

STANDEX INTERNATIONAL CORP/DE/
Form 10-K
August 27, 2010

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

FORM 10-K

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

For the fiscal year ended June 30, 2010

Commission File Number 1-7233

STANDEX INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its Charter)

DELAWARE

(State of incorporation)

31-0596149

(I.R.S. Employer Identification No.)

11 KEEWAYDIN DRIVE, SALEM, NEW HAMPSHIRE

(Address of principal executive offices)

03079

(Zip Code)

(603) 893-9701

(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE

SECURITIES EXCHANGE ACT OF 1934:

Title of Each Class

Name of Each Exchange on Which
Registered

Common Stock, Par Value \$1.50 Per
Share

New York Stock Exchange

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES ☐ NO ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES ☐ NO ☒

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☐ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller Reporting Company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES ☐ NO ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant at the close of business on December 31, 2009 was approximately \$250,000,000. Registrant's closing price as reported on the New York Stock Exchange for December 31, 2009 was \$20.09 per share.

The number of shares of Registrant's Common Stock outstanding on August 23, 2010 was 12,472,648

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Registrant's 2010 Annual Meeting of Stockholders (the Proxy Statement) are incorporated by reference into Part III of this report.

Forward Looking Statement

Statements contained in this Annual Report on Form 10-K that are not based on historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of forward-looking terminology such as should, could, "may," will, expect," "believe," "estimate," "anticipate," intends, "continue," or similar terms or variations of those terms or the negative of those terms. There are many factors that affect the Company's business and the results of its operations and may cause the actual results of operations in future periods to differ materially from those currently expected or desired. These factors include, but are not limited to conditions in the financial and banking markets, including fluctuations in the exchange rates and the inability to repatriate foreign cash, general and international recessionary economic conditions, including the impact, length and degree of the current recessionary conditions on the customers and markets we serve and more specifically conditions in the food service equipment, automotive, construction, aerospace, energy, housing transportation and general industrial markets, lower-cost competition, the relative mix of products which impact margins and operating efficiencies, both domestic and foreign, in certain of our businesses, the impact of higher raw material and component costs, particularly steel, petroleum based products and refrigeration components, an inability to realize the expected cost savings from restructuring activities, effective completion of plant consolidations, cost reduction efforts, including procurement savings and productivity enhancements, capital management improvements, strategic capital expenditures, and the implementation of lean enterprise manufacturing techniques, the inability to achieve the savings expected from the sourcing of raw materials from and diversification efforts in emerging markets and the inability to achieve synergies contemplated by the Company. Other factors that could impact the Company include changes to future pension funding requirements and the failure by the purchaser of our former Berean bookstore chain to satisfy its obligations under those leases where the Company remains an obligor. In addition, any forward-looking statements represent management's estimates only as of the day made and should not be relied upon as representing management's estimates as of any subsequent date. While the Company may elect to update forward-looking statements at some point in the future, the Company and management specifically disclaim any obligation to do so, even if management's estimates change.

PART I

Item 1. Business

Standex International Corporation (the "Company" or "we" (1)) was incorporated in 1975 and is the successor of a corporation organized in 1955. We have paid dividends each quarter since Standex became a public corporation in November 1964.

We are a leading manufacturer of a variety of products and services for diverse industrial market segments. We have 12 operating segments, aggregated and organized for reporting purposes into five segments: Food Service Equipment Group, Air Distribution Products Group (ADP), Engraving Group, Engineering Technologies Group and Electronics and Hydraulics Group. Overall management, strategic development and financial control are maintained by the executive staff from our corporate headquarters located in Salem, New Hampshire.

Our corporate strategy has several primary components.

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It is our objective to grow larger and more profitable business units through both organic initiatives and acquisitions. On an ongoing basis we identify and implement organic growth initiatives such as new product development, geographic expansion, introduction of products and technologies into new markets and applications and leveraging of sales synergies between business units, key accounts and strategic sales channel partners. Also, we utilize strategically aligned or bolt on acquisitions to create both sales and cost synergies with our core business platforms to accelerate their growth and margin improvement. There is a particular focus on identifying and investing in opportunities to increase the global presence and capabilities of our businesses. From time to time we have divested businesses that we felt were not strategic or did not meet our growth and return expectations.

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Our focus is on the growth and development of businesses that provide customer solutions or engineered products that provide higher levels of value add to our customers. These types of businesses generally demonstrate the ability to sustain sales and profit growth over time and provide superior operating margins to enhance shareholder returns.

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We have a focus on operational excellence through the continuous improvement in the cost structure of our businesses and in management of working capital. We recognize that our businesses are competing in a global economy that requires that we constantly strive to improve our competitive position. We have deployed a number of management competencies including lean enterprise, the use of low cost manufacturing facilities in countries such as Mexico and China, the consolidation of manufacturing facilities to achieve economies of scale and leveraging of fixed infrastructure costs, alternate sourcing to achieve procurement cost reductions, and capital improvements to increase shop floor productivity, which drives improvements in the cost structure of our business units. Further, we have made a priority of improving the utilization and efficiency in the investment of working capital in our business units.

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Finally, we have a constant focus on cash flow generation. We recognize that cash flow is fundamental in our ability to invest in organic and acquisitive growth for our business units, to allow us to return cash to our shareholders in the form of dividends and that it is a measure of the quality of the earnings that we generate over time.

(1)

References in this Annual Report on Form 10-K to "Standex" or the "Company" or we, our or us shall mean

Standex International Corporation and its subsidiaries.

(2)

Unless otherwise noted, references to years are to fiscal years.

Please visit our web site at www.standex.com to learn more about us or to review our most recent SEC filings. The information on our web site is for informational purposes only and is not incorporated into this Annual Report on Form 10-K.

Description of Segments

Food Service Equipment Group

Our Food Service Equipment businesses are leading, broad-line manufacturers of commercial food service equipment which includes products on the cold or in the refrigerated segment of food service applications and on the hot in the cooking segment of the market. Our products are used throughout the entire food service process; from storage, to preparation, to cooking and to display. The equipment that we design and manufacture is utilized in restaurants, convenience stores, quick-service restaurants, supermarkets, drug stores and institutions such as hotels, casinos and corporate and school cafeterias to meet the challenges of providing food and beverages that are fresh and appealing with the comfort of knowing the food safety and reliability of the equipment. The Food Service Equipment Group also applies technology and product expertise in the health science and medical markets. Customers in this segment include laboratories, health care institutions, and blood banks. Our products are sold direct, through dealer buying groups and through industry representatives. Through innovation and acquisition, we continue to expand this segment. Our brands and products include:

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Master-Bilt® refrigerated cabinets, cases, display units, and walk-in coolers and freezers

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Nor-Lake, Incorporated and Kool Star refrigerated walk-in coolers, freezers, refrigeration systems and cases to meet food service and scientific needs

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APW Wyott, American Permanent Ware, Bakers Pride and BevLes commercial ovens, griddles, char broilers and toasters used in cooking, toasting, warming and merchandising food

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American Foodservice custom-fabricated food service counters, buffet tables and cabinets

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Barbecue King® and BKI® commercial cook and hold units, rotisseries, pressure fryers, ovens and baking equipment

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Federal Industries merchandizing display cases

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Procon® rotary vane pumps used in beverage and industrial fluid handling applications

Air Distribution Products Group

Our Air Distribution Products (ADP) business is a leading manufacturer of metal duct and fittings for residential heating, ventilating and air conditioning applications. With manufacturing locations throughout the United States, ADP's ability to service national accounts seamlessly gives ADP a competitive advantage over its smaller regional competitors. Our total procurement leverage on the purchase of galvanized steel used in the production of our products and the investment in technology allows ADP to produce high-volume output at a lower cost while providing superior customer service. Our products are sold through both HVAC wholesalers and through large scale do-it-yourself stores throughout the continental United States. Our brand names in Air Distribution Products include Snappy®, ACME, ALCO and Standex.

Engraving Group

Our Engraving Group is a world leader in texturizing molds used in the production of plastic components, giving the final product the cosmetic appearance and appeal that our consumers require. We provide texturizing services for molds used to produce plastic components used in automotive applications and consumer products including toys, computers and other electronics devices. Our worldwide locations enable us to better serve our customers within key geographic areas, including the United States, Canada, Europe, China, Southeast Asia, Australia and South America. In addition to mold texturizing, the Engraving Group also produces embossed and engraved rolls and plates and process tooling and machinery serving a wide variety of industries. Through the development of new digital based process technology and acquisitions, the Engraving Group continues to build its market leadership position and to expand the breadth of products and services it provides to its customers. The companies and products within the

Engraving Group include Roehlen®, I R International and Eastern Engraving which engrave and emboss rolls and plates used in manufacturing continuous length materials; Innovent which makes specialized tooling used to manufacture absorbent cores of many consumer and medical products; Mold-Tech® which texturizes molds used in manufacturing plastic injected components; Mullen® Burst Testers; and Perkins converting and finishing machinery. Our products are sold direct and through manufacturers' representatives. The Engraving Group serves a number of industries including the automotive, plastics, building products, synthetic materials, converting, textile and paper industry, computer, houseware and construction industries.

Engineering Technologies Group

Our Engineering Technologies Group, consisting of our Spincraft® operating segment (formerly reported as part of the Engineered Products Group), provides customized solutions in the fabrication and machining of engineered components. Sales are made directly to our customers in the aerospace, energy, defense, marine, and aviation markets.

