Research

Income Statement (in millions)	2007	Q1-08	Q2-08	Q3-08	Q4-08	2008	Q1-09	Q2-09	Q3-09	Q4-09	2009E	2010E
Sales	\$557.3	\$129.5	\$145.0	\$138.9	\$155.1	\$568.4	\$138.9	\$132.5	\$110.3	\$123.6	\$505.4	\$507.1
COGS	\$424.9	\$96.8	\$111.2	\$107.6	\$117.2	\$432.8	\$106.2	\$99.3	\$86.6	\$94.0	\$386.1	\$382.9
Gross Profit	\$132.4	\$32.6	\$33.8	\$31.2	\$37.9	\$135.6	\$32.7	\$33.2	\$23.7	\$29.7	\$119.3	\$124.3
Operating Expenses	\$124.6	\$30.0	\$31.3	\$31.9	\$32.1	\$125.4	\$28.3	\$28.2	\$33.5	\$27.5	\$117.4	\$103.5
EBIT	\$7.8	\$2.7	\$2.5	(\$0.7)	\$5.8	\$10.2	\$4.5	\$5.0	(\$9.8)	\$2.2	\$1.9	\$20.8
Interest Expense, Net	\$5.3	\$1.6	\$1.4	\$1.2	\$1.2	\$6.9	\$1.2	\$1.2	\$1.1	\$4.7	\$4.6	\$1.2
Other Expense, Net	\$0.4	\$0.1	\$1.1	(\$0.2)	\$1.1	\$1.2	(\$1.3)	(\$2.6)	(\$0.1)	(\$0.3)	(\$4.3)	(\$1.2)
Pretax Income	\$2.2	(\$0.1)	(\$0.2)	(\$1.9)	(\$6.5)	\$8.7	\$4.6	\$6.4	(\$10.8)	\$1.3	\$1.5	\$17.4
Income Tax	\$0.6	\$0.3	\$0.5	\$0.3	(\$1.3)	(\$0.2)	\$0.9	\$0.4	\$0.6	\$0.5	\$2.4	\$2.0
Net Income	\$1.5	(\$0.4)	(\$0.7)	(\$2.2)	(\$5.2)	(\$8.5)	\$3.7	\$6.0	(\$11.4)	\$0.8	(\$0.9)	\$15.4
Shares Outstanding-Diluted	17.7	17.9	17.8	17.9	17.7	17.8	18.1	19.1	17.6	18.0	18.2	19.3
EPS - Diluted	\$0.09	(\$0.02)	(\$0.04)	(\$0.12)	(\$0.30)	(\$0.48)	\$0.20	\$0.31	(\$0.65)	\$0.04	(\$0.05)	\$0.80
Dividend per Share	\$0.16	\$0.04	\$0.04	\$0.02	\$0.02	\$0.12	\$0.02	\$0.02	\$0.02	\$0.02	\$0.08	\$0.08
<b>% of Sales</b>												
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%	74.8%	76.7%	77.5%	75.6%	76.1%	76.5%	74.9%	78.5%	76.0%	76.4%	75.5%
Gross Profit	23.8%	25.2%	23.3%	22.5%	24.4%	23.9%	23.5%	25.1%	21.5%	24.0%	23.6%	24.5%
Operating Expenses	22.4%	23.1%	21.6%	23.0%	20.7%	22.1%	20.3%	21.3%	30.4%	21.0%	23.2%	20.4%
EBIT	1.4%	2.1%	1.7%	-0.5%	3.7%	1.8%	3.2%	3.8%	-8.9%	1.8%	0.4%	4.1%
Interest Expense, Net	0.9%	2.1%	1.1%	1.0%	0.8%	1.2%	0.8%	0.9%	1.0%	1.0%	0.9%	0.9%
Other Expense, Net	0.1%	0.1%	0.7%	-0.1%	7.1%	2.1%	-0.9%	-2.0%	-0.1%	-0.2%	-0.8%	-0.2%
