JABIL CIRCUIT INC
Form 424B3
July 28, 2009
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This preliminary prospectus supplement relates to an effective registration statement but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these notes and are not soliciting an offer to buy these notes in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-154835

Subject to completion, dated July 28, 2009

Preliminary prospectus supplement

(To prospectus dated October 29, 2008)

Jabil Circuit, Inc.

$200,000,000

% Senior Notes due 2016

Issue Price %

Interest payable January 15 and July 15.

The notes will mature on July 15, 2016. Interest will accrue from , 2009, and the first interest payment date will be January 15, 2010.

At our option, we may redeem some or all of the notes at any time prior to maturity at the prices and as described under Description of notes Optional redemption. At your option, we may be required to repurchase the notes in whole or in part upon a change of control repurchase event as set forth under Description of notes Purchase of notes upon a change of control repurchase event.

The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our other existing and future senior and unsecured debt obligations, including our outstanding 8.25% senior notes due 2018 and senior credit facility. The notes will not be guaranteed by any of our subsidiaries and will therefore be structurally subordinated to all of the liabilities of our subsidiaries. The notes will be effectively subordinated to our existing and future secured indebtedness to the extent of the collateral securing such indebtedness.

Investing in the notes involves risks. See Risk factors beginning on page S-6.

	Public offering price(1)	Underwriting discounts

		and commissions	Proceeds to Jabil Circuit, Inc.(1)
Per note	%	%	%
Total	$	$	$

(1) Plus accrued interest, if any, from , 2009.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

We expect that delivery of the notes to purchasers will be made on or about , 2009 in book entry form through The Depository Trust Company for the account of its participants, including Clearstream Banking *société anonyme* and Euroclear Bank, S.A./N.V.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint book-running managers

J.P. Morgan **Citi** **RBS**

Senior co-managers

BofA Merrill Lynch **Credit Suisse** **RBC Capital Markets** **UBS Investment Bank**

Co-managers

Daiwa Securities America Inc.	**HSBC**	**Mizuho Securities USA Inc.**
Scotia Capital	**SunTrust Robinson Humphrey**	**Morgan Stanley**
BNP PARIBAS	**Comerica Securities**	**U.S. Bancorp Investments, Inc.**

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus. We and the underwriters have not authorized anyone to provide you with different or additional information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

Prospectus supplement

Prospectus

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About this prospectus supplement

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the notes we are currently offering and certain other matters relating to us and our financial condition. The second part is the accompanying prospectus dated October 29, 2008, which gives more general information about the securities that we may offer from time to time, some of which does not apply to the notes that we are currently offering. You should read this prospectus supplement and the accompanying prospectus, together with the documents incorporated by reference and the additional information described below under the heading Incorporation of certain documents by reference.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Any statement in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated or deemed incorporated by reference in this prospectus supplement modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. See Incorporation of certain documents by reference in this prospectus supplement.

In this prospectus supplement and the accompanying prospectus, the terms the Company, Jabil, we, our or us refer to Jabil Cir Inc. together with its subsidiaries unless otherwise indicated or the context suggests otherwise.

Market and industry information

Market data and certain industry forecasts used throughout this prospectus supplement, the accompanying prospectus or the documents incorporated by reference in the prospectus supplement or the accompanying prospectus were obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, estimates and market research, while believed to be reliable, have not been independently verified.

Forward-looking statements

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and accompanying prospectus contain certain statements that are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), which are made in reliance upon the protections provided by such acts for forward-looking statements. These forward-looking statements (such as when we describe what will, may or should occur, what we plan, intend, estimate, believe, expect or anticipate will occur, and other

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similar statements) include, but are not limited to, statements regarding future sales and operating results, future prospects, anticipated benefits of proposed (or future) acquisitions and new facilities, growth, the capabilities and capacities of business operations, any financial or other guidance and all statements that are not based on historical fact, but rather reflect our current expectations concerning future results and events. We make certain assumptions when making forward-looking statements, any of which could prove inaccurate, including, but not limited to, statements about our future operating results and business plans. Therefore, we can give no assurance that the results implied by these forward-looking statements will be realized. Furthermore, the inclusion of forward-looking information should not be regarded as a representation by us or any other person that future events, plans or expectations contemplated by us will be achieved. The ultimate correctness of these forward-looking statements is dependent upon a number of known and unknown risks and events, and is subject to various uncertainties and other factors that may cause our actual results, performance or achievements to be different from any future results, performance or achievements expressed or implied by these statements. The following important factors, among others, could affect future results and events, causing those results and events to differ materially from those expressed or implied in our forward-looking statements:

business conditions and growth or declines in our customers industries, the electronic manufacturing services industry and the general economy;

variability of our operating results;

our dependence on a limited number of major customers;

the potential consolidation of our customer base, and the movement, and potential further movement, by some of our customers of a portion of their manufacturing from us in order to more fully utilize their excess internal manufacturing capacity;

availability of components;

our dependence on certain industries;

seasonality;

the variability of customer requirements;

our substantial international operations, and the resulting risks related to our operating internationally;

our ability to successfully negotiate definitive agreements and consummate acquisitions, and to integrate operations following the consummation of acquisitions;

our ability to take advantage of our past, current and possible future restructuring efforts to improve utilization and realize savings and whether any such activity will adversely affect our cost structure, our ability to service customers and our labor relations;

our ability to maintain our engineering, technological and manufacturing process expertise;

the results of litigation related to our past stock option grants and any ramifications thereof;

other economic, business and competitive factors affecting our customers, our industry and our business generally; and

other factors that we may not have currently identified or quantified.

