

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTION 13 OR  
15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

(MARK ONE)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF  
THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2000
- 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.)

10560 NINTH STREET NORTH,  
ST. PETERSBURG, FLORIDA  
(Address of Principal Executive  
Offices)

33716  
(Zip Code)

Registrant's telephone number, including area code: (727) 577-9749

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
COMMON STOCK, \$0.001 PAR VALUE PER SHARE	NEW YORK STOCK EXCHANGE

Securities registered pursuant to Section 12(g) of the Act:

NONE

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 periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K.

The aggregate market value of the voting common stock held by non-affiliates of the Registrant (based on the closing sale price of the Common Stock as reported on the New York Stock Exchange on October 12, 2000) was approximately \$6.5 billion. For purposes of this determination, shares of Common

Stock held by each officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. The number of outstanding shares of the Registrant's Common Stock as of the close of business on October 12, 2000, was 190,457,939. The Registrant does not have any non-voting stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The Registrant's definitive Proxy Statement for the 2000 Annual Meeting of Stockholders to be held on January 18, 2001 is incorporated by reference in Part III of this Annual Report on Form 10-K to the extent stated herein.

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PART I

ITEM 1. BUSINESS

We make "forward-looking statements" within the "safe harbor" provision of the Private Securities Litigation Reform Act of 1995 throughout this document and in the documents we incorporate by reference into this Annual Report on Form 10-K. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate," "plan" and "continue" or similar words. We have based these statements on our current expectations about future events. Although we believe that our expectations reflected in or suggested by our forward-looking statements are reasonable, we cannot assure you that these expectations will be achieved. Our actual results may differ materially from what we currently expect. Important factors which could cause our actual results to differ materially from the forward-looking statements in this document are set forth in the "Factors Affecting Future Results" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections and elsewhere in this document.

You should read this Annual Report on Form 10-K 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 in the event that our situation changes in the future. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

THE COMPANY

We are one of the leading worldwide independent providers of electronic manufacturing services ("EMS"). We design and manufacture electronic circuit board assemblies and systems for major original equipment manufacturers ("OEMs") in the communications, computer peripherals, and personal computer, automotive and consumer products industries. We serve our OEM customers with dedicated work cell business units that combine high volume, highly automated continuous flow manufacturing with advanced electronic design and design for manufacturability technologies. Our customers currently include industry leaders such as Cisco Systems, Inc., Dell Computer Corporation, Hewlett-Packard Company, Johnson Controls, Inc. and Lucent Technologies. For the fiscal year ended August 31, 2000, we achieved net revenues of approximately \$3.6 billion and net income of \$145.6 million.

The EMS industry has experienced rapid growth over the past several years as an increasing number of OEMs have outsourced their manufacturing requirements. OEMs are turning to outsourcing in order to reduce product cost, achieve accelerated time-to-market and time-to-volume production, access advanced design and manufacturing technologies, improve inventory management and purchasing power, reduce their capital investment in manufacturing facilities, and achieve parallel manufacturing of the same product throughout the world. We believe further growth opportunities exist for EMS providers to penetrate the worldwide electronics markets.

We offer our customers complete turnkey EMS solutions that are responsive to their outsourcing needs. Our work cell business units are capable of providing:

- integrated design and engineering services

- component selection, sourcing and procurement
- automated assembly
- design and implementation of product testing
- parallel global production
- systems assembly and direct order fulfillment services
- repair and warranty services

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We currently conduct our operations in facilities that are located in the United States, Brazil, China, Hungary, Ireland, Italy, Malaysia, Mexico and Scotland. Our parallel global production strategy provides our customers with the benefits of improved supply-chain management, reduced inventory obsolescence, lowered transportation costs and reduced product fulfillment time.

Our principal executive offices are located at 10560 Ninth Street North, St. Petersburg, Florida 33716, and our telephone number is (727) 577-9749. Our website is located at [www.jabil.com](http://www.jabil.com). Information contained in our website is not a part of this document or the documents incorporated by reference in this document.

#### EMS INDUSTRY BACKGROUND

The EMS industry is composed of companies that provide a range of manufacturing services for OEMs in the electronics industry. The EMS industry has experienced rapid growth over the past several years as an increasing number of OEMs have chosen an external manufacturing strategy. This growth has been impacted by OEMs divesting of internal manufacturing capacity. Factors driving OEMs to favor outsourcing to EMS providers include:

- Reduced Product Cost. EMS providers are able to manufacture products at a reduced total cost to OEMs. These cost advantages result from higher utilization of capacity because of diversified product demand and, typically, a higher sensitivity to elements of cost.
- Accelerated Product Time-to-Market and Time-to-Volume. EMS providers are able to deliver accelerated production start-ups and achieve high efficiencies in transferring new products into production. EMS providers are also able to rapidly scale production for changing markets and to position themselves in global locations that serve the leading world markets. With increasingly shorter product life cycles, these key services allow new products to be sold in the marketplace in an accelerated time frame.
- Access to Advanced Technologies. Customers of EMS providers gain access to advanced technologies in manufacturing processes, as well as product and production design. Product and production design services may offer customers significant improvements in the performance, cost, time-to-market and manufacturability of their products.
- Improved Inventory Management and Purchasing Power. EMS providers are able to manage both procurement and inventory, and have demonstrated proficiency in purchasing components at improved pricing due to the scale of the operations and continuous interaction with the materials marketplace.
- Reduced Capital Investment in Manufacturing. OEMs are increasingly seeking to lower their investment in inventory, facilities and equipment used in manufacturing in order to allocate capital to other activities such as sales and marketing, and research and development. This shift in capital deployment has placed a greater emphasis on outsourcing to external manufacturing specialists.

#### OUR STRATEGY

We are focused on expanding our position as one of the leading global providers of electronic manufacturing services to major OEMs. To achieve this objective, we will continue implementing the following strategies:

- Establish and Maintain Long-Term Customer Relationships. Our core strategy is to establish and maintain long-term relationships with leading electronics companies in expanding industries with the size and growth characteristics that can benefit from highly automated, continuous flow and global manufacturing. Historically, we have derived a majority of our growth from existing customers. We focus on maintaining long-term relationships with our customers and seek to expand such relationships to include additional product lines and services. In addition, we have a focused effort to identify and develop relationships with new customers who meet our profile.
- Utilize Work Cell Business Units. Each of our work cell business units is dedicated to one customer and operates with a high level of autonomy, utilizing dedicated production equipment, production

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workers, supervisors, buyers, planners and engineers. We believe our work cell business units promote increased responsiveness to our customers' needs, particularly as a customer relationship grows to multiple production locations.

- Expand Parallel Global Production. Our ability to produce the same product on a global scale is a significant requirement of our customers. We believe that parallel global production is a key strategy to reduce obsolescence risk and secure the lowest landed costs while simultaneously supplying products of equivalent or comparable quality throughout the world. Consistent with this strategy, we have constructed facilities in Chihuahua, Mexico and Tiszaujvaros, Hungary, and acquired facilities in Brazil, China and Mexico.
- Offer Systems Assembly and Direct Order Fulfillment. Our systems assembly and direct order fulfillment services allow our customers to reduce product cost and risk of product obsolescence by reducing total work-in-process and finished goods inventory. We offer these services at all of our manufacturing locations.
- Pursue Selective Acquisition Opportunities. An increasing number of OEMs are divesting internal manufacturing operations to EMS providers. In many of these situations, the OEM enters into a customer relationship with the EMS provider. Our acquisition strategy is focused on obtaining OEM manufacturing operations with consistent growth, experienced management teams, and opportunities for long-term outsourcing relationships.

#### OUR APPROACH TO MANUFACTURING

In order to achieve high levels of manufacturing performance, we have adopted the following approach:

- Work Cell Business Units. Each of our work cell business units is dedicated to one customer and is empowered to formulate strategies tailored to its customer's needs. Each work cell business unit has dedicated production lines consisting of equipment, production workers, supervisors and engineers. Work cell business units have direct responsibility for manufacturing results and time-to-volume production, promoting a sense of individual commitment and ownership. The work cell business unit approach enables us to grow incrementally without disrupting the operations of other work cell business units.
- Business Unit Management. Our Business Unit Managers coordinate all financial, manufacturing and engineering commitments for each of our customers at a particular manufacturing facility. Our Business Unit Directors oversee local Business Unit Managers and coordinate on a worldwide basis all financial, manufacturing and engineering commitments for each of our customers that have both domestic and global production requirements. Jabil's Business Unit Management has the authority to develop customer relationships, make design strategy decisions and production commitments, establish pricing and implement production and electronic design changes. Business Unit Managers and Directors are also responsible for assisting customers with strategic planning for future products, including developing cost and technology goals. These Managers and Directors operate autonomously, with responsibility for the

development of customer relationships and direct profit and loss accountability for work cell business unit performance.

- Continuous Flow. We use a highly automated, "continuous flow" approach where different pieces of equipment are joined directly or by conveyor to create an in-line assembly process. This process is in contrast to a "batch" approach, where individual pieces of assembly equipment are operated as freestanding work-centers. The elimination of waiting time prior to sequential operations results in faster manufacturing which improves production efficiencies and quality control, and reduces inventory work-in-process. Continuous flow manufacturing provides significant cost reduction and quality improvement when applied to volume manufacturing.
- Computer Integration. We support all aspects of our manufacturing activities with advanced computerized control and monitoring systems. Component inspection and vendor qualities are monitored electronically in real-time. Materials planning, purchasing, stockroom and shop floor control

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systems are supported through a computerized Manufacturing Resource Planning system, providing customers with a continuous ability to monitor material availability and track work-in-process on a real-time basis. Manufacturing processes are supported by a real-time, computerized statistical process control system, whereby customers can remotely access our computer systems to monitor real-time yields, inventory positions, work-in-process status and vendor quality data. See "-- Technology."

- Supply Chain Management. We utilize an electronic commerce system/electronic data interchange ("EDI") and web based tools with our customers and suppliers to implement a variety of supply chain management programs. Our customers utilize these tools to share demand and product forecasts and deliver purchase orders. We use these tools with our suppliers for just-in-time delivery, supplier-managed inventory and consigned supplier-managed inventory.

#### OUR DESIGN SERVICES

We offer a full spectrum of value-added design services for products that we manufacture for our customers. We provide these services to enhance our relationships with current customers and to help develop relationships with new customers. During fiscal year 2000, approximately one-half of our customers shipped product incorporating Jabil design. We offer the following design services:

Electronic Design. Our electronic design team provides electronic circuit design services including application specific integrated circuit design and firmware development. These services have been used to develop a variety of circuit designs for cellular telephone accessories, notebook and personal computers, radio frequency products, video set-top boxes, and automotive and consumer appliance controls.

Production Design. Our production design team provides printed circuit board ("PCB") design and other related services. These services include PCB design services using advanced CAD/CAE tools, PCB design testing and verification services, and other consulting services, which include generation of a bill of materials, approved vendor list and assembly equipment configuration for a particular PCB design. We believe that our production design services result in PCB designs that are optimized for manufacturability and cost and accelerate product time-to-market and time-to-volume production.

Industrial/Mechanical and Other Design Services. Our industrial and mechanical design team often work with our customers to assist in designing the "look and feel" of the plastic and metal enclosures that house printed circuit board assemblies. In addition, from time to time we will procure additional design services from third parties to meet our customers' needs.

#### OUR SYSTEMS ASSEMBLY, TEST AND DIRECT ORDER FULFILLMENT SERVICES

We offer systems assembly, test and direct order fulfillment services to

our customers. Our systems assembly services extend our range of assembly activities to include assembly of higher level sub-systems and systems incorporating multiple printed circuit boards. We maintain significant systems assembly capacity to meet the increasing demands of our customers. In addition, we provide testing services, based on quality assurance programs developed with our customers, of the printed circuit boards, sub-systems and systems products that we manufacture. Our quality assurance programs include circuit testing under various environmental conditions to ensure that our products meet or exceed required customer specifications. We also offer direct order fulfillment services for delivery of final products we assemble for our customers.

#### OUR REPAIR AND WARRANTY SERVICES

As an extension of our manufacturing model and an enhancement to our total global solution, we offer repair and warranty services to our customers from strategic logistics hub locations. We have the ability to service our OEM partners product following completion of the traditional manufacturing and fulfillment process.

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#### TECHNOLOGY

We believe that our manufacturing and testing technologies are among the most advanced in the industry. Through our research and development efforts, we intend to continue to offer our customers among the most advanced high volume, continuous flow manufacturing process technologies. These technologies include surface mount technology, tape automated bonding, ball grid array, chip scale packages, flip chip/direct chip attach, thin substrate processes, reflow solder of mixed technology circuit boards and other testing and emerging interconnect technologies. In addition to our research and development activities, we are continuously making refinements to our existing manufacturing processes in connection with providing manufacturing services to our customers.

#### RESEARCH AND DEVELOPMENT

To meet our customers' increasingly sophisticated needs, we continually engage in research and development activities. The development and refinement of new manufacturing processes are performed primarily at our advanced engineering facility in San Jose, California. From time to time, we perform research and development related to new products on a project-by-project basis. Our research and development consists of design of the circuit board assembly, mechanical design and the related production design necessary to manufacture the circuit board assembly in the most cost-effective and reliable manner.

For fiscal years 2000, 1999 and 1998, we expended \$4.8 million, \$5.9 million and \$5.4 million, respectively, on research and development activities. To date, substantially all of our research and development expenditures have related to internal research and development activities.

In conjunction with the acquisition of the operations of the LaserJet Formatter Manufacturing Organization from Hewlett-Packard Company in August 1998, (the "HP Acquisition"), we recorded a charge of \$6.5 million related to the write-off of in-process research and development. See Note 10 to the Consolidated Financial Statements.

#### CUSTOMERS AND MARKETING

Our core strategy is to establish and maintain long-term relationships with leading electronics companies in expanding industries with the size and growth characteristics that benefit from highly automated continuous flow and global manufacturing. A small number of customers and significant industries have historically comprised a major portion of our net revenue. The table below sets forth the respective portion of net revenue for the applicable period attributable to our customers who individually accounted for approximately 10% or more of our net revenue in any respective period:

YEAR ENDED AUGUST 31,		
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2000	1999	1998
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Cisco Systems, Inc.....	20%	18%	18%
Dell Computer Corporation.....	16	*	*
Hewlett-Packard Company.....	14	22	*
Lucent Technologies.....	10	*	*
3Com Corporation.....	*	*	16

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\* less than 10% of net revenues

Jabil's revenue was distributed over the following significant industries for the periods indicated:

	YEAR ENDED AUGUST 31,		
	2000	1999	1998
	----	----	----
Communications.....	44%	39%	48%
Computer Peripherals.....	21	37	19
Personal Computers.....	21	10	12
Automotive and other.....	14	14	21
	---	---	---
	100%	100%	100%
	===	===	===

In fiscal year 2000, 30 customers accounted for more than 95% of our net revenue. We expect to continue to depend upon a relatively small number of customers for a significant percentage of our net revenue. As illustrated in the two tables above, the historic percentages of net revenue we have received from specific customers or significant industries have varied substantially from year to year. Accordingly, these historic percentages are not necessarily indicative of the percentage of net revenue that we may receive from any customer or industry in the future. In the past, some of our customers have terminated their manufacturing arrangements with us or have significantly reduced or delayed the volume of manufacturing services ordered from us. We cannot assure you that present or future customers will not terminate their manufacturing arrangements with us or significantly change, reduce or delay the amount of manufacturing services ordered from us. If they do, it could have a material adverse effect on our results of operations. See "Factors Affecting Future Results -- We Depend on a Limited Number of Customers" and Note 7 to the Consolidated Financial Statements.

Our principal source of new business is the expansion of existing customer relationships to include additional product lines and services, referrals and direct sales through our Business Unit Managers and Directors and executive staff. Our Business Unit Managers and Directors, supported by the executive staff, identify and attempt to develop relationships with new customers who meet our profile. This profile includes financial stability, need for technology-driven turnkey manufacturing, anticipated unit volume and long-term relationship stability. Unlike traditional sales managers, our Business Unit Managers and Directors are responsible for ongoing management of production for their customers.

INTERNATIONAL OPERATIONS

A key element in our strategy is to provide localized production of global products produced for OEMs in the major consuming regions of North America, Europe and Asia. Consistent with this strategy, we have established or acquired manufacturing facilities in Brazil, China, Hungary, Ireland, Italy, Malaysia, Mexico and Scotland.

Our European facilities target existing European customers, North American customers having significant sales in Europe and potential European customers who meet our customer profile.

Our Asian facilities, located in China and Malaysia, enable us to provide

local manufacturing services to the Asian market in order to reduce costs, freight and duties, to provide a more competitive cost structure for these markets and to serve as a low cost manufacturing source for new and existing customers.

See "Factors Affecting Future Results -- Our International Operations May Be Subject to Certain Risks" and "Management's Discussion and Analysis of Financial Analysis of Financial Condition and Results of Operations."

#### COMPETITION

The EMS industry is highly competitive. We compete against numerous domestic and foreign manufacturers, including SCI Systems, Inc., Solelectron Corporation, Celestica, Inc., and Flextronics International. In addition, we may in the future encounter competition from other large electronic manufacturers that are selling, or may begin to sell, electronic manufacturing services. Most of our competitors have international operations and some have substantially greater manufacturing, financial, research and development and

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marketing resources than Jabil. We also face potential competition from the manufacturing operations of our current and potential customers, who are continually evaluating the merits of manufacturing products internally versus the advantages of outsourcing to us.

We believe that the primary basis of competition in our targeted markets are capability, price, manufacturing quality, advanced manufacturing technology, design expertise, time-to-volume production, reliable delivery and regionally dispersed manufacturing. Management believes we currently compete favorably with respect to these factors. See "Factors Affecting Future Results -- We are in a Highly Competitive Industry."

#### BACKLOG

Our order backlog at August 31, 2000 was approximately \$1.2 billion, compared to backlog of \$688 million at August 31, 1999. Although our backlog consists of firm purchase orders, the level of backlog at any particular time is not necessarily indicative of future sales. Given the nature of our relationships with our customers, we frequently allow our customers to cancel or reschedule deliveries, and therefore, backlog is not a meaningful indicator of future financial results. Although we may seek to negotiate fees to cover the costs of such cancellations or rescheduling, we may not be successful in doing so. See "Factors Affecting Future Results -- The Volume and Timing of Customer Sales May Vary."

#### COMPONENTS PROCUREMENT

We procure components from a broad group of suppliers, determined on an assembly-by-assembly basis. Almost all of the products we manufacture require one or more components that are ordered from only one source, and most assemblies require components that are available from only a single source. Some of these components are allocated in response to supply shortages. We attempt to ensure continuity of supply of these components. In cases where unanticipated customer demand or supply shortages occur, we attempt to arrange for alternative sources of supply, where available, or defer planned production to meet the anticipated availability of the critical component. In some cases, supply shortages will substantially curtail production of all assemblies using a particular component. In addition, at various times there have been industry wide shortages of electronic components, particularly of memory and logic devices. We cannot assure you that such shortfalls will not have a material adverse effect on our results of operations in the future. See "Factors Affecting Future Results -- The Availability of the Manufacturing Components We Need May be Limited."

#### PROPRIETARY RIGHTS

We regard our manufacturing processes and electronic designs as proprietary trade secrets and confidential information. To protect our proprietary rights, we rely largely upon a combination of trade secret laws; non-disclosure agreements with our customers, employees, and suppliers; our internal security systems; confidentiality procedures and employee confidentiality agreements. Although we take steps to protect our trade secrets, misappropriation may still

occur.

We currently have various patents. However, we believe that the rapid pace of technological change makes patent protection less significant than such factors as the knowledge and experience of management and personnel and our ability to develop, enhance and market manufacturing services.

We license some technology from third parties that we use in providing manufacturing services to our customers. We believe that such licenses are generally available on commercial terms from a number of licensors. Generally, the agreements governing such technology grant us non-exclusive, worldwide licenses with respect to the subject technology and terminate upon a material breach by us.

We believe that our electronic designs and manufacturing processes do not infringe on the proprietary rights of third parties. However, if third parties assert valid infringement claims against us with respect to past, current or future designs or processes, we could be required to enter into an expensive royalty arrangement, develop non-infringing designs or processes, or engage in costly litigation.

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#### EMPLOYEES

As of August 31, 2000, we had 19,115 full-time employees, compared to 11,694 full-time employees at August 31, 1999 (including employees of GET Manufacturing, Inc.). In total, approximately 6,700 employees have joined us as a result of acquisitions or mergers completed in fiscal year 2000. We believe our employee relations are good.

#### GEOGRAPHIC INFORMATION

The information regarding revenue, operating profit, identifiable assets and export sales set forth in Note 7 to the Consolidated Financial Statements, set forth elsewhere herein, is hereby incorporated by reference into this Part I, Item 1.

