

RICHARDSON ELECTRONICS LTD/DE
Form S-4
March 12, 2004

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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH 12, 2004

Registration Statement No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM S-4
Registration Statement
Under
the Securities Act of 1933

RICHARDSON ELECTRONICS, LTD.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

5065
(Primary Standard Industrial
Classification Code Number)

36-2096643
(I.R.S. Employer
Identification Number)

**40W267 Keslinger Road
P.O. Box 393
LaFox, Illinois 60147-0393
(630) 208-2200**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

William G. Seils, Esq.
Senior Vice President, General Counsel & Secretary
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P.O. Box 393
LaFox, Illinois 60147-0393
(630) 208-2200

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As promptly as possible upon effectiveness of this
Registration Statement.

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If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum aggregate offering price	Amount of registration fee
Convertible Senior Subordinated Notes Common Stock, \$.05 par value	\$70,825,000	\$70,825,000(1)(2)	\$8,806(3)(4)

- (1) This registration statement relates to the exchange by us of an aggregate of up to \$30,825,000 principal amount of our 7¹/₄% debentures and up to \$40,000,000 principal amount of our 8¹/₄% debentures for \$1,000 in principal amount of our Convertible Senior Subordinated Notes for each \$1,000 in principal amount of 7¹/₄% debentures or 8¹/₄% debentures tendered.
- (2) This amount is the maximum principal amount of 7¹/₄% debentures and 8¹/₄% debentures that we may receive from tendering holders.
- (3) The amount of the registration fee paid herewith was calculated, pursuant to Rule 457(f)(1) under the Securities Act of 1933, as amended, based on \$69,500,250, the market value as of March 9, 2004 of the maximum amount of 7¹/₄% debentures and 8¹/₄% debentures that may be received by the registrant from tendering holders based on the average of the bid and ask price of the maximum amount of 7¹/₄% debentures and 8¹/₄% debentures that may be received by the registrant from tendering holders.
- (4) Such indeterminate number of shares of common stock as shall be issuable upon conversion of the Convertible Senior Subordinated Notes being registered hereunder. No additional consideration will be received for the common stock and therefore no registration fee is required pursuant to Rule 457(i) under the Securities Act of 1933, as amended.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION, DATED MARCH 12, 2004

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Offer to Exchange
% Convertible Senior Subordinated Notes due 2011
for all outstanding
7¹/₄% Convertible Subordinated Debentures due 2006 and
8¹/₄% Convertible Senior Subordinated Debentures due 2006

We are offering to exchange \$1,000 principal amount of our % Convertible Senior Subordinated Notes due 2011, which we refer to as the "notes," for an equal principal amount of our 7¹/₄% Convertible Subordinated Debentures due 2006, which we refer to as the "7¹/₄% debentures," or our 8¹/₄% Convertible Senior Subordinated Debentures due 2006, which we refer to as our "8¹/₄% debentures" and, together with the 7¹/₄% debentures, which we refer to as the "outstanding debentures," that are validly tendered and accepted for exchange on the terms set forth in this prospectus and in the accompanying letter of transmittal, which we refer to together as the "exchange offer."

The notes are convertible at any time into shares of our common stock at a conversion price of \$ per share, subject to adjustment. Interest on the notes is payable on and of each year, beginning , 2004. The notes mature on , 2011. The notes are subordinate to our senior indebtedness. We may not redeem the notes in whole or in part at any time prior to , 2007. After , 2007 and at any time prior to , 2010, we may redeem the notes at 100% of the principal amount of the notes plus accrued and unpaid interest, if any, to the date of redemption if at any time the closing price of our common stock has exceeded % of the conversion price of the notes for 20 of 30 trading days. After , 2010, we may redeem the notes at any time at 100% of the principal amount of the notes plus accrued and unpaid interest, if any, to the date of redemption.

The exchange offer is open to all holders of outstanding debentures and you may choose to exchange any amount of your 7¹/₄% debentures and your 8¹/₄% debentures.

The exchange offer is subject to important conditions, including that at least 75% of the outstanding debentures are validly tendered and not withdrawn by the expiration of the exchange offer. See page 73 for directions on how to tender your outstanding debentures.

The exchange offer will expire at 5:00 p.m., New York City time, on , 2004, unless we extend the offer. You may withdraw any outstanding debentures tendered until the expiration of the exchange offer.

We mailed this prospectus and the related letter of transmittal for our exchange offer on , 2004.

The notes will not be listed on any securities exchange. Our common stock is quoted on The Nasdaq National Market under the symbol "RELL." On March 5, 2004, the last reported sale price of our common stock on The Nasdaq National Market was \$13.35 per share.