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For a further description of various risks, relevant factors and uncertainties that could cause future results or events to differ materially from those expressed or implied in our forward-looking statements, see the Risk factors section and Management s Discussion and Analysis of Financial Condition and Results of Operations contained in our Quarterly Report on Form 10-Q for our fiscal quarter ended May 31, 2009 and incorporated by reference into this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and accompanying prospectus. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements.

All forward-looking statements included or incorporated by reference in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and accompanying prospectus are made only as of the date of this prospectus supplement, and we do not undertake any obligation to publicly update or correct any forward-looking statements to reflect events or circumstances that subsequently occur, or of which we hereafter become aware. You should read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and accompanying prospectus completely and with the understanding that our actual future results may be materially different from what we expect. We may not update these forward-looking statements, even if our situation changes in the future. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

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Summary

This summary does not contain all of the information that you should consider before investing in the notes. To understand this offering fully, you should carefully read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and accompanying prospectus.

Our company

We are one of the leading providers of worldwide electronic manufacturing services and solutions. We provide comprehensive electronics design, production, product management and aftermarket services to companies in the aerospace, automotive, computing, consumer, defense, industrial, instrumentation, medical, networking, peripherals, solar, storage and telecommunications industries. We currently depend, and expect to continue to depend, upon a relatively small number of customers for a significant percentage of our net revenue. Based on net revenue for the fiscal year ended August 31, 2008, our largest customers included Cisco Systems, Inc., Hewlett-Packard Company, International Business Machines Corporation, Motorola, Inc., NetApp, Inc., NEC Corporation (NEC), Nokia Corporation, Nokia Siemens Networks S.p.A. (NSN), Royal Philips Electronics (Philips) and Tellabs, Inc. Based on net revenue for the nine months ended May 31, 2009 our largest customers currently include Cisco Systems, Inc., EchoStar Corporation, Hewlett-Packard Company, International Business Machines Corporation, NetApp, Inc., Nokia Corporation, NSN, Pace plc, Research in Motion Limited and Philips.

For the fiscal year ended August 31, 2008, we had net revenues of approximately $12.8 billion, net income of approximately $133.9 million and core EBITDA of $618.9 million. For the nine months ended May 31, 2009, we had net revenues of approximately $8.9 billion, a net loss of approximately $1.2 billion and core EBITDA of $376.4 million. For the twelve months ended May 31, 2009, we had net revenues of approximately $12.1 billion, a net loss of approximately $1.1 billion and core EBITDA of $542.7 million. For more information, including our calculation of core EBITDA and our reconciliation of core EBITDA to net income, see Selected consolidated financial data.

We offer our customers electronics design, production, product management and aftermarket solutions that are responsive to their manufacturing needs. Our business units are capable of providing our customers with varying combinations of the following services:

- integrated design and engineering;
- component selection, sourcing and procurement;
- automated assembly;
- design and implementation of product testing;
- parallel global production;
- enclosure services;
- systems assembly, direct order fulfillment and configure to order; and
- aftermarket services.

We currently conduct our operations in facilities that are located in Austria, Belgium, Brazil, China, England, France, Germany, Hungary, India, Ireland, Italy, Japan, Malaysia, Mexico, The Netherlands, Poland, Scotland, Singapore, Taiwan, Ukraine, Vietnam and the U.S. Our global

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manufacturing production sites allow customers to manufacture products simultaneously in the optimal locations for their products. Our services allow customers to improve supply-chain management, reduce inventory obsolescence, lower transportation costs and reduce product fulfillment time. We have identified our global presence as a key to assessing our business performance.

Recent developments

Cash Tender Offer for our 5.875% Senior Notes

On the date of this prospectus supplement, we announced a cash tender offer (the Tender Offer) to purchase any and all of our $300.0 million 5.875% Senior Notes, which mature on July 15, 2010 (the 5.875% Senior Notes). Depending on the amount of our 5.875% Senior Notes that are tendered, we expect to use all or a portion of the net proceeds of the notes offered hereby, together with cash on hand (if needed), to fund the purchase amount of the Tender Offer (including the accrued interest and associated fees and expenses). We will use any remaining net proceeds for general corporate purposes, which may include repaying any borrowings that may then be outstanding under the revolving credit portion of our $1.2 billion amended and restated five-year unsecured credit facility (the Credit Facility), reducing the amount funded under our $200.0 million foreign asset-backed securitization program expiring on March 18, 2010 (the Foreign Securitization Program), reducing the amount funded under our $250.0 million U.S. asset-backed securitization program expiring on March 17, 2010 (the U.S. Securitization Program), investing in investment grade securities, funding open market purchases, redemption or repayment of any untendered 5.875% Senior Notes or repaying a portion of our borrowings under the term portion of the Credit Facility.

