

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, 1996.

--- 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
(State or other jurisdiction of
incorporation or organization)

38-1886260
(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: (813) 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 November 30, 1996, there were 17,875,114 shares of the Registrant's
Common Stock outstanding.

JABIL CIRCUIT, INC. AND SUBSIDIARIES

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JABIL CIRCUIT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except for share and per share data)

	August 31 1996 -----	November 30 1996 ----- (unaudited)
ASSETS		
Current assets		
Cash	\$73,319	\$72,419
Accounts receivable - Net	84,839	77,923
Inventories	64,869	67,496
Refundable income taxes	--	--
Prepaid expenses and other current assets	340	308
Deferred income taxes	3,971	5,142
	-----	-----
Total current assets	227,338	223,288
Property, plant and equipment, net	70,704	78,609
Other assets	1,898	292
	-----	-----
	\$299,940	\$302,189
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current installments of long term debt	1,979	1,979
Current installments of capital lease obligations	472	480
Accounts payable	78,600	73,994
Accrued expenses	24,550	23,284
Income taxes payable	5,979	6,161
	-----	-----
Total current liabilities	111,580	105,898
Long term debt, less current installments	57,257	56,713
Capital lease obligations, less current installments	1,114	1,034
Deferred income taxes	2,883	2,699
Deferred grant revenue	2,872	2,297
	-----	-----
Total liabilities	175,706	168,641
	-----	-----
Stockholders' equity		
Common stock	18	18
Additional paid in capital	56,924	57,390
Retained earnings	67,319	76,147

	-----	-----
	124,261	133,555
Less:		
Unearned compensation from grant of stock option	27	7
	-----	-----
Net stockholders' equity	124,234	133,548
	-----	-----
	\$299,940	\$302,189
	=====	=====

See Accompanying Notes to Consolidated Financial Statements

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JABIL CIRCUIT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except for per share data)

	Three months ended November 30	
	----- (Unaudited)	
	1995	1996
	-----	-----
Net revenue	\$233,855	\$203,070
Cost of revenue	216,537	179,978
	-----	-----
Gross profit	17,318	23,092
Operating expenses:		
Selling, general and administrative	5,561	7,727
Research and development	399	705
	-----	-----
Operating income	11,358	14,660
Interest expense, net	2,663	658
	-----	-----
Income before income taxes	8,695	14,002
Income taxes	3,480	5,174
	-----	-----
Net income	\$5,215	\$8,828
	=====	=====
Net income per share	\$0.31	\$0.47
	=====	=====
Weighted average number of shares of common stock and common stock equivalents	16,967	18,942

See Accompanying Notes to Consolidated Financial Statements

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JABIL CIRCUIT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

For the three months

	ended November 30,	
	1995	1996
	-----	-----
Operating Activities		
Net Income	5,215	8,828
Adjustments to reconcile Net Income to Net Cash		
Provided by operating activities:		
Depreciation & Amortization	4,037	5,433
Recognition of Grant Revenue	(568)	(575)
Deferred income taxes	(485)	(1,355)
(Gain) Loss on sale of property	(2)	(17)
Changes in operating assets & liabilities:		
Accounts Receivable	3,381	6,916
Inventories	(53,923)	(2,627)
Prepaid expenses & other current assets	371	32
Refundable Income Taxes	2,079	-
Other Assets	(229)	1,603
Accounts payable & accrued expenses	16,138	(5,872)
Income taxes payable	-	182
	-----	-----
Net cash provided by (used in) operating activities	(23,986)	12,548
	-----	-----
Cash flow from investing activities - Net		
Acquisition of property, plant and equipment	(12,885)	(13,318)
Proceeds from the sale of property and equipment	35	20
	-----	-----
Net cash used in investing activities	(12,850)	(13,298)
	-----	-----
Cash flows from financing activities:		
Note Payable - Net	(5,500)	-
Proceeds from long-term debt	3,042	-
Payments of long-term debt	(1,786)	(544)
Payments of capital lease obligations	(283)	(72)
Net proceeds from issuance of common stock	39,286	466
	-----	-----
Net cash provided by financing activities	34,759	(150)
	-----	-----
Net increase/(decrease) in cash	(2,077)	(900)
Cash at beginning of period	5,486	73,319
	-----	-----
Cash at end of period	\$3,409	\$72,419
	=====	=====
Supplemental disclosure information:		
Cash Paid		
Interest	2,252	1,546
Income Taxes	1,550	5,250
Non-Cash Investing and Financing activities:		
Tax benefit of options exercised	36	-

See Accompanying Notes to Consolidated Financial Statements

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JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

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, 1996 contained in the Company's 1996 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, 1996 are not necessarily indicative of the results that should be expected for a full fiscal year.

NET INCOME PER SHARE

Net income per share is computed using the weighted average number of common shares and dilutive common equivalent shares outstanding during the applicable period. Common equivalent shares consist of stock options, using the treasury stock method.

COMMITMENTS AND CONTINGENCIES

At November 30, 1996 the Company had outstanding approximately \$10,440,000 in equipment purchase commitments, and approximately \$4,800,000 in purchase commitments related to the construction of new manufacturing facilities.