Electronics and Hydraulics Group

Our Electronics and Hydraulics Group consists of operating segments not otherwise aggregated under segment reporting criteria. The following describes the businesses and products of our Electronics and Hydraulics Group.

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Custom Hoists (formerly reported as the Hydraulic Products Group) which provides single and double acting telescopic and piston rod hydraulic cylinders to manufacturers of dump truck and dump trailers and other material handling applications. Sales are made directly to OEMs manufacturing dump trucks, trash collection vehicles, lift trucks and other mobile units requiring hydraulic power.

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Standex Electronics (formerly reported as part of the Engineered Products Group), which manufactures reed switches, electrical connectors, sensors, toroids and relays, fixed and variable inductors and electronic assemblies, fluid sensors, tunable inductors, transformers and magnetic components. Sales are made both directly to customers and through manufacturers' representatives, dealers and distributors. End user market segments include automotive, white goods, lighting, HVAC, aerospace, military, medical, security, and general industrial applications.

Raw Materials

Raw materials and components necessary for the manufacture of our products are generally available from numerous sources. Generally, we are not dependent on a single source of raw materials and supplies. We do not foresee unavailability of materials or supplies which would have a significant adverse effect on any of our businesses, nor any of our segments, in the near term. The prices of many commodities that we use generally remain at higher levels than in past years. Discussion of the impacts of these materials is included in Management's Discussion and Analysis.

Seasonality

We are a diversified business with generally low levels of seasonality, however our fiscal third quarter is typically the period with the lowest level of sales volume.

Patents and Trademarks

We hold approximately 70 United States patents and patents pending covering processes, methods and devices and approximately 52 United States trademarks. Many counterparts of these patents have also been registered in various foreign countries. In addition, we have various foreign registered and common law trademarks.

While we believe that many of our patents are important, we credit our competitive position in our niche markets to engineering capabilities, manufacturing techniques and skills, marketing and sales promotions, service and the delivery of quality products.

Due to the diversity of our businesses and the markets served, the loss of any single patent or trademark would not, in our opinion, materially affect any individual segment.

Customers

Our business is not dependent upon a single customer or very few customers, the loss of any one of which would have a material adverse effect on our operations. No customer accounted for more than 5% of our consolidated revenue in fiscal 2010 or any of the years presented.

Working Capital

Our primary source of working capital is the cash generated from continuing operations. No segments require any special working capital needs outside of the normal course of business.

Backlog

Backlog orders believed to be firm at June 30, 2010 and 2009 are as follows (in thousands):

	2010	2009
Food Service Equipment	\$37,009	\$37,523

Air Distribution Products	898	726
Engraving	10,308	11,543
Engineering Technologies	51,844	65,261
Electronics and Hydraulics	15,825	9,290
Total	115,884	124,343
Net realizable beyond one year	16,415	28,008
Net realizable within one year	\$99,469	\$96,335

Competition

Standex manufactures and markets products many of which have achieved a unique or leadership position in their market. However, we encounter competition in varying degrees in all product groups and for each product line. Competitors include domestic and foreign producers of the same and similar products. The principal methods of competition are price, delivery schedule, quality of services, other terms and conditions of sale and product performance.

U. S. Domestic Housing Market

Our ADP segment is dependent upon demand in the new residential housing construction market. This market is in the midst of a cyclical downturn with demand at its lowest point in over 50 years. Discussion of the impact of this downturn on this segment is included in Management's Discussion and Analysis.

International Operations

Substantially all of our international operations are included in the Food Service Equipment, Engraving Group, and Electronics and Hydraulics Products business segments. International operations are conducted at 26 locations, in Europe, Canada, China, India, Singapore, Australia, Mexico and Brazil. See the Notes to Consolidated Financial Statements for international operations financial data. Our international operations contributed approximately 15% of

operating revenues in 2010 and 13% in 2009. International operations are subject to certain inherent risks in connection with the conduct of business in foreign countries including, exchange controls, price controls, limitations on participation in local enterprises, nationalizations, expropriation and other governmental action and changes in currency exchange rates.

Research and Development

Developing new and improved products, broadening the application of established products, and continuing efforts to improve and develop new methods, processes and equipment, have driven our success. However, due to the nature of our manufacturing operations and the types of products manufactured, expenditures for research and development are not significant to any individual segment or in the aggregate. Research and development costs are quantified in the Notes to Consolidated Financial Statements. We develop and design new products to meet customer needs or in order to offer enhanced products or to provide customized solutions for customers.

Environmental Matters

During 2008, the Company entered into an Administrative Order of Consent with the U.S. Environmental Protection Agency related to the removal of various PCB-contaminated materials and soils at a site where the Company leased a building and conducted operations from 1967-1979. See the notes to our consolidated financial statements for further information regarding this event.

To the best of our knowledge, we believe that we are presently in substantial compliance with all existing applicable environmental laws and regulations and do not anticipate any instances of non-compliance that will have a material effect on our future capital expenditures, earnings or competitive position.

Financial Information about Geographic Areas

Information regarding revenues from external customers attributed to: the United States, all foreign countries and any individual foreign country, if material, is contained in the Notes to Consolidated Financial Statements for Industry Segment Information.

Number of Employees

As of June 30, 2010, we employed approximately 3,800 employees of which approximately 2,200 were in the United States. About 500 of our U.S. employees were represented by unions. Approximately 39% of our workforce is situated in low-cost manufacturing regions such as Mexico and Asia.

Executive Officers of Standex

The executive officers of the Company as of June 30, 2010 were as follows:

Name	Age	Principal Occupation During the Past Five Years
Roger L. Fix	57	Chief Executive Officer of the Company since January 2003; President of the Company since December 2001
Thomas D. DeByle	50	Vice President, Chief Financial Officer, and Treasurer of the Company since March 2008; Vice President of Finance and Chief Financial Officer of Bobcat Company Doosan Infracore November 2007 – March 2008 due to the divestiture of the Compact Equipment businesses from Ingersoll Rand, prior thereto various senior financial positions in Ingersoll Rand from September 2001 through November 2007 including Sector CFO of the Compact Vehicle Technologies Sector (Club Car and Bobcat).
Deborah A. Rosen	55	Chief Legal Officer of the Company since October 2001; Vice President of the Company since July 1999; Secretary of the Company since 1997.
John Abbott	51	Group Vice President of the Food Service Group since December 2006; and prior thereto President of Filtration Group of Pentair from 2004 to 2006.

The executive officers are elected each year at the first meeting of the Board of Directors subsequent to the annual meeting of stockholders, to serve for one-year terms of office. There are no family relationships among any of the directors or executive officers of the Company.

Long-Lived Assets

Long-lived assets are described and discussed in the Notes to Consolidated Financial Statements under the caption Long-Lived Assets.

Available Information

Standex's corporate headquarters are at 11 Keewaydin Drive, Salem, New Hampshire 03079, and our telephone number at that location is (603) 893-9701.

The U. S. Securities and Exchange Commission (the "SEC") maintains an internet website at <http://www.sec.gov> that contains our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements, and all amendments thereto. All reports that we file with the SEC may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Information about the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. Standex's internet website address is www.standex.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements, and all amendments thereto, are available free of charge on our website as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. In addition, our code of business conduct, our code of ethics for senior financial management, our corporate governance guidelines, and the charters of each of the committees of our Board of Directors (which are not deemed filed by this reference), are available on our website and are available in print to any Standex shareholder, without charge, upon request in writing to Chief Legal Officer, Standex International Corporation, 11 Keewaydin Drive, Salem, New Hampshire, 03079.

The certifications of Standex's Chief Executive Officer and Chief Financial Officer, as required by the rules adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, are filed as exhibits to this Form 10-K.

Item 1A. Risk Factors

An investment in the Company's common shares involves various risks, including those mentioned below and those that are discussed from time to time in our other periodic filings with the SEC. Investors should carefully consider these risks, along with the other information filed in this report, before making an investment decision regarding our common shares. There may be additional risks which the Company is currently unaware of or which we currently consider immaterial. All of these risks could have a material adverse effect on our financial condition, results of operations and/or value of our common shares.

A continuation of the deterioration in the economic environment could adversely affect our operating results and financial condition.

Recessionary economic conditions coupled with a tightening of credit could continue to adversely impact major markets served by our businesses, including cyclical markets such as residential housing, automotive, heavy construction vehicle, general industrial and food service. A continuation of the economic recession could adversely affect our business by:

reducing demand for our products and services, particularly in markets where demand for our products and services is cyclical;

causing delays or cancellations of orders for our products or services;

reducing capital spending by our customers;

increasing price competition in our markets;

increasing difficulty in collecting accounts receivable;

increasing the risk of excess or obsolete inventories;

increasing the risk of impairment to long-lived assets due to reduced use of manufacturing facilities;

increasing the risk of supply interruptions that would be disruptive to our manufacturing processes; and

reducing the availability of credit for our customers.

We rely on our credit facility to provide us with sufficient capital to operate our businesses.

