

RICHARDSON ELECTRONICS LTD/DE
Form DEF 14A
September 07, 2004

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
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RICHARDSON ELECTRONICS, LTD.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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RICHARDSON ELECTRONICS, LTD.

**40W267 Keslinger Road
P.O. Box 393
LaFox, Illinois 60147-0393**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON OCTOBER 12, 2004**

To the Stockholders of Richardson Electronics, Ltd.

The Annual Meeting of Stockholders of Richardson Electronics, Ltd., a Delaware corporation, will be held on Tuesday, October 12, 2004 at 3:15 P.M., Chicago time, at the offices of the Company, 40W267 Keslinger Road, LaFox, Illinois, for the following purposes:

1. To elect ten directors;
2. To approve the amendment to the Richardson Electronics, Ltd. Employees' 1999 Stock Purchase Plan to increase the number of shares subject to the Plan by 200,000;
3. To ratify the engagement of KPMG LLP as the Company's independent certified public accountants for the fiscal year ending May 28, 2005; and
4. To transact such other business as may properly come before the meeting and any adjournments thereof.

All stockholders are cordially invited to attend the meeting, although only stockholders of record at the close of business as of August 17, 2004 are entitled to notice of, and to vote at, the Annual Meeting and at any adjournment thereof. If you would like directions to the location of the Annual Meeting, please contact the Company at (630) 208-2371 or go to the Company's website at www.rell.com/pdfs/map_directions.pdf.

By order of the Board of Directors

EDWARD J. RICHARDSON
Chairman of the Board
and Chief Executive Officer

LaFox, Illinois
September 10, 2004

RICHARDSON ELECTRONICS, LTD.

PROXY STATEMENT

INFORMATION CONCERNING THE SOLICITATION

The enclosed proxy is solicited by Richardson Electronics, Ltd. (the "Company") whose principal executive offices are located at 40W267 Keslinger Road, P.O. Box 393, LaFox, Illinois 60147-0393, for use at the Annual Meeting of Stockholders of the Company, to be held Tuesday, October 12, 2004 at 3:15 P.M., Chicago time, at the offices of the Company, 40W267 Keslinger Road, LaFox, Illinois, or at any adjournments thereof. In addition to solicitation of proxies by mail, proxies may be solicited by the Company's directors, officers and regular employees by personal interview or telephone, telegram or similar means, and the Company will request brokers and other custodians, nominees and fiduciaries to forward proxy soliciting material to the beneficial owners of shares which are held of record by them. The expense of all such solicitation, including printing and mailing, will be paid by the Company. Any proxy may be revoked at any time before its exercise, by written notice to the Secretary of the Company, by executing a subsequent proxy or by attending the meeting and electing to vote in person. This Proxy Statement and accompanying proxy were first sent or given to stockholders on or about September 10, 2004.

Only stockholders of the Company of record at the close of business on August 17, 2004 are entitled to vote at the meeting or any adjournment thereof. As of that date, there were outstanding 14,129,292 shares of Common Stock, par value \$.05 per share, and 3,168,922 shares of Class B Common Stock, par value \$.05 per share. Holders of Common Stock are entitled to one (1) vote per share and holders of Class B Common Stock are entitled to ten (10) votes per share on all matters voted upon at the meeting. The Common Stock and the Class B Common Stock will vote together as a single class on all proposals presented in this Proxy Statement. Outstanding shares of the Company, represented in person or by proxy, having a majority of the voting power shall constitute a quorum at the meeting. A plurality of the voting power of the shares represented at the meeting is required to elect directors and the ten nominees who receive the most votes will be elected. The affirmative vote of a majority of the voting power of the shares represented at the meeting is required to approve the amendment to the Richardson Electronics, Ltd. Employees' 1999 Stock Purchase Plan. A proxy in the accompanying form which is properly signed, dated, returned and not revoked will be voted in accordance with the instructions contained therein. Unless authority to vote for the election of directors (or for any nominee) is withheld, proxies will be voted for the directors proposed by the Board, and, if no contrary instructions are given, proxies will be voted for approval of the amendment to the Richardson Electronics, Ltd. Employees' 1999 Stock Purchase Plan and the ratification of the engagement of KPMG LLP for fiscal year 2005. Discretionary authority is provided in the proxy as to any matters not specifically referred to therein. Management is not aware of any other matters that are likely to be brought before the meeting. However, if any such matters properly come before the meeting, it is understood that the proxy holder or holders are fully authorized to vote thereon in accordance with his or their judgment and discretion. Stockholders of record who are present at the meeting in person or by proxy and who abstain, including brokers holding customers' shares of record who cause abstentions to be recorded at the meeting, are considered stockholders who are present and entitled to vote and they count toward the quorum and a vote against the proposals. Brokers holding shares of record for customers generally are not entitled to vote on certain matters unless they receive voting instructions from their customers. If brokers do not receive instruction to vote on discretionary matters, they will not vote on such matters with respect to such shares. These "broker non-votes" will be counted as present for quorum purposes but not entitled to vote on the matter in question, thus effectively reducing the number of votes needed to approve the matter.

ELECTION OF DIRECTORS

A Board of ten directors will be elected to serve until the next annual meeting, or until their successors are elected and shall have qualified subject to their earlier resignation or removal as permitted by law. The proxies returned pursuant to this solicitation will be voted by the persons named therein for the election as directors of the persons named below under "**Information Relating to Directors, Nominees and Executive Officers**" as nominees for election as directors unless specifically directed to withhold authority in the proxy. Should any nominee be unable to accept the office of director (which is not presently anticipated), the persons named in the proxies will vote for the election of such other persons, as they shall determine.