Concurrently with this exchange offer, we are separately offering to sell 3,000,000 shares of our common stock, or 3,450,000 shares of our common stock if the underwriters fully exercise their over-allotment option. See "Concurrent Offering."

See the information under "Risk Factors" beginning on page 16 of this prospectus for a discussion of factors you should consider in determining whether to exchange your outstanding debentures for notes. Neither our board of directors nor any other person is making a recommendation as to whether you should exchange your outstanding debentures for notes. You should consult your own advisors and must make your own decision as to whether to participate in the exchange offer. We are not asking you for a proxy and you are requested not to send us a proxy.

We have retained Bondholder Communications Group as our Information Agent to assist you in connection with the exchange offer. You may call the Information Agent at 1-888-385-2663 to receive additional documents and to ask questions.

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

The Dealer Manager for this exchange offer is:

Jefferies & Company, Inc.

The date of this Prospectus is March , 2004.

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You should rely only on the information contained in this prospectus. We have not authorized anyone else to provide you with additional or different information. This prospectus is not an offer to sell or a solicitation of an offer to buy securities in any circumstances in which the offer or solicitation is unlawful. You should not interpret the delivery of this prospectus, or any sale of securities, as an indication that there has been no change in our affairs since the date of this prospectus. You should also be aware that information in this prospectus may change after this date.

When we use the terms "we," "us," "our" or the "Company" in this prospectus, we mean Richardson Electronics, Ltd. and its subsidiaries, on a consolidated basis, unless we state or the context implies otherwise.

References in this prospectus to our "common stock" mean our common stock, \$.05 par value per share; references to the "notes" mean the new % Convertible Senior Subordinated Notes due 2011; references to the "8¹/₄% debentures" mean our outstanding 8¹/₄% Convertible Senior Subordinated Debentures due June 15, 2006; references to the "7¹/₄% debentures" mean our outstanding 7¹/₄% Convertible Subordinated Debentures due December 15, 2006; and references to our "outstanding debentures" mean the 7¹/₄% debentures and the 8¹/₄% debentures, collectively.

QUESTIONS AND ANSWERS REGARDING PROCEDURAL ASPECTS OF THE EXCHANGE OFFER

Q: **What is the exchange offer?**

A:

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In the exchange offer, we are offering to exchange our outstanding 7¹/₄% debentures and our 8¹/₄% debentures for the notes, up to a maximum aggregate principal amount of \$70,825,000 assuming the exchange of all outstanding debentures.

Q:

What will I receive in exchange for my outstanding debentures under the exchange offer?

A:

If you tender your outstanding debentures in the exchange offer, you will receive, for each \$1,000 in principal amount of outstanding debentures tendered, \$1,000 in principal amount of the notes.

Q:

Who can participate in the exchange offer?

A:

Any holder of outstanding debentures may exchange some or all of their outstanding debentures for notes pursuant to the exchange offer.

Q:

How do I tender my outstanding debentures in the exchange offer, and to whom should I send my outstanding debentures?

A:

If you hold outstanding debentures through a broker, dealer, bank, trust company or other nominee, you should instruct your nominee to tender your outstanding debentures for you.

If

you hold outstanding debentures in your own name, you should complete the letter of transmittal included with this prospectus and deliver the completed letter of transmittal with the outstanding debentures to the Exchange Agent, J.P. Morgan Trust Company, National Association. The address and telephone number for the Exchange Agent is on the back cover of this prospectus.

Q:

How long will the exchange offer remain open?

A:

The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2004, unless we extend it.

Q:

If I tender my outstanding debentures, when will I receive my notes?

A:

If you validly tender your outstanding debentures in the exchange offer, you will receive notes promptly after the expiration of the exchange offer.

Q:

May I revoke my tender of outstanding debentures at any time?

A:

If you hold outstanding debentures through a broker, dealer, bank, trust company or other nominee, you can revoke the tender of your outstanding debentures prior to the expiration of the exchange offer by directing your nominee to contact the Exchange Agent, J.P. Morgan Trust Company, National Association, at its address on the back cover of this prospectus.

If

you hold outstanding debentures in your own name, you can revoke the tender of our outstanding debentures prior the expiration of the exchange offer by sending a written notice of withdrawal to the Exchange Agent, J.P. Morgan Trust Company, National Association, at its address on the back cover of this prospectus.

Q:

Whom should I call if I have questions or need additional copies of this prospectus, the letter of transmittal or other documents?

A:

You may obtain additional copies of this prospectus, the letter of transmittal and other related documents from the Information Agent, Bondholder Communications Group. The address and telephone number for the Information Agent is on the back cover of this

prospectus.

For further information about the procedures for tendering your outstanding debentures, see "The Exchange Offer Procedures for Tendering."