We rely on our revolving credit facility to provide us with sufficient capital to operate our businesses. The availability of borrowings under our revolving credit facility is dependent upon our compliance with the covenants set forth in the facility, including the maintenance of certain financial ratios. Our ability to comply with these covenants is dependent upon our future performance, which is subject to economic conditions in our markets along with factors that are beyond our control. Violation of those covenants, whether as a result of recording goodwill impairment charges, incurring operating losses or otherwise, could result in our lenders restricting or terminating our borrowing ability under our credit facility, cause us to be liable for covenant waiver fees or other obligations, or trigger an event of default under the terms of our credit facility which could result in acceleration of the debt under the facility and require prepayment of the debt before its due date. Even if new financing is available in the event of a default under our current credit facility, the interest rate charged on any new borrowing could be substantially higher than under the current credit facility, thus adversely affecting our overall financial condition. If our lenders reduce or terminate our access to amounts under our credit facility, we may not have sufficient capital to fund our working capital needs or we may need to secure additional capital or financing to fund our working capital requirements or to repay outstanding debt under our credit facility.

Our credit facility contains covenants that restrict our activities.

Our revolving credit facility contains covenants that restrict our activities, including our ability to:

incur additional indebtedness;

make investments;

create liens;

pay cash dividends unless we are in compliance with certain financial covenants; and

sell material assets.

Our global operations subject us to international business risks.

We operate in 26 locations outside of the United States in North America, South America, Europe, Australia, and Asia. If we are unable to successfully manage the risks inherent to the operation and expansion of our global businesses, those risks could have a material adverse effect on our business, results of operations or financial condition. Those international business risks include:

fluctuations in currency exchange rates;

restrictions on repatriation of earnings;

import and export controls;

political, social and economic instability or disruptions;

potential adverse tax consequences;

difficulties in staffing and managing multi-national operations;

difficulties in our ability to enforce legal rights and remedies; and

changes in regulatory requirements.

Failure to achieve expected savings and synergies could adversely impact our operating profits and cash flows.

We focus on reducing operating costs through lean and low cost sourcing and manufacturing initiatives, improving working capital management, developing new and enhanced products, consolidating factories where appropriate,

automating manufacturing capabilities, diversification efforts and completing acquisitions which deliver synergies to supplement sales and growth. If we were unable to reduce costs and expenses through such programs, this failure could adversely affect our

operating profits and cash flows. In addition, actions we may take to consolidate manufacturing operations to achieve cost savings or adjust to market developments may result in restructuring charges that adversely affect our profits.

We face significant competition in our markets and, if we are not able to respond to competition in our markets, our net sales, profits and cash flows could decline.

Our businesses operate in highly competitive markets. In order to effectively compete, we must retain longstanding relationships with significant customers, offer attractive pricing, develop enhancements to products that offer performance features that are superior to our competitors and which maintain our brand recognition, continue to automate our manufacturing capabilities, continue to grow our business by establishing relationships with new customers, diversify into emerging markets and penetrate new markets. If we are unable to compete effectively, our net sales, profitability and cash flows could decline. Pricing pressures resulting from competition may adversely affect our net sales and profitability.

If we are unable to successfully introduce new products and product enhancements, our future growth could be impaired.

Our ability to develop new products and innovations to satisfy customer needs or demands in the markets we serve can affect our competitive position and often requires significant investment of resources. Difficulties or delays in research, development or production of new products and services or failure to gain market acceptance of new products and technologies may significantly reduce future net sales and adversely affect our competitive position.

Increased prices or significant shortages of the commodities that we use in our businesses could result in lower net sales, profits and cash flows.

We purchase large quantities of steel, refrigeration components, foam insulation and other metal commodities for the manufacture of our products. Historically, prices for these commodities have fluctuated, and we have not entered into long term contracts or other arrangements to hedge the risk of price increases in these commodities. Significant price increases for these commodities could adversely affect our operating profits if we cannot timely mitigate the price increases by successfully sourcing lower cost commodities or by passing the increased costs on to customers. Shortages or other disruptions in the supply of these commodities could delay sales or increase costs.

An inability to identify or complete future acquisitions could adversely affect our future growth.

As part of our growth strategy, we intend to pursue acquisitions that provide opportunities for profitable growth for our businesses and which enable us to leverage our competitive strengths. For example, in 2007, we made two acquisitions in our Food Service Equipment Group which significantly increased the size of that group. While we continue to evaluate potential acquisitions, we may not be able to identify and successfully negotiate suitable acquisitions, obtain financing for future acquisitions on satisfactory terms, obtain regulatory approval for certain acquisitions or otherwise complete acquisitions in the future. An inability to identify or complete future acquisitions could limit our future growth.

We may experience difficulties in integrating acquisitions.

Integration of acquired companies involves a number of risks, including:

inability to operate acquired businesses profitably;

failure to accomplish strategic objectives for those acquisitions;

unanticipated costs relating to acquisitions or to the integration of the acquired businesses;

difficulties in achieving planned cost-savings and synergies; and

possible future impairment charges for goodwill and non-amortizable intangible assets that are recorded as a result of acquisitions.

Additionally, our level of indebtedness may increase in the future if we finance acquisitions with debt, which would cause us to incur additional interest expense and could increase our vulnerability to general adverse economic and industry conditions and limit our ability to service our debt or obtain additional financing. We cannot assure that future acquisitions will not have a material adverse effect on our financial condition, results of operations and cash flows.

Impairment charges could reduce our profitability.

We test goodwill and our other intangible assets with indefinite useful lives for impairment on an annual basis or on an interim basis if an event occurs that might reduce the fair value of the reporting unit below its carrying value.

During fiscal 2009, we incurred an impairment charge of \$21.3 million relating to goodwill and intangible assets in our Food Service Equipment Group. Various uncertainties, including continued adverse conditions in the capital markets or changes in general economic conditions, could impact the future operating performance at one or more of our businesses which could significantly affect our valuations and could result in additional future impairments. The recognition of an impairment of a significant portion of goodwill would negatively affect our results of operations, the effect of which could be material to us.

Material adverse or unforeseen legal judgments, fines, penalties or settlements could have an adverse impact on our profits and cash flows.

We are and may, from time to time, become a party to legal proceedings incidental to our businesses, including, but not limited to, alleged claims relating to product liability, environmental compliance, patent infringement, commercial disputes and employment matters. In accordance with United States generally accepted accounting principles, we have established reserves based on our assessment of contingencies. Subsequent developments in legal proceedings may affect our assessment and estimates of loss contingencies recorded as reserves which could require us to record additional reserves or make additional material payments which could adversely affect our profits and cash flows. Even the successful defense of legal proceedings may cause us to incur substantial legal costs and may divert management's time and resources away from our businesses.

The costs of complying with existing or future environmental regulations, and of correcting any violations of these regulations, could increase our expenses and reduce our profitability.

We are subject to a variety of environmental laws relating to the storage, discharge, handling, emission, generation, use and disposal of chemicals, hazardous waste and other toxic and hazardous materials used to manufacture, or resulting from the process of manufacturing, our products. We cannot predict the nature, scope or effect of regulatory requirements to which our operations might be subject or the manner in which existing or future laws will be administered or interpreted. We are also exposed to potential legacy environmental risks relating to businesses we no longer own or operate. Future regulations could be applied to materials, products or activities that have not been subject to regulation previously. The costs of complying with new or more stringent regulations, or with more vigorous enforcement of these or existing regulations, could be significant.

In addition, properly permitted waste disposal facilities used by us as a legal and legitimate repository for hazardous waste may in the future become mismanaged or abandoned without our knowledge or involvement. In such event, legacy landfill liability could attach to or be imposed upon us in proportion to the waste deposited at any disposal facility.

Environmental laws require us to maintain and comply with a number of permits, authorizations and approvals and to maintain and update training programs and safety data regarding materials used in our processes. Violations of these requirements could result in financial penalties and other enforcement actions. We could be required to halt one or more portions of our operations until a violation is cured. Although we attempt to operate in compliance with these environmental laws, we may not succeed in this effort at all times. The costs of curing violations or resolving enforcement actions that might be initiated by government authorities could be substantial.

Contingent liabilities from businesses that we have sold could adversely affect our results of operations and financial condition.

We have retained responsibility for some of the known and unknown contingent liabilities related to a number of businesses we have sold, such as lawsuits, tax liabilities, product liability claims and environmental matters and have agreed to indemnify purchasers of these businesses for certain of those contingent liabilities. The purchaser of Berean Christian Bookstores, a former subsidiary of the Company, filed a Chapter 11 bankruptcy petition on June 9, 2009. On July 27, 2009, the Bankruptcy Court approved a sale under Section 363 of the Bankruptcy Code of substantially all of the assets of Berean to a newly-formed entity, Berean Christian Stores Endeavor, LLC ("Berean Endeavor"), which has assumed all of the Berean leases on which we remain an obligor. The failure of Berean Endeavor to improve the performance of the business could make it unable to satisfy its obligations under the leases, which could trigger our continuing obligation.

The trading price of our common stock has been volatile, and investors in our common stock may experience substantial losses.

The trading price of our common stock has been volatile and may become volatile again in the future. The trading price of our common stock could decline or fluctuate in response to a variety of factors, including:

our failure to meet the performance estimates of securities analysts;

changes in financial estimates of our net sales and operating results or buy/sell recommendations by securities analysts;

fluctuations in our quarterly operating results;

substantial sales of our common stock;

changes in the amount or frequency of our payment of dividends or repurchases of our common stock;

general stock market conditions; or

other economic or external factors.