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The Offering

The following summary contains basic information about the notes and is not intended to be complete. For a more complete understanding of the notes, please refer to Description of notes.

Issuer	Jabil Circuit, Inc.
Securities	$200,000,000 aggregate principal amount of % Senior Notes due 2016.
Maturity	The notes will mature on July 15, 2016, unless earlier redeemed or repurchased.
Interest Rate	The notes will bear interest from , 2009 at the rate of % per annum.
Interest Payment Dates	January 15 and July 15 of each year, beginning January 15, 2010.
Optional Redemption	We may redeem the notes, in whole or in part, at any time at redemption prices determined as set forth under the heading Description of notes Optional redemption.
Ranking	The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our existing and future senior and unsecured debt obligations. The notes will be structurally subordinated to existing and future indebtedness and other liabilities of our subsidiaries. In addition, the notes will be effectively subordinated to all of our and our subsidiaries present and future secured indebtedness. See Risk factors Risks related to the notes The notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries; and The notes will be unsecured and will be effectively subordinated to all of our and our subsidiaries secured obligations to the extent of the value of the collateral securing such obligations.

As of May 31, 2009 on an as adjusted basis to give effect to this offering and the assumed use of proceeds therefrom as described more fully under the heading Capitalization in this prospectus supplement, the notes would have ranked equal in right of payment with $780.0 million of our senior debt and would have been structurally subordinated to approximately $2.3 billion of liabilities of our subsidiaries. In addition, as of May 31, 2009, we had $129.6 million outstanding under our off-balance sheet U.S. Securitization Program and factoring program.

Original Issue Discount	The notes may be issued with original issue discount (OID) for U.S. federal income tax purposes. The notes would be issued with OID if

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	the stated principal amount of the notes exceeds their issue price by more than a de minimis amount. In such case, U.S. Holders, whether on the cash or accrual method of tax accounting, would be required to include any amounts representing OID in gross income (as ordinary income) on a constant yield to maturity basis for U.S. federal income tax purposes in advance of the receipt of cash payments to which such income is attributable. For further discussion, see Certain U.S. federal income tax considerations.
Guarantees	None.
Covenants	We will issue the notes under an existing indenture as supplemented by an officer s certificate. The indenture governing the notes contains covenants limiting our ability and/or our subsidiaries ability to: create certain liens; enter into sale and leaseback transactions; create, incur, issue, assume or guarantee funded debt (applies to our restricted subsidiaries only); guarantee any of our indebtedness (applies to our subsidiaries only); and consolidate or merge with, or convey, transfer or lease all or substantially all our assets to, another person.

However, each of these covenants is subject to a number of significant exceptions. You should read Description of notes Certain covenants for a description of these covenants.

Change of Control Repurchase Event	Upon the occurrence of a change of control repurchase event, as defined under Description of notes Purchase of notes upon a change of control repurchase event, we will be required to make an offer to purchase the notes at a price equal to 101% of their principal amount, plus any accrued and unpaid interest to, but not including, the date of repurchase.
Absence of Public Market for the Notes	There is currently no established public trading market for the notes. We do not intend to apply for a listing of the notes on any securities exchange or an automated dealer quotation system. Accordingly, there can be no assurance as to the development or liquidity of any market for the notes. The underwriters have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and any market-making activities with respect to the notes may be discontinued at any time without notice. For more information, see Underwriting.

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Use of Proceeds	Depending on the amount of our 5.875% Senior Notes that are tendered in the Tender Offer, we expect to use all or a portion of the net proceeds of the notes offered hereby, together with cash on hand, to fund the purchase amount of the Tender Offer (including the accrued interest and associated fees and expenses). We will use any remaining net proceeds for general corporate purposes, which may include repaying any borrowings that may then be outstanding under the revolving credit portion of the Credit Facility, reducing the amount funded under the Foreign Securitization Program, reducing the amount funded under the U.S. Securitization Program, investing in investment grade securities, funding open market purchases, redemption or repayment of any untendered 5.875% Senior Notes or repaying a portion of our borrowings under the term portion of the Credit Facility. For more information, see Use of proceeds.
Form	The notes will be represented by registered global securities registered in the name of Cede & Co., the nominee of the depositary, The Depository Trust Company, or DTC. Beneficial interests in the notes will be shown on, and transfers will be effected through, records maintained by DTC and its participants.
Risk Factors	See Risk factors beginning on page S-6 of this prospectus supplement for important information regarding us and an investment in the notes.