#### ENVIRONMENTAL

We are subject to a variety of federal, state, local and foreign environmental regulations relating to the use, storage, discharge and disposal of hazardous chemicals used during our manufacturing process. Although we believe that we are currently in substantial compliance with all material environmental regulations, any failure to comply with present and future regulations could subject us to future liabilities or the suspension of production. In addition, such regulations could restrict our ability to expand our facilities or could require us to acquire costly equipment or to incur other significant expense to comply with environmental regulations.

#### ITEM 2. PROPERTIES

We have manufacturing and support facilities located in the United States, Brazil, China, Hungary, Ireland, Italy, Malaysia, Mexico and Scotland. A summary of building locations is as follows:

##### CURRENT FACILITIES

LOCATION -----	YEAR COMMENCED -----	OWNED / LEASED -----	APPROXIMATE SQUARE FOOTAGE -----	DESCRIPTION (1) -----
St. Petersburg, Florida.....	1984	Owned	110,000	High volume mfg.
St. Petersburg, Florida.....	1997	Owned	125,000	High volume mfg.
St. Petersburg, Florida.....	1997	Leased	91,000	Systems assembly
St. Petersburg, Florida.....	1997	Leased	27,000	Operations
St. Petersburg, Florida.....	1998	Leased	27,000	Office

Florida.....				
St. Petersburg, Florida.....	1999	Owned	64,000	Corporate office
St. Petersburg, Florida.....	1999	Leased	129,800	High volume mfg.
St. Petersburg, Florida.....	2000	Leased	44,000	High volume mfg.
St. Petersburg, Florida.....	2000	Owned	167,000	High volume mfg.
Auburn Hills, Michigan.....	1997	Leased	54,000	High volume mfg.
Auburn Hills, Michigan.....	1993	Owned	125,000	High volume mfg.
Auburn Hills, Michigan.....	1993	Leased	30,000	Warehouse
Auburn Hills, Michigan.....	1999	Leased	18,000	Design/warehouse
San Jose, California...	1998	Leased	181,000	Volume & prototype mfg., design
San Jose, California...	2000	Leased	100,000	High volume mfg.
Boise, Idaho.....	2000	Owned	170,000	Office/high volume mfg.
Boise, Idaho.....	2000	Leased	25,000	High volume mfg.
Billerica, Massachusetts.....	1999	Leased	244,000	High volume mfg.
Penang, Malaysia.....	1997	Owned	150,000	High volume mfg.
Guadalajara, Mexico....	1997	Owned	247,000	High volume mfg.

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LOCATION	YEAR COMMENCED	OWNED / LEASED	APPROXIMATE SQUARE FOOTAGE	DESCRIPTION(1)
Livingston, Scotland...	1997	Owned	130,000	High volume mfg.
Livingston, Scotland...	1999	Leased	100,000	Systems assembly
Bergamo, Italy.....	1998	Leased	102,000	High volume mfg.
Panyu, China.....	1999	Owned	210,000	High volume mfg.
Shenzhen, China(2)....	1999	Leased	435,000	High volume mfg.
Dan Shui, China(2)....	1999	Leased	129,000	High volume mfg.
Tijuana, Mexico.....	1999	Leased	63,000	High volume mfg.
Sheung Shui, Hong Kong.....	1999	Owned	95,000	Office, warehouse
Oldsmar, Florida.....	1999	Leased	45,000	Repair services
Louisville, Kentucky...	1999	Leased	40,000	Repair services
Memphis, Tennessee....	1999	Leased	80,000	Repair services
Memphis, Tennessee....	1999	Leased	75,000	Repair services
Dublin, Ireland.....	2000	Leased	42,000	Repair services
Chihuahua, Mexico.....	2000	Leased	82,000	High volume mfg.
Tiszaujvaros, Hungary.....	2000	Owned	243,000	High volume mfg.
Contagem, Brazil.....	2000	Leased	74,000	High volume mfg.

- (1) Our manufacturing facilities in Brazil, California, China, Florida, Idaho, Italy, Malaysia, Guadalajara, Scotland and Tijuana are ISO-9002 certified. Our manufacturing facilities in Michigan and Scotland are QS-9000 while Michigan and Florida are ISO-9001 certified. Michigan and Malaysia are also ISO-14001 certified.
- (2) Our manufacturing facilities in China are leased from joint venture partners.

We are currently constructing high volume manufacturing facilities in Penang, Malaysia, Chihuahua, Mexico and Auburn Hills, Michigan.

### ITEM 3. LEGAL PROCEEDINGS

We are party to certain lawsuits in the ordinary course of business. We do not believe that these proceedings, individually or in the aggregate, will have a material adverse effect on our financial position, results of operations and cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of our stockholders during the fourth quarter covered by this report.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock trades on the New York Stock Exchange under the symbol "JBL." The following table sets forth the high and low closing sales prices per share for our common stock as reported on the New York Stock Exchange for the fiscal periods indicated. The table has been adjusted to reflect two two-for-one

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stock splits in the form of a 100% stock dividend to stockholders that were paid on February 17, 1999 and March 30, 2000.

	HIGH	LOW
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YEAR ENDED AUGUST 31, 2000		
First Quarter (September 1, 1999 -- November 30, 1999).....	\$35.75	\$22.00
Second Quarter (December 1, 1999 -- February 29, 2000).....	38.59	31.22
Third Quarter (March 1, 2000 -- May 31, 2000).....	44.63	31.81
Fourth Quarter (June 1, 2000 -- August 31, 2000).....	62.34	36.50
YEAR ENDED AUGUST 31, 1999		
First Quarter (September 1, 1998 -- November 30, 1998).....	14.63	6.30
Second Quarter (December 1, 1998 -- February 28, 1999).....	19.35	14.88
Third Quarter (March 1, 1999 -- May 31, 1999).....	24.13	15.97
Fourth Quarter (June 1, 1999 -- August 31, 1999).....	26.78	18.32

As of October 12, 2000, there were approximately 2,511 holders of record of our common stock.

We have never paid cash dividends on our capital stock and do not anticipate paying cash dividends in the foreseeable future.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The information set forth below is not necessarily indicative of the results of future operations and should be read in conjunction with the consolidated financial statements and notes thereto incorporated into Item 8 of this report. The historical information set forth below has been restated to reflect the September 1999 merger with GET which was accounted for as a pooling of interests.

	YEARS ENDED AUGUST 31,				
	2000	1999	1998	1997	1996
	-----	-----	-----	-----	-----
	(IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)				
CONSOLIDATED STATEMENT OF EARNINGS DATA:					
Net revenue.....	\$3,558,321	\$2,238,391	\$1,484,245	\$1,178,644	\$1,050,624
Cost of revenue.....	3,199,972	1,992,803	1,307,692	1,040,214	959,495
Gross profit.....	358,349	245,588	176,553	138,430	91,129
Selling, general and administrative.....	132,717	92,015	60,116	45,086	34,404
Research and development.....	4,839	5,863	5,355	4,593	4,205
Amortization of intangibles.....	2,724	1,225	--	--	--
Acquisition and merger-related charge.....	5,153(1)	7,030(2)	20,825(3)	--	--
Goodwill write-off.....	--	3,578(2)	3,578(3)	--	--

Operating income.....	212,916(1)	135,877(2)	86,679(3)	88,751	52,520
Income from joint ventures.....	--	--	--	(1,287)	(316)
Interest income.....	(7,385)	(4,536)	(238)	(3,697)	(1,369)
Interest expense.....	7,605	7,110	3,876	5,811	9,510
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Income before income taxes.....	212,696	133,303	83,041	87,924	44,695
Income taxes.....	67,048	48,484	25,572	28,611	14,311
	-----	-----	-----	-----	-----
Net income.....	\$ 145,648(1)	\$ 84,819(2)	\$ 57,469(3)	\$ 59,313	\$ 30,384
	=====	=====	=====	=====	=====
Earnings per share(4):					
Basic.....	\$ 0.81	\$ 0.51	\$ 0.36	\$ 0.38	\$ 0.21
Diluted.....	\$ 0.78(1)	\$ 0.49(2)	\$ 0.35(3)	\$ 0.36	\$ 0.20
Common shares used in the calculations of earnings per share(4):					
Basic.....	179,032	166,754	158,589	155,181	147,815
Diluted.....	187,448	174,334	164,934	163,890	155,558

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	AUGUST 31,				
	2000	1999	1998	1997	1996
	(IN THOUSANDS)				
CONSOLIDATED BALANCE SHEET DATA:					
Working capital.....	\$ 695,295	\$ 248,833	\$102,394	\$103,253	\$119,321
Total assets.....	2,018,192	1,035,421	625,173	484,133	370,025
Current installments of long-term obligations and other short-term debt.....	8,333	32,490	28,302	9,173	9,342
Notes payable and long-term obligations, excluding current installments.....	25,000	33,333	83,582	53,540	63,499
Net stockholders' equity.....	1,270,183	577,811	285,118	216,913	152,864

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- (1) During 2000, we recorded additional merger-related charges of \$5.2 million (\$4.7 million after-tax) in connection with the merger with GET Manufacturing ("GET Merger"). Operating income excluding this charge was \$218.1 million. Net income excluding this charge was \$150.3 million and diluted earnings per share was \$0.80.
  - (2) During 1999, we recorded a merger-related charge of \$7.0 million (\$6.5 million after-tax) in connection with the GET Merger. During March 1999, we also recorded the write-off of impaired goodwill of a GET subsidiary of \$3.6 million (\$3.3 million after-tax). As a result of the overlapping period created when GET's fiscal year was conformed to an August 31 year end, the write-off falls into the results of operations for both years ended August 31, 1999 and 1998. Stockholders' equity was adjusted so that the duplicate amount is reflected only once in retained earnings. Operating income excluding these charges was \$146.5 million for the year ended August 31, 1999. Net income excluding these charges was \$94.6 million and diluted earnings per share was \$0.54.
  - (3) In connection with the acquisition of certain assets of the LaserJet Formatter Manufacturing Organization of the Hewlett-Packard Company, (the "HP Acquisition"), we recorded an acquisition-related charge of \$20.8 million (\$12.9 million after-tax). During March 1999, we also recorded the write-off of impaired goodwill of a GET subsidiary of \$3.6 million (\$3.3 million after-tax). As a result of the overlapping period created when GET Manufacturing's fiscal year was conformed to an August 31 year end, this charge is included in the operating results of the year ended August 31, 1998. Operating income excluding these charges was \$111.1 million. Net income excluding this charge was \$73.7 million and diluted earnings per share was \$0.45.
  - (4) Gives effect to two-for-one stock splits in the form of 100% stock dividends to stockholders of record on March 23, 2000 and on February 5, 1999.

## OVERVIEW

We make "forward-looking statements" within the "safe harbor" provision of the Private Securities Litigation Reform Act of 1995 throughout this Annual Report on Form 10-K and in the documents we incorporate by reference herein. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate," "plan" and "continue" or similar words. We have based these statements on our current expectations about future events. Although we believe that our expectations reflected in or suggested by our forward-looking statements are reasonable, we cannot assure you that these expectations will be achieved. Our actual results may differ materially from what we currently expect. Important factors which could cause our actual results to differ materially from the forward-looking statements in this document are set forth in the following "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Factors Affecting Future Results" sections and elsewhere in this document.

You should read this document and the documents that we incorporate by reference into this Annual Report on Form 10-K 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 though our

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situation will change in the future. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

Jabil is one of the leading worldwide independent providers of turnkey manufacturing services to electronics OEMs in the communications, computer peripherals, personal computer, automotive and consumer products industries. During the past several years, Jabil has experienced substantial growth in net revenue, operating income and net income. This growth, as well as the growth of the overall EMS industry, has been driven by the increasing number of electronics OEMs who are outsourcing their manufacturing requirements. We anticipate that this industry trend will continue during the next several years.

We derive most of our net revenue under purchase orders from OEM customers. We recognize revenue, net of product return and warranty costs, typically at the time of product shipment. The volume and timing of orders placed by our customers vary due to several factors, including: variation in demand for our customers' products; our customers' inventory management; new product introductions and manufacturing strategy changes; and consolidations among our customers. Demand for our customers' products depends on, among other things, product life cycles, competitive conditions and general economic conditions.

Our cost of revenue includes the cost of electronic components and other materials that comprise the products we manufacture, the cost of labor and manufacturing overhead, and provisions for excess and obsolete inventory adjustments. As a provider of turnkey manufacturing services, we are responsible for procuring components and other materials. This requires us to commit significant working capital to our operations and to manage the purchasing, receiving, inspection and stocking of materials. Although we bear the risk of fluctuations in the cost of materials, excess scrap and inventory obsolescence, we periodically negotiate cost of materials adjustments with our customers.

Net revenue from each product that we manufacture consists of a component based on the costs of materials in that product and a component based on the labor and manufacturing overhead allocation to that product. We refer to the portion of the sales price of a product that is based on labor and manufacturing overhead costs as "manufacturing-based revenue," and to the portion of the sales price of a product that is based on materials costs as "material-based revenue." Our gross margin for any product depends on the mix between the cost of materials in the product and the cost of labor and manufacturing overhead allocated to the product. We typically realize higher gross margins on manufacturing-based revenue than we do on materials-based revenue. As we gain experience in manufacturing a product, we usually achieve increased efficiencies, which result in lower labor costs and manufacturing overhead for that product.

Our operating results are impacted by the level of capacity utilization of manufacturing facilities, indirect labor and selling, general and administrative

expenses. Gross margins and operating income margins have generally improved during periods of high volume and high capacity utilization. During periods of low volume production, we generally have idle capacity and reduced operating margins. As our capacity has grown during recent years, both through the construction of new greenfield facilities and the expansion of existing facilities, our selling, general and administrative expenses have increased to support this growth.

We have consistently utilized advanced circuit design, production design and manufacturing technologies to meet the needs of our customers. To support this effort, our engineering staff focuses on developing and refining design and manufacturing technologies to meet specific needs of specific customers. Most of the expenses associated with these customer-specific efforts are reflected in our cost of revenue. In addition, our engineers engage in research and development of new technologies that apply generally to our operations. The expense of these research and development activities are reflected in the "Research and Development" line item in our Consolidated Financial Statements.

An important element of our strategy is the expansion of our global production facilities. Substantially all of our revenue and materials costs worldwide are denominated in U.S. dollars, while our labor and utility costs in plants outside the United States are denominated in local currencies. We typically hedge these local currency costs through the purchase of foreign exchange contracts, the amount and cost of which have not been material.

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We continue to depend upon a relatively small number of customers for a significant percentage of our net revenue. Significant reductions in sales to any of our large customers would have a material adverse effect on our results of operations. In the past, some of our customers have terminated their manufacturing arrangements with us, and other customers have significantly reduced or delayed the volume of manufacturing services ordered from us. There can be no assurance that present or future customers will not terminate their manufacturing arrangements with us or significantly change, reduce or delay the amount of manufacturing services ordered from us. Any such termination of a manufacturing relationship or change, reduction or delay in orders could have an adverse effect on our results of operations or financial condition. See Note 7 to the Consolidated Financial Statements.

#### ACQUISITIONS AND EXPANSION

On August 3, 1998, we acquired certain assets (primarily raw material inventory and property, plant and equipment) relating to the LaserJet Formatter Manufacturing Organization of Hewlett-Packard Company located in Bergamo, Italy and Boise, Idaho. The HP Acquisition price was approximately \$80.0 million and was accounted for under the purchase method of accounting. The acquisition resulted in goodwill and other intangible assets of approximately \$11.2 million, which are being amortized on a straight-line basis over ten years. The acquired assets were used by the Hewlett-Packard Company to manufacture printed circuit-board assemblies for the LaserJet printer division of Hewlett-Packard Company. Simultaneously with the HP Acquisition, we entered into a manufacturing agreement to continue to produce the printed circuit board assemblies being produced by the Hewlett-Packard Company operations in Bergamo and Boise.

On September 1, 1999 we acquired, through our Jabil Global Services subsidiary, the net assets of EFTC Services, Inc., an electronic product service and repair business. Jabil Global Services, Inc. continues to offer repair and warranty services for existing and future customers from its hub-based operations in Memphis, Tennessee; Louisville, Kentucky; and Tampa, Florida. The purchase price of approximately \$28 million was paid in cash. The acquisition was accounted for as a purchase and resulted in approximately \$19 million of goodwill, which is being amortized, on a straight-line basis over a period of 15 years. The consolidated financial statements include the operating results of the acquired business from the date of acquisition.

On September 13, 1999 we issued approximately 10.2 million shares of our common stock for all the outstanding common stock of GET Manufacturing, Inc., a China-based electronics manufacturing services provider. The business combination was accounted for as a pooling-of-interests and, accordingly, our historical consolidated financial statements presented herein have been restated to include the accounts and results of operations of GET Manufacturing, Inc. In connection with the merger, we recorded acquisition-related charges of \$7.0

million (\$6.5 million after-tax) and \$5.2 million (\$4.7 million after-tax) in the fourth quarter of fiscal year 1999 and the first quarter of fiscal year 2000, respectively consisting of key employee severance and legal and professional fees associated with the merger.

On February 1, 2000, we acquired the net assets of Bull Information Technology, an electronic manufacturing service provider. The business operates in the city of Contagem, State of Minas Gerais, in the Belo Horizonte region Brazil. The purchase price of approximately \$6 million was paid in cash. The acquisition was accounted for as a purchase and resulted in approximately \$5 million of goodwill, which is being amortized, on a straight-line basis over a period of 10 years. The consolidated financial statements include the operating results of the acquired business from the date of the acquisition. Pro forma results of operations have not been presented because the effect of the acquisition was not material.

On July 20, 2000 we acquired the share capital of Telenor Technology Services Limited, a repair and logistics services division of Telenor Mobile Communications AS, a Norwegian provider of telecommunication, data and media communication services. The purchase price of approximately \$4 million was paid in cash. The acquisition was accounted for as a purchase and resulted in approximately \$2 million of goodwill, which is being amortized, on a straight-line basis over a period of 15 years. The acquired operations allow Jabil Global Services to offer circuit board repair and warranty services for European customers from Dublin, Ireland. The consolidated financial statements include the operating results of the acquired business from the

date of acquisition. Pro forma results of operations have not been presented because the effect of the acquisition was not material.

During this fiscal year, we announced greenfield expansions in Tiszaujvaros, Hungary and Chihuahua, Mexico. The Hungarian facility is approximately 250,000 square feet and is scheduled to begin production in the fall of 2000. In Chihuahua, two 250,000 square-foot facilities will be constructed to add capacity in Mexico. We have also announced expansions of existing sites in North America.

The EMS industry has experienced rapid growth over the past several years as an increasing number of OEMs have outsourced their manufacturing requirements. OEMs are turning to outsourcing in order to reduce product cost, achieve accelerated time-to-market and time-to-volume production, access advanced design and manufacturing technologies, improve inventory management and purchasing power, reduce their capital investment in manufacturing facilities, and achieve parallel manufacturing of the same product throughout the world. We believe that further growth opportunities exist for EMS providers to penetrate the worldwide electronics markets.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain operating data as a percentage of net revenue:

	YEARS ENDED AUGUST 31,		
	2000	1999	1998
Net revenue.....	100.0%	100.0%	100.0%
Cost of revenue.....	89.9	89.0	88.1
Gross margin.....	10.1	11.0	11.9
Selling, general and administrative.....	3.7	4.1	4.1
Research and development.....	0.1	0.3	0.4
Amortization of intangibles.....	0.1	--	--
Acquisition and merger-related charge.....	0.2	0.3	1.4
Goodwill write-off.....	--	0.2	0.2
Operating income.....	6.0	6.1	5.8
Interest income.....	(0.2)	(0.2)	--
Interest expense.....	0.2	0.3	0.2

Income before income taxes.....	6.0	6.0	5.6
Income taxes.....	1.9	2.2	1.7
Net income.....	4.1%	3.8%	3.9%

Fiscal Year Ended August 31, 2000 Compared to Fiscal Year Ended August 31, 1999

**Net Revenue.** Our net revenue increased 59.0% to \$3.6 billion for fiscal year 2000, up from \$2.2 billion in fiscal year 1999. The increase was primarily due to increased production of communications products. Foreign source revenue represented 43.5% of our net revenue for fiscal year 2000 and 40.5% of net revenue for fiscal year 1999. The increase in foreign source revenue was attributable to increased production in our international locations.

**Gross Profit.** Gross margin decreased to 10.1% in fiscal year 2000 from 11.0% in fiscal year 1999, reflecting a higher content of material-based revenue and under-utilization of assets in certain international factories.

**Selling, General and Administrative.** Selling, general and administrative expenses increased to \$132.7 million (3.7% of net revenue) in fiscal year 2000 from \$92.0 million (4.1% of net revenue) in fiscal year 1999. This increase was primarily due to continued increases in staffing and related departmental expenses at all of our locations along with increases in information systems staff to support the expansion of our business.