Decreases in discount rates and actual rates of return could require future pension contributions to our pension plans which could limit our flexibility in managing our company.

Key assumptions inherent in our actuarially calculated pension plan obligations and pension plan expense are the discount rate and the expected rate of return on plan assets. If discount rates and actual rates of return on invested plan assets were to decrease significantly, our pension plan obligations could increase materially. The size of future required pension contributions could require us to dedicate a greater portion of our cash flow from operations to making contributions, which could negatively impact our financial flexibility.

Various restrictions in our charter documents, Delaware law and our credit agreement could prevent or delay a change in control of us that is not supported by our board of directors.

We are subject to a number of provisions in our charter documents, Delaware law and our credit facility that may discourage, delay or prevent a merger, acquisition or change of control that a stockholder may consider favorable. These anti-takeover provisions include:

maintaining a classified board and imposing advance notice procedures for nominations of candidates for election as directors and for stockholder proposals to be considered at stockholders' meetings;

a provision in our certificate of incorporation that requires the approval of the holders of 80% of the outstanding shares of our common stock to adopt any agreement of merger, the sale of substantially all of the assets of Standex to a third party or the issuance or transfer by Standex of voting securities having a fair market value of \$1 million or more to a third party, if in any such case such third party is the beneficial owner of 10% or more of the outstanding shares of our common stock, unless the transaction has been approved prior to its consummation by all of our directors;

requiring the affirmative vote of the holders of at least 80% of the outstanding shares of our common stock for stockholders to amend our amended and restated by-laws;

covenants in our credit facility restricting mergers, asset sales and similar transactions; and

the Delaware anti-takeover statute contained in Section 203 of the Delaware General Corporation Law.

Section 203 of the Delaware General Corporation Law prohibits a merger, consolidation, asset sale or other similar business combination between Standex and any stockholder of 15% or more of our voting stock for a period of three years after the stockholder acquires 15% or more of our voting stock, unless (1) the transaction is approved by our board of directors before the stockholder acquires 15% or more of our voting stock, (2) upon completing the transaction the stockholder owns at least 85% of our voting stock outstanding at the commencement of the transaction, or (3) the transaction is approved by our board of directors and the holders of 66 2/3% of our voting stock, excluding shares of our voting stock owned by the stockholder.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We operate a total of 65 manufacturing plants and warehouses located throughout the United States, Europe, Canada, Australia, Singapore, China, India, Brazil and Mexico. The Company owns 29 of the facilities and the balance are leased. The approximate building space utilized by each product group is as follows (in thousands):

	Area in Square Feet	
	Owned	Leased
Food Service Equipment	1,273	230
Air Distribution Products	269	245
Engraving	321	293
Engineering Technologies	174	45
Electronics and Hydraulics	152	107
Corporate and other	43	12
Total	2,232	932

In general, the buildings are in sound operating condition and are considered to be adequate for their intended purposes and current uses.

We own substantially all of the machinery and equipment utilized in our businesses.

Item 3. Legal Proceedings

There are no material pending legal proceedings.

Item 4. Reserved

PART II

Item 5. Market for Standex Common Stock

Related Stockholder Matters and Issuer Purchases of Equity Securities

The principal market in which the Common Stock of Standex is traded is the New York Stock Exchange under the ticker symbol **SXI** . The high and low sales prices for the Common Stock on the New York Stock Exchange and the dividends paid per Common Share for each quarter in the last two fiscal years are as follows:

	Common Stock Price Range				Dividends Per Share	
	2010		2009		2010	2009
Year Ended June 30	High	Low	High	Low	2010	2009
First quarter	\$20.93	\$9.56	\$30.00	\$18.84	\$0.05	\$0.21
Second quarter	21.96	16.94	29.48	17.00	0.05	0.21
Third quarter	28.58	19.49	20.82	7.85	0.05	0.05
Fourth quarter	30.93	21.21	15.04	8.30	0.05	0.05

The approximate number of stockholders of record on August 23, 2010 was 2,200.

Additional information regarding our equity compensation plans is presented in the Notes to Consolidated Financial Statements under the caption **Stock-Based Compensation and Purchase Plans** and Item 12 **Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**.

On May 8, 2009, the Company issued 42,783 shares of common stock from its treasury shares to the former owners of IR International, which was acquired by Standex in 2003. The shares, along with a cash payment of \$3.6 million, were issued upon the receipt of a Certificate of Satisfactory Completion of Remediation from the Virginia Department of Environmental Quality for the Company's Richmond, Virginia, Engraving Group facility, which was a contingent requirement of the acquisition whereby Standex purchased the facility. An exemption from registration of the shares was claimed under Regulation D, Rule 506 of the Securities Act. The exemption applied because there were fewer than 35 purchasers, each purchaser was an accredited investor and the transaction did not involve a public offering.

Issuer Purchases of Equity Securities (1)

Quarter Ended June 30, 2010

Period	(a) Total Number of Shares (or units) Purchased	(b) Average Price Paid per Share (or unit)	(c) Total Number of Shares (or units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Appropriate Dollar Value) of Shares (or units) that May Yet Be Purchased Under the Plans or Programs
April 1, 2010 -				
April 30, 2010	7,092	\$29.91	7,092	651,022
May 1, 2010 -				
May 31, 2010	3,588	\$27.59	3,588	647,434
June 1, 2010 -				
June 30, 2010	6,728	\$29.41	6,728	640,706
TOTAL	17,408	\$29.24	17,408	640,706

¹The Company has a Stock Buyback Program (the Program) which was originally announced on January 30, 1985. Under the Program, the Company may repurchase its shares from time to time, either in the open market or through private transactions, whenever it appears prudent to do so. On December 15, 2003, the Company authorized an additional 1 million shares for repurchase pursuant to its Program. The Program has no expiration date, and the Company from time to time may authorize additional increases of 1 million share increments for buyback authority so as to maintain the Program.

The following graph compares the cumulative total stockholder return on the Company's Common Stock as of the end of each of the last five fiscal years, with the cumulative total stockholder return on the Standard & Poor's Small Cap 600 (Industrial Segment) Index and on the Russell 2000 Index, assuming an investment of \$100 in each at their closing prices on June 30, 2005 and the reinvestment of all dividends.

Item 6. Selected Consolidated Financial Data

Selected financial data for the five years ended June 30, 2010 is as follows:

See Item 7 for discussions on comparability of the below.

	2010	2009	2008	2007	2006
SUMMARY OF OPERATIONS (in thousands)					
Net sales					
Food Service Equipment	\$337,578	\$350,358	\$381,254	\$299,009	\$245,049
Air Distribution Products	50,974	66,534	88,334	110,081	129,383

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Engraving	77,372	77,311	92,167	84,223	87,377
Engineering Technologies	58,732	51,693	51,615	41,829	37,616
Electronics and Hydraulics	53,798	61,190	84,171	86,069	90,513

					\$
Total	\$578,454	\$607,086	\$697,541	\$621,211	589,938
Gross profit	\$183,403	\$175,975	\$201,847	\$172,804	\$172,614
Operating income (loss)					
Food Service Equipment (a)	\$39,682	\$9,900	\$31,460	\$18,242	\$18,771
Air Distribution Products	(3,186)	713	(340)	2,610	11,089
Engraving	9,395	7,028	9,611	7,595	12,835
Engineering Technologies	13,843	8,667	9,770	6,824	6,665
Electronics and Hydraulics	4,888	3,459	8,106	9,158	9,257
Restructuring (b)	(3,772)	(7,839)	(590)	(286)	(930)
Gain on sale of real estate	1,405	--	--	1,023	410
Corporate	(19,989)	(15,907)	(19,088)	(15,069)	(19,346)
Total	\$42,266	\$6,021	\$38,929	\$30,097	\$38,751
Interest expense	(3,624)	(6,532)	(9,510)	(9,025)	(7,681)
Other non-operating Income	754	215	324	1,464	893
Provision for income taxes	(11,436)	(1,594)	(10,459)	(6,611)	(11,028)
Income from continuing operations	27,960	(1,890)	19,284	15,925	20,935
Income/(loss) from discontinued operations	739	(3,515)	(774)	5,317	2,208
Net income	\$28,699	(\$5,405)	\$18,510	\$21,242	\$23,143

(a)

Includes \$21.3 million of impairment of goodwill and intangible assets during 2009.

(b)

See discussion of restructuring activities in Note 16 of the consolidated financial statements.

Financial results after January 1, 2007, reflect the acquisition of Associated American Industries and American Foodservice.