Information Relating to Directors, Nominees and Executive Officers

The following table sets forth the name, principal occupation and position and offices with the Company, age, and length of service of each of the directors, nominees for director and executive officers of the Company and ownership of Common Stock and Class B Common Stock of the Company (by number of shares and as a percentage of the total outstanding shares of each class and as a percentage of the total voting power of all outstanding voting shares combined) of each director and nominee and each executive officer named in the "Summary Compensation Table" below and of all executive officers and directors as a group. Because Class B Common Stock is convertible into Common Stock the number of shares listed as owned under the Common Stock column in the table also includes the number of shares listed under the Class B Common Stock column. The information in the table has been furnished to the Company by the persons listed.

Name, Principal Occupation and Company Position	Age	Director Since	Common Stock and Class B Common Stock Beneficially Owned As of August 17, 2004				Percent of Total Voting if Class voting not applicable(3)
			Number of Shares of Common(1)(2)	Percent Of Class	Number of Shares of Class B Common(3)	Percent Of Class	
Directors and Nominees for Election as Director							
Edward J. Richardson(4)(23) Chairman of the Board and Chief Executive Officer of the Company	62	1965	3,295,957(10)	18.94%	3,157,442	99.64%	69.05%
Bruce W. Johnson (25) President and Chief Operating Officer of the Company	63	1996	201,301(17)	1.41%	0	*	*
Dario Sacomani (24) Senior Vice President and Chief Financial Officer of the Company	48	2002	47,582(15)	*	0	*	*
Arnold R. Allen Management Consultant	72	1986	25,000(13)	*	11,782	*	*
Jacques Bouyer (5)(6)(9) Retired CEO and COB of Philips Components France	76	1990	53,250(14)	*	0	*	*
Scott Hodes (5)(8) Partner, Bryan Cave LLP, Attorneys at Law, whose firm provides legal services to the Company	67	1983	78,424(11)	*	3,712	*	*
Ad Ketelaars (9) CEO, Philips Business Communications	47	1996	0	*	0	*	*
John R. Peterson (7)(9) Managing Director,	47	1999	25,000(18)	*	0	*	*

**Common Stock and Class B Common Stock
Beneficially Owned
As of August 17, 2004**

Cleary Gull Inc.

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Harold L. Purkey (7) Retired Managing Director First Union Securities, Inc.	60	1994	52,000(16)	*	0	*	*
Samuel Rubinovitz (4)(5)(6)(7)(8)(9) Lead Director, Management Consultant, Director, LTX Corporation and Director, Kronos Corporation	74	1984	50,431(12)	*	825	*	*
<i>Non Director Executive Officers of the Company</i>							
William G. Seils (26) Senior Vice President, General Counsel and Secretary	69	N.A.	85,026(19)	*	0	*	*
Robert Prince (27) Executive Vice President, Worldwide Sales	42	N.A.	110,792(20)	*	0	*	*
Pierluigi Calderone (30) Vice President and Director, European Operations	46	N.A.					
Gint Dargis (34) Vice President & Chief Information Officer	47	N.A.					
Wendy Diddell (36) Vice President and General Manager, Security Systems Division	39	N.A.					
Larry Duneske (29) Vice President of Worldwide Logistics	50	N.A.					
Joseph C. Grill (28) Senior Vice President, Human Resources	60	N.A.					
Murray J. Kennedy (33) Executive Vice President & Gen. Mgr., Industrial Power Group	43	N.A.					
Kathleen M. McNally (32) Senior Vice President, Marketing Operations and Customer Support	45	N.A.					
Gregory J. Peloquin (31) Executive Vice President & Gen. Mgr., RF & Wireless Communications Group	40	N.A.					
George Solas (35) Vice President and General Manager, Display Systems Group	56	N.A.					
Officers and Directors As a group (21 persons)			4,236,185(21)	25.57%	3,161,979(22)	99.78%	71.18%

(*) Less than 1%.

(1) Includes the number of shares listed under the column "Number of Shares of Class B Common."

(2)

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Except as noted, beneficial ownership of each of the shares listed is comprised of either sole investment and sole voting power, or investment power and voting power that is shared with the spouse of the Director or officer, or voting power that is shared with the Trustee of the Company's Employees Stock Ownership Plan ("ESOP") with respect to shares identified as allocated to the individual's ESOP account.