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SUMMARY

This summary highlights selected information from this document and may not contain all of the information that is important to you. To understand the exchange offer better, you should read this entire prospectus and the letter of transmittal carefully, as well as the additional documents to which we refer you. See "Where You Can Find More Information."

Our Company

We are a global provider of engineered solutions and a distributor of electronic components to the radio frequency, or RF, and wireless communications, industrial power conversion, security, and display systems markets. We are committed to a strategy of providing specialized technical expertise and value-added products, which we refer to as "engineered solutions," in response to our customers' needs. We estimate that approximately 50% of our sales involve engineered solutions, consisting of:

products which we manufacture or modify;

products which are manufactured to our specifications by independent manufacturers under our own private labels, and

value we add through design-in support, systems integration, prototype design and manufacturing, testing, and logistics for our customers' end products. We define design-in support to be component modifications or the identification of lower-cost product alternatives or complementary products.

Our products include RF and microwave components, power semiconductors, electron tubes, microwave generators, data display monitors, and electronic security products and systems. These products are used to control, switch or amplify electrical power or signals, or as display, recording or alarm devices in a variety of industrial, communication, and security applications.

Our broad array of technical services and products supports both our customers and vendors.

Our Strategic Business Units

We serve our customers through four strategic business units, each of which is focused on different end markets with distinct product and application needs. Our four strategic business units are:

RF and Wireless Communications Group;

Industrial Power Group;

Security Systems Division; and

Display Systems Group.

Each strategic business unit has dedicated marketing, sales, product management and purchasing functions to better serve its targeted markets. The strategic business units operate globally, serving North America, Europe, Asia/Pacific, and Latin America.

RF & Wireless Communications Group

Our RF and Wireless Communications Group serves the expanding global RF and wireless communications market, including infrastructure and wireless networks, as well as the fiber optics market. Our team of RF and wireless engineers assists customers in designing circuits, selecting cost effective components, planning reliable and timely supply, prototype testing, and assembly. The group offers our

customers and vendors complete engineering and technical support from the design-in of RF and wireless components to the development of engineered solutions for their system requirements.

We expect continued growth in wireless applications as the demand for all types of wireless communication increases worldwide. We believe wireless networking and infrastructure products for a number of niche applications will require engineered solutions using the latest RF technology and electronic components, including:

automotive telematics, which is the use of computers and telecommunications to provide wireless voice and data applications in motor vehicles;

RF identification, which is an electronic data collection and identification technology for a wide range of products to transfer data between a movable item and a reader to identify, track, or locate items; and

wireless local area networks.

In addition to voice communication, we believe the rising demand for high-speed data transmission will result in major investments in both system upgrades and new systems to handle broader bandwidth.

Industrial Power Group

Our Industrial Power Group provides engineered solutions for customers in the steel, automotive, textile, plastics, semiconductor manufacturing, and transportation industries. Our team of engineers designs solutions for applications such as motor speed controls, industrial heating, laser technology, semiconductor manufacturing equipment, radar, and welding. We build on our expertise in power conversion technology to provide engineered solutions to fit our customers' specifications using what we believe are the most competitive components from industry-leading vendors.

This group serves the industrial market's need for both vacuum tube and solid-state technologies. We provide replacement products for systems using electron tubes as well as design and assembly services for new systems employing power semiconductors. As electronic systems increase in functionality and become more complex, we believe the need for intelligent, efficient power management will continue to increase and drive power conversion demand growth.

Security Systems Division

Our Security Systems Division is a global provider of closed circuit television, fire, burglary, access control, sound, and communication products and accessories for the residential, commercial, and government markets. We specialize in closed circuit television design-in support, offering extensive expertise with applications requiring digital technology. Our products are primarily used for security and access control purposes but are also utilized in industrial applications, mobile video, and traffic management.

The security systems industry is rapidly transitioning from analog to digital imaging technology. We are positioned to take advantage of this transition through our array of innovative products and solutions marketed under our *National Electronics Capture AudioTrak*, an *Elite National Electronics* brands, including advanced equipment such as digital video recorders, Internet-based amplifiers, covert cameras, speed dome cameras, and telephone-control-based closed circuit television systems. We expect to gain additional market share by marketing ourselves as a value-added service provider and partnering with our other strategic business units to develop customized solutions as the transition to digital technology continues in the security industry.

Display Systems Group

Our Display Systems Group is a global provider of integrated display products and systems to the public information, financial, point-of-sale, and medical imaging markets. The group works with

leading hardware vendors to offer the highest quality liquid crystal display, plasma, cathode ray tube, and customized display monitors. Our engineers design custom display solutions that include touch screens, protective panels, custom enclosures, specialized finishes, application specific software, and privately branded products.

