

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

	<u>May 31, 2014 (Unaudited)</u>	<u>August 31, 2013</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,322,266	\$ 1,011,373
Accounts receivable, net	998,420	1,168,954
Inventories	1,861,235	2,118,716
Prepaid expenses and other current assets	862,804	1,141,919
Income taxes receivable.....	32,692	12,269
Deferred income taxes	56,743	45,650
Assets of discontinued operations	22,998	321,364
Total current assets	<u>5,157,158</u>	<u>5,820,245</u>
Property, plant and equipment, net	2,212,908	2,309,320
Goodwill and intangible assets, net	617,618	609,445
Deferred income taxes	89,451	91,383
Other assets.....	144,195	100,801
Non-current assets of discontinued operations	—	222,587
Total assets	<u>\$ 8,221,330</u>	<u>\$ 9,153,781</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Current installments of notes payable, long-term debt and capital lease obligations	\$ 69,886	\$ 215,448
Accounts payable.....	2,697,598	3,191,328
Accrued expenses	1,101,221	1,217,088
Income taxes payable.....	8,712	38,323
Deferred income taxes	3,560	6,004
Liabilities of discontinued operations	7,181	196,243
Total current liabilities.....	<u>3,888,158</u>	<u>4,864,434</u>
Notes payable, long-term debt and capital lease obligations, less current installments	1,672,521	1,690,418
Other liabilities	80,139	77,145
Income tax liabilities	89,220	76,315
Deferred income taxes	61,013	58,047
Non-current liabilities of discontinued operations.....	—	31,855
Total liabilities.....	<u>5,791,051</u>	<u>6,798,214</u>
Commitments and contingencies		
Equity:		
Jabil Circuit, Inc. stockholders' equity:		
Preferred stock.....	—	—
Common stock.....	243	238
Additional paid-in capital	1,867,204	1,853,409
Retained earnings	1,288,029	1,071,175
Accumulated other comprehensive income	87,741	81,248
Treasury stock, at cost	(834,008)	(670,783)
Total Jabil Circuit, Inc. stockholders' equity	<u>2,409,209</u>	<u>2,335,287</u>
Noncontrolling interests	21,070	20,280
Total equity	<u>2,430,279</u>	<u>2,355,567</u>
Total liabilities and equity	<u>\$ 8,221,330</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		Nine months ended	
	May 31, 2014	May 31, 2013	May 31, 2014	May 31, 2013
Net revenue	\$ 3,785,875	\$ 4,196,224	\$ 11,705,901	\$ 12,735,799
Cost of revenue	3,569,925	3,898,652	10,942,550	11,837,451
Gross profit	215,950	297,572	763,351	898,348
Operating expenses:				
Selling, general and administrative	190,804	146,969	497,796	441,782
Research and development	5,729	6,475	21,387	21,337
Amortization of intangibles	5,679	2,221	18,180	6,591
Restructuring and related charges	12,446	23,182	65,652	23,182
Loss on disposal of subsidiaries	2,905	—	2,905	—
Impairment of notes receivable and related charges	—	25,597	—	25,597
Operating (loss) income	(1,613)	93,128	157,431	379,859
Interest and other, net	32,567	31,750	99,708	92,746
(Loss) income from continuing operations before tax	(34,180)	61,378	57,723	287,113
Income tax expense	18,708	22,129	40,923	81,317
(Loss) income from continuing operations, net of tax	(52,888)	39,249	16,800	205,796
Discontinued operations:				
Income from discontinued operations, net of tax....	2,699	10,379	21,515	37,505
Gain on sale of discontinued operations, net of tax	238,497	—	229,542	—
Discontinued operations, net of tax	241,196	10,379	251,057	37,505
Net income	188,308	49,628	267,857	243,301
Net income (loss) attributable to noncontrolling interests, net of tax	53	(455)	347	(1,162)
Net income attributable to Jabil Circuit, Inc.	\$ 188,255	\$ 50,083	\$ 267,510	\$ 244,463
(Loss) earnings per share attributable to the stockholders of Jabil Circuit, Inc.:				
Basic:				
(Loss) income from continuing operations, net of tax	\$ (0.26)	\$ 0.20	\$ 0.08	\$ 1.02
Discontinued operations, net of tax	\$ 1.19	\$ 0.05	\$ 1.23	\$ 0.18
Net income	\$ 0.93	\$ 0.25	\$ 1.31	\$ 1.20
Diluted:				
(Loss) income from continuing operations, net of tax	\$ (0.26)	\$ 0.19	\$ 0.08	\$ 1.00
Discontinued operations, net of tax	\$ 1.19	\$ 0.05	\$ 1.22	\$ 0.18
Net income	\$ 0.93	\$ 0.24	\$ 1.30	\$ 1.18
Weighted average shares outstanding:				
Basic	202,008	202,648	203,995	203,142
Diluted	202,008	207,569	205,699	207,540