Pretax Income	0.4%	-0.1%	-0.1%	-1.4%	-4.2%	-1.5%	3.3%	4.8%	-9.8%	1.1%	0.3%	3.4%
Income Tax Rate	29.1%	-413.2%	-214.8%	-14.1%	19.4%	2.5%	19.1%	6.3%	-5.6%	38.2%	160.9%	11.5%
Net Income	0.3%	-0.3%	-0.5%	-1.6%	-3.4%	-1.5%	2.7%	4.5%	-10.3%	0.7%	-0.2%	3.0%
<b>Revenue by Segment</b>												
RF, Wireless & Power Division	\$369.9	\$84.3	\$95.5	\$93.4	\$103.0	\$376.2	\$96.9	\$93.4	\$80.5	\$88.6	\$356.3	\$377.3
Electron Device Group	\$101.2	\$24.6	\$27.4	\$24.8	\$26.5	\$103.3	\$25.1	\$22.2	\$18.0	\$18.5	\$83.8	\$73.7
Display Systems Group	\$82.1	\$19.4	\$20.9	\$19.6	\$24.8	\$84.7	\$17.1	\$16.8	\$11.7	\$16.1	\$61.7	\$55.6
Corporate	\$4.1	\$1.2	\$1.2	\$1.0	\$0.8	\$4.3	(\$0.1)	\$0.1	\$0.1	\$0.4	\$0.5	\$0.5
Total	\$557.3	\$129.5	\$145.0	\$138.9	\$155.1	\$568.4	\$138.9	\$132.5	\$110.3	\$123.6	\$505.4	\$507.1
<b>Revenue % by Segment</b>												
RF, Wireless & Power Division	66.4%	65.1%	65.9%	67.3%	66.4%	66.2%	69.7%	70.5%	73.0%	71.6%	71.1%	74.4%
Electron Device Group	18.2%	19.0%	18.9%	17.9%	17.1%	18.2%	18.0%	16.8%	16.3%	15.0%	16.6%	14.5%
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%
Display Systems Group	14.7%	15.0%	14.4%	14.1%	16.0%	14.9%	12.3%	12.7%	10.6%	13.0%	12.2%	11.0%
Corporate	0.7%	0.9%	0.9%	0.7%	0.5%	0.8%	-0.1%	0.1%	0.1%	0.3%	0.1%	0.1%
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%
<b>Revenue Growth (Year / Year)</b>												
RF, Wireless & Power Division	10.7%	-7.7%	6.1%	4.7%	3.6%	1.7%	14.9%	-2.2%	-13.8%	-14.0%	-4.5%	5.0%
Electron Device Group	7.1%	-0.4%	7.4%	1.8%	-0.5%	2.0%	1.9%	-18.9%	-27.5%	-30.0%	-18.9%	-12.0%
Display Systems Group	-13.6%	-11.2%	-2.4%	0.1%	28.2%	3.1%	-11.7%	-19.5%	-40.3%	-35.0%	-27.1%	-10.0%
Corporate	-26.5%	-25.9%	47.4%	52.1%	-8.9%	5.6%	-107.5%	-92.0%	-90.3%	-50.0%	-87.9%	3.0%
Total	NA	NA	NA	NA	NA	2.0%	7.3%	-8.6%	-20.6%	-20.3%	-11.1%	0.3%
Total	-12.6%	-21.9%	-12.6%	-13.3%	6.1%	2.0%	7.3%	-8.6%	-20.6%	-20.3%	-11.1%	0.3%
Fiscal Year End - May												
(\$ in millions, except per share data)												