The medical imaging market is transitioning from film-based technology to digital technology. Our medical imaging hardware partnership program allows us to deliver integrated hardware and software solutions for this growing market by combining our hardware expertise in medical imaging engineered solutions with our software partners' expertise in picture archiving and communications systems. Through such collaborative arrangements, we are able to provide integrated workstation systems to the end user.

Business Strategies

We are pursuing a number of strategies designed to enhance our business and, in particular, to increase sales of engineered solutions. Our strategies are to:

Capitalize on Engineering and Manufacturing Expertise. We believe that our success is largely attributable to our core engineering and manufacturing competency and skill in identifying cost-competitive solutions for our customers, and we believe that these factors will be significant to our future success. Historically, our primary business was the distribution and manufacture of electron tubes and we continue to be a major supplier of these products. This business enabled us to develop manufacturing and design engineering capabilities. Today, we use this expertise to identify engineered solutions for customers' applications not only in electron tube technology but also in new and growing end markets and product applications. We work closely with our customers' engineering departments which allows us to identify engineered solutions for a broad range of applications. We believe our customers use our engineering and manufacturing expertise as well as our in depth knowledge of the components best suited to deliver a solution that meets their performance needs cost-effectively.

Target Selected Niche Markets. We focus on selected niche markets that demand a high level of specialized technical service, where price is not the primary competitive factor. These niche markets include wireless infrastructure, high power/high frequency power conversion, custom display and digital imaging. In most cases, we do not compete against pure commodity distributors. We often function as an extension of our customers' and vendors' engineering teams. Frequently, our customers use our design and engineering expertise to provide a product solution that is not readily available from a traditional distributor. By utilizing our expertise, our customers and vendors can focus their engineering resources on more critical core design and development issues.

Focus on Growth Markets. We are focused on markets we believe have high growth potential and which can benefit from our engineering and manufacturing expertise and from our strong vendor relationships. These markets are characterized by substantial end-market growth and rapid technological change. For example, the continuing demand for wireless communications is driving wireless application growth. Power conversion demand continues to grow due to increasing system complexity and the need for intelligent, efficient power management. We also see growth opportunities as security systems transition from analog to digital video recording and medical display systems transition from film to digital imaging.

Leverage Our Existing Customer Base. An important part of our growth is derived from offering new products to our existing customer base. We support the migration of our Industrial Power Group customers from electron tubes to newer solid-state technologies. Sales of products other than electron tubes represented approximately 83% of our sales in fiscal 2003 compared to 71% in fiscal 1999. In addition, our salespeople increase sales by selling products from all strategic business units to

customers who currently may only purchase from one strategic business unit and by selling engineered solutions to customers who currently may only purchase standard components.

Growth and Profitability Strategies

Our long-range growth plan is centered around three distinct strategies by which we are seeking to maximize our overall profitability:

Focus on Internal Growth. We believe that, in most circumstances, internal growth provides the best means of expanding our business, both on a geographic and product line basis. The recent economic downturn increased the trend to outsourcing engineering as companies focused on their own core competencies, which we believe contributed to the increased demand for our engineered solutions. As technologies change, we plan to continue to capitalize on our customers' need for design engineering. We serve approximately 120,000 customers worldwide and have developed internal systems to capture forecasted product demand by potential design opportunity. This allows us to anticipate our customers' future requirements and identify new product opportunities. In addition, we share these future requirements with our

manufacturing suppliers to help them predict near and long-term demand, technology trends and product life cycles.

Expansion of our product offerings is an ongoing program. In particular, the following areas have generated significant sales increases in recent years: RF amplifiers; interconnect and passive devices; silicon controlled rectifiers; custom and medical monitors; and digital closed circuit television security systems.

Reduce Operating Costs Through Continuous Operational Improvements. We constantly strive to reduce costs in our business through initiatives designed to improve our business processes. Recently, we have embarked on a vigorous program in an effort to improve operating efficiencies and asset utilization, with an emphasis on inventory control. Our incentive programs were revised in fiscal 2004 to heighten our managers' commitment to these objectives. Our strategic business units' goals are now based on return on assets. Additional programs are ongoing, including a significant investment in enterprise resource planning software scheduled for implementation during this calendar year.

Grow Through Acquisitions. We have an established record of acquiring and integrating businesses. Since 1980, we have acquired 34 companies or significant product lines and continue to evaluate acquisition opportunities on an ongoing basis. We seek acquisitions that provide product line growth opportunities by permitting us to leverage our existing customer base, expand the geographic coverage for our existing product offerings, or add incremental engineering resources/expertise. Our most significant acquisitions over the past five years include:

TRL Engineering (amplifier pallet design and engineering now part of our RF and Wireless Communications Group) in 1999;

Pixelink (display systems integration now part of our Display Systems Group) in 1999;

Adler Video (security systems now part of our Security Systems Division) in 1999;

Celti (fiber optic communication now part of our RF and Wireless Communications Group) in 2001;

Aviv (design-in services for active and passive components now part of our RF and Wireless Communications Group) in 2001; and

Sangus (RF and microwave applications now part of our RF and Wireless Communications Group) in 2002.