During the 1994 fiscal year, the Company instituted a breach of contract action against Epson of America Inc. requesting certain specified and unspecified monetary damages. On July 21, 1995, Epson filed a counterclaim citing damages for, among other things, breach of contract and negligent misrepresentation. The Company expects discovery to conclude during the first half of fiscal 1997 and the trial to commence in the second half of fiscal 1997 in the United States District Court for the Middle District of Florida. The parties have been unsuccessful in mediating or arbitrating the dispute, despite participation in several non-binding mediation and arbitration sessions. The Company intends to pursue aggressively its legal claims and contest vigorously Epson's counterclaims. The Company believes strongly in the validity of its claims and believes that any potential exposure to the Company is substantially less than the

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amount claimed by Epson. The Company believes that adequate provision has been made in its consolidated financial statements for adverse exposure related to this matter. However, such litigation may result in substantial costs and diversion of resources and, given the uncertainties inherent in litigation, could have a material adverse effect on the Company's operating results and financial condition, if decided adversely to the Company.

The Company is party to certain other law suits 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.

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JABIL CIRCUIT, INC. AND SUBSIDIARIES

This management's Discussion and Analysis of Financial Condition and Results of Operations contains trend analysis and a number of forward looking statements. These statements are based on current expectations and actual results may differ materially. Among the factors which could cause actual results to vary are those described in "Business Factors" below.

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 1997 decreased 13% to \$203.1 million from \$233.9 million in the first quarter of fiscal 1996. This decrease was primarily due to the end of production of certain hard drive and personal computer products, offset by increased production of communications products. Foreign source revenue represented 31% of net revenue for the first quarter of fiscal 1997, compared to 40% for the same period of fiscal 1996. The decrease in foreign source revenue was attributable to decreased exports from the Company's domestic locations.

Gross margin increased to 11.4% for the first quarter of fiscal 1997 from 7.4% for the first quarter of fiscal 1996. This increase resulted from a shift in product mix to higher value added products along with increased utilization of the Company's international operations.

Selling, general and administrative expenses in the first quarter of fiscal 1997 increased to 3.8% of net revenue, compared to 2.4% in the first quarter of the prior fiscal year, or \$2.1 million in absolute dollars. The increase was due to additional staffing at an operational level and increased resources at a corporate level.

Research and development expenses increased as a percentage of net revenue in the first quarter of fiscal 1997 to 0.4% as compared to 0.2% for the first quarter of fiscal 1996. In absolute dollars, the expenses increased approximately \$306,000 versus the same period of fiscal 1996 due to expansion of circuit design activities.

Interest expense decreased \$2.0 million in the first quarter of fiscal 1997 to \$0.7 million from \$2.7 million in the first quarter of fiscal 1996 due to a decrease in total borrowings, lower effective interest rates and interest income earned on cash balances.

The Company's effective tax rate decreased to 37% in the first quarter of fiscal 1997 from 40% in the first quarter of fiscal 1996. The reduced effective income tax rate was due to lower effective tax rates of the Company's international operations in fiscal 1997.

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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 levels and timing of orders; the level of capacity utilization of its manufacturing facilities and associated fixed costs; fluctuations in materials costs; and by the mix of materials 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 of the Company's results of operations.

LIQUIDITY AND CAPITAL RESOURCES

At November 30, 1996 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 \$60 million of working capital borrowing capacity.

The Company generated \$12.5 million of cash in operating activities for the three months ended November 30, 1996. The generation of cash was primarily due to net income of \$8.8 million, depreciation and amortization of \$5.4 million and a reduction in accounts receivable of \$6.9 million, offset by a reduction of accounts payable and accrued expenses of \$5.8 million and an increase in inventories of \$2.6 million.

Net cash used in investing activities of \$13.3 million for the three months ended November 30, 1996 was a result of the Company's capital expenditures for equipment world-wide in order to support increased activities and the construction of new manufacturing facilities.

Net cash of \$0.2 million was used in financing activities for the three months ended November 30, 1996. This was primarily attributable to \$0.5 million payments of long term debt offset by \$0.5 million of proceeds from the issuance of common stock.

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

JABIL CIRCUIT, INC. AND SUBSIDIARIES

Part II - OTHER INFORMATION

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits

11.1 Statement re Computation of Net Income per Share

27 Financial Data Schedule (for SEC Use Only)

(b) Form 8-K

No Reports on Form 8-K were filed by the Registrant during the quarter ended November 30, 1996.

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: 1/14/97

/s/ Thomas A. Sansone

Thomas A. Sansone
President

Date: 1/14/97

/s/ Chris A. Lewis

Chris A. Lewis
Chief Financial Officer

JABIL CIRCUIT INC.
 STATEMENT OF COMPUTATION OF EARNINGS PER SHARE
 (in thousands, except for per share amounts)
 (Unaudited)

	Three months ended	
	November 30,	
	1995	1996
	-----	-----
Net income	5,215	8,828
	=====	=====
Computation of weighted average common and equivalent shares outstanding:		
Common stock	15,666	17,834
Options	1,301	1,108
	-----	-----
Total number of shares used in computing per share amounts	15,967	18,942
	=====	=====
Net income per share	0.31	0.47
	=====	=====

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED STATEMENT OF INCOME FILED AS PART OF THE ANNUAL REPORT ON FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH ANNUAL REPORT ON FORM 10-K.

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