

JABIL CIRCUIT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	<u>August 31, 2014 (Unaudited)</u>	<u>August 31, 2013</u>
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 1,000,249	\$ 1,011,373
Accounts receivable, net	1,208,516	1,168,954
Inventories.....	2,008,077	2,118,716
Prepaid expenses and other current assets	1,035,162	1,141,919
Income taxes receivable	22,400	12,269
Deferred income taxes.....	64,944	45,650
Assets of discontinued operations.....	19,669	321,364
Total current assets.....	<u>5,359,017</u>	<u>5,820,245</u>
Property, plant and equipment, net	2,271,705	2,309,320
Goodwill and intangible assets, net.....	627,700	609,445
Deferred income taxes.....	92,702	91,383
Other assets	128,622	100,801
Non-current assets of discontinued operations	—	222,587
Total assets.....	<u>\$ 8,479,746</u>	<u>\$ 9,153,781</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Current installments of notes payable, long-term debt and capital lease obligations	\$ 12,960	\$ 215,448
Accounts payable.....	3,060,814	3,191,328
Accrued expenses	1,207,483	1,217,088
Income taxes payable	27,623	38,323
Deferred income taxes.....	5,094	6,004
Liabilities of discontinued operations.....	7,123	196,243
Total current liabilities	<u>4,321,097</u>	<u>4,864,434</u>
Notes payable, long-term debt and capital lease obligations, less current installments	1,669,585	1,690,418
Other liabilities.....	79,471	77,145
Income tax liabilities	87,555	76,315
Deferred income taxes.....	61,670	58,047
Non-current liabilities of discontinued operations.....	—	31,855
Total liabilities.....	<u>6,219,378</u>	<u>6,798,214</u>
Commitments and contingencies		
Equity:		
Jabil Circuit, Inc. stockholders' equity:		
Preferred stock.....	—	—
Common stock.....	244	238
Additional paid-in capital.....	1,874,219	1,853,409
Retained earnings	1,245,772	1,071,175
Accumulated other comprehensive income	86,962	81,248
Treasury stock, at cost.....	(965,369)	(670,783)
Total Jabil Circuit, Inc. stockholders' equity.....	<u>2,241,828</u>	<u>2,335,287</u>
Noncontrolling interests	18,540	20,280
Total equity	<u>2,260,368</u>	<u>2,355,567</u>
Total liabilities and equity	<u>\$ 8,479,746</u>	<u>\$ 9,153,781</u>

JABIL CIRCUIT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except for per share data)

(Unaudited)

	Three months ended		Twelve months ended	
	August 31, 2014	August 31, 2013	August 31, 2014	August 31, 2013
Net revenue	\$ 4,056,245	\$ 4,513,694	\$ 15,762,146	\$ 17,249,493
Cost of revenue	3,793,993	4,199,852	14,736,543	16,037,303
Gross profit.....	262,252	313,842	1,025,603	1,212,190
Operating expenses:				
Selling, general and administrative	177,934	172,513	675,730	614,295
Research and development.....	7,224	7,075	28,611	28,412
Amortization of intangibles	5,677	4,363	23,857	10,954
Restructuring and related charges.....	19,717	57,331	85,369	80,513
Loss on disposal of subsidiaries.....	5,057	—	7,962	—
Impairment of notes receivable and related charges	—	—	—	25,597
Operating income.....	46,643	72,560	204,074	452,419
Interest and other, net.....	32,243	32,558	131,951	125,305
Income from continuing operations before tax.....	14,400	40,002	72,123	327,114
Income tax expense (benefit).....	32,788	(73,685)	73,711	7,631
(Loss) income from continuing operations, net of tax.....	(18,388)	113,687	(1,588)	319,483
Discontinued operations:				
(Loss) income from discontinued operations, net of tax.....	(961)	13,103	20,554	50,608
(Loss) gain on sale of discontinued operations, net of tax	(6,243)	—	223,299	—
Discontinued operations, net of tax.....	(7,204)	13,103	243,853	50,608
Net (loss) income	(25,592)	126,790	242,265	370,091
Net income (loss) attributable to noncontrolling interests, net of tax.....	605	(229)	952	(1,391)
Net (loss) income attributable to Jabil Circuit, Inc. ...	<u>\$ (26,197)</u>	<u>\$ 127,019</u>	<u>\$ 241,313</u>	<u>\$ 371,482</u>
 (Loss) earnings per share attributable to the stockholders of Jabil Circuit, Inc.:				
Basic:				
(Loss) income from continuing operations, net of tax.....	<u>\$ (0.10)</u>	<u>\$ 0.56</u>	<u>\$ (0.01)</u>	<u>\$ 1.58</u>
Discontinued operations, net of tax	<u>\$ (0.04)</u>	<u>\$ 0.06</u>	<u>\$ 1.20</u>	<u>\$ 0.25</u>
Net (loss) income.....	<u>\$ (0.13)</u>	<u>\$ 0.63</u>	<u>\$ 1.19</u>	<u>\$ 1.83</u>
Diluted:				
(Loss) income from continuing operations, net of tax.....	<u>\$ (0.10)</u>	<u>\$ 0.55</u>	<u>\$ (0.01)</u>	<u>\$ 1.54</u>
Discontinued operations, net of tax	<u>\$ (0.04)</u>	<u>\$ 0.06</u>	<u>\$ 1.20</u>	<u>\$ 0.24</u>
Net (loss) income.....	<u>\$ (0.13)</u>	<u>\$ 0.61</u>	<u>\$ 1.19</u>	<u>\$ 1.79</u>
 Weighted average shares outstanding:				
Basic	198,053	202,959	202,497	203,096
Diluted.....	<u>198,053</u>	<u>208,502</u>	<u>202,497</u>	<u>207,815</u>