Our principal executive offices are located at 40W267 Keslinger Road, P.O. Box 393, LaFox, Illinois 60147-0393, and our telephone number is (630) 208-2200. Our website address is www.rell.com. Information contained on our website does not constitute part of this prospectus.

The Exchange Offer

General

We are offering to exchange \$1,000 principal amount of notes for each \$1,000 principal amount of 7¹/₄% debentures or 8¹/₄% debentures accepted for exchange. Upon expiration of the exchange offer, we will also pay accrued and unpaid interest up to the date of acceptance on outstanding debentures accepted for exchange.

Purpose of the Exchange Offer

We believe that this exchange offer will strengthen our financial position, improve our capital structure and reduce our cash expenditures by:

reducing our interest expense by up to \$ _____ per year and up to \$ _____ in the aggregate through the maturity of the 8¹/₄% debentures on June 15, 2006 and the maturity of the 7¹/₄% debentures on December 15, 2006;

increasing the likelihood that those who participate in the exchange offer will elect to convert the notes into shares of our common stock due to the lower conversion price; and

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issuing the notes with a maturity date beyond that of the outstanding debentures, both series of which mature in 2006.

Both the 7¹/₄% debentures and the 8¹/₄% debentures mature in 2006. It is not likely that we will be able to generate sufficient cash to repay the outstanding debentures in full at maturity. Our unrestricted cash, cash equivalents and marketable investments were approximately \$20.8 million at November 29, 2003.

Conditions to Exchange Offer

The exchange offer is subject to various conditions, including that at least 75% of the outstanding principal amount of outstanding debentures be validly tendered and not withdrawn by the expiration of the exchange offer, and that the registration statement and any post-effective amendment to the registration statement covering the notes are effective under the Securities Act of 1933, as amended, which we refer to as the "Securities Act."

Expiration of the Exchange Offer

The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2004 unless we decide to extend it. We may extend the expiration date for any reason. If we decide to extend it, we will announce the extension by press release or other permitted means no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration of the exchange offer.

Tenders and Withdrawals of Outstanding Debentures

In order to tender outstanding debentures, you must submit the outstanding debentures together with a properly completed letter of transmittal and the other agreements and documents described in this document. If you own outstanding debentures through a broker or other third party, or in "street name," you will need to follow the instructions in this document on how to instruct them to tender the outstanding debentures on your behalf, as well as submit a letter of transmittal and the other documents described in this document. We will determine in our reasonable discretion whether any outstanding debentures have been validly tendered.

If you decide to tender outstanding debentures in the exchange offer, you may withdraw them at any time prior to the expiration of the exchange offer.

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If we decide for any reason not to accept any outstanding debentures for exchange, they will be returned without expense promptly after the expiration of the exchange offer.

Please see pages 73 through 76 for instructions on how to tender or withdraw your outstanding debentures.

Acceptance of Outstanding Debentures

Subject to the conditions of the exchange offer, we will accept all outstanding debentures validly tendered and not withdrawn prior to the expiration of the exchange offer and will issue the notes promptly after the expiration of the exchange offer. We will accept outstanding debentures for exchange after the Exchange Agent has received a timely book-entry confirmation of transfer of outstanding debentures into the Exchange Agent's account at The Depository Trust Company, which we refer to as "DTC," and a properly completed and executed letter of transmittal. Our oral or written notice of acceptance to the Exchange Agent will be considered our acceptance of the exchange offer.

Accrued Interest on Existing Debentures

Upon completion of our exchange offer, we will pay exchanging holders accrued and unpaid interest on their outstanding debentures through the date of acceptance. The amount of accrued interest will be calculated from the last interest payment date to, but excluding, the closing date of our exchange offer.

Amendment of the Exchange Offer

We reserve the right not to accept any of the outstanding debentures tendered, and to otherwise interpret or modify the terms of this exchange offer, provided that we will comply with applicable laws that require us to extend the period during which outstanding debentures may be tendered or withdrawn as a result of changes in the terms of or information relating to the exchange offer.

Use of Proceeds; Fees and Expenses of the Exchange Offer

We will not receive any cash proceeds from this exchange offer. Outstanding debentures that are validly tendered and exchanged pursuant to the exchange offer will be retired and canceled. Accordingly, our issuance of notes will not result in any cash proceeds to us. We estimate that the approximate total cost of the exchange offer will be \$ _____ million.