PER SHARE DATA

Basic

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Income from continuing operations	\$2.25	(\$0.15)	\$1.57	\$1.30	\$1.71
Income/(loss) from discontinued operations	0.06	(0.29)	(0.06)	0.44	0.18
Total	\$2.31	(\$0.44)	\$1.51	\$1.74	\$1.89
Diluted					
Income from continuing operations	\$2.20	(\$0.15)	\$1.55	\$1.28	\$1.67
Income/(loss) from discontinued operations	0.06	(0.29)	(0.06)	0.43	0.18
Total	\$2.26	(\$0.44)	\$1.49	\$1.71	\$1.85
Dividends paid	\$0.20	\$0.68	\$0.84	\$0.84	\$0.84

	2010	2009	2008	2007	2006
BALANCE SHEET (in thousands)					
Total assets	\$446,279	\$433,709	\$523,034	\$539,900	\$478,673
Accounts receivable	92,520	81,893	103,055	106,116	99,310
Inventories	69,554	75,634	87,619	91,301	91,719
Accounts payable	(58,514)	(58,802)	(66,174)	(65,977)	(62,742)
Goodwill	102,804	101,722	120,650	118,911	73,272
	\$	\$			
Short-term debt	--	--	\$28,579	\$4,162	\$3,873
Long-term debt	93,300	94,300	106,086	164,158	113,729
Total debt	93,300	94,300	106,086	168,320	117,602
Less cash	33,630	8,984	28,657	24,057	32,590
Net debt	59,670	85,316	77,429	144,263	85,012
Stockholders' equity	192,063	176,286	223,158	204,431	200,295
Depreciation and amortization	\$14,407	\$15,541	\$17,113	\$15,198	\$12,033
Capital expenditures	\$4,273	\$5,689	\$10,989	\$10,341	\$15,144

Accounts receivable, inventories, and accounts payable in the above table include the applicable amounts from discontinued operations in fiscal year 2006

KEY STATISTICS	2010	2009	2008	2007	2006
Gross profit margin	31.71%	28.99%	28.94%	27.82%	29.30%
Operating income margin (a)	7.31%	0.99%	5.58%	4.84%	6.57%

(a) Includes \$21.3 million of impairment of goodwill and intangible assets during 2009.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We are a leading manufacturer of a variety of products and services for diverse commercial and industrial market segments. We have five reporting segments: Food Service Equipment Group, Air Distribution Products Group (ADP), Engraving Group, Engineering Technologies Group, and Electronics and Hydraulics. Our continuing objective is to identify those of our businesses which hold the greatest potential for profitable growth, and direct our resources to supporting both organic growth and acquisition opportunities in those businesses.

Our customer base in the food service equipment, automotive, U.S. residential housing and general industrial sectors have all experienced difficult recessionary market conditions that have negatively impacted our sales volume. During the second half of 2010, we began to see an uneven sales recovery across all of our segments, indicating that end-user markets have begun to stabilize. This trend is evidenced by an upturn in sales beginning in the third quarter of 2010, as sales were up 3.4% in the third quarter and up 8.7% in the fourth quarter. We remain cautiously optimistic, however, as we expect to continue to experience challenging market conditions in the near term, especially in the construction and housing markets.

Since the beginning of 2009, our focus had been on reducing our cost structure through company-wide headcount reductions, plant consolidations, procurement savings, and improved productivity in all aspects of our operations. Over the course of their phase-in, these cost reduction efforts have allowed the Company to substantially improve

margins and increase its bottom line despite substantial year over year sales declines. The cost reduction initiatives that have been undertaken, which are expected to deliver sustainable annual savings of \$36 million per year, allowed the Company to improve margins and improve its bottom line in 2010 despite a year over year sales decline of 5%.

Substantially all of our remaining restructuring initiatives were completed during 2010, and we expect to see their full impact in our run rate beginning in 2011, with an additional \$4 million of savings.

In addition to the focus on cost reductions, we have improved the Company's liquidity through better working capital management, more strategic capital expenditures, and sale of excess land and buildings. We retired substantially all of our private placement debt during 2009, and in 2010, we further reduced our net debt by an additional \$25.6 million even while expending \$2.5 million on dividends, \$4.0 million on capital expenditures, and \$20.2 million in total pension plan contributions. \$16.7 million of these pension contributions were voluntary, and, at current borrowing rates, will be accretive to future earnings. Our net debt to capital ratio improved from 32.6% on June 30, 2009 to 23.7% as of June 30, 2010.

Going forward, we are turning our attention to driving market share gains in a highly competitive environment coupled with what we expect to be low growth in our end-user markets. Each of our business units has developed a series of top-line initiatives that we believe will provide opportunities for market share gains which should supplement future natural growth in our markets. These growth initiatives include new product introductions, expansion of product offerings through private labeling, geographic expansion of sales coverage, the use of new channels of sales, leveraging strategic customer relationships, development of energy efficient products, new applications for existing products and technology and next generation products and services for our end-user markets. At the same time, over the past several years we have created a strong lean enterprise culture within our business units whereby we seek continuous improvement in our manufacturing processes, working capital management, and overall cost structure.

Because of the diversity of the Company's businesses, end user markets and geographic locations, management does not use specific external indices to predict the future performance of the Company, other than general information about broad macroeconomic trends. Each of our individual business units serves niche markets and attempts to identify trends other than general business and economic conditions which are specific to their businesses and which could impact their performance. Those units report any such information to senior management, which uses it to the extent relevant to assess the future performance of the Company. A description of any such material trends is described below in the applicable segment analysis.

We monitor a number of key performance indicators including net sales, income from operations, backlog and gross profit

margin. A discussion of these key performance indicators is included within the discussion below.

Unless otherwise noted, references to years are to fiscal years.

Consolidated Results from Continuing Operations (in thousands):

	2010	2009	2008
Net sales	\$578,454	\$607,086	\$697,541
Gross profit margin	31.7%	29.0%	28.9%
Restructuring costs	(\$3,772)	(\$7,839)	(\$590)
Income from operations	\$42,266	\$6,021	\$38,929
Backlog (realizable within 1 year)	\$99,469	\$96,335	\$111,663

Net Sales

	2010	2009	2008
Net sales, as reported	\$578,454	\$607,086	\$697,541
Components of change in sales:			
Effect of acquisitions	--	--	\$51,285
Effect of exchange rates	\$1,950	(\$10,528)	\$10,262
Organic sales/(decline) growth	(\$30,582)	(\$79,927)	\$14,783

Net sales decreased \$28.6 million in 2010, a 4.7% decrease from the prior year. Organic sales decreased \$30.6 million or 5.0%, with a positive offset due to exchange rates of \$2.0 million. The decrease was due to the fact that sales for the first half of fiscal 2010 were substantially below sales levels in the first half of fiscal 2009. Severe recessionary conditions did not begin to significantly affect the Company until the second quarter of fiscal 2009. Sales for the second half of fiscal 2010 were 6% higher than sales in the second half of 2009. In 2010 the Engineering Technologies Group reported record sales due to several large projects, while the Engraving Group sales were flat year over year. The Food Service Equipment Group was down slightly, and the ADP and Electronics and Hydraulics Groups continued to experience sales declines due to ongoing depressed conditions in the housing and dump truck/dump trailer markets.

Net sales decreased \$90.5 million in 2009, a 13.0% decrease from the prior year. Organic sales decreased \$79.9 million or 11.5%, with the remaining difference due to exchange rates. While we experienced a recession-driven decrease in sales across all segments except for the Engineering Technologies Group, sales in our ADP and Electronics and Hydraulics segments had the most significant declines, as continuing downturns in the housing, white

goods, and heavy truck industries negatively impacted the sales of these segments.

Gross Profit Margin

Our gross profit margin increased in 2010 to 31.7% from 29.0% in 2009. This increase in margin is due to our successful reduction in our cost structure, as well as reductions in materials and value added costs. We believe that our cost reduction actions better position our operations for higher gross margins as macroeconomic recovery occurs, as demonstrated by higher margins on lower sales in 2010. Our gross profit margin increased in fiscal 2009 to 29.0% from 28.9% in 2008.

Restructuring

During 2010, the Company incurred restructuring expense of \$3.8 million related to both headcount reductions and a strategic realignment of our manufacturing footprint. This expense consisted primarily of \$2.6 million of restructuring costs in the Food Service Equipment Group, where we consolidated a facility in Dallas into our Nogales, Mexico facility. Additional expense of \$0.7 million was incurred in the European operations of the Engraving Group, where we closed one facility and reduced headcount across the continent, and in our ADP Group, where the costs of a facility move were offset by the settlement of the multi-employer pension liability at the Bartonville, Illinois ADP facility, which was closed in July 2008.

In 2009, the Company incurred restructuring expense of \$7.8 million. Of this amount, \$4.6 million consisted of costs to close the Bartonville facility. In the third quarter of 2009, the Company closed an additional three plants, one each in the Food Service Equipment, Engraving, and Electronics and Hydraulics Groups at a cost of \$1.9 million. Production from these plants was absorbed into other existing facilities as part of our goal of reducing our global manufacturing footprint.

Also during 2009, the Company reduced its US based employment by 25% across all divisions in order to reduce costs in response to the macroeconomic recessionary environment and its expected effects on the Company in the immediate future. The Company recorded \$1.3 million of pre-tax restructuring expense related to this initiative.

Income from Operations

Income from operations during 2010 increased \$36.2 million from 2009. Excluding \$21.3 million of impairment charges taken during 2009, income from operations increased \$14.9 million. This improvement reflects the impact of restructuring actions and other cost reductions taken during 2009, as well as the partial impact of additional restructuring projects in the Food Service Equipment and Engraving Groups performed during the year partially offset by reduced sales volume.

Income from operations during 2009 decreased \$32.9 million, or 84.5% when compared to 2008. This includes the impact of \$21.3 million of impairment of goodwill and intangible assets during the year, as well as restructuring costs of \$7.8 million during the year. Absent these costs, income from operations decreased \$3.7 million, or 9.6%, from 2008, which is attributable to the 13% year-over-year decline in sales offset by the aforementioned improvements in our cost structure.