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**Research and Development.** Research and development expenses in fiscal year 2000 decreased to \$4.8 million (0.1% of net revenue) from \$5.9 million (0.3% of net revenue) in fiscal year 1999 as a result of an increase in the rate of recovery of these costs from our customers.

**Amortization of Intangibles.** We recorded \$2.7 million of amortization of intangibles in fiscal year 2000 as compared to \$1.2 million in fiscal year 1999. This increase is attributable to the amortization of the goodwill arising from the EFTC Services, Inc. and Bull Technology, Inc. acquisitions.

**Acquisition and Merger-Related Charge.** During the first quarter of fiscal year 2000, we incurred \$5.2 million in merger-related charges consisting of key employee severance and legal and professional fees associated with the GET merger. See Note 10 to the Consolidated Financial Statements.

**Interest Income.** Interest income increased to \$7.4 million in fiscal year 2000 from \$4.5 million in fiscal year 1999 reflecting increased income on greater cash balances resulting from an equity offering completed in the fourth quarter. See Note 6 to the Consolidated Financial Statements of fiscal year 2000.

**Interest Expense.** Interest expense increased to \$7.6 million in fiscal year 2000, from \$7.1 million in fiscal year 1999, primarily reflecting slightly increased short-term borrowings to support plant expansions and working capital needs.

**Income Taxes.** In fiscal year 2000, our effective tax rate decreased to 31.5% from 36.4% in fiscal year 1999. The effective tax rate is predominantly a function of the mix of domestic versus international income from operations. See Note 5 to the Consolidated Financial Statements.

Fiscal Year Ended August 31, 1999 Compared to Fiscal Year Ended August 31, 1998

**Net Revenue.** Our net revenue increased 50.8% to \$2.2 billion for fiscal year 1999, up from \$1.5 billion in fiscal year 1998. The increase was primarily due to incremental revenue resulting from the HP Acquisition as well as increased production of communication products. Foreign source revenue represented 40.5% of our net revenue for fiscal year 1999 and 41.0% of net revenue for fiscal year 1998.

**Gross Profit.** Gross margin decreased to 11.0% in fiscal year 1999 from 11.9% in fiscal year 1998, reflecting a higher content of material-based revenue



administrative.....	39,727	34,327	31,612	27,051	25,836	22,902	22,452	20,825
Research and development...	1,312	1,142	1,203	1,182	1,587	1,387	1,432	1,457
Amortization of intangibles.....	765	716	644	599	287	287	294	357
Acquisition and merger-related charges(1)(2).....	--	--	--	5,153(1)	7,030(2)	--	--	--
Goodwill write-off(2).....	--	--	--	--	--	3,578(2)	--	--
Operating income (loss).....	64,533	58,357	50,624	39,402(1)	32,230(2)	35,667(2)	35,924	32,056
Interest income.....	(5,354)	(827)	(32)	(1,180)	(2,307)	(1,507)	(400)	(322)
Interest expense.....	1,707	3,867	1,474	565	1,413	1,482	2,292	1,923
Income (loss) before income taxes.....	68,180	55,317	49,182	40,017	33,124	35,692	34,032	30,455
Income tax expense (benefit).....	21,129	17,144	15,246	13,529	12,956	13,310	11,778	10,440
Net income.....	\$ 47,051	\$ 38,173	\$ 33,936	\$ 26,488(1)	\$ 20,168(2)	\$ 22,382(2)	\$ 22,254	\$ 20,015
Earnings per share:								
Basic.....	\$ 0.25	\$ 0.22	\$ 0.19	\$ 0.15	\$ 0.12	\$ 0.13	\$ 0.14	\$ 0.13
Diluted.....	\$ 0.24	\$ 0.21	\$ 0.18	\$ 0.15(1)	\$ 0.11(2)	\$ 0.12(2)	\$ 0.13	\$ 0.12
Common shares used in the calculations of earnings per share(3):								
Basic.....	188,918	176,674	175,715	174,820	174,562	173,130	159,944	159,378
Diluted.....	197,536	184,960	184,518	182,778	182,586	181,328	167,436	165,986

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The following table sets forth, for the periods indicated, certain financial information stated as a percentage of net revenue:

	FISCAL 2000				FISCAL 1999			
	AUG. 31, 2000	MAY 31, 2000	FEB. 29, 2000	NOV. 30, 1999	AUG. 31, 1999	MAY 31, 1999	FEB. 28, 1999	NOV. 30, 1998
Net revenue.....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenue.....	90.0	90.2	90.0	89.4	88.9	89.0	89.2	89.0
Gross profit.....	10.0	9.8	10.0	10.6	11.1	11.0	10.8	11.0
Selling, general and administrative.....	3.7	3.6	3.8	3.9	4.3	3.9	4.0	4.2
Research and development.....	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.3
Amortization of intangibles.....	0.1	0.1	0.1	0.1	--	0.1	0.1	0.1
Acquisition and merger-related charges(1)(2).....	--	--	--	0.7	1.2(2)	--	--	--
Goodwill write-off(1)(2).....	--	--	--	--	--	0.6(2)	--	--
Operating income (loss).....	6.1	6.0	6.0	5.7	5.4(2)	6.2(2)	6.4	6.4
Interest income.....	(0.5)	(0.1)	--	(0.2)	(0.3)	(0.2)	(0.1)	(0.1)
Interest expense.....	0.2	0.4	0.1	0.1	0.2	0.3	0.4	0.4
Income (loss) before income taxes.....	6.4	5.7	5.9	5.8	5.5	6.1	6.1	6.1
Income tax expense (benefit).....	2.0	1.8	1.8	2.0	2.1	2.3	2.1	2.1
Net income.....	4.4%	3.9%	4.1%	3.8%	3.4%(2)	3.8%(2)	4.0%	4.0%

- (1) In connection with the GET Merger, we recorded merger-related charges of \$5.2 million (\$4.7 million after-tax) in the quarter ended November 30, 1999. Operating income excluding these charges was \$44.6 million (6.5% of net revenue). Net income excluding this charge was \$31.1 million (4.5% of net revenue), and diluted earnings per share was \$0.17.
- (2) In connection with the GET Merger, we recorded merger-related charges of \$7.0 million (\$6.5 million after-tax) in the quarter ended August 31, 1999. During the quarter ended May 31, 1999, we recorded the write-off of impaired goodwill of a GET subsidiary of \$3.6 million (\$3.3 million after-tax). Operating income excluding these charges was \$39.3 million (6.5% of net revenue) and \$39.2 million (6.7% of net revenue) for the quarters ended August 31, 1999 and May 31, 1999, respectively. Net income excluding this charge was \$26.6 million (4.4% of net revenue) and \$26.0 million (4.5% of net revenue) and diluted earnings per share was \$0.15 and \$0.14 for the quarters ended August 31, 1999 and May 31, 1999, respectively.
- (3) Gives effect to a two-for-one stock split in the form of a 100% stock dividend to stockholders of record on March 23, 2000 and on February 5, 1999.

We have funded our operations from the proceeds of public equity offerings, private placement debt, borrowings on a revolving credit facility and cash generated from operations. In June 2000, we sold 13.0 million shares of our common stock, which generated net proceeds to us of approximately \$525.4 million. Also, in March 1999, we sold 13.8 million shares of our common stock, which generated net proceeds of approximately \$199 million to us.

At August 31, 2000 our principal source of liquidity consisted of cash and short-term investments of \$337.6 million and available borrowings under our credit facility and asset securitization program. See Note 4 to the Consolidated Financial Statements.

Net cash provided by operating activities for the year ended August 31, 2000 was \$35.4 million. This consisted primarily of \$145.6 million of net income, \$99.3 million of depreciation and amortization, \$307.3 million of increases in accounts payable and accrued expenses, offset by \$257.8 million of increases in accounts receivable and \$255.6 million increases in inventories. The increases in inventory, accounts receivable and accounts payable were due to commensurate increases in levels of business.

Net cash used in investing activities of \$336.3 million for the year ended August 31, 2000 consisted of our capital expenditures of \$333.1 million for construction and equipment worldwide in order to support increased activities and cash paid of \$36.7 million in the acquisition of EFTC Services, Inc., Bull Information

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Technology and Telenor Technology Services Limited, net of \$27.2 million of proceeds from the sale of short-term investments.

Net cash provided by financing activities of \$512.6 million for the year ended August 31, 2000 resulted primarily from \$525.4 million in proceeds from our common stock offering, offset in part by the repayment of borrowings on our revolving credit facility and an installment of principal on our private placement debt. See Notes 4 and 6 to the Consolidated Financial Statements.

Over the past several years, we have experienced significant growth. As a result, we have used cash to finance increases in our inventory and accounts receivable. In the event that we experience similar growth in the future, we may need to finance such growth and any corresponding working capital needs with additional borrowings under our revolving credit facility, as well as additional public and private offerings of our debt and equity. During the quarter ended November 30, 1999, we filed a "shelf" registration statement registering the potential sale of debt and equity securities in the future from time-to-time to augment our liquidity and capital resources. Our June 2000 offering of 13 million shares of our common stock was made pursuant to that registration statement. In August 2000, we effectively increased the amount of unissued securities under our shelf registration statement to \$1.5 billion. In August 2000, we established a \$225 million account receivables securitization program with a syndicate of banks which expires in August 2001. To date, we have not accessed any funds through that program. Should we do so, we would effectively pay interest on such funds at designated commercial paper rates plus agreed-upon margins.

We believe that during fiscal year 2001, our capital expenditures will exceed \$400 million, principally for machinery, equipment, facilities and related expenses. We believe that our level of resources, which include cash on hand, available borrowings, and funds provided by operations, will be more than adequate to fund these capital expenditure and working capital requirements for fiscal 2001.

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#### FACTORS AFFECTING FUTURE RESULTS

##### OUR OPERATING RESULTS MAY FLUCTUATE

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

- the level and timing of customer orders
- the composition of the costs of sales between materials and labor and manufacturing overhead
- price competition
- our level of experience in manufacturing a particular product
- the degree of automation used in our assembly process
- the efficiencies achieved by us in managing inventories and fixed assets
- fluctuations in materials costs and availability of materials
- 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' inventory management, new product introductions and manufacturing strategy changes, and consolidations among our customers. In the past, changes in customer orders have had a significant effect on our results of operations due to corresponding changes in the level of overhead absorption. 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 -- Quarterly Results."

#### WE DEPEND ON A LIMITED NUMBER OF CUSTOMERS

For the fiscal year ended August 31, 2000, our four largest customers accounted for approximately 60% of our net revenue and approximately 30 customers accounted for over 95% of our net revenue. For the fiscal year ended August 31, 2000, Cisco Systems, Inc., Dell Computer Corporation, Hewlett-Packard Company and Lucent Technologies accounted for approximately 20%, 16%, 14% and 10% of our net revenue, respectively. We are dependent upon the continued growth, viability and financial stability of our customers whose industries have experienced rapid technological change, short product life cycles, consolidation, and pricing and margin pressures. We expect to continue to depend upon a relatively small number of customers for a significant percentage of our net revenue. A significant reduction in sales to any of our customers or a customer exerting significant pricing and margin pressures on us, would 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 manufacturing services ordered from us. We cannot assure you that present or future customers will not terminate their manufacturing arrangements with us or significantly change, reduce or delay the amount of manufacturing services ordered from us. If they do, it could have a material adverse effect on our results of operations. In addition, we generate significant account receivables in connection with providing manufacturing services to our customers. If one or more of our customers were to become insolvent or otherwise were unable to pay for the manufacturing services provided by us, our operating results and financial condition would be adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business -- Customers and Marketing."

#### THE VOLUME AND TIMING OF CUSTOMER SALES MAY VARY

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
- 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 in advance. 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 excessive burden on our resources. Such customer order fluctuations and deferrals have had a material adverse effect on us in the past, and we may experience such effects in the future. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business -- Backlog."

#### WE ARE IN A HIGHLY COMPETITIVE INDUSTRY

The electronic manufacturing services business is highly competitive. We compete against numerous domestic and foreign manufacturers, including SCI Systems, Inc., Solectron Corporation, Celestica, Inc. and Flextronics International. In addition, we may in the future encounter competition from other large electronic manufacturers that are selling, or may begin to sell, electronic manufacturing services. Most of our competitors have international operations and some have substantially greater manufacturing, financial, research and development, and marketing resources than us. We also face potential competition from the manufacturing operations of our current and potential customers, who are continually evaluating the merits of manufacturing products internally versus the advantages of outsourcing. See "Business -- Competition."

#### OUR RAPID GROWTH MAY BE DIFFICULT TO MANAGE

We have grown rapidly. Our ability to manage growth effectively will require us to continue to implement and improve our operational, financial and management information systems; continue to develop the management skills of our managers and supervisors; and continue to train, motivate and manage our employees. Our failure to effectively manage growth could have a material adverse effect on our results of operations. See "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

#### WE MAY EXPERIENCE RISKS RELATING TO OUR COMPUTER INTEGRATION

We have completed the installation of an Enterprise Resource Planning system in six of our locations. We are in the process of installing this system in our remaining plants which will replace the current Manufacturing Resource Planning system and financial information systems. Any delay in the implementation of these new information systems could result in material adverse consequences, including disruption of operations, loss of information and unanticipated increases in cost.

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#### WE MAY ENCOUNTER DIFFICULTIES WITH ACQUISITIONS

We cannot assure you that we will be able to successfully integrate the operations and management of our recent acquisitions. Similarly, we cannot assure you that we will be able to consummate or, if consummated, successfully integrate the operations and management of future acquisitions. Acquisitions involve significant risks, which could have a material adverse effect on us, including:

- Financial risks, such as (1) potential liabilities of the acquired businesses; (2) the dilutive effect of the issuance of additional equity securities; (3) the incurrence of additional debt; (4) the financial impact of amortizing goodwill and other intangible assets involved in any acquisitions that are accounted for using the purchase method of accounting; and (5) possible adverse tax and accounting effects.
- Operating risks, such as (1) the diversion of management's attention to the assimilation of the businesses to be acquired; (2) the risk that the acquired businesses will fail to maintain the quality of services that we

have historically provided; (3) the need to implement financial and other systems and add management resources; (4) the risk that key employees of the acquired businesses will leave after the acquisition; and (5) unforeseen difficulties in the acquired operations.

#### THE AVAILABILITY OF THE MANUFACTURING COMPONENTS WE NEED MAY BE LIMITED

Substantially all of our net revenue is derived from turnkey manufacturing in which we provide materials procurement. While most of our significant long-term customer contracts permit quarterly or other periodic adjustments to pricing based on decreases and increases in component prices and other factors, we typically bear the risk of component price increases that occur between any such re-pricings or, if such re-pricing is not permitted, during the balance of the term of the particular customer contract. Accordingly, certain component price increases could adversely affect our gross profit margins. Almost all of the products we manufacture require one or more components that are available from only a single source. Some of these components are allocated from time to time in response to supply shortages. In some cases, supply shortages will substantially curtail production of all assemblies using a particular component. In addition, at various times industry wide shortages of electronic components have occurred, particularly of memory and logic devices. Such circumstances have produced significant levels of short-term interruption of our operations, and may have a material adverse effect on our results of operations in the future. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business -- Components Procurement."

#### OUR INTERNATIONAL OPERATIONS MAY BE SUBJECT TO CERTAIN RISKS

We derived 43% of our revenues from international operations in fiscal year 2000. We currently operate outside the United States in Contagem, Brazil; Dan Shui, Panyu, and Shenzhen, China; Sheung Shui, Hong Kong; Tiszaujvaros, Hungary; Dublin, Ireland; Bergamo, Italy; Penang, Malaysia; Chihuahua, Guadalajara and Tijuana, Mexico; and Livingston, Scotland. We continually consider additional opportunities to make foreign acquisitions and construct new foreign facilities. Our international operations may be subject to a number of risks, including:

- difficulties in staffing and managing foreign operations
- political and economic instability
- unexpected changes in regulatory requirements and laws
- longer customer payment cycles and difficulty collecting accounts receivable export duties, import controls and trade barriers (including quotas)
- governmental restrictions on the transfer of funds to us from our operations outside the United States
- burdens of complying with a wide variety of foreign laws and labor practices
- fluctuations in currency exchange rates, which could affect local payroll, utility and other expenses

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- inability to utilize net operating losses incurred by our foreign operations to reduce our U.S. income taxes

In our experience, entry into new international markets requires considerable management time as well as start-up expenses for market development, hiring and establishing office facilities before any significant revenues are generated. As a result, initial operations in a new market may operate at low margins or may be unprofitable. See "Management's Discussion and Analysis of Financial Condition and Result of Operations -- Liquidity and Capital Resources."

#### WE DEPEND ON KEY PERSONNEL

Our continued success depends largely on the efforts and skills of our key managerial and technical employees. The loss of the services of certain of these key employees or an inability to attract or retain qualified employees could

have a material adverse effect on us. We do not have employment agreements or non-competition agreements with our key employees.

#### WE MUST MAINTAIN OUR TECHNOLOGICAL AND MANUFACTURING PROCESS EXPERTISE

The market for our manufacturing services is characterized by rapidly changing technology and continuing process development. We are continually evaluating the advantages and feasibility of new manufacturing processes. We believe that our future success will depend upon our ability to develop and provide manufacturing services which meet our customers' changing needs, maintain technological leadership, and successfully anticipate or respond to technological changes in manufacturing processes on a cost-effective and timely basis. We cannot assure you that our process development efforts will be successful. See "Business -- Technology" and "-- Research and Development."

#### WE ARE SUBJECT TO A VARIETY OF ENVIRONMENTAL LAW COMPLIANCE RESPONSIBILITIES

We are subject to a variety of federal, state, local and foreign environmental regulations relating to the use, storage, discharge and disposal of hazardous chemicals used during our manufacturing process. If we fail to comply with any present and future regulations, we could be subject to future liabilities or the suspension of production. In addition, such regulations could restrict our ability to expand our facilities or could require us to acquire costly equipment, or to incur other significant expenses to comply with environmental regulations.

#### CERTAIN EXISTING STOCKHOLDERS HAVE SIGNIFICANT CONTROL

Our executive officers, directors and principal stockholders and their affiliates collectively beneficially own 22.4% of our outstanding common stock, of which William D. Morean beneficially owns 18.6%. As a result, our executive officers, directors, principal stockholders and their affiliates have significant influence over (1) the election of our Board of Directors, (2) the approval or disapproval of any other matters requiring stockholder approval, and (3) the affairs and policies of Jabil.

#### OUR STOCK PRICE MAY BE VOLATILE

Our common stock is traded on the New York Stock Exchange. The market price of our common stock has fluctuated substantially in the past and could fluctuate substantially in the future, based on a variety of factors, including future announcements covering us or our key customers or competitors, government regulations, litigation, changes in earnings estimates by analysts, fluctuations in quarterly operating results, or general conditions in the contract manufacturing, communications, computer peripherals, personal computer, automotive or consumer products industries. Furthermore, stock prices for many companies, and high technology companies in particular, fluctuate widely for reasons that may be unrelated to their operating results. Those fluctuations and general economic, political and market conditions, such as recessions or international currency fluctuations and demand for our services, may adversely affect the market price of our common stock.

#### OUR CERTIFICATE OF INCORPORATION, BYLAWS AND DELAWARE LAW MAY HAVE CERTAIN ANTI-TAKEOVER EFFECTS

The Corporation Law of the State of Delaware and our certificate of incorporation and bylaws each contain certain provisions that may, in effect, discourage, delay or prevent a change of control of Jabil or unsolicited acquisition proposals from taking place.

#### WE ARE SENSITIVE TO CHANGES IN INTEREST RATES

We pay interest on outstanding borrowings under our \$500 million revolving credit facility at interest rates that fluctuate based upon changes in various base interest rates. As of August 31, 2000, we did not have outstanding borrowings under our revolving credit facility. We also have funding costs associated with the asset backed securitization. Costs are in part based on commercial paper rates. As of August 31, 2000, we did not have any outstanding borrowings under the asset backed securitization. An adverse change in the base rates upon which our interest rate is determined could have a material adverse effect on our financial position, results of operations and cash flows.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's market risk sensitive financial instruments are entered into for purposes other than trading. Financial instruments include cash equivalents which are available for immediate withdrawal. Long-term debt instruments are subject to a fixed interest rate and maturity schedule. Short-term interest rate changes can impact interest expense on our variable rate credit facility and asset-backed securitization, however, no amounts were outstanding on either of the facilities as August 31, 2000.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations: Factors Affecting Future Results -- The Availability of the Manufacturing Components We Need May be Limited," "-- Our International Operations May be Subject to Certain Risks", and "-- We Are Sensitive to Changes in Interest Rates." See Notes 1, 4 and 8 to the Consolidated Financial Statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Certain information required by this item is included in Item 7 of Part II of this Report under the heading "Quarterly Results" and is incorporated into this item by reference. All other information required by this item is included in Item 14 of Part IV of this Report and is incorporated into this item by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding our directors is incorporated by reference to the information set forth under the caption "Proposal No. 1: Election of Directors" in our Proxy Statement for the Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission (the "Commission") within 120 days after the end of our fiscal year ended August 31, 2000.

Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, is hereby incorporated herein by reference from the section entitled "Other Information -- Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement for the Annual Meeting of Stockholders to be filed with the Commission within 120 days after the end of our fiscal year ended August 31, 2000.

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OUR EXECUTIVE OFFICERS

Officers are appointed by the Board of Directors and serve at the discretion of the Board. Each executive officer is a full-time employee of Jabil. There are no family relationships among our officers and directors.

William D. Morean (age 45) has served as Chairman of the Board since 1988 and as a director since 1978. Morean joined us in 1977 and assumed management of day-to-day operations the following year. He served as Chief Executive Officer until September 2000, and has previously served as President and Vice President and held various operating positions. Morean attended Western Michigan University, where he studied aviation.

Thomas A. Sansone (age 51) was elected Vice Chairman in January 1999. He has served as a director since 1983. Sansone joined us in 1983 as Vice President was promoted to President in 1988. Prior to joining Jabil, Sansone was a practicing attorney. He holds a B.A. in Business Administration from Hillsdale College, a J.D. from Detroit College of Law and an LL.M. in taxation from New York University.

Timothy L. Main (age 43) has served as Chief Executive Officer of Jabil since September 2000, as President since January 1999 and as a director since October 1999. He joined Jabil in April 1987 as a Production Control Manager, was

promoted to Operations Manager in September 1987, to Project Manager in July 1989, to Vice President Business Development in May 1991, and to Senior Vice President, Business Development in August 1996. Prior to joining us, Main was a commercial lending officer, international division for the National Bank of Detroit. Main has earned a B.S. from Michigan State University and an MIM from the American Graduate School of International Management (Thunderbird).

Ronald J. Rapp (age 47) was named Chief Operating Officer in November 2000. He served as Senior Vice President, Operational Development from January 1999 to November 2000 and as a director from September 1988 to October 1999. Rapp joined us in 1983 as Controller, was promoted in 1984 to Treasurer, to CFO in 1988 and to Executive Vice President, Operations in 1996. Prior to joining Jabil, Rapp was the Corporate Controller for Van Pelt Corporation, a wholesale distributor of steel tubing products. Before joining Van Pelt, Rapp was a certified public accountant with the accounting firm of Ernst & Ernst. Rapp holds a B.A. in accounting from Ferris State University.

Chris Lewis (age 40) joined Jabil as Treasurer in June 1995 and was promoted to Chief Financial Officer in August 1996. From July 1989 to May 1995, Lewis was U.S. Controller of Peek PLC, a high technology manufacturing group. Prior to July 1989, Lewis was a CPA with the accounting firm of KPMG Peat Marwick. Lewis holds a B.A. in Business Administration from Wittenberg University in Springfield, Ohio.

Robert L. Paver (age 44) joined Jabil Circuit as General Counsel and Corporate Secretary in 1997. Prior to working for Jabil, Paver was a practicing attorney with the law firm of Holland & Knight in St. Petersburg, Fla. He has served as an adjunct professor of law at Stetson University College of Law since 1985. Paver holds a B.A. from the University of Florida and a J.D. from Stetson University College of Law.

Mark Mondello (age 36) was promoted to Senior Vice President, Business Development in January 1999. He joined Jabil Circuit in 1992 as Production Line Supervisor, was promoted to Project Manager in 1993 and to Vice President, Business Development in 1997. Prior to Jabil, Mondello served as project manager on commercial and defense-related aerospace programs for Moog, Inc. Mondello holds a B.S. in Mechanical Engineering from the University of South Florida.

Wesley "Butch" Edwards (age 48) was named Senior Vice President, Operational Development in November 2000. He was promoted to Senior Vice President, Operations in August 1996 after serving as Vice President, Operations since May 1994. Edwards joined us as Manufacturing Manager of its Michigan facility in July 1988 and was promoted to Operations Manager of the Florida facility in July 1989. He holds an M.B.A. from the University of Florida.

Paul Bittner (age 55) has been Vice President, Advanced Engineering since January 1992. Bittner joined us in 1986 as Manufacturing Engineering Manager, was promoted to Director of Manufacturing Engineering in April 1987, and was promoted to Vice President, Manufacturing Engineering, in June 1988. Prior to joining Jabil, Bittner held various positions with United Technologies Automotive Electronics Group.

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Randon Haight (age 50) has served as Vice President, Business Development since May 1992. Haight joined us as a Project Manager in July 1989. Prior to joining Jabil, Haight was the President of Cardinal Automotive, an automobile customizer from 1987 to July 1989. Before joining Cardinal Automotive, Haight was a Group Manager at Terry Barr Sales, Inc., a manufacturers' representative to the automotive industry. He holds a B.A. in Liberal Arts from Hillsdale College and an M.A. from Eastern Michigan University.

Beth A. Walters (age 40) was named Vice President, Communications in November 1998. She joined Jabil in 1992 as Marketing Communications Manager and was promoted to Director of Communications in 1994. Prior to joining Jabil, Walters owned a marketing communications firm and served in a variety of public relations positions with advertising and public relations agencies. She holds a B.S. in Political Science from American University in Washington, DC and an M.A. in Political Science from the University of Hawaii.

Scott D. Brown (age 38) was named Senior Vice President Strategic Planning in November 2000. He joined Jabil as a Project Manager in November 1988 and was promoted to Vice President, Corporate Development in September 1997. Prior to

joining Jabil, Brown was a financial consultant with Merrill Lynch & Co., Inc. in Bloomfield Hills, Michigan. Brown holds a B.S. in Economics from the University of Michigan.

Jeffrey J. Lumetta (age 37) was named Vice President of Jabil Technology Services in November 2000. He served as Vice President, Design Services from November 1996 to November 2000. Lumetta joined us in 1986 as a Design Engineer, and was promoted to Manager, Design Engineering at the Florida facility in 1994. Lumetta holds a B.S. in Electrical Engineering from Michigan Technological University.

John P. Lovato (age 40) was promoted from General Manager of the company's California facility to Vice President, Global Business Units in 1999. Lovato began his career at Jabil in 1990 as a Business Unit Manager in the Michigan facility. In 1994, he was promoted Business Unit Director and became General Manager of the California facility in 1998. Before joining Jabil, Lovato held several positions at Texas Instruments. He holds a Bachelor's degree in Electronics Engineering from McMaster University in Ontario, Canada.

Michael F. Ward (age 49) joined Jabil Circuit in 1993 as plant operations manager and helped establish Jabil's first international greenfield site in Livingston, Scotland. Ward was named Vice President, Supply Chain and Information in October 2000 after serving as Vice President, Information Technology since May 1998. Prior to Jabil, Ward held various positions at Seagate Technology, Honeywell and Burroughs Machines. Ward earned degrees in Electronic and Electrical Engineering and Mechanical Engineering from Bell College of Technology Hamilton, Scotland.

William E. Peters (age 37) was named Senior Vice President, Operations in November 2000. He served as Vice President, Operations from January 1999 to November 2000. Peters was hired by Jabil in 1990 as a buyer and was promoted to Purchasing Manager soon after. In 1993, he was promoted to Operations Manager for the Michigan facility. Prior to joining Jabil, Peters was a Financial Analyst for Electronic Data Systems. Peters earned a B.A. in Economics from Michigan State University.

Frank Krajcirovic (age 52) has been Vice President, Quality Control since June 1988. Krajcirovic joined us in 1982 as a Quality Engineer. He was promoted to Manager of Quality in 1983 and to Director of Quality in September 1987. Prior to joining Jabil, Krajcirovic held various reliability engineering positions with Massey Ferguson, Inc., a farm equipment manufacturer and Fundimensions, Inc., Lionel Division, a toy manufacturer. He holds a B.S. in Electrical Engineering from the City of Brno College, Czechoslovakia.

Roddy A. MacPhee (age 40) was named Vice President/European Business Development in October 2000. MacPhee joined Jabil in February 1993 as Quality Engineering Manager. He played a key role in establishing Jabil's first overseas operation in Livingston, Scotland. MacPhee moved into Business Management in 1995 and has held positions as Business Unit Manager, Business Unit Director, Director of Business Development for Europe and most recently Senior Director of Business Development for Europe. Prior to joining Jabil, MacPhee held a variety of technical, commercial and senior managerial positions in Compaq Computer Inc., Polaroid Inc., Pilkington Defence Electronics and JB Gas Turbines. MacPhee holds Higher National Certificates in both Mechanical and Production Engineering and has an MBA from the University of Strathclyde.

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Joseph McGee (age 38) was named Vice President, Global Business Units in October 2000. He joined Jabil in 1993 as a Business Unit Manager at Jabil Scotland and has held several positions during his tenure, including Director of Business Development, Jabil Malaysia. Most recently, McGee was General Manager, Jabil California. Prior to joining Jabil, he held positions with Sun Microsystems and Philips. McGee earned a PhD in Thermodynamics and Fluid Mechanics and a Bachelor of Science degree in Mechanical Engineering from the University of Strathclyde and holds an MBA from the University of Glasgow.

Brian Althaver (age 44) was named Vice President, Jabil Automotive Group in October 2000. This newly created position is charged with the expansion and globalization of Jabil's automotive business unit. Althaver joined us in September 1999 as Director of Corporate Development and brings with him more than 15 years of international management experience in both automotive and electronics manufacturing. He holds a Bachelor of Science Degree in Labor and

Industrial Relations from Michigan State University and a Master's Degree in International Management from the American Graduate School of International Management.

David S. Emerson (age 43) was named Vice President, Sales and Marketing for the Americas in October 2000. Emerson previously has run various Business Units for Jabil and has most recently lead sales efforts throughout the United States. Prior to joining Jabil, Emerson held positions with SCI Systems, General Signal and Schlumberger. He holds a B.A. in Business from Pacific University.

Forbes I.J. Alexander (age 40) was named Treasurer in November 1996. Alexander joined us in 1993 as Controller of our Scottish operation and was promoted to Assistant Treasurer in April 1996. Prior to joining Jabil, Alexander was Financial Controller of Tandy Electronics European Manufacturing Operations in Scotland and has held various financial positions with Hewlett Packard and Apollo Computer. Alexander is a Chartered Management Accountant. He holds a B.A. in Accounting from Dundee College, Scotland.

J. Patrick Redmond (age 40) was promoted to Controller of Jabil in July 1999. Redmond joined us in May 1995 as Plant Controller for the Florida campus and later became Plant Controller for the Scotland facility. Prior to joining Jabil, Redmond was Plant Controller for Loral Data Systems and has held a variety of financial and business management positions at Loral and previously, at Schlumberger. Redmond obtained a B.A. in Accounting from the University of South Florida.

#### ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive compensation is incorporated by reference to the information set forth under the captions "Proposal No. 1: Election of Directors -- Compensation of Directors" and "Executive Officer Compensation" in our Proxy Statement for the 2000 Annual Meeting of Stockholders to be filed with the Commission within 120 days after the end of our fiscal year ended August 31, 2000.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information regarding security ownership of certain beneficial owners and management is incorporated by reference to the information set forth under the caption "Other Information -- Share Ownership by Principal Stockholders and Management" in our Proxy Statement for the 2000 Annual Meeting of Stockholders to be filed with the Commission within 120 days after the end of our fiscal year ended August 31, 2000.

#### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding certain relationships and related transactions is incorporated by reference to the information set forth under the caption "Certain Transactions" in our Proxy Statement for the 2000 Annual Meeting of Stockholders to be filed with the Commission within 120 days after the end of our fiscal year ended August 31, 2000.

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#### PART IV

#### ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this Report:

1. Financial Statements. Our consolidated financial statements, and related notes thereto, with independent auditors' report thereon are included in Part IV of this report on the pages indicated by the Index to Consolidated Financial Statements and Schedule as presented on page 28 of this report.

2. Financial Statement Schedule. Our financial statement schedule is included in Part IV of this report on the page indicated by the Index to Consolidated Financial Statements and Schedule as presented on page 28 of this report. This financial statement schedule should be read in conjunction with our consolidated financial statements, and related notes thereto.

Schedules not listed in the Index to Consolidated Financial Statements and Schedule have been omitted because they are not applicable, not required, or the

information required to be set forth therein is included in the consolidated financial statements or notes thereto.

3. Exhibits. See Item 14(c) below.

(b) Reports on Form 8-K. We filed the following Current Reports on Form 8-K during the last quarter of the fiscal year ended August 31, 2000.

(1) On August 21, 2000 we filed a Current Report on Form 8-K regarding greenfield construction in Chihuahua, Mexico.

(2) On July 5, 2000 we filed a Current Report on Form 8-K regarding the acquisition of Telenor Technology Services Limited.

(3) On June 15, 2000 we filed a Current Report on Form 8-K reporting financial results for the third quarter and the first nine months of fiscal 2000 and the expansion of our Boise, Idaho facility.

(4) On June 6, 2000 we filed a Current Report on Form 8-K reporting a public stock offering of 13,000,000 shares of Common Stock.

(c) Exhibits. The exhibits listed on the Exhibits Index are filed as part of, or incorporated by reference into, this Report.

(d) Financial Statement Schedules. See Item 14(a) above.

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#### JABIL CIRCUIT, INC. AND SUBSIDIARIES

#### INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

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#### INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Jabil Circuit, Inc:

We have audited the accompanying consolidated financial statements of Jabil Circuit, Inc. and subsidiaries as listed in the accompanying index. In connection with our audits of the consolidated financial statements, we also have audited the accompanying financial statement schedule as listed in the accompanying schedule. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits. We did not audit the consolidated balance sheet of GET Manufacturing, Inc. as of August 31, 1999 and the related consolidated statements of income, shareholders' equity,

and cash flows for the years ended August 31, 1999 and March 31, 1999, which statements reflect total assets constituting 11.1% as of August 31, 1999, and total revenues constituting 10.6% and 13.9% for the years ended August 31, 1999 and March 31, 1999, respectively, of the related consolidated totals. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for GET Manufacturing, Inc., is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jabil Circuit, Inc. and subsidiaries as of August 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended August 31, 2000, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, which is based on our audits and the reports of other auditors, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP

St. Petersburg, Florida  
September 19, 2000

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REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Board of Directors  
of GET Manufacturing, Inc.

We have audited the consolidated balance sheet of GET Manufacturing, Inc. and subsidiaries as of August 31, 1999 (not presented separately herein), and the related consolidated statements of income, shareholders' equity, and cash flows for the twelve months ended August 31, 1999 (not presented separately herein). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GET Manufacturing, Inc. and subsidiaries as of August 31, 1999, and the consolidated results of their operations and their cash flows for the twelve months ended August 31, 1999 in conformity with accounting principles generally accepted in the United States of America.

Ernst & Young

Hong Kong  
November 3, 1999

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## REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Board of Directors  
of GET Manufacturing, Inc.

We have audited the consolidated balance sheet of GET Manufacturing, Inc. and subsidiaries as of March 31, 1999 and 1998 (not presented separately herein), and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 1999 (not presented separately herein). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GET Manufacturing, Inc. and subsidiaries at March 31, 1999 and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 1999 in conformity with accounting principles generally accepted in the United States of America.

Ernst & Young

Hong Kong  
6 August, 1999

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## JABIL CIRCUIT, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS, EXCEPT FOR SHARE AND PER SHARE DATA)

	AUGUST 31,	
	2000	1999
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 337,602	\$ 125,949
Short term investments (Note 1).....	--	27,176
Accounts receivable, less allowance for doubtful accounts of \$5,008 in 2000 and \$4,639 in 1999 (Note 7).....	523,096	261,078
Inventories (Note 2).....	477,548	217,840
Prepaid expenses and other current assets.....	30,984	15,174
Deferred income taxes (Note 5).....	18,040	13,896
	-----	-----
Total current assets.....	1,387,270	661,113
Property, plant and equipment, net (Note 3).....	587,494	353,522
Other assets.....	43,428	20,786
	-----	-----
	\$2,018,192	\$1,035,421
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term debt (Note 4).....	\$ 8,333	\$ 10,989
Short-term debt.....	--	21,501
Accounts payable.....	594,111	300,093
Accrued compensation and employee benefits.....	36,611	28,866
Other accrued expenses.....	35,650	30,320

Income taxes payable.....	17,270	20,511
	-----	-----
Total current liabilities.....	691,975	412,280
Note payable and long-term debt, less current installments (Note 4).....	25,000	33,333
Deferred income taxes (Note 5).....	28,112	10,199
Deferred grant revenue.....	2,922	1,798
	-----	-----
Total liabilities.....	748,009	457,610
	-----	-----
Stockholders' equity (Notes 1 and 6):		
Preferred stock, \$.001 par value, authorized 1,000,000 shares; no shares issued and outstanding.....	--	--
Common stock, \$.001 par value, authorized 250,000,000 shares; issued and outstanding, 190,250,685 shares in 2000, and 174,703,179 in 1999.....	190	175
Additional paid-in capital.....	843,784	296,688
Retained earnings.....	426,814	281,166
Accumulated other comprehensive income.....	(605)	(218)
	-----	-----
Total stockholders' equity.....	1,270,183	577,811
	-----	-----
Commitments and contingencies (Note 9)		
	\$2,018,192	\$1,035,421
	=====	=====

See accompanying notes to consolidated financial statements.

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

	YEARS ENDED AUGUST 31,		
	2000	1999	1998
	-----	-----	-----
Net revenue (Note 7).....	\$3,558,321	\$2,238,391	\$1,484,245
Cost of revenue.....	3,199,972	1,992,803	1,307,692
	-----	-----	-----
Gross profit.....	358,349	245,588	176,553
Operating expenses:			
Selling, general and administrative.....	132,717	92,015	60,116
Research and development.....	4,839	5,863	5,355
Amortization of intangibles.....	2,724	1,225	--
Acquisition-related charge (Note 10).....	5,153	7,030	20,825
Goodwill write-off (Note 1 (p)).....	--	3,578	3,578
	-----	-----	-----
Operating income.....	212,916	135,877	86,679
Interest income.....	(7,385)	(4,536)	(238)
Interest expense.....	7,605	7,110	3,876
	-----	-----	-----
Income before income taxes.....	212,696	133,303	83,041
Income taxes (Note 5).....	67,048	48,484	25,572
	-----	-----	-----
Net income.....	\$ 145,648	\$ 84,819	\$ 57,469
	=====	=====	=====
Earnings per share:			
Basic.....	\$ 0.81	\$ 0.51	\$ 0.36
	=====	=====	=====
Diluted.....	\$ 0.78	\$ 0.49	\$ 0.35
	=====	=====	=====
Common shares used in the calculations of earnings per share:			
Basic.....	179,032	166,754	158,589
	=====	=====	=====
Diluted.....	187,448	174,334	164,934
	=====	=====	=====

See accompanying notes to consolidated financial statements.

## JABIL CIRCUIT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
(IN THOUSANDS, EXCEPT FOR SHARE DATA)

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	NET STOCKHOLDERS' EQUITY
	SHARES OUTSTANDING	PAR VALUE				
Balance at August 31, 1997.....	157,983,364	\$158	\$ 79,536	\$137,762	\$ (539)	\$ 216,917
Exercise of stock options.....	878,004	1	976	--	--	977
Shares issued under Employee Stock Purchase Plan.....	303,772	--	2,320	--	--	2,320
Tax benefit of options exercised.....	--	--	7,114	--	--	7,114
Comprehensive income.....	--	--	--	57,469	321	57,790
Balance at August 31, 1998.....	159,165,140	159	89,946	195,231	(218)	285,118
Exercise of stock options.....	1,263,531	1	2,882	--	--	2,883
Shares issued under Employee Stock Purchase Plan.....	474,508	1	4,610	--	--	4,611
Tax benefit of options exercised.....	--	--	657	--	--	657
Secondary Public Offering, net of expenses.....	13,800,000	14	198,593	--	--	198,607
Elimination of duplicate equity resulting from non-conforming fiscal years (Note 1).....	--	--	--	1,116	--	1,116
Comprehensive income.....	--	--	--	84,819	--	84,819
Balance at August 31, 1999.....	174,703,179	175	296,688	281,166	(218)	577,811
Exercise of stock options.....	2,268,203	2	10,192	--	--	10,194
Shares issued under employee stock purchase plan.....	279,303	--	6,812	--	--	6,812
Tax benefit of options exercised.....	--	--	4,294	--	--	4,294
Public offering, net of expenses.....	13,000,000	13	525,798	--	--	525,811
Comprehensive income.....	--	--	--	145,648	(387)	145,261
Balance at August 31, 2000.....	190,250,685	\$190	\$843,784	\$426,814	\$ (605)	\$1,270,183

See accompanying notes to consolidated financial statements.