Risk Factors

You should consider carefully the matters described under the caption "Risk Factors" beginning on page 16, as well as other information in this prospectus and in the related letter of transmittal for our exchange offer.

Taxation

Although the matter is not free from doubt, we believe that the exchange of outstanding debentures for notes should be treated as a tax-free recapitalization for United States federal income tax purposes. Accordingly, United States holders of outstanding debentures who participate in the exchange offer should not recognize gain or loss in connection with the exchange.

The notes will be treated as issued with original issue discount for United States federal income tax purposes if their stated redemption price at maturity exceeds their issue price (determined in accordance with certain special rules) by more than a statutory *de minimis* amount. If that is the case, United States holders will generally be required to include such original issue discount on the

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notes in income for United States federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest, even if they have not yet received cash payments attributable to such income.

Please see "Risk Factors The exchange offer may not receive the tax treatment we expect" and "Material United States Federal Income Tax Consequences" for more information.

Deciding Whether to Tender Your Outstanding Debentures in Our Exchange Offer

Neither we nor our directors or officers make any recommendation as to whether you should tender or refrain from tendering your outstanding debentures in our exchange offer. Further, we have not authorized anyone to make any such recommendation. You must make your own decision whether to tender your outstanding debentures in our exchange offer based on your own financial position and requirements, and, if so, the aggregate amount of your outstanding debentures that you wish to tender, after reading this prospectus and the related letter of transmittal for our exchange offer, as well as consulting with your advisors, if any.

Consequences of Not Exchanging Outstanding Debentures

If you do not exchange all of your outstanding debentures in the exchange offer, the liquidity and trading market for any of the outstanding debentures that are not tendered in the exchange offer is likely to be adversely affected if and to the extent that any of the outstanding debentures are tendered and accepted for exchange in our exchange offer. We intend to redeem any outstanding debentures not exchanged in our exchange offer.

Please read the section of this prospectus entitled "The Exchange Offer Consequences of Failure to Tender Outstanding Debentures" and "Concurrent Offering" for more information.

Dissenters' Rights of Appraisal

Under Delaware General Corporation Law, holders of our outstanding debentures do not have the right to petition a court to review the fairness of the consideration we are offering in this exchange offer.

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The following comparison of the terms of the 7¹/₄% debentures and the 8¹/₄% debentures to the terms of the notes is only a summary. For a more detailed description of the terms of the outstanding debentures and terms common to all of the outstanding debentures, please see "Description of Outstanding Debentures." For a more detailed description of the terms of the notes, please see "Description of Notes." For a more detailed description of the differences between the notes and the outstanding debentures, please see "Description of Outstanding Debentures" and "Description of Notes."

	<u>Notes</u>	<u>7¹/₄% Debentures</u>	<u>8¹/₄% Debentures</u>
Issuer	Richardson Electronics, Ltd.	Richardson Electronics, Ltd.	Richardson Electronics, Ltd.
Securities	convertible senior subordinated notes	convertible subordinated debentures	convertible senior subordinated debentures
Interest	% per year	7 ¹ / ₄ % per year	8 ¹ / ₄ % per year
Interest payment dates	and	June 15 and December 15	June 15 and December 15
Maturity date	, 2011	December 15, 2006	June 15, 2006
Ranking	The notes are our unsecured obligations, senior to the 7 ¹ / ₄ % debentures, the 8 ¹ / ₄ % debentures, and future indebtedness that is expressly made subordinate to the notes. The notes are subordinated to amounts borrowed under the credit agreement and future indebtedness that is not expressly subordinate to the notes. In addition, the notes are structurally subordinate to any indebtedness of our subsidiaries.	The 7 ¹ / ₄ % debentures are our unsecured obligations, senior to future indebtedness that is expressly made subordinate to the 7 ¹ / ₄ % debentures. The 7 ¹ / ₄ % debentures are subordinate to the notes, the 8 ¹ / ₄ % debentures, amounts borrowed under our credit agreement and future indebtedness that is not expressly subordinate to the 7 ¹ / ₄ % debentures are structurally subordinate to any indebtedness of our subsidiaries.	The 8 ¹ / ₄ % debentures are our unsecured obligations, senior to the 7 ¹ / ₄ % debentures and future indebtedness that is expressly made subordinate to the 8 ¹ / ₄ % debentures. The 8 ¹ / ₄ % debentures are subordinate to the notes, amounts borrowed under our credit agreement and future indebtedness that is not expressly subordinate to the 8 ¹ / ₄ % debentures are structurally subordinate to any indebtedness of our subsidiaries.
Conversion	Convertible into our common stock at any time at the option of the holder at a price equal to \$ per share, subject to adjustment if we pay cash dividends in excess of \$.16 per share of common stock or \$.144 per share of Class B common stock, each on an annual basis, and in certain other events.	Convertible into our common stock at any time at the option of the holder at a conversion price equal to \$21.14 per share, subject to adjustment in certain events.	Convertible into our common stock at any time at the option of the holder at a conversion price equal to \$18.00 per share, subject to adjustment in certain events.
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Optional redemption	The notes will not be redeemable at any time prior to , 2007. After , 2007 and at any time prior to , 2010, we may redeem the notes at 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest if the closing price of our common stock has exceeded % of the conversion price of the notes for 20 of 30 consecutive trading days. After , 2010, we may redeem the notes at 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest.	We may redeem the 7 ¹ / ₄ % debentures at any time at 100% of the principal amount of the 7 ¹ / ₄ % debentures to be redeemed plus accrued and unpaid interest.	We may redeem the 8 ¹ / ₄ % debentures at any time at 100% of the principal amount of the 8 ¹ / ₄ % debentures to be redeemed plus accrued and unpaid interest.