# 21st Century Equity Research

Balance Sheet	2007	Q1-08	Q2-08	Q3-08	Q4-08	2008	Q1-09	Q2-09	Q3-09	Q4-09E	2009E	2010E
<b>Assets</b>												
Cash	\$79.3	\$21.8	\$20.2	\$30.5	\$40.0	\$40.0	\$37.1	\$35.5	\$32.6	\$29.7	\$29.7	\$33.0
Accounts Receivable	\$105.7	\$97.3	\$104.3	\$104.5	\$109.5	\$109.5	\$105.8	\$100.2	\$92.5	\$97.8	\$97.8	\$100.0
Inventories	\$110.2	\$118.1	\$115.8	\$107.4	\$93.9	\$93.9	\$100.1	\$99.7	\$94.4	\$92.9	\$92.9	\$93.4
Other Current Assets	\$7.5	\$7.2	\$7.5	\$7.1	\$6.4	\$6.4	\$7.9	\$7.4	\$6.5	\$8.0	\$8.0	\$8.5
Current Assets	\$302.7	\$244.5	\$247.8	\$249.6	\$249.8	\$249.8	\$250.9	\$242.8	\$226.0	\$228.4	\$228.4	\$234.9
Net Property, Plant, and Equipment	\$29.7	\$30.1	\$30.9	\$29.9	\$28.6	\$28.6	\$27.5	\$26.5	\$20.0	\$28.6	\$28.6	\$30.9
Goodwill & Other Assets	\$16.6	\$16.2	\$17.3	\$16.2	\$7.8	\$7.8	\$7.3	\$7.0	\$5.7	\$16.0	\$16.0	\$15.5
Total Assets	\$349.1	\$290.8	\$295.9	\$295.7	\$286.2	\$286.2	\$285.7	\$276.3	\$251.7	\$273.1	\$273.1	\$281.2
<b>Liabilities and Stockholders' Equity</b>												
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	\$56.8	\$56.8	\$59.8
Accrued Expenses	\$34.1	\$20.9	\$20.4	\$19.2	\$21.8	\$21.8	\$20.1	\$18.8	\$17.4	\$22.5	\$22.5	\$24.0
Current Liabilities	\$155.3	\$85.2	\$88.2	\$77.1	\$80.7	\$80.7	\$82.1	\$81.2	\$70.6	\$79.3	\$79.3	\$83.8
Long-term Debt	\$55.7	\$59.9	\$55.7	\$65.7	\$55.7	\$55.7	\$55.7	\$52.4	\$52.4	\$55.4	\$69.1	\$57.4
Deferred Taxes & Other Long-term Liabilities	\$1.5	\$8.5	\$8.5	\$8.3	\$8.4	\$8.4	\$7.8	\$6.5	\$6.3	\$1.5	\$1.5	\$1.5
Total Liabilities	\$212.5	\$153.6	\$152.4	\$151.2	\$144.8	\$144.8	\$145.7	\$140.1	\$129.3	\$136.2	\$149.9	\$142.6
Shareholder Equity	\$136.5	\$137.2	\$143.5	\$144.5	\$141.4	\$141.4	\$140.0	\$136.2	\$122.4	\$123.2	\$123.2	\$138.6
Total Liabilities and Equity	\$349.1	\$290.8	\$295.9	\$295.7	\$286.2	\$286.2	\$285.7	\$276.3	\$251.7	\$259.4	\$273.1	\$281.2
<b>Book Value Per Share</b>	\$7.73	\$7.67	\$8.04	\$8.10	\$7.98	\$7.97	\$7.73	\$7.13	\$6.95	\$6.84	\$6.77	\$7.18
<b>Asset Utilization and Efficiency</b>												
Accounts Receivable Turnover	5.0	4.8	5.2	5.1	6.4	5.3	5.5	5.2	4.5	4.8	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	72.0	70.7	72.0
Inventory Turnover	3.5	3.4	3.8	3.9	4.7	4.3	4.4	3.7	3.4	4.0	4.1	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	90.0	87.9	89.0
Accounts Payable Turnover	7.6	6.5	6.7	6.8	8.0	7.4	7.0	6.1	6.2	6.5	7.0	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	55.0	53.7	57.0
Cash Conversion Cycle (Days)	116.2	119.3	105.0	110.6	91.7	99.8	102.2	103.3	119.9	107.0	104.8	104.0
<b>Capital Structure</b>												
Total Debt-to-Total Capital Ratio	47.1%	30.4%	28.0%	31.2%	28.2%	28.2%	28.5%	27.8%	30.0%	31.0%	35.9%	29.3%
Total Debt-to-Equity Ratio	88.9%	43.7%	38.8%	45.4%	39.4%	39.4%	39.8%	38.5%	42.8%	45.0%	56.1%	41.4%
Fiscal Year End - May												
(\$ in millions, except per share data)												

ROIC and Free Cash Flow	2007	Q1-08	Q2-08	Q3-08	Q4-08	2008	Q1-09	Q2-09	Q3-09	Q4-09E	2009E	2010E
<b>NOPAT</b>												
EBIT	\$7.8	\$2.7	\$2.5	(\$0.7)	\$5.8	\$10.2	\$4.5	\$5.0	(\$9.8)	\$2.2	\$1.9	\$20.8
Cash Taxes on EBIT	(\$0.9)	\$11.4	\$3.9	\$0.5	(\$1.5)	(\$0.4)	\$0.6	\$0.3	\$0.7	\$0.0	(\$5.2)	\$1.5
<b>NOPAT</b>	<b>\$8.7</b>	<b>(\$8.7)</b>	<b>(\$1.5)</b>	<b>(\$1.2)</b>	<b>\$7.3</b>	<b>\$10.6</b>	<b>\$3.8</b>	<b>\$4.7</b>	<b>(\$10.5)</b>	<b>\$2.2</b>	<b>\$7.0</b>	<b>\$19.3</b>

### 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	\$0.5	\$2.4	\$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)	\$0.5	\$7.5	\$0.5
<b>Cash Taxes on EBIT</b>	<b>(\$0.9)</b>	<b>\$11.4</b>	<b>\$3.9</b>	<b>\$0.5</b>	<b>(\$1.5)</b>	<b>(\$0.4)</b>	<b>\$0.6</b>	<b>\$0.3</b>	<b>\$0.7</b>	<b>\$0.0</b>	<b>(\$5.2)</b>	<b>\$1.5</b>

