

RICHARDSON ELECTRONICS LTD/DE
Form 424B3
January 11, 2007
Table of Contents

Filed Pursuant to Rule 424(b)(3) and Rule 424(c)

Registration Statement No. 333-130219

Prospectus Supplement

Number 1

\$19,000,000

Richardson Electronics, Ltd.

8% Convertible Senior Subordinated Notes due 2011

This prospectus supplement covers resales by holders of our 8% Convertible Senior Subordinated Notes due 2011 and shares of common stock into which the notes are convertible, as described in the prospectus dated November 2, 2006, which we refer to as the prospectus. This prospectus supplement should be read in conjunction with the prospectus. This prospectus supplement is qualified by reference to the prospectus except to the extent that the information in this prospectus supplement updates and supersedes the information contained in the prospectus.

You should carefully consider the risk factors described beginning on page 12 of the prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the adequacy or accuracy of this prospectus supplement or the prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is January 11, 2007.

Recent Developments

On January 11, 2007, we filed the following quarterly report on Form 10-Q for the quarter ended December 2, 2006, with the United States Securities and Exchange Commission.

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 2, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ To _____

Commission File Number: 0-12906

RICHARDSON ELECTRONICS, LTD.

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*

36-2096643
(I.R.S. Employer

Identification No.)

40W267 Keslinger Road, P.O. Box 393
(Address of principal executive offices)

LaFox, Illinois 60147-0393

Edgar Filing: RICHARDSON ELECTRONICS LTD/DE - Form 424B3

Registrant's telephone number, including area code: (630) 208-2200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of January 10, 2007, there were outstanding 14,547,886 shares of Common Stock, \$0.05 par value, inclusive of 1,240,878 shares held in treasury, and 3,068,258 shares of Class B Common Stock, \$0.05 par value, which are convertible into Common Stock of the registrant on a share for share basis.

Table of Contents

TABLE OF CONTENTS

	Page
Part I. <u>Financial Information</u>	
Item 1. <u>Financial Statements</u>	2
<u>Condensed Consolidated Balance Sheets as of December 2, 2006 and June 3, 2006</u>	2
<u>Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the Three-Month and Six-Month Periods Ended December 2, 2006 and December 3, 2005</u>	3
<u>Condensed Consolidated Statements of Cash Flows for the Three-Month and Six-Month Periods Ended December 2, 2006 and December 3, 2005</u>	4
<u>Notes to Condensed Consolidated Financial Statements</u>	5
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	17
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	26
Item 4. <u>Controls and Procedures</u>	27
Part II. <u>Other Information</u>	
Item 1. <u>Legal Proceedings</u>	28
Item 1A. <u>Risk Factors</u>	28
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	28
Item 6. <u>Exhibits</u>	28
<u>Signatures</u>	29
<u>Exhibit Index</u>	30

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****Richardson Electronics, Ltd.****Condensed Consolidated Balance Sheets***(in thousands, except per share amounts)*

	Unaudited	
	December 2,	
	2006	June 3, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,610	\$ 17,010
Receivables, less allowance of \$2,230 and \$2,142	117,280	115,733
Inventories	124,639	117,320
Prepaid expenses	6,720	3,739
Deferred income taxes	1,529	1,527
Total current assets	263,778	255,329
Non-current assets:		
Property, plant and equipment, net	31,434	32,357
Goodwill	13,245	13,068
Other intangible assets, net	2,151	2,413
Non-current deferred income taxes	1,518	1,300
Assets held for sale	1,052	1,018
Other assets	1,423	3,814
Total non-current assets	50,823	53,970
Total assets	\$ 314,601	\$ 309,299
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 54,998	\$ 52,494
Accrued liabilities	31,334	30,588
Current portion of long-term debt	8,016	14,016
Total current liabilities	94,348	97,098
Non-current liabilities:		
Long-term debt, less current portion	120,819	112,792
Non-current liabilities	1,322	1,169
Total non-current liabilities	122,141	113,961
Total liabilities	216,489	211,059