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Sinking fund	None.	On each December 15, we are obligated to redeem a principal amount of 7 ¹ / ₄ % of debentures equal to 7 ¹ / ₂ % of the original aggregate principal amount of 7 ¹ / ₄ % debentures issued at 100% of the principal amount thereof plus accrued and unpaid dividends.	None.
Change of control	Upon a change of control, holders of notes have the right to require us to repurchase the notes at 101% of the principal amount thereof plus accrued and unpaid interest to the date of redemption, if any.	None.	None.
Trading	We do not intend to list the notes on any securities exchange.	The 7 ¹ / ₄ % debentures are not listed on any securities exchange.	The 8 ¹ / ₄ % debentures are not listed on any securities exchange.
Events of default	Failure to pay interest for 30 days, failure to pay principal when due, failure to perform a covenant for 30 days after notice, acceleration of any indebtedness in the aggregate in excess of \$10,000,000, and events of bankruptcy, insolvency or reorganization.	Failure to pay interest for 30 days, failure to pay principal when due, failure to perform a covenant for 30 days after notice, acceleration of any indebtedness in the aggregate in excess of \$5,000,000, and events of bankruptcy, insolvency or reorganization.	Failure to pay interest for 30 days, failure to pay principal when due, failure to perform a covenant for 30 days after notice, acceleration of any indebtedness in the aggregate in excess of \$5,000,000, and events of bankruptcy, insolvency or reorganization.

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Limitations on dividends and stock purchases	None.	Amount may not exceed the sum of: the aggregate consolidated net income (or net loss) earned on a cumulative basis after May 31, 1996; the aggregate net proceeds from the issue or sale after May 31, 1996 of our capital stock or indebtedness which has been converted into our common stock to anyone other than to a subsidiary; and \$20,000,000.	Amount may not exceed the sum of: the aggregate consolidated net income (or net loss) earned on a cumulative basis after May 31, 1996; the aggregate net proceeds from the issue or sale after May 31, 1996 of our capital stock or indebtedness which has been converted into our common stock to anyone other than to a subsidiary; and \$30,000,000.
Limitations on mergers	None.	We may not merge into, consolidate with or transfer all or substantially all our assets unless: the corporation with which we are merging is a U.S. corporation which expressly assumes our outstanding obligations under the 7 ¹ / ₄ % indenture; the corporation with which we are merging has a consolidated tangible net worth at least equal to ours; and	We may not merge into, consolidate with or transfer all or substantially all our assets unless: the corporation with which we are merging is a U.S. corporation which expressly assumes our outstanding obligations under the 8 ¹ / ₄ % indenture; the corporation with which we are merging has a consolidated tangible net worth at least equal to ours; and

after the merger we are not in
default under our 7¹/₄%
indenture.

after the merger we are not in
default under our 8¹/₄%
indenture.

Trustee

J.P. Morgan Trust Company,
National Association.

U.S. Bank, N.A.

J.P. Morgan Trust Company, National
Association

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The Information Agent

The Information Agent for the exchange offer will be Bondholder Communications Group. The address and telephone number of the Information Agent are as follows:

Bondholder Communications Group
30 Broad Street, 46th Floor
New York, New York 10004
Attn: Reba Volt
Telephone: (888) 385-BOND (2663) (Toll Free)
(212) 809-2663

The Exchange Agent

J.P. Morgan Trust Company, National Association will act as Exchange Agent for purposes of processing tenders and withdrawals of outstanding debentures in the exchange offer. The address and telephone number of the Exchange Agent are as follows:

J.P. Morgan Trust Company, National Association
Institutional Trust Services
Attn: Frank Ivins
2001 Bryan Street, 9th Floor
Dallas, Texas 75201
Telephone: (800) 275-2048 (Toll Free)