## JABIL CIRCUIT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)

	YEARS ENDED AUGUST 31,		
	2000	1999	1998
Cash flows from operating activities:			
Net income.....	\$ 145,648	\$ 84,819	\$ 57,469
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization.....	99,337	63,417	42,333

Goodwill write-off.....	--	3,578	3,578
Recognition of grant revenue.....	(1,127)	(825)	(827)
Deferred income taxes.....	13,769	4,641	(5,269)
Loss on sale of property.....	2,467	2,749	121
Acquisition related in-process research and development charge.....	--	--	6,500
Elimination of duplicate equity resulting from nonconforming fiscal years.....	--	1,116	--
Change in operating assets and liabilities, exclusive of net assets acquired:			
Accounts receivable.....	(257,752)	(111,324)	(24,578)
Inventories.....	(255,615)	(77,490)	8,956
Prepaid expenses and other current assets.....	(15,648)	(12,606)	2,109
Other assets.....	308	(8,050)	(2,676)
Accounts payable and accrued expenses.....	307,316	145,779	14,805
Income taxes payable.....	(3,287)	14,661	(1,202)
	-----	-----	-----
Net cash provided by operating activities.....	35,416	110,465	101,319
	-----	-----	-----
Cash flows from investing activities:			
Net cash paid for net assets acquired.....	(36,716)	--	(64,990)
Proceeds from sale of short-term investments.....	27,176	--	--
Purchases of investments.....	--	(27,176)	--
Acquisition of property, plant and equipment.....	(333,139)	(168,674)	(111,269)
Proceeds from sale of property and equipment.....	6,339	3,135	2,767
Other investing activities.....	--	--	(1,706)
	-----	-----	-----
Net cash used in investing activities.....	(336,340)	(192,715)	(175,198)
	-----	-----	-----
Cash flows from financing activities:			
Increase in/repayment of note payable to bank.....	--	21,501	18,691
Payments of long-term debt.....	(32,490)	(53,473)	30,387
Net proceeds from issuance of common stock.....	542,816	206,753	3,301
Proceeds from Scottish grant.....	2,251	395	949
	-----	-----	-----
Net cash provided by (used in) financing activities.....	512,577	175,176	53,328
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents.....	211,653	92,926	(20,551)
Cash and cash equivalents at beginning of period.....	125,949	33,023	53,754
	-----	-----	-----
Cash and cash equivalents at end of period.....	\$ 337,602	\$ 125,949	\$ 33,023
	=====	=====	=====
Supplemental disclosure information:			
Interest paid.....	\$ 8,004	\$ 6,572	\$ 5,909
	=====	=====	=====
Income taxes paid, net of refunds received.....	\$ 38,173	\$ 29,930	\$ 31,422
	=====	=====	=====
Tax benefit of options exercised.....	\$ 4,294	\$ 657	\$ 7,114
	=====	=====	=====

See accompanying notes to consolidated financial statements.

JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jabil Circuit, Inc. (together with its subsidiaries, herein referred to as the "Company") is an independent supplier of custom manufacturing services for circuit board assemblies, subsystems and systems to major original equipment manufacturers ("OEMs") in the communications, personal computer, peripherals, consumer and automotive industries. The Company's manufacturing services combine a high volume, highly automated manufacturing approach with advanced design and manufacturing technologies. The Company is headquartered in St. Petersburg, Florida and has manufacturing operations in Asia, Europe, North America and South America.

On September 13, 1999 the Company issued approximately 10.2 million shares of its common stock for all the outstanding common stock of GET Manufacturing, Inc. ("GET"), a China-based electronics manufacturing services provider to original equipment manufacturers serving the consumer electronics, telecommunications, medical and computer peripheral industries. The transaction

was accounted for as a pooling of interests and, accordingly, the Company's historical consolidated financial statements for all periods presented have been restated to reflect the merger with GET. Because Jabil and GET had differing fiscal periods prior to the merger, GET's financial statements for the fiscal year ended March 31, 1999 and March 31, 1998 were combined with Jabil's financial statements for the years ended August 31, 1998 and August 31, 1997, respectively. GET's 1999 financial statements were conformed to the twelve months ending August 31 for purposes of consolidating with Jabil's financial statements for its year ended August 31, 1999. As a result of the overlapping period created when GET's fiscal year was conformed to an August 31 fiscal year, \$1,116 of net loss (for the period September 1998 through March 1999) was included in consolidated net income for both fiscal years ended August 31, 1998 and 1999. Stockholders' equity was adjusted so that the duplicate amount is eliminated from retained earnings. There were no material transactions between Jabil and GET prior to the merger. The effects of conforming GET's accounting policies to those of Jabil were not material.

Significant accounting policies followed by the Company are as follows:

a. Consolidation

The consolidated financial statements include the accounts and operations of Jabil Circuit, Inc. and its subsidiaries, all of which are wholly-owned. All significant inter-company balances and transactions have been eliminated in preparing the consolidated financial statements.

As discussed in Note 10, in September, 1999 the Company completed a merger with GET Manufacturing, Inc. which was accounted for as a pooling of interests in fiscal 2000. The accompanying historical consolidated financial statements have been restated to reflect the impact of this transaction.

b. Revenue Recognition

The Company typically recognizes revenue at the time of product shipment. Such revenue is recorded net of estimated product return and warranty costs.

In connection with the August 1998 acquisition of the net assets of Hewlett-Packard Company ("HP") laser printer operations, the Company entered into an agreement with HP to produce laser printer component products. During the first year of the agreement, the Company received compensation for available capacity, as well as compensation for the raw material content of actual units produced. The available capacity compensation was recorded on a units produced basis. The agreement for compensation for available capacity expired in August 1999 and has been replaced with a unit pricing agreement similar to the Company's other contracts.

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JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

c. Accounting Estimates

Management is required to make estimates and assumptions during the preparation of the consolidated financial statements in conformity with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements. They also affect the reported amounts of net income. Actual results could differ materially from these estimates and assumptions.

d. Inventories

Inventories are stated at the lower of cost (first in, first out (FIFO) method) or market.

e. Property, Plant and Equipment

Property, plant and equipment is stated at cost and depreciated and amortized on the straight-line method over the estimated useful lives of the respective assets, primarily thirty-five years for buildings and three to five years for other assets. Maintenance and repairs are charged to expense as incurred.

f. Cash, Cash Equivalents and Other Financial Instruments

The Company considers all highly liquid instruments with original maturities of 90 days or less to be cash equivalents for consolidated financial statement purposes. Cash equivalents consist of investments in money market funds and commercial paper with original maturities of 90 days or less. At August 31, 2000 and 1999 cash equivalents totaled approximately \$178.2 and \$67.2 million, respectively. Management considers the carrying value of cash and cash equivalents to be a reasonable approximation of market value after the short-term nature of these financial instruments. Short term investments include corporate and governmental debt securities which are classified as available-for-sale and are reported at fair market value in accordance with Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities. As of August 31, 2000, the Company held no short-term investments.

g. Grant Revenue

The Company has been awarded grants related to the development of its Scottish operations. Grant funds are earned as certain milestones are met, and are being amortized over two to five-year periods.

h. Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rate is recognized in income in the period that includes the enactment date of the rate change.

i. Profit Sharing and 401(k) Plan

The Company contributes to a profit sharing plan for all employees who have completed a 12-month period of service in which the employee has worked at least 1,000 hours. In addition, the Company provides retirement benefits to its domestic employees who have completed a 90 day period of service, through a 401(k) plan that provides a Company matching contribution. The Company also has defined contribution benefit plans for certain of its international employees primarily dictated by the custom of the region in which it operates. Company contributions are at the discretion of the Company's Board of Directors. The Company

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JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

contributed approximately \$14.9 million, \$11.2 million and \$6.3 million for the years ended August 31, 2000, 1999 and 1998, respectively.

j. Foreign Currency Transactions

For the Company's foreign subsidiaries which use the local currency as their functional currency, assets and liabilities are translated at exchange rates in effect at the balance sheet date, and revenues and expenses are translated at the weighted average exchange rate for the period. The effects of these translation adjustments are reported in comprehensive income. Gains and losses arising from foreign currency transactions denominated in a currency other than the functional currency of the entity involved and remeasurement adjustments for foreign operations where the U.S. dollar is the functional currency are included in income. To date, the effect of such amounts on net income has not been material.

k. Net Income Per Share

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.

	FISCAL YEAR ENDED		
	AUGUST 31, 2000	AUGUST 31, 1999	AUGUST 31, 1998
(IN THOUSANDS EXCEPT PER SHARE DATA)			
Numerator:			
Net income.....	\$145,648 =====	\$ 84,819 =====	\$ 57,469 =====
Denominator:			
Weighted average shares outstanding -- Basic.....	179,032	166,754	158,589
Employee stock options.....	8,416	7,580	6,345
Weighted average shares outstanding -- Diluted.....	187,448 =====	174,334 =====	164,934 =====
Earnings per common share:			
Basic.....	\$ 0.81 =====	\$ 0.51 =====	\$ 0.36 =====
Diluted.....	\$ 0.78 =====	\$ 0.49 =====	\$ 0.35 =====

For the years ended August 31, 2000, 1999 and 1998, options to purchase 138,732, 6,218 and 160,000 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 anti-dilutive.

#### 1. Comprehensive Income

The Company has 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 changes in equity of an enterprise except those resulting from shareholder transactions. The Company's balance of other comprehensive income is composed exclusively of the cumulative foreign currency translation adjustment. For the years ended August 31, 2000, 1999 and 1998, the Company recorded cumulative foreign currency translation adjustments of approximately \$(387,000), \$0, and \$321,000 respectively.

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#### JABIL CIRCUIT, INC. AND SUBSIDIARIES

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

#### m. Stock Based Compensation

Prior to September 1, 1996, the Company accounted for its stock option plan in accordance with the provisions of Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. As such, compensation expense would be recorded on the date of granting of stock options only if the current market price of the underlying stock exceeded the exercise price. Effective September 1, 1996, the Company adopted Statement of Financial Accounting Standards No. 123, Accounting for Stock Based Compensation (Statement 123), which permits entities to recognize as expense over the vesting period the fair value of all stock based awards on the date of the grant. Alternatively, Statement 123 allows entities to continue to apply the provisions of APB Opinion No. 25 and provide pro forma net income and pro forma net income per share disclosures for employee stock options granted in fiscal 1996 and subsequent years as if the fair value based method defined in Statement 123 had been applied. The Company has elected to continue to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosure required by Statement 123.

#### n. Stock Split

On March 23, 2000 and January 28, 1999, the Company's Board of Directors approved a two-for-one stock split of the Company's common stock. Per share information in the accompanying consolidated financial statements and notes has been adjusted to reflect the impact of the common stock splits for all periods

presented.

o. Intangible Assets

Intangible assets are composed of goodwill and other intellectual property. Intangible assets, aggregating approximately \$34.4 million and \$10.0 million, net of \$2.7 million and \$1.2 million of amortization, as of August 31, 2000 and August 31, 1999, respectively, are classified as a component of other assets in the accompanying consolidated balance sheets. Such amounts are amortized on a straight-line basis over 10 to 15 years.

p. Impairment of Long-Lived Assets

The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of property and equipment is measured by comparison of its carrying amount, including the unamortized portion of goodwill allocated to the property and equipment, to future net cash flows the property and equipment are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the property and equipment, including the allocated goodwill, if any, exceeds its fair market value. The Company assesses the recoverability of goodwill by determining whether the unamortized goodwill balance can be recovered through undiscounted future cash flows of the acquired operation. The amount of goodwill impairment, if any, is measured based on projected discounted future cash flows using a discount rate reflecting the Company's average cost of funds. During 1999, the Company determined that the portion of goodwill related to GET's 1997 acquisition of Able Electronics Corporation ("Able") was impaired. As a result of the overlapping period created when GET's fiscal year was conformed to an August 31 fiscal year, the write off of the unamortized goodwill of \$3,578,000 is included in the results of operations for both fiscal years ended August 31, 1998 and 1999. Stockholders' equity was adjusted to eliminate the duplicate effect on retained earnings. See Note 1 to the Consolidated Financial Statements.

JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

2. INVENTORIES

Inventories consist of the following (in thousands):

	AUGUST 31,	
	2000	1999
Raw materials.....	\$368,783	\$159,203
Work in process.....	54,288	29,622
Finished goods.....	54,477	29,015
	-----	-----
	\$477,548	\$217,840
	=====	=====

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following (in thousands):

	AUGUST 31,	
	2000	1999
Land and improvements.....	\$ 40,911	\$ 19,459
Buildings.....	117,398	91,032

Leasehold improvements.....	36,728	11,300
Machinery and equipment.....	536,140	311,396
Furniture, fixtures and office equipment.....	23,613	17,246
Computer equipment.....	67,615	58,625
Transportation equipment.....	4,209	4,823
Construction in progress.....	17,536	19,126
	-----	-----
	844,150	533,007
Less accumulated depreciation and amortization.....	256,656	179,485
	-----	-----
	\$587,494	\$353,522
	=====	=====

During the year ended August 31, 2000, the Company began construction of manufacturing facilities in Tiszaujvaros, Hungary and Chihuahua, Mexico. During the years ended August 31, 2000, 1999 and 1998, the Company capitalized approximately \$1,046,000, \$0 and \$83,000, respectively, in interest related to the constructed facilities.

Maintenance and repairs expense was approximately \$13.4 million \$10.6 million and \$10.1 million for the years ended August 31, 2000, 1999 and 1998, respectively.

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JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

4. NOTES PAYABLE AND LONG-TERM DEBT

Notes Payable and Long-term debt consists of the following (in thousands):

	AUGUST 31,	
	2000	1999
	-----	-----
Short-term debt (a).....	\$ --	\$21,501
Term loans (b).....	33,333	41,666
Borrowings under revolving credit facility (c).....	--	--
Bank loans (d).....	--	2,656
	-----	-----
Total notes payable and long-term debt.....	33,333	65,823
Less current installments of long-term debt.....	8,333	10,989
Less short-term debt.....	--	21,501
	-----	-----
Notes payable and long-term debt, less current installments.....	\$25,000	\$33,333
	=====	=====

- 
- (a) At August 31, 1999, the Company had banking facilities of approximately \$29 million available for trade finance, letters of credit, bank overdrafts, trust receipts and short-term bank loans. The weighted average interest rates on the various short-term debts as of August 31, 1999 were 7.46%. These debts are collateralized by corporate guarantees from the Company and certain subsidiaries of the Company. The facilities were terminated in fiscal year 2000.
- (b) In May 1996, the Company completed a private placement of \$50,000,000 Senior Notes due 2004. The Notes have a fixed interest rate of 6.89%, with interest payable on a semi-annual basis. Principal is payable in six equal annual installments which began May 30, 1999.
- (c) On April 7, 2000, the Company renegotiated its unsecured line of credit facility and established a \$500 million unsecured revolving credit facility with a syndicate of banks ("Revolver"). Under the terms of the Revolver, borrowings can be made under either floating rate loans or Eurodollar rate loans. The Company pays interest on outstanding floating rate loans at the banks' prime rate. The Company pays interest on outstanding Eurodollar loans

at the London Interbank Offered Rate (LIBOR) in effect at the loan inception plus a factor of 1.125% to 1.875% depending on the Company's funded debt to total capitalization ratios. The Company pays a commitment fee on the unused portion of the Revolver at 0.25% to 0.375% depending on the Company's funded debt to total capitalization ratios. The renegotiated Revolver expires on April 6, 2003 and outstanding borrowings are then due and payable. As of August 31, 2000, there were no borrowings outstanding under the Revolver and \$500 million of the facility was available. As of August 31, 1999, there were no borrowings outstanding under the Revolver and \$250 million of the facility was available.

- (d) As of August 31, 1999, a subsidiary of the Company had \$2,656,000, outstanding under long-term loan agreements with a bank, which bear interest at a variable rate from 1 to 3 months at the Hong Kong Interbank Offering Rate (6.44% at August 31, 1999) plus 1.25% to 1.5%. The weighted average interest rate on the long-term bank loans was 7.0% as of August 31, 1999. The loans are collateralized by the Company's building in Hong Kong and guarantees from the Company and certain other of its subsidiaries. The loan was extinguished in fiscal year 2000.

The agreements related to the obligations described above contain a number of restrictive financial and/or other covenants. The Company was in compliance with the respective covenants as of August 31, 2000.

Aggregate annual maturities for notes payable and long-term debt are \$8,333,333 per year until 2004.

In July, 2000 Jabil Circuit entered into an asset backed securitization program with Bank One, which provides for the sale of up to \$225 million of eligible accounts receivables of certain U.S. plants. We account for the sale of receivables under this securitization program in accordance with Statement of Financial Accounting Standards No. 125, Accounting for Transfers and Servicing of Financial Assets and Extinguish-

JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

ments of Liabilities, as replaced by Statement of Financial Accounting Standards No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. Receivables sold under this program will be excluded from accounts receivable in the Consolidated Balance Sheets. The asset backed securitization will be used as a financing tool to fund working capital. As of August 31, 2000, we had not yet sold any receivables.

5. INCOME TAXES

Income tax expense amounted to \$67.0 million, \$48.5 million and \$25.6 million for the years ended August 31, 2000, 1999 and 1998, respectively (an effective rate of 31.5%, 36.4% and 30.8%, respectively). The actual expense differs from the "expected" tax expense (computed by applying the U.S. federal corporate tax rate of 35% to earnings before income taxes) as follows (in thousands):

	YEARS ENDED AUGUST 31,		
	2000	1999	1998
Computed "expected" tax expense.....	\$ 74,444	\$46,656	\$29,064
State taxes, net of Federal benefit.....	3,752	3,830	859
Income of rate favorable jurisdictions.....	(12,615)	(4,683)	(5,957)
Other, net.....	1,467	2,681	1,606
Provision for income taxes.....	\$ 67,048	\$48,484	\$25,572
Effective tax rate.....	31.5%	36.4%	30.8%

The domestic and foreign components of income before income taxes were

comprised of the following for the years ended August 31 (in thousands):

YEARS ENDED AUGUST 31, -----	2000 -----	1999 -----	1998 -----
U.S.....	\$141,114	\$112,378	\$57,334
Foreign.....	71,582	20,925	25,707
	-----	-----	-----
	\$212,696	\$133,303	\$83,041
	=====	=====	=====

The components of income taxes for the fiscal years ended August 31, 2000, 1999 and 1998, were as follows:

YEARS ENDED AUGUST 31, -----	CURRENT -----	DEFERRED -----	TOTAL -----
2000:			
U.S.....	\$38,034	\$14,227	\$52,261
State.....	5,411	361	5,772
Foreign.....	9,834	(819)	9,015
	-----	-----	-----
	\$53,279	\$13,769	\$67,048
	=====	=====	=====
1999:			
U.S.....	\$30,311	\$ 5,705	\$36,016
State.....	5,397	495	5,892
Foreign.....	8,135	(1,559)	6,576
	-----	-----	-----
	\$43,843	\$ 4,641	\$48,484
	=====	=====	=====

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JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

YEARS ENDED AUGUST 31, -----	CURRENT -----	DEFERRED -----	TOTAL -----
1998:			
U.S.....	\$26,682	\$(4,001)	\$22,681
State.....	1,770	(449)	1,321
Foreign.....	2,389	(819)	1,570
	-----	-----	-----
	\$30,841	\$(5,269)	\$25,572
	=====	=====	=====

Jabil has been granted tax incentives, including tax holidays, for its Hungarian, Chinese and Malaysian subsidiaries. These tax incentives expire between 2000 and 2010, and are subject to certain conditions with which the Company expects to comply. The subsidiaries generated income during the years ended August 31, 2000, 1999 and 1998, resulting in a tax holiday of approximately \$12.6 million (\$0.07 per share), \$4.7 million (\$0.03 per share) and \$5.9 million (\$0.04 per share), respectively. The Company has filed an application for a Malaysian income tax holiday.

The Company intends to indefinitely re-invest income from all of its foreign subsidiaries. The aggregate undistributed earnings of the Company's foreign subsidiaries for which no deferred tax liability has been recorded is approximately \$136.7 million as of August 31, 2000. Determination of the amount of unrecognized deferred tax liability on these undistributed earnings is not practicable.