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)
(Unaudited)

	Twelve months ended	
	August 31, 2014	August 31, 2013
Cash flows from operating activities:		
Net income.....	\$ 242,265	\$ 370,091
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	487,278	418,117
Gain on sale of discontinued operations	(230,878)	—
Restructuring and related charges	42,534	2,058
Provision for allowance for doubtful accounts.....	16,268	—
Recognition of stock-based compensation expense and related charges.....	10,624	68,383
Deferred income taxes	(38,971)	(123,165)
Impairment of notes receivable and related charges	—	25,597
Excess tax benefits related to stock awards	(782)	(14,605)
Loss on disposal of subsidiaries	7,962	—
Other, net	6,916	10,558
Changes in operating assets and liabilities, exclusive of net assets acquired:		
Accounts receivable	(116,458)	750
Inventories	160,790	50,229
Prepaid expenses and other current assets	83,128	(82,756)
Other assets.....	(5,038)	(5,025)
Accounts payable and accrued expenses	(177,586)	485,972
Income taxes.....	10,805	7,685
Net cash provided by operating activities	498,857	1,213,889
Cash flows from investing activities:		
Proceeds from sale of discontinued operations and subsidiaries, net of cash.....	531,189	—
Acquisition of property, plant and equipment	(624,060)	(736,858)
Cash paid for business and intangible asset acquisitions, net of cash acquired.....	—	(650,054)
Proceeds from sale of property, plant and equipment.....	161,138	15,792
Issuance of notes receivable	(4,000)	—
Investments in non-marketable equity securities	(3,600)	(3,342)
Net cash provided by (used in) investing activities	60,667	(1,374,462)
Cash flows from financing activities:		
Borrowings under debt agreements.....	6,175,953	5,764,400
Payments towards debt agreements	(6,400,089)	(5,586,738)
Payments to acquire treasury stock.....	(260,274)	(129,262)
Dividends paid to stockholders	(68,211)	(67,181)
Net proceeds from exercise of stock options and issuance of common stock under employee stock purchase plan.....	15,771	18,285
Debt issuance costs.....	(2,936)	—
Treasury stock minimum tax withholding related to vesting of restricted stock.....	(34,312)	(20,290)
Sale of noncontrolling interest, net of cash	(1,783)	—
Cash paid to purchase noncontrolling interest.....	(1,720)	(17,500)
Excess tax benefit related to stock awards.....	782	14,605
Capital contribution to noncontrolling interest.....	—	316
Bank overdraft.....	—	372
Net cash used in financing activities.....	(576,819)	(22,993)
Effect of exchange rate changes on cash and cash equivalents.....	6,171	(22,317)
Net decrease in cash and cash equivalents.....	(11,124)	(205,883)
Cash and cash equivalents at beginning of period.....	1,011,373	1,217,256
Cash and cash equivalents at end of period.....	\$ 1,000,249	\$ 1,011,373

JABIL CIRCUIT, INC. AND SUBSIDIARIES
SUPPLEMENTAL DATA
RECONCILIATION OF GAAP FINANCIAL RESULTS TO NON-GAAP MEASURES

(in thousands, except for per share data)
(Unaudited)