The Dealer Manager

Jefferies & Company, Inc. will act as the Dealer Manager for the exchange offer. The address and telephone number of the Dealer Manager are as follows:

Jefferies & Company, Inc.
Attn: Hyonwoo Shin
520 Madison Avenue
New York, New York 10022
Telephone: (212) 284-3405

Concurrent Offering

Concurrently with the exchange offer, we are separately offering to sell 3,000,000 shares of our common stock, or 3,450,000 shares of our common stock if the underwriters fully exercise their over-allotment option. If that offering is successfully completed, we intend to use the net proceeds from the sale of our shares of common stock in that offering to redeem some or all of our outstanding debentures which remain outstanding after the expiration of the exchange offer and to repay borrowings under our credit agreement. The concurrent offering is being made by a separate prospectus. Neither offering is contingent upon the closing of the other offering.

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The following table contains summary selected consolidated financial data for and as of the fiscal years ended May 31, 2001, 2002 and 2003 and for and as of the six months ended November 30, 2002 and November 29, 2003. The summary selected consolidated financial data for and as of the fiscal years ended May 31, 2001, 2002 and 2003 are derived from our audited financial statements contained elsewhere in this prospectus. The summary selected consolidated financial data for and as of the six months ended November 30, 2002 and November 29, 2003 are derived from our unaudited financial statements contained elsewhere in this prospectus and, in our opinion, reflect all adjustments, which are normal recurring adjustments, necessary for a fair presentation. Our results of operations for the six months ended November 29, 2003 may not be indicative of the results that may be expected for the full year. The summary selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and notes to those consolidated financial statements contained elsewhere in this prospectus. Historical results are not necessarily indicative of results to be expected in the future.

	Fiscal Year Ended May 31(1)			Six Months Ended	
	2001	2002(2)	2003(3)	November 30, 2002	November 29, 2003
	(In thousands, except per share amounts)			(Unaudited)	
Statement of Operations Data:					
Net sales	\$ 502,369	\$ 443,492	\$ 464,517	\$ 227,572	\$ 247,357
Cost of products sold	370,819	349,326	365,427	171,505	187,300
Gross margin	131,550	94,166	99,090	56,067	60,057
Selling, general and administrative expenses	94,444	94,519	100,749	48,704	51,340
Other expense, net	10,716	17,445	11,484	5,289	4,992
Income (loss) before income taxes	26,390	(17,798)	(13,143)	2,074	3,725
Income tax provision (benefit)	8,656	(6,339)	(3,012)	830	1,128
Income (loss) before cumulative effect of accounting change	17,734	(11,459)	(10,131)	1,244	2,597
Cumulative effect of accounting change, net of tax(4)			17,862	17,862	
Net income (loss)	\$ 17,734	\$ (11,459)	\$ (27,993)	\$ (16,618)	\$ 2,597
Income (loss) per share basic:					
Before cumulative effect of accounting change	\$ 1.33	\$ (.84)	\$ (.73)	\$.09	\$.19
Cumulative effect of accounting change, net of taxes			(1.30)	(1.30)	
Net income (loss) per share	\$ 1.33	\$ (.84)	\$ (2.03)	\$ (1.21)	\$.19
Income (loss) per share diluted:					
Before cumulative effect of accounting change	\$ 1.21	\$ (.84)	\$ (.73)	\$.09	\$.18
Cumulative effect of accounting change, net of taxes			(1.30)	(1.28)	
Net income (loss) per share	\$ 1.21	\$ (.84)	\$ (2.03)	\$ (1.19)	\$.18
Dividends per common share(5)	\$.16	\$.16	\$.16	\$.08	\$.08
Weighted-average number of common shares outstanding:(6)					
Basic	13,333	13,617	13,809	13,734	13,952
Diluted	17,568	13,617	13,809	14,004	14,281

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Fiscal Year Ended May 31(1)

Six Months Ended

Other Data:

Interest expense	\$ 11,146	\$ 12,386	\$ 10,352	\$ 5,123	\$ 5,104
Investment income	575	352	124	132	(20)
Depreciation & amortization	5,776	5,875	5,364	2,917	2,834
Capital expenditures	7,883	5,727	6,125	3,224	2,520

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As of May 31(1)

As of

2001	2002	2003(3)	November 30, 2002	November 29, 2003
(In thousands unless otherwise stated)			(Unaudited)	

Balance Sheet Data:

Cash and cash equivalents	\$ 15,946	\$ 15,296	\$ 16,874	\$ 9,570	\$ 20,764
Working capital	225,436	186,554	183,859	187,838	180,603
Property, plant and equipment, net	28,753				