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Risk factors

Investing in the notes involves risk. In deciding whether to invest in the notes, you should carefully consider the risks described below in addition to the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. Our business, results of operations and financial condition may be materially adversely affected due to any of the risks described below. In addition, we may face risks that are not described below or incorporated by reference in this prospectus supplement because we are either not presently aware of them or we currently believe that they are immaterial. Such risks may be harmful to our business and the value of the notes.

Risks related to the notes

We conduct a substantial portion of our operations through our subsidiaries and depend on cash flow from our subsidiaries to meet our obligations. Your right to receive payments on the notes could be adversely affected if any of our subsidiaries becomes unable to distribute cash to us.

The notes are our exclusive obligations. Because a substantial portion of our operations is conducted through our subsidiaries, our cash flow and consequent ability to service debt, including the notes, will depend in part upon the earnings of our subsidiaries and the distribution of those earnings to, or under loans or other payments of funds by our subsidiaries to, us. The payment of dividends and the making of loans and advances to us by our subsidiaries may be subject to statutory or contractual restrictions, including restrictions imposed by foreign governmental regulations, will depend upon the earnings of those subsidiaries and are subject to various business considerations. In addition, in the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, holders of their liabilities will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us.

The notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries.

The notes will be our senior unsecured obligations and will rank equal in right of payment to all of our other existing and future senior unsecured indebtedness. The notes are obligations exclusively of Jabil Circuit, Inc. and will be structurally subordinated to any indebtedness and other liabilities of our subsidiaries. As of May 31, 2009, the total liabilities of our subsidiaries, excluding intercompany debt but including trade payables, were approximately $2.3 billion. Our subsidiaries are separate and distinct legal entities, and have no obligation to pay any amounts due on the notes or to provide us with funds for our payment obligations. Our right to receive any assets of any of our subsidiaries, as an equity holder of such subsidiaries, upon their liquidation or reorganization, and the consequent right of the holders of the notes to participate in those assets, will be structurally subordinated to the claims of that subsidiary s creditors, including trade creditors, except to the extent that we are recognized as a creditor of that subsidiary, in which case our claims would still be effectively subordinated to any mortgage or other liens on the assets of such subsidiary and would be subordinated to any indebtedness of such subsidiary senior to that held by us.

The notes will be unsecured and will be effectively subordinated to all of our secured obligations to the extent of the value of the collateral securing such obligations.

Although we currently do not have any material amount of secured indebtedness outstanding, holders of any of our future secured indebtedness will have claims that are prior to your claims as holders of the notes to the extent of the value of the assets securing such indebtedness, subject to certain rights accorded under the indenture for the notes to become secured *pari passu* with other secured indebtedness. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy proceeding, holders of our secured indebtedness will have prior claim to our assets that constitute their collateral. Holders of the notes will participate ratably with all holders of our other unsecured indebtedness that is deemed to be of the same class as the notes. In that event, because the notes will not be secured by any of our assets, it is possible that our remaining assets may not be sufficient to satisfy your claims in full.

There is no established public trading market for the notes.

The notes will constitute a new issue of securities with no established trading market. Accordingly, there can be no assurance as to the development or liquidity of any market for the notes. The underwriters have advised us that they currently intend to make a market in the notes, but they are not obligated to do so and any market making with respect to the notes may be discontinued at any time without notice. Accordingly, there can be no assurance regarding any future development of a trading market for the notes or the ability of holders of the notes to sell their notes at all or the price at which such holders may be able to sell their notes. If a trading market were to develop, the notes may trade at prices that are higher or lower than their initial offering price, depending on many factors, including prevailing interest rates, our operating results and financial condition and the market for similar securities.

The notes may be issued with OID for U.S. federal income tax purposes.

The notes will be issued with OID if the stated principal amount of the notes exceeds their issue price by more than a de minimis amount. In such case, U.S. Holders, whether on the cash or accrual method of tax accounting, would be required to include any amounts representing OID in gross income (as ordinary income) on a constant yield to maturity basis for U.S. federal income tax purposes in advance of the receipt of cash payments to which such income is attributable. For further discussion, see Certain U.S. federal income tax considerations.

If a bankruptcy petition were filed by or against us, holders of notes may receive a lesser amount for their claim than they would have been entitled to receive under the indenture governing the notes.

If a bankruptcy petition were filed by or against us under the U.S. Bankruptcy Code after the issuance of the notes, the claim by any holder of the notes for the principal amount of the notes may be limited to an amount equal to the sum of:

- the original issue price for the notes; and

- that portion of the OID that does not constitute unmatured interest for purposes of the U.S. Bankruptcy Code.

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Any OID that was not amortized as of the date of the bankruptcy filing would constitute unmatured interest. Accordingly, holders of the notes under these circumstances may receive a lesser amount than they would be entitled to under the terms of the indenture governing the notes, even if sufficient funds are available.

We may not be able to repurchase the notes upon a change of control repurchase event.