### Invested Capital

Total Debt	\$121.4	\$59.9	\$55.7	\$65.7	\$55.7	\$55.7	\$55.7	\$52.4	\$52.4	\$55.4	\$69.1	\$57.4
Stockholders' Equity	\$136.5	\$137.2	\$143.5	\$144.5	\$141.4	\$141.4	\$140.0	\$136.2	\$122.4	\$123.2	\$123.2	\$138.6
Total Cash & Short-term Investments	\$79.3	\$21.8	\$20.2	\$30.5	\$40.0	\$40.0	\$37.1	\$35.5	\$32.6	\$29.7	\$29.7	\$33.0
<b>Invested Capital</b>	<b>\$178.6</b>	<b>\$175.3</b>	<b>\$179.0</b>	<b>\$179.7</b>	<b>\$157.1</b>	<b>\$157.1</b>	<b>\$158.6</b>	<b>\$153.1</b>	<b>\$142.2</b>	<b>\$148.9</b>	<b>\$162.6</b>	<b>\$163.0</b>

### 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%	6.0%	4.4%	12.0%
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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)	\$0.8	(\$0.9)	\$15.4
Adjustments:												
Depreciation	\$6.0	\$1.3	\$1.3	\$1.3	\$1.3	\$5.5	\$1.3	\$1.2	\$1.1	\$1.1	\$5.3	\$4.9
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
<b>Total Adjustments</b>	<b>\$6.0</b>	<b>\$1.3</b>	<b>\$1.3</b>	<b>\$1.3</b>	<b>\$1.3</b>	<b>\$5.5</b>	<b>\$1.3</b>	<b>\$1.2</b>	<b>\$1.1</b>	<b>\$1.1</b>	<b>\$5.3</b>	<b>\$4.9</b>

### 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	(\$5.3)	\$11.7	(\$2.2)
Decrease (Increase) in Inventories	\$7.1	(\$8.0)	\$2.4	\$8.3	\$13.6	\$16.3	(\$6.2)	\$0.4	\$6.3	\$1.5	\$0.9	(\$0.4)
Decrease (Increase) in Other Current Assets	(\$2.2)	\$0.3	(\$0.3)	\$0.4	\$0.7	\$1.1	(\$1.5)	\$0.5	\$0.9	(\$1.5)	(\$1.6)	(\$0.5)
(Decrease) Increase in Accounts Payable	\$3.0	\$8.8	\$3.5	(\$9.8)	\$0.9	\$3.3	\$3.2	\$0.4	(\$9.2)	\$3.6	(\$2.1)	\$3.0
(Decrease) Increase in Other Current Liabilities	\$3.5	(\$13.2)	(\$0.5)	(\$1.3)	\$2.6	(\$12.2)	(\$1.7)	(\$1.3)	(\$1.4)	\$5.1	\$0.7	\$1.5
<b>Total Changes in Operating Assets and Liabilities</b>	<b>\$21.4</b>	<b>(\$3.7)</b>	<b>(\$1.9)</b>	<b>(\$2.5)</b>	<b>\$12.8</b>	<b>\$4.7</b>	<b>(\$2.5)</b>	<b>\$5.5</b>	<b>\$3.3</b>	<b>\$3.3</b>	<b>\$9.7</b>	<b>\$1.4</b>
Net Cash Flow from Operations	\$29.0	(\$2.7)	(\$1.2)	(\$3.4)	\$8.9	\$1.7	\$2.5	\$12.7	(\$7.0)	\$5.2	\$14.1	\$21.7
Capital Expenditures	(\$6.8)	(\$1.9)	(\$1.9)	(\$0.3)	(\$1.0)	(\$4.5)	(\$0.1)	(\$0.4)	(\$0.8)	(\$0.8)	(\$1.6)	(\$3.0)
<b>Free Cash Flow</b>	<b>\$22.2</b>	<b>(\$4.6)</b>	<b>(\$3.1)</b>	<b>(\$3.7)</b>	<b>\$7.9</b>	<b>(\$2.8)</b>	<b>\$2.3</b>	<b>\$12.3</b>	<b>(\$7.8)</b>	<b>\$4.4</b>	<b>\$12.4</b>	<b>\$18.7</b>
Free Cash Flow per Share	\$1.26	(\$0.26)	(\$0.18)	(\$0.21)	\$0.44	(\$0.16)	\$0.13	\$0.65	(\$0.44)	\$0.25	\$0.68	\$0.97

Fiscal Year End - May

(\$ in millions, except per share data)