JABIL CIRCUIT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine months ended	
	May 31, 2014	May 31, 2013
Cash flows from operating activities:		
Net income	\$ 267,857	\$ 243,301
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	366,622	295,710
Gain on sale of discontinued operations.....	(239,320)	—
Restructuring and related charges	30,015	—
Deferred income taxes.....	(25,115)	(28,635)
Provision for allowance for doubtful accounts.....	15,078	—
Recognition of stock-based compensation expense and related charges.....	8,257	52,201
Loss on disposal of subsidiaries	2,905	—
Excess tax benefits related to stock awards.....	(1,544)	(330)
Impairment of notes receivable and related charges.....	—	25,597
Other, net	3,611	7,038
Changes in operating assets and liabilities, exclusive of net assets acquired:		
Accounts receivable	102,708	113,134
Inventories.....	315,254	(85,855)
Prepaid expenses and other current assets.....	269,871	(59,259)
Other assets	(28,288)	(1,497)
Accounts payable and accrued expenses	(666,786)	239,209
Income taxes.....	(11,737)	9,067
Net cash provided by operating activities	<u>409,388</u>	<u>809,681</u>
Cash flows from investing activities:		
Proceeds from sale of discontinued operations, net of cash.....	544,495	—
Acquisition of property, plant and equipment.....	(414,729)	(452,993)
Proceeds from sale of property, plant and equipment	141,082	11,274
Cash paid for business and intangible asset acquisitions, net of cash acquired.....	—	(9,662)
Investments in non-marketable equity securities	—	(2,942)
Net cash provided by (used in) investing activities	<u>270,848</u>	<u>(454,323)</u>
Cash flows from financing activities:		
Payments towards debt agreements.....	(5,336,697)	(3,184,810)
Borrowings under debt agreements.....	5,171,880	3,169,401
Payments to acquire treasury stock	(129,063)	(129,262)
Dividends paid to stockholders	(52,162)	(51,743)
Treasury stock minimum tax withholding related to vesting of restricted stock.....	(34,162)	(20,268)
Net proceeds from exercise of stock options and issuance of common stock under employee stock purchase plan	7,697	10,899
Sale of noncontrolling interest, net of cash	(1,783)	—
Cash paid to purchase noncontrolling interest.....	(1,720)	—
Excess tax benefit related to stock awards	1,544	330
Capital contribution to noncontrolling interest	—	316
Net cash used in financing activities	<u>(374,466)</u>	<u>(205,137)</u>
Effect of exchange rate changes on cash and cash equivalents	5,123	(15,751)
Net increase in cash and cash equivalents	310,893	134,470
Cash and cash equivalents at beginning of period	1,011,373	1,217,256
Cash and cash equivalents at end of period	<u>\$ 1,322,266</u>	<u>\$ 1,351,726</u>