As described under Description of notes Purchase of notes upon a change of control repurchase event, we will be required to offer to repurchase the notes upon the occurrence of a change of control repurchase event. We may not have sufficient funds to repurchase the notes in cash at such time or have the ability to arrange necessary financing on acceptable terms. In addition, our ability to repurchase the notes for cash may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time.

Risks related to our business and industry

Our operating results may fluctuate due to a number of factors, many of which are beyond our control.

Our annual and quarterly operating results are affected by a number of factors, including:

- adverse changes in current macro-economic conditions, both in the U.S. and internationally;
- the level and timing of customer orders;
- the level of capacity utilization of our manufacturing facilities and associated fixed costs;
- the composition of the costs of revenue between materials, labor and manufacturing overhead;
- price competition;
- changes in demand for our products or services;
- changes in demand in our customers end markets;
- our exposure to financially troubled customers;
- our level of experience in manufacturing a particular product;
- the degree of automation used in our assembly process;
- the efficiencies achieved in managing inventories and fixed assets;

fluctuations in materials costs and availability of materials;

adverse changes in political conditions, both in the U.S. and internationally, including among other things, adverse changes in tax laws and rates, adverse changes in trade policies and adverse changes in fiscal and monetary policies;

seasonality in customers   product requirements; and

the timing of expenditures in anticipation of increased sales, customer product delivery requirements and shortages of components or labor.

The volume and timing of orders placed by our customers vary due to variation in demand for our customers products; our customers attempts to manage their inventory; electronic design changes; changes in our customers manufacturing strategies; and acquisitions of or consolidations among our customers. In addition, our Consumer division and the automotive industry sector of our EMS division are subject to seasonal influences. We may realize greater revenue during our first fiscal quarter due to high demand for consumer products during the holiday selling season. In the past, changes in customer orders that reduce net revenue have had a significant effect on our results of operations as a result of our overhead remaining relatively fixed while our net revenue decreased. Any one or a combination of these factors could adversely affect our annual and quarterly results of operations in the future. See Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations contained in our Quarterly Report on Form 10-Q for our fiscal quarter ended May 31, 2009 and incorporated by reference into this prospectus supplement.

Because we depend on a limited number of customers, a reduction in sales to any one of our customers could cause a significant decline in our revenue.

For the nine months ended May 31, 2009, our five largest customers accounted for approximately 43% of our net revenue and our top 50 customers accounted for approximately 90% of our net revenue. We currently depend, and expect to continue to depend, upon a relatively small number of customers for a significant percentage of our net revenue and upon their growth, viability and financial stability. If any of our customers experience a decline in the demand for their products due to economic or other factors, they may reduce their purchases from us or terminate their relationship with us. Our customers industries have experienced rapid technological change, shortening of product life cycles, consolidation, and pricing and margin pressures. Consolidation among our customers may further reduce the number of customers that generate a significant percentage of our net revenue and exposes us to increased risks relating to dependence on a small number of customers. A significant reduction in sales to any of our customers or a customer exerting significant pricing and margin pressures on us could have a material adverse effect on our results of operations. In the past, some of our customers have terminated their manufacturing arrangements with us or have significantly reduced or delayed the volume of design, production, product management or aftermarket services ordered from us, including moving a portion of their manufacturing from us in order to more fully utilize their excess internal manufacturing capacity.

Our industry s revenue declined in mid-2001 as a result of significant cut backs in customer production requirements, which was consistent with the downturn in the technology sector. Another significant decline has recently occurred as consumers and businesses have postponed spending in response to tighter credit, negative financial news, declines in income or asset values or general uncertainty about global economic conditions. These economic conditions have had a negative impact on our results of operations during fiscal year 2009, and continue to have a negative impact, due to reduced customer demand. In addition, some of our customers have moved a portion of their manufacturing from us in order to more fully utilize their excess internal manufacturing capacity and are expected to continue to have a negative impact on our operations over at least the next several fiscal quarters. We cannot assure you that present or future customers will not terminate their design, production, product management and aftermarket services arrangements with us or significantly change, reduce or delay the amount of services ordered from us. If they do, it could have a material adverse effect on our results of operations. In addition, we generate significant accounts receivable in connection with providing

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design, production, product management and aftermarket services to our customers. If one or more of our customers were to become insolvent or otherwise were unable to pay for the services provided by us on a timely basis, or at all, our operating results and financial condition could be adversely affected. Such adverse effects could include one or more of the following: a decline in revenue, a charge for bad debts, a charge for inventory write-offs, a decrease in inventory turns, an increase in days in inventory and an increase in days in trade accounts receivable.

Certain of the industries to which we provide services, including the automobile industry, have recently experienced significant financial difficulty, with some of the participants filing for bankruptcy. Such significant financial difficulty has negatively affected our business and, if further experienced by one or more of our customers, may further negatively affect our business due to the decreased demand of these financially distressed customers, the potential inability of these companies to make full payment on amounts owed to us, or both. See Management s Discussion and Analysis of Financial Condition and Results of Operations contained in our Quarterly Report on Form 10-Q for our fiscal quarter ended May 31, 2009 and incorporated by reference into this prospectus supplement and Risk factors Risks related to our business and industry We face certain risks in collecting our trade accounts receivable.