The tax effects of temporary differences that give rise to significant

portions of the deferred tax assets and deferred tax liabilities are as follows (in thousands):

YEARS ENDED AUGUST 31, -----	2000 -----	1999 -----
Deferred tax assets:		
Net operating loss carryforward.....	\$ 1,507	\$ 1,507
Accounts receivable, principally due to allowance for doubtful accounts.....	1,262	1,319
Grant receivable.....	950	146
Inventories, principally due to reserves and additional costs inventoried for tax purposes pursuant to the Tax Reform Act of 1986.....	7,363	4,608
Compensated absences, principally due to accrual for financial reporting purposes.....	2,697	1,672
Accrued expenses, principally due to accrual for financial reporting purposes.....	14	1,071
Other.....	4,760	4,086
	-----	-----
Total gross deferred tax assets.....	18,553	14,409
Less valuation allowance.....	(513)	(513)
	-----	-----
Net deferred tax assets.....	\$18,040	\$13,896
	=====	=====
Deferred tax liabilities:		
Intangible assets.....	\$ 1,904	\$ 3,534
Property, plant and equipment, principally due to differences in depreciation and amortization.....	26,208	6,665
	-----	-----
Deferred tax liabilities.....	\$28,112	\$10,199
	=====	=====

Based on the Company's historical operating income, management believes that it is more likely than not that the Company will realize the benefit of its net deferred tax assets.

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JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

6. STOCKHOLDERS' EQUITY

a. Public Offering

On June 6, 2000, the Company completed an equity offering of 13 million shares of its Common Stock. The shares were offered at a price of \$41.75 per share for total gross proceeds of \$542.8 million. Net proceeds to the Company were approximately \$525.8 million after underwriter's discount and fees and expenses.

b. Stock Option Plans

As of August 31, 2000, options to purchase a total of 5,356,600 shares were outstanding under the 1983 and 1989 stock option plans. The Board of Directors terminated these plans in November 1992, and no additional options may be issued thereunder. The exercise price of the outstanding options under these plans was equal to fair market value, as determined by the Company, on the date of grant.

The Company's 1992 Stock Option Plan (the "1992 Plan") provides for the granting to employees of incentive stock options within the meaning of Section 422 of the Internal Revenue Code and for the granting of non-statutory stock options to employees and consultants of the Company. The 1992 Plan was adopted by the Board of Directors in November 1992 and approved by the stockholders in December 1992. A total of 23,440,000 shares of common stock have been reserved for issuance under the 1992 Plan. As of August 31, 2000, options to purchase 7,626,027 shares are outstanding under the 1992 Plan.

The exercise price of all incentive stock options granted under the 1992

Plan is to be at least equal to the fair market value of shares of common stock on the date of grant. With respect to any participant who owns stock representing more than 10% of the voting power of all classes of stock of the Company, the exercise price of any stock option granted is to equal at least 110% of the fair market value on the grant date and the maximum term of the option may not exceed five years. The term of all other options under the 1992 Plan may not exceed ten years.

In connection with the merger with GET, the Company has assumed all options outstanding under the GET Stock Option Plan (the "GET Plan"). Options under the GET Plan have been converted into the Company's options and adjusted to effect the appropriate conversion ratio as specified by the applicable merger agreement. The options generally vest over three to four years and expire ten years after the date of grant. Due to the merger between the Company and GET, the GET Plan was terminated. As a result, no further options may be granted under the GET Plan.

JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following table summarizes option activity from September 1, 1997 through August 31, 2000:

	OPTIONS AVAILABLE FOR GRANT	OUTSTANDING OPTIONS	WEIGHTED AVERAGE OPTION PRICE
	-----	-----	-----
Balance at August 31, 1997.....	939,131	10,589,188	\$0.90
Options authorized.....	4,967,555	--	--
Options granted.....	(1,912,000)	1,912,000	4.73
Options cancelled.....	661,516	(661,516)	1.63
Options exercised.....	--	(878,005)	0.77
	-----	-----	
Balance at August 31, 1998.....	4,656,202	10,961,667	1.53
Options authorized.....	6,000,000	--	--
Options granted.....	(3,389,200)	3,389,200	7.98
Options cancelled.....	394,470	(394,470)	2.18
Options exercised.....	--	(1,263,531)	1.83
	-----	-----	
Balance at August 31, 1999.....	7,661,472	12,692,866	3.20
Options authorized.....	5,234,540	--	--
Options granted.....	(3,975,476)	2,752,398	7.70
Options cancelled.....	110,991	(110,991)	4.51
Options exercised.....	--	(2,351,646)	3.02
	-----	-----	
Balance at August 31, 2000.....	9,031,527	12,982,627	7.60
	=====	=====	

At August 31, 2000, options for 8,391,811 shares were exercisable.

The range of exercise prices, shares, weighted average remaining contractual life and exercise price for the options outstanding as of August 31, 2000 are presented below:

RANGE OF EXERCISE PRICES	SHARES	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED- AVERAGE EXERCISE PRICE
-----	-----	-----	-----
\$ 0.22 - 1.86.....	6,271,118	1.52	\$ 0.32
4.24 - 16.55.....	4,020,538	7.86	8.08
20.50 - 25.00.....	2,514,686	9.13	23.08
31.63 - 53.75.....	176,285	9.44	35.06
	-----	----	-----
\$ 0.22 - 24.75.....	12,982,627	5.07	\$ 7.60
	=====	=====	=====

The range of exercise prices, shares and weighted average exercise price of the options exercisable at August 31, 2000 are presented below:

RANGE OF EXERCISE PRICES	SHARES EXERCISABLE	WEIGHTED- AVERAGE EXERCISE PRICE
\$ .22 - 1.86.....	6,260,398	\$ 0.32
4.24 - 16.55.....	1,626,453	8.08
20.50 - 25.00.....	486,479	23.08
31.63 - 53.75.....	18,481	32.67
	-----	-----
\$ 0.22 - 24.75.....	8,391,811	\$ 3.21
	=====	=====

The per-share weighted-average fair value of stock options granted during 2000, 1999 and 1998 was \$16.61, \$12.57 and \$11.23, respectively, on the date of the grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: 2000 -- expected dividend yield of 0%, risk-free interest rate of 5.75%, expected volatility of 91%, and an expected life of 4 years; 1999 -- expected dividend yield of

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JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

0%, risk-free interest rate of 6.0%, expected volatility of 96%, and an expected life of 5 years; 1998 -- expected dividend yield of 0%, risk-free interest rate of 5.6%, expected volatility of 78% and an expected life of 5 years.

c. Stock Purchase Plan

The Company's 1992 Employee Stock Purchase Plan (the "Purchase Plan") was adopted by the Board of Directors in November 1992 and approved by the stockholders in December 1992. A total of 5,820,000 shares of common stock have been reserved for issuance under the Purchase Plan. The Purchase Plan is intended to qualify under Section 423 of the Internal Revenue Code.

Employees are eligible to participate after 90 days of employment with the Company. The Purchase Plan permits eligible employees to purchase common stock through payroll deductions, which may not exceed 10% of an employee's compensation, as defined, at a price equal to 85% of the fair market value of the common stock at the beginning or end of the offering period, whichever is lower. Unless terminated sooner, the Purchase Plan will terminate ten years from its effective date. As of August 31, 2000, a total of 4,159,943 shares had been issued under the Purchase Plan.

The per-share weighted-average fair value of stock issued to employees in 2000, 1999 and 1998, respectively, under the Company's 1992 Employee Stock Purchase Plan was \$38.18, \$16.32 and \$13.76, respectively, using the Black-Scholes option-pricing model with the identical assumptions as those listed for stock options granted during those years.

d. Pro Forma Results

The Company applies APB Opinion No. 25 in accounting for its stock options and, accordingly, no compensation cost has been recognized for its stock options in the consolidated financial statements. Additionally, no compensation costs are reflected for the discount related to shares granted to employees under the 1992 Employee Stock Purchase Plan. Had the Company determined compensation cost based on Statement 123, the Company's net income would have been as follows:

2000		1999		1998	
NET INCOME	DILUTED EPS	NET INCOME	DILUTED EPS	NET INCOME	DILUTED EPS
-----	-----	-----	-----	-----	-----

	-----	-----	-----	-----	-----	-----
As reported.....	\$145,648	\$0.78	\$84,819	\$ 0.49	\$57,469	\$ 0.35
Statement 123 Compensation (net of tax).....	(27,575)	(0.15)	(5,635)	(0.03)	(2,232)	(0.01)
Pro forma disclosure.....	118,073	0.63	79,184	0.46	55,237	0.34

As discussed in Note 1(m) the disclosure presented above represents only the estimated fair value of stock options granted in fiscal 1996 and subsequent years. Such disclosure is not necessarily indicative of the fair value of stock options that could be granted by the Company in future fiscal years or of all options currently outstanding.

7. CONCENTRATION OF RISK AND SEGMENT DATA

a. Concentration of Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade receivables. The Company performs ongoing credit evaluations of its customers and generally does not require collateral. The Company maintains reserves for potential credit losses.

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JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Sales of the Company's products are concentrated among specific customers. Sales to the following customers, expressed as a percentage of consolidated net revenue, and the percentage of accounts receivable for each customer, were as follows:

	PERCENTAGE OF NET REVENUE YEAR ENDED AUGUST 31,			PERCENTAGE OF ACCOUNTS RECEIVABLE AUGUST 31,	
	2000	1999	1998	2000	1999
Cisco Systems, Inc.....	20%	18%	18%	12%	*
Dell Computer Corporation.....	16	*	*	25	*
Hewlett-Packard Company.....	14	22	*	*	16%
Lucent Technologies.....	10	*	*	*	*
3Com Corporation.....	*	*	16	*	*

\* Amount was less than 10% of total

b. Segment Data

The Company adopted the Financial Accounting Standards Board Statement No. 131, Disclosures about Segments of an Enterprise and Related Information in fiscal year 1999. Statement No. 131 establishes standards for reporting information about segments in financial statements. Operating segments are defined as components of an enterprise about which separate financial information is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company derives its revenues from providing manufacturing services to major electronic OEM's on a contract basis. Operating segments consist of the Company's manufacturing locations. The services provided, the manufacturing processes, class of customers and the order fulfillment process is similar and generally interchangeable across manufacturing locations. The Company has aggregated its operating segments into the Electronic Manufacturing Services segment.

The following table sets forth segment information (in thousands):

	YEAR ENDED AUGUST 31,		
	2000	1999	1998
Net revenue.....	\$3,558,321	\$2,238,391	\$1,484,245
Depreciation and amortization.....	99,337	63,417	42,333
Interest (income).....	(7,385)	(4,536)	(238)
Interest expense.....	7,605	7,110	3,876
Segment income before income tax.....	222,908	152,348	116,437
Corporate and non-recurring charges.....	(10,212)	(19,045)	(33,396)
Income before income taxes.....	\$ 212,696	\$ 133,303	\$ 83,041
Long-lived assets.....	\$ 630,922	\$ 374,308	\$ 273,726
Total assets.....	2,018,192	1,035,421	625,173
Capital expenditure.....	333,139	168,674	111,269

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JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The Company operates in the following geographic areas: the United States, China, Mexico, Malaysia, Scotland and Other. Sales to unaffiliated customers are based on the Company's manufacturing location providing services. The following table sets forth information concerning these geographic areas (in thousands):

	YEAR ENDED AUGUST 31,		
	2000	1999	1998
Revenue:			
United States.....	\$2,014,669	\$1,341,927	\$ 869,849
China.....	234,571	238,045	206,871
Mexico.....	561,834	197,039	41,570
Malaysia.....	272,999	138,715	143,431
Scotland.....	266,088	140,452	211,907
Other.....	208,160	182,213	10,617
	\$3,558,321	\$2,238,391	\$1,484,245
Long-lived assets:			
United States.....	\$ 334,665	\$ 189,172	\$ 136,796
China.....	40,201	41,557	37,402
Mexico.....	116,551	63,344	30,499
Malaysia.....	49,003	27,272	27,235
Scotland.....	40,093	34,170	27,821
Other.....	50,409	18,793	13,973
	\$ 630,922	\$ 374,308	\$ 273,726

8. FOREIGN CURRENCY EXCHANGE CONTRACTS

The purpose of the Company's foreign currency hedging activity is to protect the Company from the risk that the eventual dollar net cash flows resulting from the sale and purchase of products in foreign currencies will be adversely affected by changes in the exchange rates. It is the Company's policy to utilize derivative financial instruments to reduce foreign exchange risks where internal netting strategies cannot be effectively employed. The Company does not hold or issue financial instruments for trading purposes. Fluctuations in the value of hedging instruments are offset by fluctuations in the underlying exposures being hedged, and deferred gains and losses on these contracts are recognized when the future purchases and sales being hedged are realized.

The Company had no foreign currency exchange contracts outstanding at August 31, 2000 or August 31, 1999.

JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

9. COMMITMENTS AND CONTINGENCIES

a. Lease Agreements

The Company leases certain facilities and computer services under non-cancelable operating leases. The future minimum lease payments under non-cancelable operating leases outstanding August 31, 2000 are as follows (in thousands):

FISCAL YEAR ENDING AUGUST 31,  
-----

2001.....	\$ 25,959
2002.....	25,301
2003.....	20,339
2004.....	17,951
2005.....	12,636
Thereafter.....	46,490
	-----
Total minimum lease payments.....	\$148,676
	=====

Total rent expense for operating leases was approximately \$24.6 million, \$14.7 million, and \$7.7 million for the years ended August 31, 2000, 1999 and 1998, respectively.

b. Litigation

The Company is party to certain lawsuits in the ordinary course of business. Management does not believe that these proceedings individually or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations or cash flows.

10. ACQUISITIONS

On August 3, 1998 the Company acquired certain assets (primarily raw material inventory and property, plant and equipment) relating to the LaserJet Formatter Manufacturing Organization business unit of Hewlett-Packard Company located in Boise, Idaho, and Bergamo, Italy. The acquisition price was approximately \$80 million and was accounted for under the purchase method of accounting. The acquisition resulted in goodwill and other intangible assets of approximately \$11.2 million, which is being amortized on a straight-line basis over ten years.

Simultaneously, the Company entered into a manufacturing arrangement to continue to produce the LaserJet circuit board assemblies being produced by the Hewlett-Packard operations in Boise and Bergamo.

In conjunction with the HP Acquisition, the Company recorded an acquisition-related charge of \$20.8 million consisting of an in-process technology write-off of \$6.5 million, work force related expenses of \$10.0 million, and \$4.3 million of other expenses.

On September 1, 1999 the Company acquired, through our Jabil Global Services subsidiary, the net assets of EFTC Services, Inc., an electronic product service and repair business. Jabil Global Services continues to offer repair and warranty services for existing and future customers from its hub-based operations in Memphis, Tennessee; Louisville, Kentucky; and Tampa, Florida. The purchase price of approximately \$27 million was paid in cash. The acquisition was accounted for as a purchase and resulted in approximately \$18 million of goodwill, which is being amortized on a straight-line basis over a

period of 15 years. The consolidated financial statements include the operating results of the acquired business from the date of acquisition.

On September 13, 1999 the Company issued approximately 10.2 million shares of our common stock for all of the outstanding common stock of GET Manufacturing, Inc., a China-based electronics manufacturing

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JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

services provider. The business combination was accounted for as a pooling-of-interests and, accordingly, our historical consolidated financial statements presented herein have been restated to include the accounts and results of operations of GET Manufacturing, Inc.

In connection with the merger, the Company recorded a merger-related charge of \$7.0 million consisting of professional fees and other expenses in the fourth quarter of fiscal year 1999. In the first quarter of fiscal year 2000, we incurred a merger-related charge of \$5.2 million (\$4.7 million after-tax) consisting of key employee severance and legal and professional fees.

On February 1, 2000, the Company acquired the net assets of Bull Information Technology, an electronic manufacturing service provider. The business operates in the city of Contagem, State of Minas Gerais, in the Belo Horizonte region Brazil. The purchase price of approximately \$6 million was paid in cash. The acquisition was accounted for as a purchase and resulted in approximately \$5 million of goodwill, which is being amortized, on a straight-line basis over a period of 10 years. The consolidated financial statements include the operating results of the acquired business from the date of the acquisition. Pro forma results of operations have not been presented because the effect of the acquisition was not material.

On July 20, 2000 the Company acquired the share capital of Telenor Technology Services Limited, a repair and logistics services division of Telenor Mobile Communications AS, a Norwegian provider of telecommunication, data and media communication services. The purchase price of approximately \$4 million was paid in cash. The acquisition was accounted for as a purchase and resulted in approximately \$2 million of goodwill, which is being amortized on a straight-line basis over a period of 15 years. The acquired operations allow Jabil Global Services to offer circuit board repair and warranty services for European customers from Dublin, Ireland. The consolidated financial statements include the operating results of the acquired business from the date of acquisition. Pro forma results of operations have not been presented because the effect of the acquisition was not material.

11. NEW ACCOUNTING PRONOUNCEMENTS

Statement of Financial Accounting Standards No. 133 -- Accounting for Derivative Instruments and Hedging Activities. As amended by Statements 137 and 138, 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 anticipates that the adoption of Statement 133 will not have a material impact on its financial position, results of operations or cash flows. The Company will implement Statement 133 beginning in the first quarter of its fiscal year ending August 31, 2001.

SEC Staff Accounting Bulletin Number 101 -- Revenue Recognition in Financial Statements. We will be required to implement this bulletin in the fourth fiscal quarter of our fiscal year ending August 31, 2001. As we have historically made a practice of recognizing revenue in accordance with the provisions of this bulletin as currently interpreted, we do not anticipate that the adoption of the bulletin will have a material impact on our consolidated financial statements.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities

Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on this 27th day of November 2000.

JABIL CIRCUIT, INC.

By: /s/ TIMOTHY L. MAIN

-----  
Timothy L. Main

Date: November 27, 2000

POWER OF ATTORNEY

KNOW ALL THESE PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Timothy L. Main and Chris A. Lewis and each of them, jointly and severally, his attorneys-in-fact, each with full power of substitution, for him in any and all capacities, to sign any and all amendments to this Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each said attorneys-in-fact or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

SIGNATURE -----	TITLE -----	DATE ----
/s/ WILLIAM D. MOREAN ----- William D. Morean	Chairman of the Board of Directors	November 27, 2000
/s/ THOMAS A. SANSONE ----- Thomas A. Sansone	Vice Chairman of the Board of Directors	November 27, 2000
/s/ TIMOTHY L. MAIN ----- Timothy L. Main	President and Chief Executive Officer (Principal Executive Officer)	November 27, 2000
/s/ CHRIS A. LEWIS ----- Chris A. Lewis	Chief Financial Officer (Principal Financial and Accounting Officer)	November 27, 2000
/s/ LAWRENCE J. MURPHY ----- Lawrence J. Murphy	Director	November 27, 2000
/s/ MEL S. LAVITT ----- Mel S. Lavitt	Director	November 27, 2000
/s/ STEVEN A. RAYMUND ----- Steven A. Raymund	Director	November 27, 2000
/s/ FRANK NEWMAN ----- Frank Newman	Director	November 27, 2000

EXHIBIT NO. -----	DESCRIPTION -----
3.1(9)	-- Registrant's Certificate of Incorporation, as amended.
3.2(9)	-- Registrant's Bylaws, as amended.
4.1(2)	-- Form of Certificate for Shares of Registrant's Common Stock.
10.1(1)(7)	-- 1983 Stock Option Plan and forms of agreement used thereunder.
10.2(1)(7)	-- 1989 Non-Qualified Stock Option Plan and forms of agreement used thereunder.
10.3(7)(10)	-- 1992 Stock Option Plan and forms of agreement used thereunder, as amended.
10.4(7)(11)	-- 1992 Employee Stock Purchase Plan and forms of agreement used thereunder, as amended.
10.5(1)(7)	-- Restated cash or deferred profit sharing plan under section 401(k).
10.6(1)(7)	-- Form of Indemnification Agreement between Registrant and its officers and Directors.
10.7(1)	-- Letter Agreement dated November 27, 1992 between Registrant and Scottish Office Industry Department relating to grant to establish Scottish facility.
10.8(3)(7)	-- Amendment to 1989 Non-Qualified Stock Option Plan.
10.9(4)	-- Lease Agreement dated October 1, 1997 between registrant and Charrington Estates.
10.10(4)	-- Lease Agreement dated October 30, 1997 between registrant and Teachers Insurance and Annuity Association.
10.11(5)	-- Lease Agreement dated May 12, 1998 between registrant and Lincoln-RECP Great Oaks OPCO. LLC.
10.12(6)	-- Agreement and Plan of Merger among Jabil Circuit, Inc., JG Acquisition, Inc., GET Manufacturing, Inc. and Mr. Shin Fang dated August 11, 1999 and amended September 13, 1999.
10.13(8)	-- Lease Agreement dated May 16, 2000 for 6835 Via Del Oro, San Jose, California between Registrant and The Realty Associates Fund IV.
10.14(9)	-- Amended and Restated Loan Agreement dated as of April 7, 2000 between Registrant and certain banks and Bank One and Suntrust Bank as agents for banks.
10.15	-- Receivables Sale Agreement dated as of August 10, 2000 among Jabil Circuit, Inc. and Jabil Circuit of Texas, L.P. as originators and Jabil Circuit Financial, Inc. as buyer.
10.16	-- Receivables Purchase Agreement dated as of August 10, 2000 among Jabil Circuit Financial, Inc. as seller and servicer and Jabil Circuit, Inc. as sub-servicer and Falcon Asset Securitization Corporation and Bank One as agent for Falcon.
21.1	-- List of Subsidiaries.
23.1	-- Independent Auditors' Consent.
23.2	-- Independent Auditors' Consent.
24.1	-- Power of Attorney (See Signature page).
27.1	-- Financial Data Schedule (for SEC use only).