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- (3) Common Stock is entitled to one vote per share and Class B Common Stock is entitled to ten votes per share. Computation assumes that Class B Common Stock held or subject to acquisition pursuant to stock option is not converted.
- (4) Member of Executive Committee.
- (5) Member of Compensation Committee.
- (6) Member of Stock Option Committee.
- (7) Member of Audit Committee.
- (8) Member of Directors' Executive Oversight Committee.
- (9) Member of Strategic Planning Committee.
- (10) Includes 3,157,442 shares of Common Stock which would be issued upon conversion of Mr. Richardson's Class B Common Stock, 27,058 shares of Common Stock allocated to the account of Mr. Richardson under the ESOP and 43,797 shares of Common Stock which would be issued upon conversion of \$926,000 principal amount of the Corporation's 7¹/₄% Convertible Subordinated Debentures, and 55,444 shares of Common Stock which would be issued upon conversion of \$998,000 principal amount of the Corporation's 8¹/₄% Convertible Senior Subordinated Debentures ("8¹/₄% Debentures") owned by Mr. Richardson and 9,271 shares of Common Stock which would be issued upon conversion of \$196,000 principal amount of the Corporation's 7¹/₄% Convertible Subordinated Debentures, and 4,611 shares of Common Stock which would be issued upon conversion of \$83,000 principal amount of the Corporation's 8¹/₄% Convertible Senior Subordinated Debentures owned by a Trust of which Mr. Richardson is a Co-Trustee and as such shares investment and voting power. Does not include 19,035 shares of Common Stock held by William G. Seils as custodian for Mr. Richardson's sons, Alexander and Nicholas and 5,897 shares of Common Stock held by Mr. Richardson's wife or 6,333 shares of Common Stock which would be issued upon conversion of \$114,000 principal amount of the Corporation's 8¹/₄% Debentures owned by Mr. Richardson's wife, as to which Mr. Richardson disclaims beneficial ownership.
- (11) Includes 3,712 shares of Common Stock which would be issued upon conversion of Mr. Hodes' Class B Common Stock. Also includes 40,000 shares of Common Stock to which Mr. Hodes holds stock options exercisable within 60 days.
- (12) Includes 825 shares of Common Stock which would be issued upon conversion of Mr. Rubinovitz' Class B Common Stock. Also includes 45,000 shares of Common Stock to which Mr. Rubinovitz holds stock options exercisable within 60 days.
- (13) Includes 11,781 shares of Common Stock to which Mr. Allen holds stock options exercisable within 60 days and an additional 11,782 shares of Common Stock which would be issued upon conversion of 11,782 shares of Class B Common Stock as to which he also holds stock options exercisable within 60 days.
- (14) Includes 45,000 shares of Common Stock to which Mr. Bouyer holds stock options exercisable within 60 days.
- (15) Includes 14,098 shares of Common Stock Mr. Sacomani holds as a Restricted Stock Award that vest in three annual installments beginning June 17, 2003. Also includes 33,333 shares of Common Stock as to which Mr. Sacomani holds stock options exercisable within 60 days and 151 shares of Common Stock allocated to the account of Mr. Sacomani under the ESOP.
- (16) Includes 25,000 shares of Common Stock as to which Mr. Purkey holds stock options exercisable within 60 days.
- (17) Includes 148,000 shares of Common Stock for which Mr. Johnson holds stock options exercisable within 60 days. Also includes 1,701 shares of Common Stock allocated to the account of Mr. Johnson under the ESOP.
- (18) Includes 20,000 shares of Common Stock to which Mr. Peterson holds stock options exercisable within 60 days.
- (19) Includes 73,370 shares of Common Stock as to which Mr. Seils holds stock options exercisable within 60 days. Also includes 10,473 shares of Common Stock allocated to the account of Mr. Seils under the ESOP. Does not include shares held as custodian see (10).

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- (20) Includes 89,000 shares of Common Stock as to which Mr. Prince holds stock options exercisable within 60 days. Also includes 7,353 shares of Common Stock allocated to the account of Mr. Prince under the ESOP.
- (21) Does not include 19,035 shares of Common Stock held by certain members of such group as custodians under Uniform Gift to Minors Acts or 5,897 shares of Common Stock held by spouses of member of group and 6,333 shares of Common Stock which would be issued upon conversion of \$114,000 principal amount of the Corporation's 8¹/₄% Debentures held by spouses of member of group. Includes 3,195,111 shares of Common Stock which would be issuable on conversion of Class B Common Stock, 713,696 shares of Common Stock issuable upon options exercisable within 60 days, 11,782 shares of Common Stock which would be issuable on conversion of Class B Common Stock issuable upon options exercisable within 60 days, 43,797 shares of Common Stock which would be issued upon conversion of \$926,000 principal amount of the Corporation's 7¹/₄% Convertible Subordinated Debentures, and 47,444 shares of Common Stock which would be issued upon conversion of \$854,000 principal amount of the Corporation's 8¹/₄% Convertible Senior Subordinated Debentures. Includes 57,455 shares of Common Stock held in trust for the benefit of the Company's profit sharing trust and ESOP allocated to the accounts of all executive officers and directors as a group; such shares are ratably forfeitable in the event the officer leaves the employ of the Company prior to completing six years of service.
- (22) Includes 11,782 shares of Class B Common Stock issuable upon exercise of options exercisable within 60 days.
- (23) Mr. Richardson has been employed by the Company or its predecessor since 1961, holding several positions. He was Chairman of the Board, President and Chief Executive Officer of the Company from September 1989 until November 1996 when Mr. Johnson became President. Mr. Richardson continues to hold the offices of Chairman of the Board and Chief Executive Officer.
- (24) Mr. Sacomani is Senior Vice President and Chief Financial Officer since joining the Company in June, 2002. Prior to joining the Company, he was Senior Vice President, Chief Financial Officer and Treasurer of On Semiconductor in Phoenix, AZ since it was spun off from

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Motorola, Inc. in 1999. Prior thereto, he was employed by Motorola Inc. in management positions in finance and accounting, and since 1997 as Vice President Semiconductor Components Group & Contoller.