Consolidation in industries that utilize electronics components may adversely affect our business.

Consolidation in industries that utilize electronics components may further increase as companies combine to achieve further economies of scale and other synergies, which could result in an increase in excess manufacturing capacity as companies seek to divest manufacturing operations or eliminate duplicative product lines. Excess manufacturing capacity may increase pricing and competitive pressures for our industry as a whole and for us in particular. Consolidation could also result in an increasing number of very large companies offering products in multiple industries. The significant purchasing power and market power of these large companies could increase pricing and competitive pressures for us. If one of our customers is acquired by another company that does not rely on us to provide services and has its own production facilities or relies on another provider of similar services, we may lose that customer s business. Such consolidation among our customers may further reduce the number of customers that generate a significant percentage of our net revenue and exposes us to increased risks relating to dependence on a small number of customers. Any of the foregoing results of industry consolidation could adversely affect our business.

Our customers face numerous competitive challenges, such as decreasing demand from their customers, rapid technological change and short life cycles for their products, which may materially adversely affect their business and ours.

Factors affecting the industries that utilize electronics components in general, and our customers specifically, could seriously harm our customers and, as a result, us. These factors include:

- recessionary periods in our customers markets;

- our customers inability to adapt to rapidly changing technology and evolving industry standards, which result in short product life cycles;

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- our customers inability to develop and market their products, some of which are new and untested;
- our customers products becoming obsolete;
- our customers products failing to gain widespread commercial acceptance;
- competition among our customers and their respective competitors increasing, which may result in a loss of business, or a reduction in pricing power, for our customers; and
- new product offerings by our customers competitors proving to be more successful than our customers product offerings.

If our customers are unsuccessful in addressing these competitive challenges, or any others that they may face, then their business may be materially adversely affected, and as a result, the demand for our services could decline. Even if our customers are successful in responding to these challenges, their responses may have consequences which affect our business relationships with our customers (and possibly our results of operations) by altering our production cycles and inventory management.

The success of our business is dependent on both our ability to independently keep pace with technological changes and competitive conditions in our industry, and also our ability to effectively adapt our services in response to our customers keeping pace with technological changes and competitive conditions in their respective industries.

If we are unable to offer technologically advanced, cost effective, quick response manufacturing services, demand for our services will decline. In addition, if we are unable to offer services in response to our customers changing requirements, then demand for our services will also decline. A substantial portion of our net revenue is derived from our offering of complete service solutions for our customers. For example, if we fail to maintain high-quality design and engineering services, our net revenue may significantly decline.

Most of our customers do not commit to long-term production schedules, which makes it difficult for us to schedule production and achieve maximum efficiency of our manufacturing capacity.

The volume and timing of sales to our customers may vary due to:

- variation in demand for our customers products;
- our customers attempts to manage their inventory;
- electronic design changes;
- changes in our customers manufacturing strategy; and
- acquisitions of or consolidations among customers.

Due in part to these factors, most of our customers do not commit to firm production schedules for more than one quarter. Our inability to forecast the level of customer orders with certainty makes it difficult to schedule production and maximize utilization of manufacturing capacity. In the past, we have been required to increase staffing and other expenses in order to meet the anticipated demand of our customers. Anticipated orders from many of our customers have, in the past, failed to materialize or delivery schedules have been deferred as a result of changes in our customers business needs, thereby adversely affecting our results of operations. On other occasions, our customers have required rapid increases in production, which have placed an

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excessive burden on our resources. Such customer order fluctuations and deferrals have had a material adverse effect on us in the past, including the most recent several fiscal quarters, and we may experience such effects in the future. See Management s Discussion and Analysis of Financial Condition and Results of Operations contained in our Quarterly Report on Form 10-Q for our fiscal quarter ended May 31, 2009 and incorporated by reference into this prospectus supplement.

In addition to our difficulty in forecasting customer orders, we sometimes experience difficulty forecasting the timing of our receipt of revenue and earnings following commencement of manufacturing an additional product for new or existing customers. The necessary process to begin this commencement of manufacturing can take from several months to more than a year before production begins. Delays in the completion of this process can delay the timing of our receipt of revenue and earnings. In addition, because we make capital expenditures during this ramping process and do not typically recognize revenue until after we produce and ship the customer s products, any delays or excess costs in the ramping process may have a significant adverse effect on our cash flows.

Our customers may cancel their orders, change production quantities, delay production or change their sourcing strategy.

Our industry must provide increasingly rapid product turnaround for its customers. We generally do not obtain firm, long-term purchase commitments from our customers and we continue to experience reduced lead-times in customer orders. Customers have previously cancelled their orders, changed production quantities, delayed production and changed their sourcing strategy for a number of reasons, and may do one or more of these in the future. Such changes, delays and cancellations have led to, and may lead in the future to a decline in our production and our possession of excess or obsolete inventory which we may not be able to sell to the customer or a third party. This has resulted in a, and could result in a future additional, write down of inventories that have become obsolete or exceed anticipated demand or net realizable value.