- 
- (1) Incorporated by reference to the Registration Statement on Form S-1 filed by the Registrant on March 3, 1993 (File No. 33-58974).
  - (2) Incorporated by reference to exhibit Amendment No. 1 to the Registration Statement on Form S-1 filed by the Registrant on March 17, 1993 (File No. 33-58974).
  - (3) Incorporated by reference to exhibit the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 1994.

- (4) Incorporated by reference to exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1997.
- (5) Incorporated by reference to exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1998.
- (6) Incorporated by reference to exhibit to the Registrant's Current Report on Form 8-K filed by the Registrant on September 28, 1999.
- (7) Indicates management compensatory plan, contract or arrangement.
- (8) Incorporated by reference to exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended May 31, 2000.

- (9) Incorporated by reference to exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 29, 2000.
- (10) Incorporated by reference to the Registration Statement on Form S-8 filed by the Registrant on August 31, 1999.
- (11) Incorporated by reference to the Registration Statement on Form S-8 filed by the Registrant on October 10, 1997.

SCHEDULE II

JABIL CIRCUIT, INC. AND SUBSIDIARIES

SCHEDULE OF VALUATION AND QUALIFYING ACCOUNTS

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	WRITE- OFFS	BALANCE AT END OF PERIOD
	-----	-----	-----	-----
	(IN THOUSANDS)			
YEAR ENDED AUGUST 31, 2000:				
Allowance for uncollectible accounts receivable.....	\$ 4,639	\$ 648	\$ 279	\$ 5,008
Reserve for excess and obsolete inventory.....	\$12,869	\$7,562	\$6,423	\$14,008
	=====	=====	=====	=====
YEAR ENDED AUGUST 31, 1999:				
Allowance for uncollectible accounts receivable.....	\$ 3,948	\$1,246	\$ 555	\$ 4,639
Reserve for excess and obsolete inventory.....	\$12,193	\$6,233	\$5,557	\$12,869
	=====	=====	=====	=====
YEAR ENDED AUGUST 31, 1998:				
Allowance for uncollectible accounts receivable.....	\$ 3,696	\$1,677	\$1,425	\$ 3,948
Reserve for excess and obsolete inventory.....	\$11,560	\$6,133	\$5,500	\$12,193
	=====	=====	=====	=====

See accompanying independent auditors' report.

RECEIVABLES SALE AGREEMENT

dated as of August 10, 2000

AMONG

JABIL CIRCUIT, INC.,  
as an Originator,

JABIL CIRCUIT OF TEXAS, LP,  
as an Originator

AND

JABIL CIRCUIT FINANCIAL, INC.,  
as Buyer

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EXHIBIT II	--	Principal Place of Business; Location(s) of Records; Federal Employer Identification Number; Other Names
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RECEIVABLES SALE AGREEMENT

THIS RECEIVABLES SALE AGREEMENT, dated as of August 10, 2000

is by and among JABIL CIRCUIT, INC., a Delaware corporation ("Jabil"), JABIL CIRCUIT OF TEXAS, LP, a Florida limited partnership ("Jabil Texas," together with Jabil, each individually, an "Originator" and collectively, the "Originators"), and JABIL CIRCUIT FINANCIAL, INC., a Delaware corporation ("Buyer"). Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit I.

#### PRELIMINARY STATEMENTS

Originators now own, and from time to time hereafter will own, Receivables. Originators wish to sell and assign to Buyer, and Buyer wishes to purchase from Originators, all of the applicable Originator's right, title and interest in and to such Receivables, together with the Related Security and Collections with respect thereto.

Originators and Buyer intend the transactions contemplated hereby to be true sales of the Receivables from the applicable Originator to Buyer, providing Buyer with the full benefits of ownership of the Receivables, and Originators and Buyer do not intend these transactions to be, or for any purpose to be characterized as, loans from Buyer to Originators.

Following the purchase of Receivables from Originators, Buyer will sell undivided interests therein and in the associated Related Security and Collections pursuant to that certain Receivables Purchase Agreement dated as of August 10, 2000 (as the same may from time to time hereafter be amended, supplemented, restated or otherwise modified, the "Purchase Agreement") among Buyer, as Seller and as Servicer, Jabil, as Sub-Servicer, Falcon Asset Securitization Corporation ("Falcon"), the financial institutions from time to time party thereto as "Financial Institutions" and Bank One, NA (Main Office Chicago) or any successor agent appointed pursuant to the terms of the Purchase Agreement, as agent for Falcon and such Financial Institutions (in such capacity, the "Agent").

#### ARTICLE I AMOUNTS AND TERMS

##### Section 1.1 Purchase of Receivables.

(a) Effective on the date hereof, in consideration for the Purchase Price (which may be satisfied in connection with a capital contribution in accordance with Section 1.1(b)) and upon the terms and subject to the conditions set forth herein, each Originator does hereby sell, assign, transfer, set-over and otherwise convey to Buyer, without recourse (except to the extent expressly provided herein), and Buyer does hereby purchase from such Originator, all of such Originator's right, title and interest in and to all Receivables originated by such Originator and existing as of the close of business on the Business Day immediately prior to the

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date hereof and all such Receivables thereafter arising through and including the Termination Date, together, in each case, with all Related Security relating thereto and all Collections thereof. In accordance with the preceding sentence, on the date hereof Buyer shall acquire all of such Originator's right, title and interest in and to all Receivables originated by such Originator and existing as of the close of business on the Business Day immediately prior to the date hereof and thereafter arising through and including the Termination Date, together with all Related Security relating thereto and all Collections thereof; provided, that, Buyer shall be obligated to pay the Purchase Price therefor in accordance with Section 1.2 (which may be satisfied in connection with a capital contribution made pursuant to Section 1.1(b)). In connection with the payment of the Purchase Price for any Receivables purchased hereunder, Buyer may request that Originators deliver, and each Originator shall deliver, such approvals, opinions, information, reports or documents as Buyer may reasonably request.

(b) Jabil may elect to forgive the Buyer's obligation to pay the Purchase Price for Receivables conveyed to Buyer from Jabil by making a capital contribution pursuant to the Subscription Agreement and thereby increasing the value of Jabil's equity interest in the Buyer. The Buyer agrees to offset the amount of such contributions against the Purchase Price for such Receivables. Any such capital contribution shall be agreed to in writing by Jabil and the Buyer on the Initial Cutoff Date or applicable Settlement Date, as applicable, and shall satisfy, and constitute the payment of, the payment of the

Purchase Price for the Receivables so contributed. All of the Receivables so paid for through such offset shall constitute purchased Receivables hereunder and shall be subject to all of the representations, warranties and indemnities made hereunder.

(c) It is the intention of the parties hereto that the Purchase of Receivables made hereunder shall constitute a sale of "accounts" and "chattel paper" (as such terms are used in Article 9 of the UCC), which sale is absolute and irrevocable and provides Buyer with the full benefits of ownership of the Receivables. Except for the Purchase Price Credits owed pursuant to Section 1.3, the sale of Receivables hereunder is made without recourse to either Originator; provided, however, that (i) each Originator shall be liable to Buyer for all representations, warranties and covenants made by such Originator pursuant to the terms of the Transaction Documents to which such Originator is a party, and (ii) such sale does not constitute and is not intended to result in an assumption by Buyer or any assignee thereof of any obligation of the applicable Originator or any other Person arising in connection with the Receivables, the related Contracts and/or other Related Security or any other obligations of such Originator. In view of the intention of the parties hereto that the Purchase of Receivables made hereunder shall constitute a sale of such Receivables rather than loans secured thereby, each Originator agrees that it will, on or prior to the date hereof and in accordance with Section 4.1(e)(ii), mark its master data processing records relating to the Receivables with a legend acceptable to Buyer and to the Agent (as Buyer's assignee), evidencing that Buyer has purchased such Receivables as provided in this Agreement and to note in its financial statements that its Receivables have been sold to Buyer. Upon the request of Buyer or the Agent (as Buyer's assignee), each Originator will execute and file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate to perfect and maintain the perfection of Buyer's ownership interest in the Receivables and the Related Security and Collections with respect thereto, or as Buyer or the Agent (as Buyer's assignee) may reasonably request.

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Section 1.2 Payment for the Purchase.

(a) The Purchase Price for the Purchase from each Originator of its respective Receivables in existence on the close of business on the Business Day immediately preceding the date hereof (the "Initial Cutoff Date"), if not satisfied in accordance with Section 1.1(b), shall be payable in full by Buyer to each Originator on the date hereof, and shall be paid to each Originator in the following manner:

(i) by delivery of immediately available funds, to the extent of funds made available to Buyer in connection with its subsequent sale of an interest in such Receivables to the Purchasers under the Purchase Agreement; provided that a portion of such funds owed to Jabil shall be offset by amounts owed by Jabil to Buyer on account of the issuance of equity in the manner contemplated in the Subscription Agreement and having, when combined with the value of the cash and Receivables then owned by the Buyer, a total value of not less than the Required Capital Amount, and

(ii) the balance, by delivery of the proceeds of a subordinated revolving loan from such Originator to Buyer (each a "Subordinated Loan") in an amount not to exceed the least of (i) the remaining unpaid portion of such Purchase Price, (ii) the maximum Subordinated Loan that could be borrowed without rendering Buyer's Net Worth less than the Required Capital Amount and (iii) the maximum Subordinated Loan that could be borrowed without rendering the Net Value less than the aggregate outstanding principal balance of the Subordinated Loans (including the Subordinated Loans proposed to be made on such date). Each Originator is hereby authorized by Buyer to endorse on the schedule attached to its Subordinated Note made payable to and delivered to such Originator an appropriate notation evidencing the date and amount of each advance thereunder, as well as the date of each payment with respect thereto, provided that the failure to make such notation shall not affect any obligation of Buyer thereunder.

The Purchase Price for each Receivable coming into existence after the Initial Cutoff Date shall be due and owing in full by Buyer to the applicable Originator or its designee on the date each such Receivable came into existence (except

that Buyer may, with respect to any such Purchase Price, offset against such Purchase Price any amounts owed by such Originator to Buyer hereunder and which have become due but remain unpaid) and shall be paid to such Originator in the manner provided in the following paragraphs (b), (c) and (d).

(b) With respect to any Receivables coming into existence after the date hereof, on each Settlement Date, Buyer shall pay the Purchase Price therefor (if not satisfied in accordance with Section 1.1(b)) in accordance with Section 1.2(c) and in the following manner:

first, by delivery of immediately available funds, to the extent of funds available to Buyer from its subsequent sale of an interest in the Receivables to the Agent for the benefit of the Purchasers under the Purchase Agreement or other cash on hand; and

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second, by delivery of the proceeds of a Subordinated Loan, provided that the making of any such Subordinated Loan shall be subject to the provisions set forth in Section 1.2(a)(ii).

Subject to the limitations set forth in Section 1.2(a)(ii), each Originator irrevocably agrees to advance each Subordinated Loan requested by Buyer on or prior to the Termination Date. The Subordinated Loans made by each Originator shall be evidenced by, and shall be payable in accordance with the terms and provisions of the applicable Subordinated Note and shall be payable solely from funds which Buyer is not required under the Purchase Agreement to set aside for the benefit of, or otherwise pay over to, the Purchasers.

(c) Although the Purchase Price for each Receivable coming into existence after the date hereof shall be due and payable in full by Buyer to the applicable Originator on the date such Receivable came into existence, settlement of the Purchase Price between Buyer and each Originator shall be effected on a monthly basis on Settlement Dates with respect to all Receivables coming into existence during the same Calculation Period and based on the information contained in the Monthly Report delivered by the Servicer pursuant to Article VIII of the Purchase Agreement for the Calculation Period then most recently ended. Although settlement shall be effected on Settlement Dates, increases or decreases in the amount owing under each Subordinated Note made pursuant to Section 1.2(b) and any contribution of capital by Jabil to Buyer made pursuant to Section 1.1(b) shall be deemed to have occurred and shall be effective as of the last Business Day of the Calculation Period to which such settlement relates.

Section 1.3 Purchase Price Credit Adjustments. If on any day:

(a) the Outstanding Balance of a Receivable is:

(i) reduced as a result of any defective or rejected goods or services, any discount or any adjustment or otherwise by the applicable Originator (other than cash Collections on account of the Receivables),

(ii) reduced or canceled as a result of a setoff in respect of any claim by any Person (whether such claim arises out of the same or a related transaction or an unrelated transaction), or

(b) any of the representations and warranties set forth in Article II are no longer true with respect to any Receivable,

then, in such event, Buyer shall be entitled to a credit (each, a "Purchase Price Credit") against the Purchase Price otherwise payable hereunder equal to the Outstanding Balance of such Receivable. If such Purchase Price Credit exceeds the Original Balance of the Receivables of the applicable Originator coming into existence on any day, then such Originator shall pay the remaining amount of such Purchase Price Credit in cash promptly thereafter, provided that if the Termination Date has not occurred, the applicable Originator shall be allowed to deduct the remaining amount of such Purchase Price Credit from any indebtedness owed to it under the Subordinated Note.

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Section 1.4            Payments and Computations, Etc. All amounts to be paid or deposited by Buyer hereunder shall be paid or deposited in accordance with the terms hereof on the day when due in immediately available funds to the account of the applicable Originator designated from time to time by such Originator or as otherwise directed by such Originator. In the event that any payment owed by any Person hereunder becomes due on a day that is not a Business Day, then such payment shall be made on the next succeeding Business Day. If any Person fails to pay any amount hereunder when due, such Person agrees to pay, on demand, the Default Fee in respect thereof until paid in full; provided, however, that such Default Fee shall not at any time exceed the maximum rate permitted by applicable law. All computations of interest payable hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first but excluding the last day) elapsed.

Section 1.5            Transfer of Records.

(a)            In connection with the Purchase of Receivables hereunder, each Originator hereby sells, transfers, assigns and otherwise conveys to Buyer all of such Originator's right and title to and interest in the Records (other than Contracts) relating to all of its Receivables sold hereunder and all rights (with respect to enforcement or otherwise) under the Contracts relating to all of its Receivables sold hereunder, without the need for any further documentation in connection with the Purchase. In connection with such transfer, each Originator hereby grants to each of Buyer, the Agent and the Servicer upon the occurrence of an Amortization Event under the Purchase Agreement, an irrevocable, non-exclusive license to use, without royalty or payment of any kind, all software used by such Originator to account for the Receivables, to the extent necessary to administer the Receivables, whether such software is owned by such Originator or is owned by others and used by such Originator under license agreements with respect thereto, provided that should the consent of any licensor of such Originator to such grant of the license described herein be required, such Originator hereby agrees that upon the request of Buyer (or the Agent as Buyer's assignee), such Originator will use its reasonable efforts to obtain the consent of such third-party licensor. The license granted hereby shall be irrevocable, and shall terminate on the date this Agreement terminates in accordance with its terms. Upon the termination of this Agreement any such software used by the Buyer, the Agent or the Servicer during the term of this Agreement shall be returned to the applicable Originator.

(b)            Each Originator (i) shall take such action requested by Buyer and/or the Agent (as Buyer's assignee), from time to time hereafter, that may be necessary or appropriate to ensure that Buyer and its assigns under the Purchase Agreement have an enforceable ownership interest in the Records relating to the Receivables purchased from such Originator hereunder, and (ii) shall use its reasonable efforts to ensure that Buyer, the Agent and the Servicer each has an enforceable right (whether by license or sublicense or otherwise) to use all of the computer software used to account for the Receivables and/or to recreate such Records.

Section 1.6            Characterization. If, notwithstanding the intention of the parties expressed in Section 1.1(c), any sale or contribution by either Originator to Buyer of Receivables hereunder shall be characterized as a secured loan and not a sale or such sale shall for any reason be ineffective or unenforceable, then this Agreement shall be deemed to constitute a security agreement under the UCC and other applicable law. For this purpose and without being in derogation of the parties' intention that the sale of Receivables hereunder shall constitute a true

sale thereof, such Originator hereby grants to Buyer a duly perfected security interest in all of such Originator's right, title and interest in, to and under the following assets, now existing or hereafter arising: (i) all Receivables originated by it, (ii) the Collections, (iii) each Lock-Box, (iv) each Collection Account, (v) all Related Security, (vi) all other rights and payments relating to such Receivables, (vii) all proceeds of any of the foregoing, and (viii) all other assets in which the Seller has acquired, may hereafter acquire and/or purports to have acquired an interest hereunder, which security interest shall be prior to all other Adverse Claims thereto. After the occurrence of an

Termination Event, Buyer and its assigns shall have, in addition to the rights and remedies which they may have under this Agreement, all other rights and remedies provided to a secured creditor after default under the UCC and other applicable law, which rights and remedies shall be cumulative.

ARTICLE II  
REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of Originators. Each Originator hereby represents and warrants, as to itself, to Buyer that:

(a) Corporate Existence and Power. It is a corporation or limited partnership duly organized, validly existing and in good standing under the laws of its state of organization, and is duly qualified to do business and is in good standing as a foreign entity, and has and holds all power, corporate or otherwise, and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted.

(b) Power and Authority; Due Authorization Execution and Delivery. The execution and delivery by such Originator of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder and, such Originator's use of the proceeds of the Purchase made hereunder, are within its powers and authority, corporate or otherwise, and have been duly authorized by all necessary action, corporate or otherwise, on its part. This Agreement and each other Transaction Document to which such Originator is a party has been duly executed and delivered by such Originator.

(c) No Conflict. The execution and delivery by such Originator of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) its certificate or articles of incorporation, by-laws or limited partnership agreement (or equivalent organizational documents), (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on any assets of such Originator or its Subsidiaries (except as created hereunder); and no transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(d) Governmental Authorization. Other than the filing of the financing statements required hereunder, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution

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and delivery by such Originator of this Agreement and each other Transaction Document to which it is a party and the performance of its obligations hereunder and thereunder.

(e) Actions, Suits. Other than as disclosed on Schedule A, there are no actions, suits or proceedings pending, or to the best of such Originator's knowledge, threatened, against or affecting such Originator, or any of its properties, in or before any court, arbitrator or other body, that could reasonably be expected to have a Material Adverse Effect. Such Originator is not in default with respect to any order of any court, arbitrator or governmental body.

(f) Binding Effect. This Agreement and each other Transaction Document to which such Originator is a party constitute the legal, valid and binding obligations of such Originator enforceable against such Originator in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(g) Accuracy of Information. All information heretofore

furnished by such Originator or any of its Affiliates to Buyer (or its assigns) for purposes of or in connection with this Agreement, any of the other Transaction Documents or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by such Originator or any of its Affiliates to Buyer (or its assigns) will be, true and accurate in every material respect on the date such information is stated or certified and does not and will not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not misleading.

(h) Use of Proceeds. No proceeds of the Purchase hereunder will be used (i) for a purpose that violates, or would be inconsistent with, Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time or (ii) to acquire any security in any transaction which is subject to Section 13 or 14 of the Securities Exchange Act of 1934, as amended.

(i) Good Title. At the time each Receivable originated by it came into existence, such Originator shall be the legal and beneficial owner of each such Receivables and Related Security with respect thereto, free and clear of any Adverse Claim (other than the CISCO Receivables), except as created by the Transaction Documents.

(j) Perfection. This Agreement, together with the filing of the financing statements contemplated hereby, is effective to transfer to Buyer (and Buyer shall acquire from such Originator) legal and equitable title to, with the right to sell and encumber each Receivable originated by it existing and hereafter arising, together with the Related Security and Collections with respect thereto, free and clear of any Adverse Claim (other than the CISCO Receivables), except as created by the Transactions Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Buyer's ownership interest in the Receivables, the Related Security and the Collections. Each Contract which is "chattel paper" within the meaning of Section 9-105 of the UCC of all applicable jurisdictions has been stamped

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to reflect the fact that the Receivable and related rights arising under such Contract has been assigned to Buyer.

(k) Places of Business. The principal places of business and chief executive office of such Originator and the offices where it keeps all of its Records are located at the address(es) listed on Exhibit II or such other locations of which Buyer has been notified in accordance with Section 4.2(a) in jurisdictions where all action required by Section 4.2(a) has been taken and completed. Such Originator's Federal Employer Identification Number is correctly set forth on Exhibit II.

(l) Collections. The conditions and requirements set forth in Section 4.1(i) have at all times been satisfied and duly performed. The names and addresses of all Collection Banks, together with the account numbers of the Collection Accounts of Originator at each Collection Bank and the post office box number of each Lock-Box, are listed on Exhibit III.

