SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-Q

(Mark One)

{X} Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended November 30, 1998.

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ______________ to _____________.

Commission file number: 0-21308

JABIL CIRCUIT, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	38-1886260
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

10800 Roosevelt Blvd.
St. Petersburg, FL 33716
(Address of principal executive offices, including zip code)

Registrant's Telephone No., including area code: (727) 577-9749

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 X No

As of January 6, 1999, there were 37,319,175 shares of the Registrant's Common Stock outstanding.

JABIL CIRCUIT, INC. AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

PART II. OTHER INFORMATION

PART I. FINANCIAL INFORMATION

JABIL CIRCUIT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	August 31, 1998	November 30, 1998 (Unaudited)
[S]	[C]	[C]
ASSETS		
Current assets		
Cash	$ 23,139	$ 13,016
Accounts receivable - Net	126,276	180,793
Inventories	123,097	146,272
Prepaid expenses and other current assets	1,772	3,367
Deferred income taxes	16,095	14,960
Total current assets	290,379	358,408
Property, plant and equipment, net	224,680	246,496
Other assets	11,644	11,405
	$526,703	$616,309
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current installments of long term debt	$ 8,333	$ 8,333
Accounts payable	132,601	192,764
Accrued expenses	40,460	43,939
Income taxes payable	5,325	10,908
Total current liabilities	186,719	255,944
Long term debt, less current installments	81,667	81,667
Deferred income taxes	7,724	8,484
Deferred grant revenue	2,227	2,421
Total liabilities	278,337	348,516
Stockholders' equity		
Common stock	37	37
Additional paid-in capital	71,580	71,721
Retained earnings	176,749	196,035
Total stockholders' equity	248,366	267,793
	$526,703	$616,309

======== ========

See Accompanying Notes to Consolidated Financial Statements

JABIL CIRCUIT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)
(UNAUDITED)

	Three months ended November 30,	
	1997	1998
Net revenue	$319,512	$447,941
Cost of revenue	278,167	397,366
Gross profit	41,345	50,575
Operating expenses:		
Selling, general and administrative	11,077	18,318
Research and development	912	1,066
Operating income	29,356	31,191
Interest expense, net	713	1,520
Income before income taxes	28,643	29,671
Income taxes	9,572	10,385
Net income	$ 19,071	$ 19,286
Basic earnings per share	$ 0.52	$ 0.52
Diluted earnings per share	$ 0.49	$ 0.50
Common shares used in the calculations of basic earnings per share	37,019	37,283
Common and common equivalent shares used in the calculations of diluted earnings per share	38,675	38,827

See Accompanying Notes to Consolidated Financial Statements

JABIL CIRCUIT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	Three months ended November 30, 1997	Three months ended November 30, 1998
Cash flows from operating activities:		
Net income	$ 19,071	$ 19,286
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,128	11,507
Recognition of grant revenue	(203)	(201)
Deferred income taxes	706	1,895
Loss on sale of property	18	718
Changes in operating assets and liabilities:		
Accounts receivable	(17,370)	(54,517)
Inventories	(15,592)	(23,175)
Prepaid expenses and other current assets	(25)	(1,595)
Other assets	(784)	32
Accounts payable and accrued expenses	28,544	69,225
Net cash provided by operating activities	21,493	23,175
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(31,418)	(34,006)
Proceeds from sale of property and equipment	10	172
Net cash used in investing activities	(31,408)	(33,834)
Cash flows from financing activities:		
Increase in note payable to bank	10,000	--
Payments of long-term debt	(2,475)	--
Net proceeds from issuance of common stock	84	141
Proceeds from Scottish grant	--	395
Net cash provided by financing activities	7,609	536
Net decrease in cash	(2,306)	(10,123)
Cash at beginning of period	45,457	23,139
Cash at end of period	$ 43,151	$ 13,016

See Accompanying Notes to Consolidated Financial Statements

JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying consolidated financial statements of Jabil Circuit, Inc. and subsidiaries ("the Company") are unaudited and have been prepared based upon prescribed guidance of the Securities and Exchange Commission ("SEC"). As such, they do not include all disclosures required by generally accepted accounting principles, and should be read in conjunction with the annual audited consolidated statements as of and for the year ended August 31, 1998 contained in the Company's 1998 annual report on Form 10-K. In the opinion of management, the accompanying consolidated financial statements include all adjustments, consisting of normal and recurring adjustments necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented when read in conjunction with the annual audited consolidated financial statements and related notes thereto. The results of operations for the three-month period ended November 30, 1998 are not necessarily indicative of the results that should be expected for a full fiscal year.