The success of our customers products in the market affects our business. Cancellations, reductions, delays or changes in sourcing strategy by a significant customer or by a group of customers have negatively impacted, and could further negatively impact in the future, our operating results by reducing the number of products that we sell, delaying the payment to us for inventory that we purchased and reducing the use of our manufacturing facilities which have associated fixed costs not dependent on our level of revenue.

In addition, we make significant decisions, including determining the levels of business that we will seek and accept, production schedules, component procurement commitments, personnel needs and other resource requirements, based on our estimate of customer requirements. The short-term nature of our customers commitments, their uncertainty about future economic conditions, and the possibility of rapid changes in demand for their products reduce our ability to accurately estimate the future requirements of those customers. In addition, uncertainty about future economic conditions makes it difficult to forecast operating results and make production planning decisions about future periods.

On occasion, customers may require rapid increases in production, which can stress our resources and reduce operating margins. In addition, because many of our costs and operating expenses are relatively fixed, a reduction in customer demand can harm our gross profits and operating results.

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The gross domestic product for the U.S., Europe and certain countries in Asia has declined, indicating that many of these countries economies, including the U.S. economy, are in a recession.

There has been a continuing erosion of global consumer confidence amidst concerns over declining asset values, inflation, volatility in energy costs, geopolitical issues, the availability and cost of credit, rising unemployment, and the stability and solvency of financial institutions, financial markets, businesses, and sovereign nations. These concerns have slowed global economic growth and have resulted in recessions in many countries, including in the U.S., Europe and certain countries in Asia. The recent economic conditions have had a negative impact on our results of operations during fiscal year 2009 due to reduced customer demand which is expected to continue for the next several fiscal quarters. If these economic conditions continue to persist or worsen, a number of negative effects on our business could result, including customers or potential customers reducing or delaying orders, increased pricing pressures, the insolvency of key suppliers, which could result in production delays, the inability of customers to obtain credit, and the insolvency of one or more customers. In addition, these economic conditions significantly impair our visibility of customer demand.

These economic conditions could negatively impact our ability to effectively manage inventory levels and collect receivables, and increase our need for cash, and have decreased our net revenue and profitability and negatively impacted the value of certain of our properties and other assets. Depending on the length of time that these conditions exist, they may cause future additional negative effects, including some of those listed above and those described elsewhere in this prospectus supplement or the accompanying prospectus.

The financial markets have recently experienced significant turmoil, which may adversely affect financial arrangements we may need to enter into, refinance or repay.

The credit market turmoil could negatively impact: the counterparties to our interest rate swap agreements, forward exchange contracts and securitization programs; our lenders under the Credit Facility; and our lenders under various foreign subsidiary credit facilities. These potential negative impacts could potentially limit our ability to borrow under these financing agreements, contracts, facilities and programs. In addition, if we attempt to obtain any additional financing beyond the issuance of the notes, such as renewing or refinancing our U.S. Securitization Program or our Foreign Securitization Program, the credit market turmoil could negatively impact our ability to obtain such financing. Finally, the credit market turmoil has negatively impacted certain of our customers, especially those in the automotive industry, and certain of their customers. These impacts could have several consequences which could have a negative effect on our results of operations, including one or more of the following: a negative impact on our liquidity; a decrease in demand for our products; and a decrease in demand for our customers products.

We are exposed to intangible asset risk; specifically, our goodwill may become further impaired.

We determined that goodwill related to the Consumer and EMS reporting units was impaired and recorded a non-cash goodwill impairment charge of $400.4 million for the Consumer reporting unit and a non-cash goodwill impairment charge of $622.4 million for the EMS reporting unit for the nine months ended May 31, 2009, respectively. We recorded impairment charges associated with goodwill for the Consumer reporting unit during the first and second quarters of fiscal year 2009. Additionally, we recorded an impairment charge for the EMS

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reporting unit based on a preliminary assessment which was determined in the second quarter of fiscal year 2009 and which was finalized in the third quarter of fiscal year 2009. At May 31, 2009, there was no goodwill recorded on the Condensed Consolidated Balance Sheets related to the Consumer or EMS reporting units and $23.7 million of goodwill recorded on the Condensed Consolidated Balance Sheets related to the AMS reporting unit. In addition, a further significant and sustained decline in our stock price and market capitalization, a significant decline in our expected future cash flows, a significant adverse change in the business climate or slower growth rates could result in the need to perform an impairment analysis under SFAS 142 in future periods. If we were to conclude that a future write down of our goodwill is necessary, then we would record the appropriate charge, which could result in material charges that are adverse to our operating results and financial position. See Note 8 Goodwill and Other Intangible Assets to the Condensed Consolidated Financial Statements, as well as Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates Long-Lived Assets contained in our Quarterly Report on Form 10-Q for our fiscal quarter ended May 31, 2009 and incorporated by reference into this prospectus supplement.