Commitments and contingencies**Stockholders equity**

Common stock, \$0.05 par value; issued 15,784 shares at December 2, 2006 and 15,663 shares at June 3, 2006	789	783
Class B common stock, convertible, \$0.05 par value; issued 3,073 shares at December 2, 2006 and 3,093 shares at June 3, 2006	154	155
Preferred stock, \$1.00 par value, no shares issued		
Additional paid-in-capital	119,000	119,149
Common stock in treasury, at cost, 1,250 shares at December 2, 2006 and 1,261 shares at June 3, 2006	(7,407)	(7,473)
Accumulated deficit	(19,065)	(19,048)
Accumulated other comprehensive income	4,641	4,674
Total stockholders equity	98,112	98,240
Total liabilities and stockholders equity	\$ 314,601	\$ 309,299

See notes to condensed consolidated financial statements.

Table of Contents**Richardson Electronics, Ltd.****Condensed Consolidated Statements of Operations****And Comprehensive Income (Loss)***(Unaudited)(in thousands, except per share amounts)*

Statements of Operations	Three Months Ended		Six Months Ended	
	December 2, 2006	December 3, 2005	December 2, 2006	December 3, 2005
Net sales	\$ 165,806	\$ 155,837	\$ 331,561	\$ 313,982
Cost of sales	125,227	116,331	249,663	235,944
Gross profit	40,579	39,506	81,898	78,038
Selling, general, and administrative expenses	36,130	32,283	71,509	65,264
(Gain) loss on disposal of assets	339	(22)	320	(162)
Operating income	4,110	7,245	10,069	12,936
Other (income) expense:				
Interest expense	2,797	2,320	5,780	4,597
Investment income	(737)	(23)	(814)	(131)
Foreign exchange (gain) loss	(189)	3,819	205	3,682
Retirement of long-term debt expenses			2,540	
Other, net	25	131	59	175
Total other expense	1,896	6,247	7,770	8,323
Income before income taxes	2,214	998	2,299	4,613
Income tax provision	1,132	705	2,316	2,500
Net income (loss)	\$ 1,082	\$ 293	\$ (17)	\$ 2,113
Net income (loss) per share basic:				
Common stock	\$ 0.06	\$ 0.02	\$ (0.00)	\$ 0.12
Common stock average shares outstanding	14,451	14,293	14,435	14,284
Class B common stock	\$ 0.06	\$ 0.02	\$ (0.00)	\$ 0.11
Class B common stock average shares outstanding	3,073	3,110	3,073	3,110
Net income (loss) per share diluted:				
Common stock	\$ 0.06	\$ 0.02	\$ (0.00)	\$ 0.12
Common stock average shares outstanding	17,669	17,462	14,435	17,475
Class B common stock	\$ 0.06	\$ 0.02	\$ (0.00)	\$ 0.11
Class B common stock average shares outstanding	3,073	3,110	3,073	3,110

Edgar Filing: RICHARDSON ELECTRONICS LTD/DE - Form 424B3

Dividends per common share	\$ 0.040	\$ 0.040	\$ 0.080	\$ 0.080
Dividends per Class B common share	\$ 0.036	\$ 0.036	\$ 0.072	\$ 0.072
Statements of Comprehensive Income (Loss)				
Net income (loss)	\$ 1,082	\$ 293	\$ (17)	\$ 2,113
Foreign currency translation, net of income tax effect	205	173	286	1,380
Fair value adjustments on investments, net of income tax effect	(493)	118	(494)	76
Comprehensive income (loss)	\$ 794	\$ 584	\$ (225)	\$ 3,569

See notes to condensed consolidated financial statements.

Table of Contents**Richardson Electronics, Ltd.****Condensed Consolidated Statements of Cash Flows***(Unaudited)(in thousands)*

	Three Months Ended		Six Months Ended	
	December 2, 2006	December 3, 2005	December 2, 2006	December 3, 2005
Operating activities:				
Net income (loss)	\$ 1,082	\$ 293	\$ (17)	\$ 2,113
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:				
Depreciation and amortization	1,569	1,549	3,117	3,065
Gain (loss) on disposal of assets	339	(22)	320	(162)
Retirement of long-term debt expenses			2,540	
Deferred income taxes	13	(507)	(229)	