Discussion of the performance of all of our Groups is more fully explained in the segment analysis that follows.

Income Taxes

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2010 was \$11.4 million, or an effective rate of 29.0%, compared to \$1.6 million for the fiscal year ended June 30, 2009 and \$10.5 million, or an effective rate of 35.2%, for the fiscal year ended June 30, 2008. Changes in the effective tax rates from period to period may be significant as they depend on many factors including, but not limited to, size of the Company's income or loss and any one time activities occurring during the period.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2010 was impacted by a benefit of \$1.1 million from the reversal of a deferred tax asset valuation allowance primarily related to foreign loss carryforwards whose recovery was assessed as more likely than not based on events occurring during the year ended June 30, 2010.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2009 was impacted by the following items (i) a benefit of \$0.8 million from the reversal of income tax contingency reserves that were determined to be no longer needed due to the expiration of applicable limitation statutes, (ii) the \$21.3 million impairment for which only \$1.3 million of tax benefit could be realized, as the goodwill had no tax basis, (iii) a

benefit totaling \$1.7 million from the reversal of the deferred tax liability that was no longer required due to a change in the U.S. tax classification of one of our foreign entities, (iv) a benefit of \$0.6 million related primarily to the retroactive extension of the R&D credit recorded during the second quarter and (v) a benefit related to the receipt of \$1.1 million of nontaxable life insurance proceeds during the first quarter.

Capital Expenditures

In general, our capital expenditures over the longer term are expected to be approximately equivalent to our annual depreciation costs. In 2010 and 2009, capital expenditures of \$4.3 million and \$5.7 million were below our annual depreciation of \$11.1 million and \$12.3 million, respectively, and reflect our strategy of cash conservation and debt reduction in response to the current recessionary environment.

Backlog

Backlog at June 30, 2010 increased \$3.1 million to \$99.5 million when compared to fiscal 2009, a 3.3% increase when compared to prior year. This increase is correspondent with our increase in sales volume, and was driven primarily by higher backlog in the Electronics and Hydraulics Group. Backlog was roughly flat year over year for our other segments.

Segment Analysis (in thousands)

Food Service Equipment

	2010 compared to 2009			2009 compared to 2008		
	2010	2009	% Change	2009	2008	% Change
Sales	\$337,578	\$350,358	-3.6%	\$350,358	\$381,254	-8.1%
Income (loss) from operations	39,682	9,900	300.8%	9,900	31,460	-68.5%
Operating income margin	11.8%	2.8%		2.8%	8.3%	

Net sales for the year ended June 30, 2010 decreased \$12.8 million, or 3.6%, from the same period one year earlier. The year over year top line sales comparisons were negatively impacted by a rollout at one of the YUM! Brands restaurants that generated \$2 million in sales in the prior year quarter. The effects of foreign exchange rates accounted

for \$0.3 million of this

total, and the remainder was organic decline offset by price increases. Pricing pressure offset by market share gains led to a 5% organic sales decline in our Refrigeration Solutions businesses (walk-in cooler and refrigerated cabinets) businesses, which was impacted by the moderation in construction, and we showed a 1.7% organic decline in our Cooking Solutions and Custom Solutions businesses. Despite the decline, the segment continues to grow market share through its buying group relationships and through new product offerings. Our Procon business posted double-digit year over year sales growth driven by strength in the beverage customer base and increasing demand from industrial customers.

Income from operations for fiscal 2010 increased \$29.8 million, or 300.8%, when compared to the same period one year earlier. Fiscal 2009 included a \$21.3 million impairment of goodwill and intangible assets related to our 2007 acquisition of the American Associated Industries (AAI) operating unit. Excluding the prior year impairment, the group's fiscal 2010 income from operations increased \$8.4 million, or 85.3%. We are continuing to see a recovery in the Cooking Solutions Group as we are benefiting from improving market conditions, increased market penetration in key dealer buying groups and new products. The impact of the year over year volume decreases and market pricing pressures was more than offset by cost reductions due to facility consolidations, staffing reductions, supply chain cost reductions and labor productivity increases. With the completion of our consolidation of two Cooking Solutions Group facilities into Nogales, Mexico, during the year, the beginning of 2011 will mark the full run rate of our initiatives from the last two years.

Net sales in 2009 decreased \$30.9 million, or 8.1%, from 2008. The effects of foreign exchange rates accounted for \$3.7 million of the decline. When removing the effect of foreign exchange rate impact, sales decreased \$27.3 million, or 7.2%, when compared with the same period one year earlier. We achieved slight organic growth in our Refrigerated Solutions businesses generally due to market share gains and nominal price increases. Our Cooking Solutions and Custom Solutions businesses experienced sales declines primarily due to the market deterioration that began in the second fiscal quarter.

Income from operations for fiscal 2009 decreased approximately \$21.6 million, or 68.5%, when compared to the same period one year earlier. Excluding the effect of a \$21.3 million impairment of goodwill and intangible assets during the third quarter, operating income was approximately flat year-over-year. A 8.1% decline in sales volume was offset by staffing reductions, material and labor productivity improvements, and nominal price increases. These savings initiatives were partially offset by commodity cost increases in the first half and negative sales mix in the first quarter..

Air Distribution Products

2010 compared to 2009

%

2009 compared to 2008

%

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	2010	2009	Change	2009	2008	Change
Sales	\$ 50,974	\$ 66,534	-23.4%	\$ 66,534	\$ 88,334	-24.7%
Income (loss) from operations	(3,186)	713	N/A	713	(340)	N/A
Operating income margin	-6.3%	1.1%		1.1%	-0.4%	

Net sales for the fiscal year ended June 30, 2010 declined 23.4% or \$15.6 million. Standex evaluates the available market for ADP by monitoring new housing start data, published monthly by the U.S. Department of Housing and Urban Development. Sales to the Group's customers typically lag new home starts by three to four months. Comparing the period from April 2009 to March 2010 to the same period one year earlier, housing starts declined 30.2%. Pricing declined 17.9% and sales unit volume was lower by 7.7%. ADP continues to pursue market share gains through its traditional wholesaler channels by emphasizing our ability to service nationwide wholesalers and large do-it-yourself retailers through our network of factory locations and by working in conjunction with our wholesalers to target contractor business. We continue to roll out our flex duct product, and have also expanded our product line to include other HVAC supplies, which enables us to be a one-stop shop for our customers in a down market so that they can more easily meet minimum order requirements and thereby improve their working capital management. The relatively low decline in unit volume as compared to the precipitous decline in housing starts is a testament to the success of this strategy, which we expect to leave us well positioned when markets recover.

Income from operations for the year ended June 30, 2010 decreased \$3.9 million to a loss of \$3.2 million as compared to the prior fiscal year. Pricing declines, totaling \$12.1 million, and lower volume were the most significant reasons for the change in earnings. Metal costs were \$5.5 million less than fiscal 2009, \$3.5 million of which was the result of a lower of cost or market charge recorded in the third quarter of 2009. Decreases in hourly and salaried workforces implemented in the third and fourth quarters of fiscal 2009, lower workers' compensation costs and lower distribution costs comprised the majority of the remaining offset to price and volume declines.

Net sales for 2009 declined \$21.8 million, or 24.7%, from 2008. A volume decline of 34.3% was driven by a similar decline in housing starts of 36.8 % during the year.

Income from operations for 2009 was \$0.7 million, an increase of \$1.1 million from 2008. Price increases implemented in early 2009 partially offset raw steel price increases and declining sales volume. These raw material price increases were also offset by significant year over year cost savings achieved from the shutdown of the Bartonville, Illinois, facility in July 2008 and salaried and hourly workforce reductions which took place primarily in the third quarter of the year. Additionally, the Group recorded expenses of \$3.5 million during the third quarter of 2009 to write down inventory of higher-cost metal purchased in the first half the year to its fair market value.

Engraving

	2010 compared to 2009			2009 compared to 2008		
	2010	2009	% Change	2009	2008	% Change
Sales	\$ 77,372	\$ 77,311	0.1%	\$ 77,311	\$ 92,167	-16.1%
Income from operations	9,395	7,028	33.7%	7,028	9,611	-26.9%
Operating income margin	12.1%	9.1%		9.1%	10.4%	

Net sales in the Engraving Group were flat from fiscal 2009 levels at \$77.4 million compared to \$77.3 million in the prior year. Foreign exchange had a favorable impact on sales of \$1.4 million in fiscal year 2010. Without the favorable foreign exchange, sales declined 1.8% year over year. While our roll plate and machinery equipment sales continue to experience a soft market due to tight capital spending budgets at our customers, our Innovent division's sales increased, showing the benefit of our expansion and broadening of our focus from tools to technology-driven system solutions. Our mold texturizing businesses continue to strengthen based on the release of new automotive programs, which also creates an improved product mix due to their generally higher margins. We expect this trend to continue into 2011, and will continue to seek out this business through further expansion into emerging markets, including a strategic acquisition in India which will enable us to capitalize on the fast growing Indian automotive market and the opening of a third facility in China. We believe that global presence, as well as our technology and responsiveness to automotive OEM customers' needs, will allow us to remain the number one choice for their texturing services.