- (25) Mr. Johnson has been President, Chief Operating Officer and Director since joining the Company in November 1996. Prior thereto, from January 1992 until January 1996, he was President of Premier Industrial Corporation, a New York Stock Exchange listed company which was acquired by Farnell Ltd. in April 1996. He was Executive Vice President of Premier from February 1987 until January 1992. Premier is a full service business to business supplier of electronic components for industrial and consumer products, essential maintenance and repair products for industrial, commercial and institutional applications, and manufactures high-performance fire-fighting equipment.
- (26) Mr. Seils has been Senior Vice President since January 1992 and General Counsel and Secretary since May 1986. Prior to joining the Company in 1986, he was a partner in the law firm of Arvey, Hodes, Costello and Burman, Chicago, Illinois.
- (27) Mr. Prince has been Executive Vice President of Worldwide Sales since February 1998 and was Vice President of Worldwide Sales from November 1996 until February 1998. He was Vice President of Sales from November 1991 until November 1996 and held several other positions since joining the Company in November 1978.
- (28) Mr. Grill has served as an officer of the Company since 1987 and became an executive officer in the position of Vice President Corporate Administration in 1992. In 1994, his title was changed to Vice President, Human Resources, and in 1999 he was made Senior Vice President, Human Resources.
- (29) Mr. Duneske has been Vice President of Worldwide Logistics since January 1999. Prior to that he held logistic management positions since joining the Company in December 1996. Prior to joining the Company, Mr. Duneske was the Director of Distribution with Newark Electronics and Simon & Schuster. He has held various strategic planning, operations management and engineering positions with IBM, Ford Motor Company and ROLM.
- (30) Mr. Calderone is Vice President and Director of European Operations since March 1998. He joined the Company in July 1990 as District Sales Manager for Italy and served as Regional Sales Manager of Italy from February 1991 until March 1998.
- (31) Mr. Peloquin is Executive Vice President and General Manager of the RF & Wireless Communications Group since January 15, 2002, prior to that he was Vice President of the RF & Wireless Communications Group since November 1999 when he rejoined the Company. He first joined the Company in 1990 and held various positions in product management until 1997 when he left to join Motorola, Inc. as Director of Global Distribution for Wireless Infrastructure Division, which position he held until he rejoined the Company in 1999.
- (32) Mrs. McNally became Senior Vice President of Marketing Operations and Customer Support in July 2000. She served as Marketing Services Manager from 1986 until 1989 and as Vice President and Corporate Officer of Marketing Operations from 1989 until 2000. She has held various positions within Marketing since joining the Company in 1979.
- (33) Mr. Kennedy is Executive Vice President and General Manager of the Industrial Power Group, since January 15, 2002, prior to that he was Vice President and General Manager of the Industrial Power Group since September 1999. He has held various industrial product management positions since joining the Company in March 1994. Prior thereto, he held positions with Litton Electron Devices Group and ITT Electron Devices Division.
- (34) Mr. Dargis has been Vice President and Chief Information Officer since March 2003. Since 1999, he has held similar positions at Hub Group Distribution Services (distribution service e-business) and Publicis Frankel (a lead promotion and marketing agency). He joined Publicis Frankel as Director of Applications in 1997. Throughout his career, Mr. Dargis has pursued a career-long focus in information technology management with companies ranging from Ameritech to Alberto-Culver to Zurich Insurance.
- (35) Mr. Solas has been Vice President and General Manager of the Display Systems Group since June 1, 2004. Prior to joining the Company, Mr. Solas was the Vice President of Northeast and Canadian Sales and Northeast Area Director of the ACS Division of Avnet, Inc. since 1997, a global company that focuses on the requirements of computing original equipment manufacturers, independent software vendors and value-added resellers looking to get embedded systems or wireless and data collection solutions to market quickly.
- (36) Ms. Diddell has been Vice President and General Manager of the Security Systems Division since June 1, 2004. Prior to that she was employed as a Management Consultant for the Security Systems Division since July 2003. Prior thereto, Ms. Diddell was employed as the Senior Vice President of Sales and Marketing for Ultrak, Inc. since 1997, a global manufacturer of closed circuit television and access control systems for the commercial and government markets.

Each nominee's and executive officer's principal occupation and employment for the last five years has been as listed in the table or footnotes thereto, except as follows:

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Mr. Allen joined the Company as its President and Chief Operating Officer in September 1985. He retired as President of the Company in September 1989. Since his retirement, Mr. Allen has been a management consultant and presently provides management consulting services to the Company. He served as Chairman of the Strategic Planning Committee of the Company's Board of Directors from April 1991 until April 1992.

Mr. Hodes is a partner at the law firm of Bryan Cave LLP, which firm provides legal services to the Company. From 1992 through January 2004, Mr. Hodes was a partner with the law firm of McGuire Woods Ross & Hardies and its predecessor Ross & Hardies.

Mr. Rubinovitz was Executive Vice President of EG&G, Inc., a diversified manufacturer of instruments and components, from April 1989 until his retirement in January 1994. He is also a Director of LTX Corporation and a member of its Compensation Committee; and a director of Kronos, Inc and a member of its Compensation Committee.

Mr. Bouyer served as Chairman of the Board of Philips Components of Paris, France, engaged in the manufacture and sale of electronic components and a subsidiary of N.V. Philips of The Netherlands, from April 1, 1990 until January 1, 1994 when he became honorary Chairman of the Board and a Director until December 31, 1995. Mr. Bouyer also was Vice Chairman of the BIPE Institute for Economic and Market Research from 1981 until 1997. He has been a self-employed consultant in business strategies and management for JBC Consult-Paris since January 1990 until December 2002. He is Chairman and a board member of Bethel-Paris, a small internet start-up company from July 2002.

Mr. Purkey was President of Forum Capital Markets since May 1997 and Senior Managing Director of such company since May 1994. Forum Capital was acquired in 2000, and Mr. Purkey was the Managing Director of First Union Securities, the successor to Forum Capital, until his retirement on October 1, 2001. From July 1990 until February 1994, he was employed by Smith Barney Shearson, holding the position of Senior Managing Director and Manager of the Convertible Bond Department. He is a Director of Repron Electronics, Inc. and Chairman of its Audit Committee.

Mr. Ketelaars is Chief Executive Officer of Philips Business Communications, a position he has held since March 2003. He was Vice President and Managing Director of Richardson Electronics Europe from May 31, 1996 until July 10, 1998. He has held several general management positions with companies such as Philips (Electronic Components), ITT (Cable TV), EnerTel (Telecom Operator), and Comsys (Voice Response Systems).

Mr. Peterson is a Managing Director, the Head of Investment Banking and a member of the Board of Directors of Cleary Gull Inc., an investment banking and investment consulting firm he joined in March of 2002. Previously he was a Managing Director of the Tucker Anthony Inc., the Co-Head of its Tucker Anthony Sutro Capital Markets ("TASCM") division, which provided investment banking services to the Company, and a member of its Operating Committee until November 2001. For a brief time in 2001 and 2002, he was a Managing Director of Riverview Financial Group, LLC, until it was acquired by Cleary Gull Inc. Mr. Peterson was the representative of Tucker Anthony Cleary Gull, a predecessor of TASCM, which was one of the lead underwriters for the Company's public offering of 3,600,000 shares of Common Stock, on May 1, 1998. He is a member of the Board of Directors of Krueger International, Inc., a privately held contract furniture manufacturer.

Executive officers are elected annually at the time of the annual stockholders meeting and serve for a term until their respective resignation, death or removal.