	Three months ended		Twelve months ended	
	August 31, 2014	August 31, 2013	August 31, 2014	August 31, 2013
Operating income (GAAP)	\$ 46,643	\$ 72,560	\$ 204,074	\$ 452,419
Amortization of intangibles	5,677	4,363	23,857	10,954
Stock-based compensation expense and related charges.....	2,367	14,954	8,994	62,574
Restructuring and related charges.....	19,717	57,331	85,369	80,513
Distressed customer charges.....	—	—	15,113	—
Acquisition costs and certain purchase accounting adjustments	—	10,037	—	10,037
Loss on disposal of subsidiaries	5,057	—	7,962	—
Impairment of notes receivable and related charges	—	—	—	25,597
Core operating income (Non-GAAP)	\$ 79,461	\$ 159,245	\$ 345,369	\$ 642,094
Net (loss) income attributable to Jabil Circuit, Inc. (GAAP)	\$ (26,197)	\$ 127,019	\$ 241,313	\$ 371,482
Amortization of intangibles, net of tax.....	5,644	(19,634)	20,728	(13,286)
Stock-based compensation expense and related charges, net of tax	2,019	15,151	7,903	62,737
Restructuring and related charges, net of tax.....	17,449	56,161	72,892	78,138
Distressed customer charges, net of tax.....	(991)	—	10,243	—
Acquisition costs and certain purchase accounting adjustments, net of tax.....	—	(70,358)	(9,064)	(70,358)
Loss on disposal of subsidiaries, net of tax.....	5,057	—	7,962	—
Impairment of notes receivable and related charges, net of tax.....	—	—	—	19,742
Loss (income) from discontinued operations, net of tax	961	(13,103)	(20,554)	(50,608)
Loss (gain) on sale of discontinued operations, net of tax.....	6,243	—	(223,299)	—
Core earnings (Non-GAAP)	\$ 10,185	\$ 95,236	\$ 108,124	\$ 397,847
(Loss) earnings per share: (GAAP)				
Basic	\$ (0.13)	\$ 0.63	\$ 1.19	\$ 1.83
Diluted.....	\$ (0.13)	\$ 0.61	\$ 1.19	\$ 1.79
Core earnings per share: (Non-GAAP)				
Basic	\$ 0.05	\$ 0.47	\$ 0.53	\$ 1.96
Diluted.....	\$ 0.05	\$ 0.46	\$ 0.53	\$ 1.91
Weighted average shares outstanding used in the calculations of earnings per share (GAAP):				
Basic	198,053	202,959	202,497	203,096
Diluted.....	198,053	208,502	202,497	207,815

**Weighted average shares outstanding used in
the calculations of earnings per share (Non-
GAAP):**

Basic.....	198,053	202,959	202,497	203,096
Diluted.....	199,967	208,502	204,269	207,815

JABIL CIRCUIT, INC. AND SUBSIDIARIES
SUPPLEMENTAL DATA
RECONCILIATION OF GAAP FINANCIAL RESULTS TO NON-GAAP MEASURES
(in thousands)
(Unaudited)

**CALCULATION OF RETURN ON INVESTED CAPITAL AND
CORE RETURN ON INVESTED CAPITAL**

The Company calculates: (1) its "Return on Invested Capital" by annualizing its "after-tax GAAP operating income" for its most recently-ended quarter and dividing that by a two quarter average of its "net invested capital asset base" and (2) its "Core Return on Invested Capital" by annualizing its "after-tax non-GAAP core operating income" for its most recently-ended quarter and dividing that by a two quarter "average net invested capital asset base."

The Company calculates: (1) its "after-tax GAAP operating income" by subtracting a certain tax effect (the calculation of which is explained below) from its GAAP operating income and (2) its "after-tax non-GAAP core operating income" as its non-GAAP core operating income less a certain tax effect (the calculation of which is explained below). See elsewhere in this earnings release for a reconciliation of the Company's non-GAAP core operating income to its GAAP operating income.

The Company calculates its "average net invested capital asset base" as the sum of the averages (the calculations of which are explained below) of its stockholders' equity, current and non-current portions of its notes payable, long-term debt and capital lease obligations less the average (the calculation of which is explained below) of its cash and cash equivalents.

The following table reconciles (1) "Return on Invested Capital," as calculated using "after-tax GAAP operating income" to (2) "Core Return on Invested Capital," as calculated using "after-tax non-GAAP core operating income":

	Three months ended	Twelve months ended
	August 31, 2014	August 31, 2014
Numerator:		
Operating income (GAAP)	\$ 46,643	\$ 204,074
Tax effect (1).....	(36,108)	(77,693)
After-tax operating income	10,535	126,381
	x4	x1
Annualized after-tax operating (loss) income	<u>\$ 42,140</u>	<u>\$ 126,381</u>
Core operating income (Non-GAAP)	\$ 79,461	\$ 345,369
Tax effect (2).....	(37,553)	(106,247)
After-tax core operating income	41,908	239,122
	x4	x1
Annualized after-tax core operating income	<u>\$ 167,632</u>	<u>\$ 239,122</u>
Denominator:		
Average total Jabil Circuit, Inc. stockholders' equity (3)	\$ 2,325,519	\$ 2,288,558
Average notes payable, long-term debt and capital lease obligations, less current installments (3).....	1,671,053	1,680,002
Average current installments of notes payable, long-term debt and capital lease obligations (3).....	41,423	114,204
Average cash and cash equivalents (3).....	(1,161,258)	(1,005,811)
Net invested capital asset base	<u>\$ 2,876,737</u>	<u>\$ 3,076,953</u>
Return on Invested Capital (GAAP)	1.5%	4.1%
Adjustments noted above	4.3%	3.7%
Core Return on Invested Capital (Non-GAAP)	5.8%	7.8%

- (1) This amount is calculated by adding the amount of income taxes attributable to its operating income (GAAP) and its interest expense.
- (2) This amount is calculated by adding the amount of income taxes attributable to its core operating income (Non-GAAP) and its interest expense.
- (3) The average is based on the addition of the account balance at the end of the most recently-ended quarter to the account balance at the end of the prior quarter for the three months ended August 31, 2014 and dividing by two. The average is based on the addition of the account balance at the end of the most recently-ended fiscal year to the account balance at the end of the prior fiscal year for the twelve months ended August 31, 2014 and dividing by two.