Income from operations increased by \$2.4 million, or 33.7%, when compared to fiscal 2009. Restructuring the business and significant cost reduction efforts implemented in 2009, as well as headcount reductions in our European operations, were significant in the improvement of operating income year over year. With our new lower cost structure and focus on growth, we have demonstrated our ability to improve income from operations on flat sales, and we anticipate that we will be able to favorably leverage future sales growth and further improve our operating performance. In addition, the Group continues to expand the use of lean enterprise techniques and develop cutting edge technology throughout its operations in order to further improve profitability and responsiveness to our customers.

In 2009, net sales in the Engraving Group decreased by \$14.9 million, or 16.1% from fiscal 2008 levels. The Group experienced a widespread decrease in sales of mold texturizing for automotive OEM platform work in most geographic regions, especially Europe, in 2009 due to OEM's launching fewer new auto platforms and delaying existing programs. Lower mold texturing sales were partially offset by stronger sales in core forming tools and filtration screens related to our Innovent business. North American operations sales declined 12.8% and international operations sales declined 22.5%.

Income from operations decreased by \$2.6 million, or 26.9%, to \$7.0 million when compared to fiscal 2008. Restructuring measures taken during the year consist of the completion of the closure of our Ohio mold texturizing and New Jersey roll embossing facilities begun in 2008, and an additional consolidation during the year of our Michigan mold texturizing facility. In addition, the Group continued to expand the use of lean enterprise techniques throughout its operations in order to further improve profitability and responsiveness to our customers.

Engineering Technologies

	2010 compared to 2009			2009 compared to 2008		
	2010	2009	% Change	2009	2008	% Change
Sales	\$ 58,732	\$ 51,693	13.6%	\$ 51,693	\$ 51,615	0.2%
Income from operations	13,843	8,667	59.7%	8,667	9,770	-11.3%
Operating income margin	23.6%	16.8%		16.8%	18.9%	

Net sales increased by \$7.0 million, or 13.6%, in fiscal 2010 when compared to the prior year. Our metal spinning and fabrication businesses continued to experience strong demand across its energy, aerospace, missile, aviation, and marine end-user markets. We completed contracts related to NASA hardware for the Ares and Orion programs. In addition, we secured

new aerospace and tank hardware contracts during the year. While the federal government has reduced its funding for heavy-lift launch vehicles, we expect that the continued diversification of our end markets will offset this trend.

Income from operations increased by \$5.2 million or 59.7% in fiscal 2010 when compared to the same period one year earlier. The increase was primarily due to growth with several aerospace launch vehicle customers. A favorable product mix, cost cutting initiatives, and improved manufacturing efficiencies also contributed to the performance.

Net sales increased \$0.1 million in fiscal 2009 when compared to the prior year. Our metal spinning and fabrication businesses experienced steady performance and we secured new contracts for tank systems for the growing unmanned aerial vehicles market and contracts for tooling and hardware related to NASA's Orion and Ares rocket programs. In addition this group saw an increase in demand for land based turbine components.

Income from operations decreased \$1.1 million or 11.3% in fiscal 2009 when compared to the same period one year earlier. The reduced profitability was the result of a shift in mix to lower margin products for the energy markets and away from aerospace sales. The introduction of lean manufacturing techniques as a regular element of daily production is helping to improve margins in this segment.

Electronics and Hydraulics

	2010 compared to 2009			2009 compared to 2008		
	2010	2009	% Change	2009	2008	% Change
Sales	\$ 53,798	\$ 61,190	-12.1%	\$ 61,190	\$ 84,171	-27.3%
Income from operations	4,888	3,459	41.3%	\$ 3,459	8,106	-57.3%
Operating income margin	9.1%	5.7%		5.7%	9.6%	

Net sales for the Electronics and Hydraulics Segment decreased \$7.4 million, or 12.1%, when compared to 2009. Although sales were down year over year, sales in the second half of the year were up 19.5% driven by improvements in the automotive, appliance, computer, toy and security markets for our Electronics unit. Sales were also buoyed by the reed switch product line, where sales increased 26% year over year, and by significant new business in the medical, HVAC, and toy switch markets. Sales at our Hydraulics unit continued to be plagued by depressed market conditions in the domestic and international dump truck/trailer sectors due to a lack of available credit to customers, as well as a high inventories in the used equipment market. While sales have stabilized in some of our traditional OEM customers, we also continue to seek new applications and geographic markets for our products.

Income from operations for 2010 increased \$1.4 million, or 41.3%, as compared to the prior year. During 2009, we took aggressive measures to reduce our cost structure, including plant closures and workforce reductions. As a result,

the Electronics unit showed a 340 basis point increase in operating margin year over year. The Hydraulics unit, where we reduced our workforce by over 50%, also showed an increase in operating income compared to 2009 despite significantly lower sales. Both these improvements reflect the full-year impact of our restructuring efforts.

Net sales declined by \$23.0 million, or 27.3% in 2009 when compared to the same period one year earlier. For the Electronics unit, the decline is attributable to the global recession in the automotive, white goods and HVAC market segments, which experienced steep declines during the second half of fiscal 2009. Within the Hydraulics unit, the global decline in new orders for dump trucks and dump trailers was dramatic, as the recession resulted in a general lack of credit availability for buyers, as well as an excess of used and repossessed equipment flooding the market.

Income from operations decreased \$4.6 million in fiscal 2009, or 57.3% when compared to the same period one year earlier, due primarily to the year over year sales decline of over 25%. Sales demand for this segment was negatively impacted by recessionary market conditions that existed in the automotive, housing white goods and off road, construction vehicles, end user segments. In the Electronics unit, aggressive cost reduction measures and plant closures resulted in a moderate increase in earnings as a percent of net sales. In the Hydraulics unit, we have successfully introduced new capital equipment to improve productivity and closed one facility.

Corporate, Restructuring and Other

	2010 compared to 2009			2009 compared to 2008		
	2010	2009	% Change	2009	2008	% Change
Income (loss) from operations:						
Corporate	\$(19,989)	\$(15,907)	25.7%	\$(15,907)	\$(19,088)	-16.7%
Gain on sale of real estate	1,405	-	N/A	-	-	N/A

Restructuring	\$ (3,772)	\$ (7,839)	-51.9%	\$ (7,839)	\$ (590)	1228.6%
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Corporate expenses increased \$4.0 million, or 25.7% compared to 2009. This increase was primarily due to expenses for bonuses and stock compensation expenses that were not accrued in 2009 due to austerity measures taken in the face of the recession.

The Company recorded a gain of \$1.4 million during the year related to the sale of its corporate headquarters facility in Salem, New Hampshire. During the year we relocated our headquarters to a leased facility in Salem that is 50% smaller and more suited to our current operational needs.

Corporate expenses decreased \$3.2 million, or 16.7% during 2009. The reduction in corporate expenses was attributed to a salaried headcount reduction of over 25%, as well as the suspension of bonuses during the year in response to the recessionary macroeconomic environment. Also, in 2009, there was no expense for current-year awards under the Company's performance-based long term stock compensation program, as we determined that the achievement of the performance criteria for outstanding awards was not probable, whereas in 2008 these awards resulted in expense of \$1.3 million.

Discontinued Operations

In 2007, the Company sold substantially all the assets of the Berean Christian Stores (Berean) business in an all cash deal resulting in the recognition of a pre-tax gain of \$0.2 million. As the former owner of Berean, the Company is party under a number of operating leases which were assigned to the purchaser of the business for the remaining initial terms of the leases at the stated lease costs. The Company remained an obligor of these leases until the expiration of the initial terms. In the second quarter of 2009, noting Berean's deteriorating operating performance and precarious financial position, the Company recorded liabilities of \$2.9 million, net of estimated subleases, in anticipation of the impairment of leases remaining under the obligation.

In June 2009, Berean filed for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code and, in July 2009, its assets were sold to a third party under Section 363 of the Code. The new owner of the Berean assets has infused capital into the business, and we believe the Berean bookstores can now be operated successfully as a going concern. As part of this transaction, the Company agreed to provide lease supplement payments to the new owner of the Berean assets. These payments included an upfront payment of \$0.5 million and additional payments totaling \$1.2 million which

will be made in equal monthly installments through December 2011. The Company will remain an obligor of the leases assumed by the new owner, however, our obligation has been reduced for locations where the new owner was able to obtain rent concessions. In addition, the Company remains responsible for three sites formerly operated by Berean. Liabilities associated with these three leases, net of expected subleases at current market rates, total \$1.3 million at June 30, 2010. Subsequent to these transactions, the aggregate amount of our obligations in the event of default is \$4.4 million at June 30, 2010.

During 2008, the Company entered into an Administrative Order of Consent with the U.S. Environmental Protection Agency (EPA) related to the removal of various PCB-contaminated materials and soils at a site where the Company leased a building and conducted operations from 1967-1979. The Company established an accrual of \$2.0 million related to the matter in 2008 and an additional \$2.0 million accrual in 2009. Remediation efforts were substantially completed during the third quarter of 2009, and the Company received a closure letter from the EPA in the first half of 2010.

The Company actively sought the recovery of costs incurred in carrying out the terms of the AOC through negotiations with its legacy insurers. Based on the status of these negotiations at September 30, 2009, the Company determined that a settlement was probable and recorded \$2.3 million (\$1.4 million net of tax) in discontinued operations during the first quarter. As expected, the settlement came to fruition during the second quarter, with a final recovery of \$2.5 million (\$1.6 million net of tax), net of costs incurred to negotiate the settlement.