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The Company has a Code of Conduct applicable to its principal executive officer, principal financial officer and principal accounting officer as well as all other employees. A copy of the Code of Conduct may be obtained without charge from our Legal Department, Richardson Electronics, Ltd., 40W267 Keslinger Road, P.O. Box 393, LaFox, Illinois 60147-0393.

Board and Committee Meetings

During the last fiscal year, the Company's Board of Directors held 6 meetings. Each Director attended at least 75% of the aggregate number of such meetings and meetings of the Committees on which he served. Although the Company has no formal policy about Director's attendance at the Annual Stockholders' meeting, it is encouraged. Last year all but one Director attended the Annual Stockholders' meeting.

The Board of Directors had six standing committees: the Executive Committee, Audit Committee, Executive Oversight Committee, Compensation Committee, Stock Option Committee and Strategic Planning Committee.

The members of the Executive Committee are Messrs. Richardson (Chairman), Johnson, and Rubinovitz. This committee, during the interval between meetings of the board of directors, may exercise all authority of the board in the management of the Company, except as otherwise provided in our By-laws or by applicable law. The Board's Executive Committee did not meet during the last fiscal year, and acted on 10 occasions by unanimous written consent.

The Board's Audit Committee held 15 meetings in the last fiscal year. It meets for the purpose of engaging and discharging the independent auditors (or recommending such actions), directing and supervising special investigations, reviewing with the independent auditors the plan and results of the auditing engagement, reviewing the scope and results of the issuer's procedures for internal auditing, approving each professional service provided by the independent auditors prior to the performance of such services, reviewing the independence of the independent auditors, considering the range of audit and nonaudit fees for the independent auditors and reviewing the adequacy of the issuer's system of internal accounting controls and such other matters relating to the Company's financial affairs and accounts as required by law or regulation or as it deems desirable or as the Board may assign to it. The Board of Directors has determined that the Committee as currently constituted complies with the requirements of The National Association of Securities Dealers listing standards, including that each of its members is independent as that term is defined in NASD Rules, and one of its members, John R. Peterson, qualifies as an "Audit Committee Financial Expert", as that term is defined in Item 401(h)(2) of Regulation S-K, who is also independent as that term is used in Item 7(d)(3)(iv) of Schedule 14A of the Exchange Act and NASD listing standards. The members of the Audit Committee were Mr. Peterson (Chairman), Mr. Purkey and Mr. Hodes, who resigned as a member of the Committee in July 2004, since he may not have been deemed independent due to legal fees that the Company pays to Bryan Cave LLP, a law firm of which Mr. Hodes is a partner. However, the Board, by resolution, had determined that Mr. Hodes' membership on the Committee was in the best interests of the Company due to his experience and knowledge and consequently prior to his resignation, he satisfied the exception provided by NASDAQ Marketplace Rule 4350(d)(2)(B). Mr. Hodes was replaced by the Board with the appointment of Samuel Rubinovitz. The Audit Committee has adopted a written charter approved by the Board. The charter is included as Exhibit A to this proxy statement.

The Board's Directors' Executive Oversight Committee held 5 meetings in the last fiscal year. Its members were Mr. Hodes (Chairman) and Mr. Rubinovitz. It is charged with monitoring the Company's government contracting activities and compliance with its Code of Conduct, and policies on stock trading and ethical business practices and reporting on the same. This Committee was disbanded in July 2004 and its responsibilities were assumed by the Audit Committee.

The members of the Compensation Committee are Messrs. Bouyer, Hodes and Rubinovitz (Chairman). It is responsible for reviewing and establishing the compensation policy and guidelines for, and the compensation of, executive officers. The Board's Compensation Committee held 2 meetings in the last fiscal year.

The Board's Stock Option Committee held 2 meetings and acted 3 times by consent without meeting in the last fiscal year. The Committee's members are Messrs. Bouyer and Rubinovitz. It administers the Company's Incentive Stock Option Plan, Incentive Compensation Plan, 1994 Incentive Compensation Plan, 1996 Incentive Compensation Plan, 1996 Stock Purchase Plan, 1998 Incentive Compensation Plan, 1999 Stock Purchase Plan and the 2001 Incentive Compensation Plan including determining the employees to whom stock options, awards or cash bonuses are granted, the number of shares subject to each option or award, and the date or dates upon which each option or award may be exercised.

The Board's Strategic Planning Committee which is responsible for developing and reviewing long term strategic plans for the Company met 1 time in the last fiscal year. The members of the Committee are Messrs. Bouyer (Chairman), Ketelaars, Peterson and Rubinovitz.

The Company has no standing Nominating Committee or committee performing a similar function. Based on its status as a Controlled Company under NASD Rules, the Company is not required to establish a standing Nominating Committee. It is the Company's practice for each of the Directors to participate in the nominating process. The Company's process includes submission of candidates to the Directors for consideration. After due consideration, the Directors select the nominees. Stockholders may submit names of candidates for consideration to the Board of Directors; provided that, such submissions must be received by the Board no later than July 1st immediately preceding the Annual Meeting for their consideration. Stockholders may also nominate a candidate(s) for election as a Director at the Stockholder's meeting at which Directors are elected.

Stockholders may communicate with the Board of Directors by writing to Richardson Electronics, Ltd., Board of Directors-Legal Department, 40W267 Keslinger Road, P.O. Box 393, LaFox, Illinois 60147-0393.

Directors Compensation

Directors who are not Company employees receive a quarterly fee of \$3,000 and a fee of \$500 for each Board or Committee meeting attended in person, plus travel expenses. Directors currently do not receive a fee for attending telephonic committee meetings.

In addition, each current Non-Employee Director, as defined below, has received a grant of options to acquire 25,000 shares of the Company's Common Stock, upon election to the Board, at exercise prices ranging from \$5.25 to \$12.875 per share (the fair market value on the date of grant) under the Company's Stock Option Plan for Non-Employee Directors ("Directors' Plan"), or the Company's 1996 Stock Option Plan for Non-Employee Directors ("1996 Directors' Plan").