EARNINGS PER SHARE

The Company adopted Statement of Financial Accounting Standards No. 128 (SFAS 128), "Earnings per Share," in the second quarter of fiscal 1998. Under SFAS 128, the Company presents two earnings per share (EPS) amounts. Basic EPS is calculated based on net earnings available to common shareholders and the weighted-average number of shares outstanding during the reported period. Diluted EPS includes additional dilution from potential common stock, such as stock issuable pursuant to the exercise of stock options outstanding. All earnings per share amounts for all periods have been presented, and where necessary, restated to conform to the Statement 128 requirements.

In thousands	Three months ended November 30, 1997	1998
Numerator:		
Net income	$19,071	$19,286
Denominator:		
Denominator for basic EPS-weighted-average shares	37,019	37,283
Effect of dilutive securities:		
Employee stock options	1,656	1,544
Denominator for diluted EPS-adjusted weighted-average shares	38,675	38,827
Basic EPS	$ 0.52	$ 0.52
Diluted EPS	$ 0.49	$ 0.50

For the three-month periods ended November 30, 1997 and 1998, options to purchase 20,000 and 40,000, respectively, shares of common stock were outstanding during the period but were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares, and therefore, the effect would be antidilutive.

COMMITMENTS AND CONTINGENCIES

At November 30, 1998, the Company had approximately $40 million in new facility and equipment purchase commitments outstanding.

The Company is party to certain lawsuits in the ordinary course of business. Management does not believe that these proceedings, individually or in aggregate, are material or that any adverse outcomes of these lawsuits will have a material adverse effect on the Company's financial statements.

NEW ACCOUNTING PRONOUNCEMENTS

Effective September 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income. Statement 130 establishes standards for reporting comprehensive income. The Statement defines comprehensive income as the change in equity of an enterprise except those resulting from shareholder transactions. During the three months ended November 30, 1998, changes in stockholders' equity consisted of net income and the exercise of stock

options. Accordingly, comprehensive income as defined by Statement 130 was equal to net income as shown in the accompanying unaudited Consolidated Statement of Earnings.

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131, Disclosures About Segments of an Enterprise and Related Information. Statement 131 establishes standards for related disclosures about the products and services, geographic areas, and major customers of an enterprise. The Company will be required to adopt this Statement in its 1999 annual consolidated financial statements. As this Statement addresses reporting and disclosure issues only, there will be no impact on earnings from its adoption.

Statement 133 - Accounting for Derivative Instruments and Hedging Activities. Statement 133 establishes methods of accounting for derivative financial instruments and hedging activities related to those instruments as well as other hedging activities. The Company is currently evaluating this Statement and has yet to form an opinion on whether its adoption will have any significant impact on the Company's consolidated financial statements. The Company will be required to implement Statement 133 for its fiscal year ending August 31, 2000.

Statement of Position 98-5 Reporting on the Costs of Start Up Activities. SOP 98-5 establishes standards on the financial reporting of start-up costs and organization costs. SOP 98-5 requires costs of start-up activities and organization costs to be expensed as incurred. The SOP is effective for financial statements for fiscal years beginning after December 15, 1998. As the Company has historically made a practice of expensing costs related to both the establishment of greenfield manufacturing facilities and the set-up of production lines as such costs are incurred, it does not anticipate that the adoption of SOP 98-5 will have any material impact on its consolidated financial statements.