The matters relating to the Special Committee s review of our historical stock option granting practices and the restatement of our Consolidated Financial Statements have resulted in litigation and regulatory inquiries and may result in future litigation, which could have a material adverse effect on us.

As described in Part I, Item 3 Legal Proceedings, of our Annual Report on Form 10-K for the fiscal year ended August 31, 2008 (as updated in Part II, Item 1 Legal Proceedings of the Quarterly Reports on Form 10-Q that we filed for our fiscal quarters ended November 30, 2008, February 28, 2009 and May 31, 2009), we are involved in a putative shareholder class action in connection with certain historical stock option grants.

On May 3, 2006, in response to shareholder derivative actions that were filed in connection with certain historical stock option grants (which have since been settled and are no longer pending), the Board of Directors established an independent special Board Committee (the Special Committee) to conduct a review of the allegations of such actions and, more generally, our historical stock option granting practices during fiscal years 1996 through 2006. We cooperated fully with the Special Committee. The Special Committee concluded that the evidence did not support a finding of intentional manipulation of stock option grant pricing by any member of management. In addition, the Special Committee concluded that it was not in our best interests to pursue the derivative actions.

As a result of that review and management s undertaking of a separate review of our historical stock option grant practices, we identified a number of occasions in which stock option awards that were granted to officers, employees and a non-employee consultant director were not properly accounted for. To correct these accounting errors, we restated prior year and prior quarter Consolidated Financial Statements and disclosures in our Annual Report on Form 10-K for the fiscal year ended August 31, 2006. The review of our historical stock option granting practices and the resulting restatements, required us to incur substantial expenses for legal, accounting, tax and other professional services and diverted our management s attention from our business and could in the future adversely affect our business, financial condition, results of operations and cash flows.

Our historical stock option granting practices and the restatement of our prior financial statements exposed us to greater risks associated with litigation and regulatory proceedings. We

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cannot assure you that any determinations made in the current litigation or any future litigation or regulatory action will reach the same conclusions on these issues that we reached. The conduct and resolution of these matters may continue to be time consuming, expensive and distracting from the conduct of our business. Furthermore, if we are subject to adverse findings in any of these matters, we could be required to pay damages or penalties or have other remedies imposed upon us which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In May 2006, we received a subpoena from the U.S. Attorney s office for the Southern District of New York requesting certain stock option related material. Such information was subsequently provided and we did not hear further from such U.S. Attorney s office. In addition, on May 2, 2006, the Company was notified by the Staff of the SEC of an informal inquiry concerning the Company s stock option grant practices. The Company and its officers and directors fully cooperated with the SEC in the SEC s inquiry and, as previously disclosed in our Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2008, the Company received a letter from the SEC Division of Enforcement advising that the Division had completed its investigation and did not intend to recommend that the SEC take any enforcement action. We cannot, however, provide any assurances that the SEC will not re-open its informal inquiry. The investigations of the U.S. Attorney s office and the SEC (if it re-opens its informal inquiry) may look at the accuracy of the stated dates of our historical option grants, our disclosures regarding executive compensation, whether all proper corporate and other procedures were followed, whether our historical financial statements are materially accurate and other issues. We cannot predict the outcome of those investigations. We cannot provide assurances that such investigations will not find inappropriate activity in connection with our historical stock option practices or result in further revising of our historical accounting associated with such stock option grant practices.

Our business could be adversely affected by any delays, or increased costs, resulting from issues that our common carriers are dealing with in transporting our materials, our products, or both.

We rely on a variety of common carriers to transport our materials from our suppliers to us, and to transport our products from us to our customers. Problems suffered by any of these common carriers, whether due to a natural disaster, labor problem, increased energy prices or some other issue, could result in shipping delays, increased costs, or some other supply chain disruption, and could therefore have a material adverse effect on our operations.

We compete with numerous other electronic manufacturing services and design providers and others, including our current and potential customers who may decide to manufacture some or all of their products internally.

Our business is highly competitive. We compete against numerous domestic and foreign electronic manufacturing services and design providers, including Benchmark Electronics, Inc., Celestica, Inc., Flextronics International Ltd., Hon-Hai Precision Industry Co., Ltd., Plexus Corp. and Sanmina-SCI Corporation. In addition, consolidation in our industry results in larger and more geographically diverse competitors who have significant combined resources with which to compete against us. Also, we may in the future encounter competition from other large electronic manufacturers, and manufacturers that are focused solely on design and manufacturing services, that are selling, or may begin to sell electronics manufacturing services.

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Most of our competitors have international operations and significant financial resources and some have substantially greater manufacturing, R&D and marketing resources than us. These competitors may:

- respond more quickly to new or emerging technologies;
- have greater name recognition, critical mass and geographic market presence;
- be better able to take advantage of acquisition opportunities;
- adapt more quickly to changes in customer requirements;