In addition beginning in 1996, each current Non-Employee Director receives a grant of an option under the Company's 1996 Directors' Plan to acquire an additional 5,000 shares of the Company's Common Stock each April beginning at the later of 1996 or five years after first elected as a director at exercise prices ranging from \$5.375 per share to \$12.875 per share. Under the Director's Plan and the 1996 Directors' Plan, options are granted to any director who is not an officer or employee of the Company or any of its subsidiaries or affiliates and who has not been such for a period of one year prior to his first being elected to the Board ("Non-Employee Director").

Options issued under the Directors' Plan and 1996 Directors' Plan are intended to be non-qualified stock options, not entitled to special tax treatment under Section 422A of the Internal Revenue Code of 1986, as amended, from time to time. The Directors' Plan and the 1996 Directors'

Plan are administered by the Board of Directors of the Company, which has the sole responsibility for construing and interpreting said Plans. Each option granted is evidenced by an option agreement between the optionee and the Company, subject to the provisions of the Directors' Plan or the 1996 Directors' Plan, contains such terms and conditions as may be approved by the Board. The purchase price of each share that may be purchased upon exercise of an option is the fair market value of the share on the date the option is granted. These options are exercisable for a period of approximately ten years. Under the Directors' Plan, any new "Non-Employee Director" elected or appointed was granted an option to purchase 25,000 shares of the Company's Common Stock on the date such director took office. All options granted under the Directors' Plan vest over a five-year period from the date of grant with 20% of the option shares becoming first exercisable on each anniversary of the grant date.

The Directors' Plan was terminated with respect to future grants on April 10, 1996. Under the 1996 Directors' Plan, any new Non-Employee Director elected or appointed after April 30, 1996 is granted an option to purchase 25,000 shares of the Company's Common Stock on the date such director takes office. All such options granted to new Non-Employee Directors vest over a five-year period from the date of grant with 20% of the option shares becoming first exercisable on the anniversary of the grant date. On each April 30 (after April 30, 1996), which is on or after the fifth anniversary of a Non-Employee Director's initial election as a director, such director is granted an additional option for 5,000 shares (subject to adjustment). Unless earlier terminated by the Board, the 1996 Directors' Plan shall terminate on June 1, 2006.

The Directors' Plan and the 1996 Directors' Plan provide, among other things, that the option of any optionee, whose status as a director terminates because of retirement, or removal from the Board within one year after a change of control as defined in the Directors' Plan and 1996 Directors' Plan, shall become fully exercisable with respect to all shares covered thereby and not previously purchased upon exercise of the option and shall remain fully exercisable until the option expires by its terms.

Mr. Allen has non-qualified stock options for 11,781 shares of Common Stock and 11,782 shares of Class B Common Stock at an exercise price of \$12.95 per share. Mr. Allen has been a management consultant to the Company and presently provides management consulting services to the Company. In fiscal 2004, he received payments of \$14,000 from the Company. We expect to continue to retain Mr. Allen as a management consultant in fiscal 2005.

Affiliations

There is no family relationship between any director and any other director or nominee for director or executive officer of the Company. Directors who are directors of other public companies are: Mr. Rubinovitz, a director of Kronos, Inc., and LTX Corporation; and Mr. Purkey, a director of Reptron Electronics, Inc. and Chairman of its Audit Committee.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors, and persons who may be deemed to own beneficially more than ten percent of the Company's stock to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission and NASDAQ. Executive officers, directors and greater than ten percent beneficial owners are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. Based solely on a review of the copies of such forms furnished to the Company and written representations from the Company's executive officers and directors, the Company believes that during fiscal 2004, all Section 16(a) filing requirements applicable to its executive officers, directors and greater than ten percent beneficial owners were complied with on a timely basis.

PRINCIPAL STOCKHOLDERS

As of August 17, 2004, no person or firm owned of record, and, so far as it is known to the Company, no person or firm owned beneficially 5% or more of the outstanding Common Stock or Class B Common Stock of the Company, except for Edward J. Richardson whose ownership of Common Stock and Class B Common Stock is set forth above in the table under the caption "Election of Directors *Information Relating to Directors, Nominees and Executive Officers*"; and those entities identified and whose ownership of Company stock is set forth in the following table:

**Common Stock and Class B Common Stock
Beneficially Owned
As of August 17, 2004(2)(3)(4)(5)&(6)**

Name of Beneficial Owner	Number of Shares of Common	Percent of Class	Number of Shares of Class B Common	Percent of Class	Percent of Total Voting If Class Voting Not Applicable (1)
Royce & Associates, LLC	1,904,778(3)	13.75%	0	0	4.16%
DePrince, Race & Zollo, Inc.	2,767,273(4)	19.18%	0	0	6.04%
Loomis Sayles & Company, L.P.	825,353(5)	5.72%	0	0	1.80%
T. Rowe Price Associates, Inc	1,164,546(6)	8.07%	0	0	2.06%