The following table summarizes the Company's discontinued operations activity, by operation, for the years ended June 30, 2010, 2009 and 2008 (in thousands):

Division Disposed Of	Year Disposed	2010	2009	2008
Berean Christian Bookstores	2007	(659)	(3,057)	--
Club Products and Monarch Aluminum	1982	2,291	(2,065)	(2,000)
Standard Publishing	2007	--	--	1,034
Other loss from discontinued operations		(452)	(493)	(285)
Income (loss) before taxes from discontinued operations		\$ 1,180	\$(5,615)	\$(1,251)
(Provision) benefit for tax		(441)	2,100	477

Net income (loss) from discontinued operations	\$ 739	\$(3,515)	\$ (774)
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Liquidity and Capital Resources

Cash Flow

Cash flows from continuing operations for the year ended June 30, 2010, were \$22.2 million compared to \$43.3 million for the same period in 2009. Impacting cash flows during the year were \$16.7 million in voluntary pension contributions and an additional settlement of \$2.75 million to the Bartonville multi-employer plan. Additionally, excluding the impact of foreign exchange, working capital increased \$4.8 million due to robust sales growth of 8.7%, or \$12.2 million in the fourth quarter of 2010.

Investing activities provided \$5.7 million of cash during 2010, including \$8.7 million from sales of excess real estate during the year. We used \$4.0 million for capital expenditures, which reflects our current strategy of reduced capital spending during the recession. Cash inflows were also augmented by life insurance proceeds of \$1.7 million resulting from the death of a former executive and the penalty-free withdrawal of excess funding from our policies.

Subsequent to the end of fiscal 2010, the Company completed the sale of an excess facility located in Lyon, France. The Company anticipates recording pretax gain of approximately \$3.9 million and will realize cash proceeds of \$3.6 million, net of associated costs.

During the year ended June 30, 2010, we used \$4.2 million of cash for financing activities. While we generated sufficient cash flow during the year to further pay down debt, we elected not to do so in order to make voluntary pension contributions and to add an additional \$30 million of interest rate swaps. While these actions have resulted in the net pay down of only \$1.0 million in debt, the pension contribution will be accretive to earnings in 2011 and we have fixed a significant portion of our revolving debt for the next five years at historically low interest rates.

Capital Structure

We have in place a five year, \$150 million unsecured revolving credit facility (the facility) with seven participating banks which originated in September 2007. Funds available under the facility may be used for general corporate purposes or to provide financing for acquisitions. Borrowings under the agreement bear interest at a rate equal to LIBOR plus an applicable percentage based on our consolidated leverage ratio, as defined by the agreement. As of June 30, 2010, the effective rate of interest for outstanding borrowings under the facility was 3.94%. We are required to pay an annual fee of 0.125% on the maximum credit line.

In the past two years, the Company has undertaken a series of initiatives to generate cash and reduce debt, including cost reductions, improved working capital management, and plant consolidations. These initiatives have enabled us to pay down substantially all of our private placement debt. As of June 30, 2010, we had borrowings of \$90.0 million under the facility. We believe that the remaining \$60.0 million available provides us with sufficient capacity to meet both our short- and long-term liquidity needs. Our facility also allows for up to \$15 million of private placement debt in addition to our revolving borrowings.

Our funded debt agreements contain certain customary affirmative and negative covenants, as well as specific financial covenants. The Company's current financial covenants under the facility are as follows:

Interest Coverage Ratio - The Company is required to maintain a ratio of Earnings Before Interest and Taxes (EBIT) to interest expense for the trailing twelve months of at least 3:1. EBIT is defined in the revolving credit facility to specifically exclude extraordinary and certain defined items such as non-cash restructuring charges and goodwill impairment. At June 30, 2010, the Company's Interest Coverage Ratio was 10.90:1.

Leverage Ratio - The Company's ratio of funded debt to trailing twelve month EBITDA, defined as EBIT plus Depreciation and Amortization, may not exceed 3.5:1. At June 30, 2010, the Company's Leverage Ratio was 1.73:1.

Consolidated Net Worth - The Company is required to maintain a Consolidated Net Worth of at least \$163.7 million plus 50% of cumulative net income since the inception of the agreement. Consolidated Net Worth is defined as the Company's net worth as adjusted for unamortized pension losses (not to exceed \$40 million) and certain foreign exchange gains and losses. At June 30, 2010, the Company's Consolidated Net Worth was \$225.5 million, \$12.3 million greater than the required amount of \$213.2 million.

We also utilize two uncommitted money market credit facilities to help manage daily working capital needs. These unsecured facilities, which are renewed annually, provide for a maximum aggregate credit line of \$15 million. No amounts

were outstanding under these facilities at June 30, 2010 and 2009. At June 30, 2010, and 2009, we had standby letters of credit outstanding, primarily for insurance purposes, of \$15.6 million and \$14.3 million, respectively.

Through our shelf registration statement on file with the SEC, depending on conditions prevailing in the public capital markets, we may issue unsecured debt securities from time to time in one or more series, which may consist of notes, debentures or other evidences of indebtedness in one or more offerings.

Our primary cash requirements in addition to day-to-day operating needs include interest and mandatory principal payments, capital expenditures, and dividends. Our primary sources of cash for these requirements are cash flows from continuing operations and borrowings under the facility. We expect to spend between \$11-13 million on capital expenditures during 2011, and expect that depreciation and amortization expense for the year will be approximately \$10-13 million and \$1.5-2.5 million, respectively.

In July 2008, we entered into a series of swap agreements with one and two year terms effectively converting interest payments on our long-term debt from variable to fixed rates. We converted interest payments on \$88.5 million of debt due under the facility from variable rates based on LIBOR to a weighted average effective rate of 3.89% based on our current leverage ratio. The one year swaps totaling \$22.5 million expired in July 2009. The two years swaps totaling \$60 million expired in July 2010. In June 2010, we entered into an additional \$30.0 million of five-year floating to fixed rate swaps. On a go-forward basis, these swaps will convert our interest payments to a weighted average effective rate of 2.94% based on our current leverage ratio. Additionally, due to the expiration of the 2008 swaps in July 2010, our rate on the remaining \$60.0 million of outstanding revolving debt balances will return to the historically low LIBOR rates the market is currently experiencing.

The following table sets forth our capitalization at June 30:

Year Ended June 30 (<i>in thousands</i>):	2010	2009
Short-term debt	\$ --	\$ --
Long-term debt	93,300	94,300
Total debt	93,300	94,300
Less cash	33,630	8,984
Total net-debt	59,670	85,316
Stockholders' equity	192,063	176,286
Total capitalization	\$251,733	\$261,602

Stockholders' equity increased year over year primarily as a result of net income of \$28.7 million. Also affecting equity were dividends of \$2.5 million, unfavorable foreign currency movements of \$2.4 million and unrealized pension losses of \$12.0 million. The remaining changes are attributable to the treasury stock activity offset by the

additional paid in capital increases associated with stock option exercises and stock-based compensation in the current year. The Company's net debt to capital percentage improved from 32.6% to 23.7% in 2010 due the year over year change in cash and the contribution of the current year net income to retained earnings.

We sponsor a number of defined benefit and defined contribution retirement plans. The Company's pension plan for U.S. salaried employees was frozen as of January 2008. All participants in the U.S. salaried pension plan and the supplemental defined benefit plan no longer accrue future benefits. The fair value of the Company's U.S. pension plan assets was \$174.3 million at June 30, 2010 and the accumulated benefit obligation in the U.S. was \$212.9 million at that time. We made \$16.7 million of voluntary cash contributions to our defined benefit plans in the U.S., U.K., and Ireland in 2010. Additionally, the Company paid \$2.75 million during the year to settle its liability to a multi-employer plan incurred due to the closure of our Bartonville, IL, ADP Group facility in 2009. As a result of the voluntary contributions, the Company estimates, based on current Pension Protection Act and other funding rules, that we will not incur a mandatory funding requirement until 2013. We do not expect contributions to our other defined benefit plans to be material in 2011.

During the third quarter of 2009, the Company announced that it would suspend employer matching contributions to its 401(k) plans, with the exception of obligations under collective bargaining agreements. This suspension was lifted at the end of calendar year 2009 and contributions resumed as normal beginning in January 2010.

We have evaluated the current and long-term cash requirements of our defined benefit and defined contribution plans as of June 30, 2010. Our operating cash flows from continuing operations and available liquidity are expected to be sufficient to cover required contributions under ERISA and other governing regulations.

We have an insurance program for certain retired key executives. The underlying policies have a cash surrender value of \$17.1 million and are reported net of loans of \$10.5 million for which we have the legal right of offset. These policies have been purchased to fund supplemental retirement income benefits. The aggregate present value of future obligations was \$1.0

million and \$1.4 million at June 30, 2010 and 2009, respectively. During 2010, the Company withdrew \$0.2 million of excess funding from these policies with no related tax consequences and received \$1.4 million of cash proceeds upon the death of a former executive covered by this program.

Contractual obligations of the Company as of June 30, 2010 are as follows (in thousands):

		Payments Due by Period			
		Less			More
		than 1	1-3	3-5	than 5
Contractual Obligations	Total	year	years	years	years
Long-term debt obligations	\$93,300	--	\$90,000		