NOTE 2. BALANCE SHEET DETAIL

The components of inventories consist of the following:

In thousands	August 31, 1998	November 30, 1998 (Unaudited)

Finished goods	5,823	2,799
Work-in-process	15,955	12,748
Raw materials	101,319	130,725
	-------	-------
	123,097	146,272
	=======	=======

JABIL CIRCUIT, INC. AND SUBSIDIARIES

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains certain forward-looking statements within the meaning of that term in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Factors that could cause actual events or results to differ materially from those referenced in such forward-looking statements include those described in the section herein entitled "Factors Affecting Future Results" and in the Company's other filings with the Securities and Exchange Commission. The words "believe," "expect," "intend," "anticipate," "plan" and similar expressions and variations thereof identify certain of such forward-looking statements, which speak only as of the dates on which they are made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual events and results may differ materially from those indicated in the forward-looking statements as a result of various factors. Readers are cautioned not to place undue reliance on any forward-looking statements.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's net revenue for the first quarter of fiscal 1999 increased 40% to $448 million from $320 million in the first quarter of fiscal 1998. This increase from the previous fiscal year was primarily due to increased production of communications products as well as incremental revenue due to the recent HP acquisition. Foreign source revenue represented 32% of net revenue for the first quarter of fiscal 1999 compared to 34% for the same period of fiscal 1998. The decrease in foreign source revenue was attributable to increased production at the Company's domestic locations in addition to the incremental revenue due to the recent acquisition of certain manufacturing and related assets comprising the "Formatter Manufacturing Organization" business unit of Hewlett-Packard Company ("HP acquisition").

Gross margin decreased to 11.3% for the first quarter of fiscal 1999 from 12.9% for the same period of fiscal 1998 reflecting a higher content of material-based revenue from the HP acquisition, underutilization of assets in certain international factories, offset in part by the recovery of costs associated with defective materials from a supplier.

Selling, general and administrative expenses in the first quarter of fiscal 1999 increased to 4.1% of net revenue compared to 3.5% in the prior fiscal year, while increasing in absolute dollars from $11.1 million in the first quarter of fiscal 1998 to $18.3 million in the first quarter of fiscal 1999. The dollar increases were primarily due to increased staffing and related departmental expenses at all the Company's locations, increased information systems staff to support the expansion of the Company's business, and staffing at the acquired HP sites.

Research and development expenses decreased to 0.2% of net revenue for the first quarter of fiscal 1999 as compared to 0.3% for the same period of fiscal 1998. In absolute dollars, the expenses increased approximately $0.2 million versus the same period of fiscal 1998 due to the expansion of circuit design activities.

Interest expense increased approximately $0.8 million in the first quarter of fiscal 1999 to $1.5 million as a result of increased borrowings to support the HP acquisition and increase working capital requirements.

The Company's effective tax rate increased to 35.0% in the first quarter of fiscal 1999 from 33.4% in the first quarter of fiscal 1998. The fiscal 1999 tax rate is higher primarily due to increased levels of domestic income as compared to the same period of fiscal 1998.

BUSINESS FACTORS

Due to the nature of turnkey manufacturing and the Company's relatively small number of customers, the Company's quarterly operating results are affected by the level and timing of orders, the level of capacity utilization of its manufacturing facilities and associated fixed costs, fluctuations in material costs, and by the mix of material costs versus manufacturing costs. Similarly, operating results are affected by price competition, level of experience in manufacturing a particular product, degree of automation used in the assembly process, efficiencies achieved by the Company in managing inventories and fixed assets, timing of expenditures in anticipation of increased sales, customer product delivery requirements, and shortages of components or labor. In the past, some of the Company's customers have terminated their manufacturing arrangement with the Company, and other customers have significantly reduced or delayed the volume of manufacturing services ordered from the Company. Any such termination of a manufacturing relationship or change, reduction or delay in orders could have an adverse affect on the Company's results of operations.

LIQUIDITY AND CAPITAL RESOURCES

At November 30, 1998, the Company's principal sources of liquidity consisted of cash and available borrowings under the Company's credit facilities. The Company and its subsidiaries have committed line of credit facilities in place with a syndicate of banks that provide up to $225 million of working capital borrowing capacity. As of November 30, 1998, the Company was utilizing $40 million of its revolving credit facility.

The Company generated $23.2 million of cash in operating activities for the three months ended November 30, 1998. The generation of cash was primarily due to net income of $19.3 million, depreciation and amortization of $11.5 million, an increase of $54.5 million in accounts receivable, an increase in inventories of $23.2 million and an increase in accounts payable and accrued expenses of $69.2 million.