- (1) Common Stock is entitled to one vote per share and Class B Common Stock is entitled to ten votes per share. Computation assumes that Class B Common Stock held or subject to acquisition pursuant to stock option is not converted into Common Stock.
- (2) Date of holdings information is as of this date unless noted otherwise in footnotes.
- (3) Charles M. Royce may be deemed a controlling person of Royce & Associates, Inc. ("Royce") and Royce Management Company ("RMC") and as such may be deemed to beneficially own the shares of Common Stock beneficially owned by Royce and RMC. Mr. Royce does not own any shares outside of Royce and RMC, and disclaims beneficial ownership of the shares held by Royce and RMC. On October 1, 2001, Royce & Associates, Inc., The Royce Funds' investment adviser, became an indirect wholly-owned subsidiary of Legg Mason, Inc. ("Legg Mason"). On March 31, 2002, Royce & Associates, Inc. was merged into Royce Holdings, LLC (a wholly-owned subsidiary of Legg Mason), which then changed its name to Royce & Associates, LLC. As a result of this merger, Royce & Associates, LLC became The Royce Funds' investment adviser and a direct wholly-owned subsidiary of Legg Mason. Information disclosed in this table was obtained from Royce on July 19, 2004. The address for Royce is 1414 Avenue of the Americas, New York, NY 10019.
- (4) DePrince, Race & Zollo, Inc. is an investment advisor having sole power to vote and dispose of these shares. Information disclosed in this table was obtained from DePrince, Race & Zollo on August 16, 2004. The address for DePrince, Race & Zollo, Inc. is 201 S. Orange Ave., Suite 850, Orlando, FL 32801.
- (5) Loomis Sayles & Company, L.P. ("Loomis"), an investment advisor, has the sole power to vote 591,295 and has sole power to dispose of 825,353 shares held by Loomis (6.52%). Clients of Loomis have the economic interest but no one client has such an interest relating to more than 5% of the class. Loomis indicates that the shares reported for Loomis relate to such party's ownership of the Company's convertible debentures. Information disclosed in this table was obtained from a Schedule 13G for Loomis on December 31, 2003. The address for Loomis is One Financial Center, Boston, MA 02111.
- (6) Includes 221,146 shares of Common Stock which would be issued on conversion of the Company's 7¹/₄% Convertible Subordinated Debentures. These securities are owned by various individuals and

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institutional investors including the T. Rowe Price Small Cap Value Fund, Inc. (which owns 728,000 shares, and all of the 7¹/₄% debentures), which T. Rowe Price Associates, Inc. or "Price Associates", serves as investment advisor with power to direct investments and/or power to vote the securities. For purposes of the reporting requirements of the Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities. Price Associates has sole dispositive power for the entire holding of 1,164,546 shares and has sole voting power for 217,500 shares of Common Stock and T. Rowe Price Small Cap Value Fund has sole voting power for the shares which it owns. Information disclosed in this table was obtained from T. Rowe Price Associates on August 18, 2004. The address for T. Rowe Price Associates is 100 East Pratt Street, Baltimore, MD 21202.

EXECUTIVE COMPENSATION

The following table sets forth the annual and long-term compensation for the Company's Chief Executive Officer and the four highest paid executive officers (named executives), as well as the total compensation paid to each such individual for the Company's three prior fiscal years:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation (3)	
		Salary	Bonus	Other Annual Compensation (1)	Awards		Payouts		
					Restricted Stock Awards (2)	Stock Options/SARs	Long-Term Incentive Payouts		
Edward J. Richardson CEO and Chairman of the Board	2004	\$ 444,845	\$ 120,660	\$			\$	\$	6,840
	2003	436,980							4,000
	2002	436,295	38,600						4,806
Bruce W. Johnson President and Chief Operating Officer	2004	399,392	153,066		\$ 129,000				6,840
	2003	391,263	80,575		85,800				4,000
	2002	372,397			70,600	25,000			4,806
Dario Sacomani Senior Vice President and Chief Financial Officer	2004	284,738	109,993						6,840
	2003	258,462	72,415		150,003	50,000			4,000
	2002								
William G. Seils Senior Vice President, General Counsel and Secretary	2004	212,352	98,440						6,840
	2003	209,142	70,014						4,000
	2002	201,098	66,321			13,950			4,806
Robert L. Prince Executive Vice President, Worldwide Sales	2004	211,239	92,944						6,840
	2003	205,250	73,806						4,000
	2002	193,615	68,226			15,000			4,806

- (1) While officers enjoy certain perquisites, such perquisites do not exceed the lesser of \$50,000 or 10% of such officer's salary and bonus except as shown.
- (2) The restricted stock issued to Bruce W. Johnson vested at the date of grant and that issued to Mr. Sacomani vests in three equal annual installments. The number of shares and fair market value of unvested restricted stock as of May 29, 2004 held by Mr. Sacomani was 9,399 shares and \$106,303, respectively, based on a closing price of \$11.31 per share of the Company's common stock on The Nasdaq National Market on May 28, 2004, the last trading day before May 29, 2004. Holders of restricted stock are entitled to vote such shares and receive dividends.
- (3) These amounts represent the Company's discretionary and 401(k) matching contributions to the Company's Profit Sharing Plan.

Stock Option Awards

There were no options granted during fiscal year 2004 to the named executive officers.

The following table summarizes options exercised during fiscal year 2004 and presents the value of the unexercised options held by the named executives at fiscal year end:

**AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR
AND FISCAL YEAR END OPTION VALUES**

At May 29, 2004

Name	Options Exercised(1)		Number of Unexercised Options held at Fiscal Year end		Value of Unexercised, In-the-money options at Fiscal Year end(2)	
	Shares Acquired	Value Realized	Exercisable	Unexercisable	Exercisable	Unexercisable
Edward J. Richardson		\$			\$	\$
Bruce W. Johnson			133,000	37,000	422,830	72,870
Dario Sacomani			16,666	33,334	11,166	22,334
William G. Seils			67,580	16,370	227,895	44,693
Robert L. Prince			83,000	17,000	281,205	47,370

(1) The Company permits broker-assisted cashless exercise of options by all optionees, including executive officers.

(2) Represents the difference between \$11.31 per share (the closing price of the Company's common stock on May 28, 2004, the last trading day before May 29, 2004) and the exercise price of the options.