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		Nine months ended	
	May 31, 2014	May 31, 2013	May 31, 2014	May 31, 2013
Operating (loss) income (GAAP)	\$ (1,613)	\$ 93,128	\$ 157,431	\$ 379,859
Amortization of intangibles.....	5,679	2,221	18,180	6,591
Stock-based compensation expense and related charges.....	14,561	14,433	6,627	47,620
Restructuring and related charges	12,446	23,182	65,652	23,182
Distressed customer charges	11,371	—	15,113	—
Loss on disposal of subsidiaries	2,905	—	2,905	—
Impairment of notes receivable and related charges	—	25,597	—	25,597
Core operating income (Non-GAAP)	\$ 45,349	\$ 158,561	\$ 265,908	\$ 482,849
Net income attributable to Jabil Circuit, Inc. (GAAP)	\$ 188,255	\$ 50,083	\$ 267,510	\$ 244,463
Amortization of intangibles, net of tax.....	5,661	1,975	15,084	6,342
Stock-based compensation expense and related charges, net of tax	14,298	14,806	5,884	47,587
Restructuring and related charges, net of tax	9,862	21,977	55,443	21,977
Distressed customer charges, net of tax	8,889	—	11,234	—
Acquisition costs and certain purchase accounting adjustments, net of tax.....	—	—	(9,064)	—
Loss on disposal of subsidiaries, net of tax	2,905	—	2,905	—
Impairment of notes receivable and related charges, net of tax.....	—	19,747	—	19,747
Income from discontinued operations, net of tax	(2,699)	(10,379)	(21,515)	(37,505)
Gain on sale of discontinued operations, net of tax..	(238,497)	—	(229,542)	—
Core (loss) earnings (Non-GAAP)	\$ (11,326)	\$ 98,209	\$ 97,939	\$ 302,611
Earnings per share: (GAAP)				
Basic.....	\$ 0.93	\$ 0.25	\$ 1.31	\$ 1.20
Diluted.....	\$ 0.93	\$ 0.24	\$ 1.30	\$ 1.18
Core (loss) earnings per share: (Non-GAAP)				
Basic.....	\$ (0.06)	\$ 0.48	\$ 0.48	\$ 1.49
Diluted.....	\$ (0.06)	\$ 0.47	\$ 0.48	\$ 1.46
Weighted average shares outstanding used in the calculations of earnings per share (GAAP):				
Basic.....	202,008	202,648	203,995	203,142
Diluted.....	202,008	207,569	205,699	207,540
Weighted average shares outstanding used in the calculations of earnings per share (Non-GAAP):				
Basic.....	202,008	202,648	203,995	203,142
Diluted.....	202,008	207,569	205,699	207,540

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	
	May 31, 2014	May 31, 2013
Numerator:		
Operating (loss) income (GAAP)	\$ (1,613)	\$ 93,128
Tax effect (1)	(18,456)	(22,504)
After-tax operating (loss) income	(20,069)	70,624
	x4	x4
Annualized after-tax operating (loss) income	\$ (80,276)	\$ 282,496
Core operating income (Non-GAAP)	\$ 45,349	\$ 158,561
Tax effect (2)	(24,921)	(29,296)
After-tax core operating income	20,428	129,265
	x4	x4
Annualized after-tax core operating income	\$ 81,712	\$ 517,060
Denominator:		
Average total Jabil Circuit, Inc. stockholders' equity (3).....	\$ 2,352,293	\$ 2,190,845
Average notes payable, long-term debt and capital lease obligations, less current installments (3).....	1,673,922	1,652,534
Average current installments of notes payable, long-term debt and capital lease obligations (3).....	115,363	59,529
Average cash and cash equivalents (3).....	(998,698)	(1,206,691)
Net invested capital asset base	\$ 3,142,880	\$ 2,696,217
Return on Invested Capital (GAAP)	(2.6)%	10.5%
Adjustments noted above	5.2%	8.7%
Core Return on Invested Capital (Non-GAAP)	2.6%	19.2%

- (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 and dividing by two.