Net cash used in investing activities of $33.8 million for the three months ended November 30, 1998 was a result of the Company's capital expenditures for equipment worldwide in order to support increased activities.

The Company believes that cash on-hand, funds provided by operations and available borrowings under the credit facility will be sufficient to satisfy its currently anticipated working capital and capital expenditure requirements for the next twelve months.

"YEAR 2000" READINESS

The Company is aware of and is addressing the Year 2000 issue. The Year 2000 issue creates risks for the Company from unforeseen problems in its own computer systems and from third parties with whom the Company deals. Failure of the Company's and/or third parties computer systems, manufacturing equipment and control systems could have a material adverse effect on the Company's results from operations.

The Company is actively taking steps to ensure that its global information technology infrastructure and business system applications, manufacturing equipment and systems will be Year 2000 compliant while seeking adequate assurances from third parties with whom the Company conducts business with, that any such systems shall be Year 2000 compliant. A global team, overseen by a corporate officer, has been formed and has implemented a proactive multi-phase approach, which includes assessing the scope of work, prioritizing, certifying compliance, and testing compliance.

As of the end of fiscal 1998 the Company was substantially complete in its compliance certification process of its global information technology infrastructure. Most of the Company's global business systems are currently being replaced by a Year 2000 compliant application; this process is expected to be complete by January 1, 2000. As a contingency, however, legacy systems have been upgraded to be Year 2000 compliant and are in the process of being tested.

As of the end of fiscal 1998, manufacturing and test equipment and local plant business systems had been identified and prioritized in terms of Year 2000 compliance. As of November 30, 1998, 85% of all equipment and systems had been certified as compliant. It is anticipated that the remaining 15% will be certified by the end of the first calendar quarter of 1999, at which time compliance testing and verification will commence.

The Company is also in the process of assessing its suppliers. The initial phase of the assessment has been completed as of the end of calendar 1998. Early in calendar 1999, the Company anticipates validating its suppliers' representations where deemed appropriate, and will develop sourcing contingency plans in areas where the Company assesses that supplier readiness is insufficient.

The Company estimates the cost to complete its remediation to be approximately $3 million. The Company is unable to fully determine the effect of failure of its own systems or those of third parties with which it does business, but any significant failures could have an material adverse effect on the Company's financial position, results of operations and cash flows.

JABIL CIRCUIT, INC. AND SUBSIDIARIES

Part II - OTHER INFORMATION

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

27. Financial Data Schedule.

(b) Reports on Form 8-K

There were no reports on Form 8-K filed by the Registrant during the quarter ended November 30, 1998.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Jabil Circuit, Inc.
Registrant

Date: January 14, 1999 — By: /s/ Thomas A. Sansone

Thomas A. Sansone
President

Date: January 14, 1999 — By: /s/ Chris A. Lewis

Chris A. Lewis
Chief Financial Officer

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED STATEMENT OF INCOME FILED AS PART OF THE QUARTERLY REPORT ON FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS
</LEGEND>
<MULTIPLIER> 1,000

<PERIOD-TYPE>	3-MOS	
<FISCAL-YEAR-END>		AUG-31-1999
<PERIOD-END>		NOV-30-1998
<CASH>		13,016
<SECURITIES>		0
<RECEIVABLES>		184,069
<ALLOWANCES>		3,276
<INVENTORY>		146,272
<CURRENT-ASSETS>		358,408
<PP&E>		350,904
<DEPRECIATION>		104,408
<TOTAL-ASSETS>		616,309
<CURRENT-LIABILITIES>		255,944
<BONDS>		0
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		37
<OTHER-SE>		267,756
<TOTAL-LIABILITY-AND-EQUITY>		616,309
<SALES>		447,941
<TOTAL-REVENUES>		447,941
<CGS>		397,366
<TOTAL-COSTS>		416,750
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		0
<INTEREST-EXPENSE>		1,520
<INCOME-PRETAX>		29,671
<INCOME-TAX>		10,385
<INCOME-CONTINUING>		19,286
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		19,286
<EPS-PRIMARY>		0.52
<EPS-DILUTED>		0.50