Employment Agreements

Bruce W. Johnson became the Company's President and Chief Operating Officer on November 12, 1996 pursuant to an agreement dated as of November 7, 1996, which provides for an annual base salary subject to adjustment in certain circumstances, and a bonus if the Company's earnings per share (excluding extraordinary charges) for the year exceeds its earnings per share for the prior fiscal year with the amount of such bonus, if any, determined by the Company's actual earnings per share performance in relation to the Company's budgeted earnings per share for the year. Mr. Johnson's cash bonus for fiscal year 2004 was \$153,066. The agreement also provides for payments to Mr. Johnson for one year equal to his salary and bonus and other employee benefits if his employment is terminated under certain circumstances, including, without cause or from a change-in-control, or a breach by the Company. During his employment term and for two years after termination of any reason, Mr. Johnson is prohibited from contacting any individual or entity that was one of the Company's customers or suppliers during his last 12 months of employment with the Company. The agreement is for an indefinite term, during which Mr. Johnson is employed on an at-will basis.

Pursuant to a 3-year Employment Agreement dated May 31, 2002, Dario Sacomani became the Company's Senior Vice President and Chief Financial Officer. Mr. Sacomani's annual base salary is \$284,738, and he receives a bonus of up to 50% of his base salary if performance goals are met. 50% of the bonus is determined by the Company's earning performance and 50% is determined by Mr. Sacomani meeting goals for the year established by the Chief Executive Officer. Mr. Sacomani also received an option for 50,000 shares (with an exercise price equal to 100% of fair market value on the date of grant) and a restricted stock award for 14,098 shares that vest in equal amounts over three years. Mr. Sacomani's salary and cash bonus for fiscal year 2004 was \$284,738 and \$109,993, respectively. The agreement provides for payments to Mr. Sacomani for one year equal to his salary and bonus for the 12-month period prior to termination and immediate vesting of options and restricted stock awards in the event of termination of employment without cause or by Mr. Sacomani for certain specified reasons and if the termination by Mr. Sacomani occurs within 2 years of a change in control, the salary and bonus payment amount is doubled. The agreement also provides that

Mr. Sacomani will be a member of our Board of Directors. During his employment term and, if we terminate Mr. Sacomani's employment for cause or he terminates his employment without good reason, for a period of one year after such termination, he is prohibited from competing against the Company.

Robert L. Prince is employed as the Company's Executive Vice President of Worldwide Sales under an employment agreement dated June 6, 2000 pursuant to which he receives a base salary which is reviewed annually and a bonus of 50% of his base salary if performance goals established annually are met. Mr. Prince's base salary and cash bonus for fiscal 2004 were \$211,239 and \$92,944, respectively. The agreement provides for payment to Mr. Prince for one year equal to his salary and bonus for the 12-month period prior to termination in the event of termination of employment without cause or by Mr. Prince within 180 days after a sale to or merger into another company or change of control. During his employment term and for one year after termination for any reason, Mr. Prince is prohibited from competing against the Company. The agreement is for an indefinite term, during which Mr. Prince is employed on an at-will basis.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee during fiscal 2004 were Jacques Bouyer, Scott Hodes and Samuel Rubinovitz. The members of the Stock Option Committee during fiscal 2004 were Jacques Bouyer and Samuel Rubinovitz. See " Related Party Transactions" below.

Related Party Transactions

Mr. Richardson controls \$1,122,000 principal amount of the Company's 7¹/₄% debentures and \$1,051,000 principal amount of the Company's 8¹/₄% debentures.

Mr. Hodes is a partner in the law firm of Bryan Cave LLP, which firm provided legal services to the Company in fiscal 2004 and continues to provide legal services to the Company in fiscal 2005. Mr. Hodes was a partner in the law firm of McGuire Woods Ross & Hardies, which firm provided legal services to the Company in fiscal 2002, 2003 and 2004.

Prior to her employment as Vice President and General Manager of our Security Systems Division, Ms. Diddell provided management consulting services to our security systems division pursuant to a management consulting contract. Under the contract, the Company paid Ms. Diddell approximately \$16,000 monthly from July 2003 to May 2004.

COMPENSATION COMMITTEE REPORT, STOCK PERFORMANCE GRAPH AND AUDIT COMMITTEE REPORT

The following pages contain a report issued by the Company's Compensation Committee relating to executive compensation for fiscal 2004, a chart titled "Stock Performance Graph" and a report issued by the Company's Audit Committee relating to its review of the Company's financial statements, procedures and practices. Stockholders should be aware that under SEC rules, the Compensation Committee Report on Executive Compensation, the Stock Performance Graph and the Audit Committee Report are not deemed to be "soliciting material" or "filed" with the SEC under the Securities Exchange Act of 1934, and are not incorporated by reference in any past or future filing by the Company under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, unless these sections are specifically referenced.

REPORT ON EXECUTIVE COMPENSATION

Traditionally, the Company's executive officers' compensation has been determined by the Company's Chief Executive Officer and Chief Operating Officer due to the relatively small number of other executive officers and the personal knowledge of the relative performance and responsibilities of

each executive officer of the Chief Executive and Chief Operating Officers. Compensation for the Company's executive officers, other than the Chief Executive Officer, for the fiscal year ended May 29, 2004 was established in this manner and was approved by the Compensation Committee, except for long-term incentive compensation in the form of stock option and restricted stock award grants which were established by the Stock Option Committee. The compensation for the Company's Chief Executive Officer for fiscal 2004 was determined pursuant to a formula set by the Board of Directors in 1983, prior to the effective date of the Securities and Exchange Commission rules mandating disclosure of basis for such compensation, at a fixed base salary adjusted annually on each June 1 for changes in the cost of living (\$444,845 for fiscal 2004), and a bonus equal to 2% of the Company's after tax profits. Mr. Richardson's bonus for fiscal year 2004, based on 2% of net income was \$120,660. The Company expects that the Chief Executive Officer will continue to recommend compensation for the Company's other executive officers with the advice and guidance the Company's President and Chief Operating Officer, Bruce W. Johnson, with respect to other executive officers, for approval of the Compensation Committee of the Board of Directors who will set such compensation and that the Stock Option Committee will determine the granting of options and stock awards, and that the Chief Executive Officer's compensation also will be set by the Compensation Committee.

Individual compensation of other executive officers has been established to maintain equitable internal relationships taking into account the responsibility