(m) Material Adverse Effect. Since August 31, 1999 no event has occurred that would have a Material Adverse Effect.

(n) Names. In the past five (5) years, such Originator has not used any corporate names, trade names or assumed names other than the name in which such Originator has executed this Agreement.

(o) Ownership of Buyer. Jabil owns, directly or indirectly, 100% of the issued and outstanding capital stock of Buyer, free and clear of any Adverse Claim. Such capital stock is validly issued, fully paid and nonassessable, and there are no options, warrants or other rights to acquire securities of Buyer.

(p) Not a Holding Company or an Investment Company. Such Originator is not a "holding company" or a "subsidiary holding company" of a "holding company" within the meaning of the Public Utility Holding Company Act

of 1935, as amended, or any successor statute. Such Originator is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or any successor statute.

(q) Compliance with Law. Such Originator has complied in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject. Each Receivable, together with the Contract and Invoice related thereto, does not contravene any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy), and no part of such Contract or Invoice is in violation of any such law, rule or regulation.

(r) Compliance with Credit and Collection Policy. Such Originator has complied in all material respects with the Credit and Collection Policy with regard to each Receivable and the related Contract and Invoice, and has not made any change to such Credit and Collection Policy, other than as permitted under Section 4.2(c) and in compliance with the notification requirements in Section 4.1(a) (vii).

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(s) Payments to Originators. With respect to each Receivable originated by it and transferred to Buyer hereunder, the Purchase Price received by such Originator constitutes reasonably equivalent value in consideration therefor and such transfer was not made for or on account of an antecedent debt. No transfer by such Originator of any Receivable hereunder is or may be voidable under any section of the Bankruptcy Reform Act of 1978 (11 U.S.C. ss.ss. 101 et seq.), as amended.

(t) Enforceability of Invoice. Each Invoice with respect to each Receivable is effective to create, and has created, a legal, valid and binding obligation of the related Obligor to pay the Outstanding Balance of the Receivable created thereunder and any accrued interest thereon, enforceable against the Obligor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(u) Eligible Receivables. Each Receivable included in the Net Receivables Balance as an Eligible Receivable on the date it came into existence was an Eligible Receivable on such date.

(v) Accounting. The manner in which such Originator accounts for the transactions contemplated by this Agreement does not jeopardize the true sale analysis.

(w) No Adverse Selection. To the extent that such Originator has retained Receivables that would be Eligible Receivables but which have not been transferred to Buyer hereunder, such Originator has not selected those Receivables to be transferred hereunder in any manner that materially adversely affects Buyer.

(x) Compliance with Representations. On and as of the date of the Purchase and on and as of each subsequent date each Receivable came into existence, such Originator hereby represents and warrants that all of the other representations and warranties set forth in this Article II are true and correct on and as of each such date (and after giving effect to all Receivables in existence on each such date) as though made on and as of each such date.

### ARTICLE III CONDITIONS OF PURCHASE

Section 3.1 Conditions Precedent to Purchase. The Purchase under this Agreement is subject to the conditions precedent that (a) Buyer shall have received on or before the date of such purchase those documents listed on Schedule B and (b) all of the conditions to the initial purchase under the Purchase Agreement shall have been satisfied or waived in accordance with the terms thereof.

Section 3.2 Conditions Precedent to Subsequent Payments. Buyer's obligation to pay for Receivables coming into existence after the date hereof shall be subject to the further conditions precedent that (a) the Termination Date shall not have occurred; and (b) Buyer (or its assigns) shall have received such other approvals, opinions or documents as it may reasonably request. Each Originator represents and warrants that the representations and warranties set forth

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in Article II are true and correct on and as of the date each Receivable came into existence as though made on and as of such date.

#### ARTICLE IV COVENANTS

Section 4.1 Affirmative Covenants of Originators. Until the date on which this Agreement terminates in accordance with its terms, each Originator hereby covenants, as to itself, as set forth below:

(a) Reporting. Such Originator will maintain, for itself and each of its respective Subsidiaries, a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to Buyer (or its assigns):

(i) Annual Reporting. Within 90 days after the close of each of its respective fiscal years, audited, unqualified financial statements (which shall include balance sheets, statements of income and retained earnings and a statement of cash flows) for Jabil for such fiscal year certified in a manner acceptable to Buyer (or its assigns) by independent public accountants acceptable to Buyer (or its assigns).

(ii) Quarterly Reporting. Within 45 days after the close of the first three (3) quarterly periods of each of its respective fiscal years, balance sheets of Jabil as at the close of each such period and statements of income and retained earnings and a statement of cash flows for Jabil for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer.

(iii) Compliance Certificate. Together with the financial statements required hereunder, a compliance certificate in substantially the form of Exhibit IV signed by Jabil's Authorized Officer and dated the date of such annual financial statement or such quarterly financial statement, as the case may be.

(iv) Shareholders Statements and Reports. Promptly upon the furnishing thereof to the shareholders of Jabil copies of all financial statements, reports and proxy statements so furnished.

(v) S.E.C. Filings. Promptly upon the filing thereof, copies of all registration statements and reports which such Originator or any of its Subsidiaries files with the Securities and Exchange Commission and which are delivered to the "Banks" and the "Agent" under (and as defined in) the Jabil Loan Agreement.

(vi) Copies of Notices. Promptly upon its receipt of any notice, request for consent, financial statements, certification, report or other communication under or in connection with any Transaction Document from any Person other than Buyer, the Agent or Falcon, copies of the same.

(vii) Change in Credit and Collection Policy. At least thirty (30) days prior to the effectiveness of any material change in or amendment to the Credit and Collection Policy, a

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copy of the Credit and Collection Policy then in effect and a notice indicating such change or amendment.

(viii) Other Information. Promptly, from time to time, such other information, documents, records or reports relating to the Receivables or the condition or operations, financial or otherwise, of such Originator as Buyer (or its assigns) may from time to time reasonably request in order to protect the interests of Buyer (and its assigns) under or as contemplated by this Agreement.

(b) Notices. Such Originator will notify the Buyer (or its assigns) in writing of any of the following promptly upon learning of the occurrence thereof, describing the same and, if applicable, the steps being taken with respect thereto:

(i) Termination Events or Potential Termination Events. The occurrence of each Termination Event and each Potential Termination Event, by a statement of an Authorized Officer of such Originator.

(ii) Judgment and Proceedings. (1) The entry of any judgment or decree against such Originator or any of its Subsidiaries if the aggregate amount of all judgments and decrees then outstanding against the Originators and their respective Subsidiaries exceeds \$5,000,000, or (2) the institution of any litigation, arbitration proceeding or governmental proceeding against such Originator which could reasonably be expected to have a Material Adverse Effect.

(iii) Material Adverse Effect. The occurrence of any event or condition that has, or could reasonably be expected to have, a Material Adverse Effect.

(iv) Defaults Under Other Agreements. The occurrence of a default or an event of default under any other material financing arrangement pursuant to which such Originator is a debtor or an obligor.

(v) Downgrade of Jabil. Any downgrade in the rating of any Indebtedness of Jabil by Standard and Poor's Ratings Group or by Moody's Investors Service, Inc., setting forth the Indebtedness affected and the nature of such change.

(vi) Jabil Mexico. As soon as such Originator becomes aware thereof, notice of any action taken by Jabil Mexico or any other Person to assert any claim against any property of Jabil or Jabil Mexico located in Mexico.

(c) Compliance with Laws and Preservation of Corporate Existence. Such Originator will comply in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject. Such Originator will preserve and maintain its corporate or partnership existence, as the case may be, rights, franchises and privileges in the jurisdiction of its organization and qualify and remain qualified in good standing as a foreign entity in each jurisdiction where its business is conducted.

(d) Audits. Such Originator will furnish to Buyer (or its assigns) from time to time such information with respect to it and the Receivables as Buyer (or its assigns) may

reasonably request. Such Originator will, from time to time during regular business hours as requested by Buyer (or its assigns), upon reasonable notice and at the sole cost of such Originator, permit Buyer (or its assigns) or their respective agents or representatives, (i) to examine and make copies of and abstracts from all Records in the possession or under the control of such Originator relating to its Receivables and the Related Security, including, without limitation, the related Contracts and Invoices, and (ii) to visit the offices and properties of such Originator for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to such Originator's financial condition or its Receivables and the Related Security or such Originator's performance under any of the Transaction Documents or such Originator's performance under the Contracts and Invoices and, in each case, with any of the officers or employees of such Originator having knowledge of such matters; provided that such Originator shall not be required to pay for the costs of such audit if (i) collectively, the Originators have paid the costs of

at least three other audits occurring during the nine month period immediately preceding such audit, (ii) no Termination Event has occurred and (iii) the results of the previous audits were acceptable to Buyer (or its assigns).

(e) Keeping and Marking of Records and Books.

(i) Such Originator will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing its Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables originated by it (including, without limitation, records adequate to permit the immediate identification of each new Receivable and all Collections of and adjustments to each existing Receivable). Such Originator will give Buyer (or its assigns) notice of any material change in the administrative and operating procedures referred to in the previous sentence.

(ii) Such Originator will (A) on or prior to the date hereof, mark its master data processing records and other books and records relating to its Receivables with a legend, acceptable to Buyer (or its assigns), describing Buyer's ownership interests in such Receivables and further describing the Purchaser Interests of the Agent (on behalf of the Purchasers) under the Purchase Agreement and (B) upon the request of Buyer (or its assigns) at any time following the occurrence of an Amortization Event under the Purchase Agreement, (x) mark each Contract and Invoice related to its Receivables with a legend describing Buyer's ownership interests in its Receivables and further describing the Purchaser Interests of the Agent (on behalf of the Purchasers) and (y) deliver to Buyer (or its assigns) all such Contracts and Invoices (including, without limitation, all multiple originals of any such Contract and Invoice) relating to its Receivables.

(f) Compliance with Contracts and Credit and Collection Policy. Such Originator will timely and fully (i) perform and comply with all provisions, covenants and other promises required to be observed by it under the applicable Contracts related to its Receivables, and (ii) comply in all respects with the Credit and Collection Policy in regard to each such Receivable and the related Contract and Invoice. Such Originator will pay when due any taxes payable in connection with its Receivables, exclusive of taxes on or measured by income or gross receipts of Buyer and its assigns.

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(g) Ownership. Such Originator will take all necessary action to establish and maintain, irrevocably in Buyer, legal and equitable title to the Receivables originated by it, and the Related Security and the Collections with respect thereto, free and clear of any Adverse Claims other than Adverse Claims in favor of Buyer (and its assigns), and with respect to the CISCO Receivables, other than the Adverse Claim in favor of CISCO Systems, Inc., (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Buyer's interest in such Receivables, Related Security and Collections and such other action, including the stamping of all Contracts constituting "chattel paper" within the meaning of Section 9-105 of the UCC with a notation describing such assignment, to perfect, protect or more fully evidence the interest of Buyer as Buyer (or its assigns) may reasonably request).

(h) Purchasers' Reliance. Such Originator acknowledges that the Agent and the Purchasers are entering into the transactions contemplated by the Purchase Agreement in reliance upon Buyer's identity as a legal entity that is separate from such Originator and any Affiliates thereof. Therefore, from and after the date of execution and delivery of this Agreement, such Originator will take all reasonable steps including, without limitation, all steps that Buyer or any assignee of Buyer may from time to time reasonably request to maintain Buyer's identity as a separate legal entity and to make it manifest to third parties that Buyer is an entity with assets and liabilities distinct from those of such Originator and any Affiliates thereof and not just a division of such Originator. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, such Originator (i) will not hold itself out to third parties as liable for the debts of Buyer nor purport to own the Receivables and other assets acquired by Buyer, (ii) will take all other actions necessary on its part to ensure that Buyer is at all

times in compliance with the covenants set forth in Section 7.1(i) of the Purchase Agreement and (iii) will cause all tax liabilities arising in connection with the transactions contemplated herein or otherwise to be allocated between such Originator and Buyer on an arm's-length basis and in a manner consistent with the procedures set forth in U.S. Treasury Regulations ss.ss.1.1502-33(d) and 1.1552-1.

(i) Collections. Such Originator will cause (1) all proceeds from all Lock-Boxes to be directly deposited by a Collection Bank into a Collection Account and (2) each Lock-Box and Collection Account to be subject at all times to a Collection Account Agreement that is in full force and effect. In the event any payments relating to Receivables are remitted directly to such Originator or any Affiliate of such Originator, such Originator will remit (or will cause all such payments to be remitted) directly to a Collection Bank for deposit into a Collection Account within two (2) Business Days following receipt thereof and, at all times prior to such remittance, such Originator will itself hold or, if applicable, will cause such payments to be held in trust for the exclusive benefit of Buyer and its assigns. Such Originator will transfer exclusive ownership, dominion and control of each Lock-Box and Collection Account owned by it to Buyer and, will not grant the right to take dominion and control of any Lock-Box or Collection Account at a future time or upon the occurrence of a future event to any Person, except to Buyer (or its assigns) as contemplated by this Agreement and the Purchase Agreement.

(j) Taxes. Such Originator will file all tax returns and reports required by law to be filed by it and promptly pay all taxes and governmental charges at any time owing.

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(k) Insurance. Such Originator will maintain in effect, or cause to be maintained in effect, at such Originator's own expense, such casualty and liability insurance as such Originator deems appropriate in its good faith business judgement. Buyer (or its assigns) and the Agent, for the benefit of the Purchasers, shall be named as additional insureds with respect to all such liability insurance maintained by such Originator. Such Originator will pay or cause to be paid, the premiums therefor and deliver to Buyer and the Agent evidence satisfactory to Buyer and the Agent of such insurance coverage. Copies of each policy shall be furnished to Buyer, the Agent and any Purchaser in certificated form upon Buyer's, the Agent's or such Purchaser's request. The foregoing requirements shall not be construed to negate, reduce or modify, and are in addition to, such Originator's obligations hereunder.

Section 4.2 Negative Covenants of Originators. Until the date on which this Agreement terminates in accordance with its terms, each Originator hereby covenants, as to itself, that:

(a) Name Change, Offices and Records. Such Originator will not change its name, identity or corporate structure (within the meaning of Section 9-402(7) of any applicable enactment of the UCC) or relocate its chief executive office or any office where Records are kept unless it shall have: (i) given Buyer (or its assigns) at least forty-five (45) days' prior written notice thereof and (ii) delivered to Buyer (or its assigns) all financing statements, instruments and other documents requested by Buyer (or its assigns) in connection with such change or relocation.

(b) Change in Payment Instructions to Obligors. Such Originator will not add or terminate any bank as a Collection Bank, or make any change in the instructions to Obligors regarding payments to be made to any Lock-Box or Collection Account, unless Buyer (or its assigns) shall have received, at least ten (10) days before the proposed effective date therefor, (i) written notice of such addition, termination or change and (ii) with respect to the addition of a Collection Bank or a Collection Account or Lock-Box, an executed Collection Account Agreement with respect to the new Collection Account or Lock-Box; provided, however, that such Originator may make changes in instructions to Obligors regarding payments if such new instructions require such Obligor to make payments to another existing Collection Account.

(c) Modifications to Contracts, Invoices and Credit and Collection Policy. Such Originator will not amend, modify or otherwise make any change to the Credit and Collection Policy or any Contract or Invoice that could adversely affect the collectibility of the Receivables or decrease the credit

quality of any newly created Receivables. Except as otherwise permitted in its capacity as Sub-Servicer pursuant to Article V of this Agreement and Article VIII of the Purchase Agreement, Jabil will not extend, amend or otherwise modify the terms of any Receivable or any Invoice related thereto other than in accordance with the Credit and Collection Policy.

(d) Sales, Liens. Such Originator will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Receivable (other than the CISCO Receivables), Related Security or Collections, or upon or with respect to any Contract under which any Receivable arises, or any

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Lock-Box or Collection Account, or assign any right to receive income with respect thereto (other than, in each case, the creation of the interests therein in favor of Buyer provided for herein), and such Originators will defend the right, title and interest of Buyer in, to and under any of the foregoing property, against all claims of third parties claiming through or under such Originator. Such Originator shall not create or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge or other similar arrangement on any of its inventory which gives rise to a Receivable. The provisions of this Section 4.2(d) shall not become effective until Section 5.2(1) of the Jabil Loan Agreement is amended (or otherwise modified or waived in writing) to permit such provisions.

(e) No Adverse Selection. To the extent that such Originator has retained Receivables that would be Eligible Receivables but which have not been transferred to Buyer hereunder, such Originator will not select those Receivables to be transferred hereunder in any manner that materially adversely affects Buyer.

(f) Accounting for Purchase. Such Originator will not, and will not permit any Affiliate to, account for or treat (whether in financial statements or otherwise) the transactions contemplated hereby in any manner other than the sale of its Receivables and the Related Security by such Originator to Buyer or in any other respect account for or treat the transactions contemplated hereby in any manner other than as a sale of such Receivables and the Related Security by such Originator to Buyer except to the extent that such transactions are not recognized on account of consolidated financial reporting in accordance with generally accepted accounting principles.

#### ARTICLE V ADMINISTRATION AND COLLECTION

Section 5.1 Designation of Sub-Servicer. Jabil has been designated, and has agreed to act as, sub-servicer ("Sub-Servicer") for Buyer in Buyer's capacity as Servicer pursuant to the terms of the Purchase Agreement and to perform all of the duties and obligations of the Servicer set forth herein and in the Purchase Agreement with respect to the Receivables, Related Security related thereto and Collections thereof.

Section 5.2 Collection Accounts. Each Originator hereby transfers to Buyer the exclusive ownership and control of each Lock-Box and Collection Account owned by it. Each Originator hereby authorizes Buyer, and agrees that Buyer shall be entitled to (i) endorse such Originator's name on checks and other instruments representing Collections, (ii) enforce the Receivables, the related Contracts and the Related Security and (iii) take such action as shall be necessary or desirable to cause all cash, checks and other instruments constituting Collections of Receivables to come into the possession of Buyer.

Section 5.3 Responsibilities of Jabil and Originators. Anything herein to the contrary notwithstanding, the exercise by Buyer (or its assignees) of its rights hereunder shall not release the Sub-Servicer, or either Originator from any of their duties or obligations with respect to any Receivables or under the related Contracts or Invoices. Buyer shall have no obligation or

liability with respect to any Receivables or related Contracts or Invoices, nor shall Buyer be obligated to perform the obligations of Jabil or either Originator.

Section 5.4 Servicing Fees. In consideration of the Sub-Servicer's agreement to perform the duties and obligations of the Servicer under the Purchase Agreement, Buyer hereby agrees that, so long as Jabil shall continue to perform as Sub-Servicer hereunder, Buyer shall pay over to Jabil a fee on the first calendar day of each month, in arrears for the immediately preceding month, equal to the actual servicing costs of the Sub-Servicer during such month plus 5% of such actual servicing costs, as compensation for its servicing activities.

ARTICLE VI  
TERMINATION EVENTS

Section 6.1 Termination Events. The occurrence of any one or more of the following events shall constitute a Termination Event:

(a) Either Originator shall fail (i) to make any payment or deposit required hereunder when due, (ii) to observe or perform any covenant set forth in Section 4.2 and such failure shall continue for three (3) consecutive Business Days or (iii) to perform or observe any term, covenant or agreement hereunder (other than as referred to in clauses (i) and (ii) of this paragraph (a)) or any other Transaction Document to which it is a party and such failure shall continue for five (5) consecutive Business Days.

(b) Any material representation, warranty, certification or statement made by either Originator in this Agreement, any other Transaction Document or in any other document delivered pursuant hereto or thereto shall prove to have been incorrect when made or deemed made.

(c) Failure of either Originator to pay any Indebtedness when due, which individually or together with other such Indebtedness as to which any such failures exists has an aggregate outstanding principal amount in excess of \$10,000,000; or the default by either Originator in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of either Originator shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the date of maturity thereof.

(d) Either Originator or any of its respective Subsidiaries shall generally not pay its debts as such debts become due or shall admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against either Originator or any of its respective Subsidiaries seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property or (ii) either Originator or any of its respective Subsidiaries shall

take any corporate action to authorize any of the actions set forth in the foregoing clause (i) of this subsection (d). For the purposes of this Section 6.1(d), "Subsidiary" shall exclude a Subsidiary which (i) is not engaged in any business activity and (ii) has no Subsidiaries engaged in any business activity.

(e) One or more final judgments for the payment of money in any amount of \$10,000,000 or more individually or in the aggregate, shall be entered against either Originator on claims not covered by insurance or as to which the insurance carrier has denied its responsibility, and such judgment

shall continue unsatisfied and in effect for fifteen (15) consecutive days without a stay of execution.

Section 6.2 Remedies. Upon the occurrence and during the continuation of a Termination Event, Buyer may take any of the following actions: (i) declare the Termination Date to have occurred, whereupon the Termination Date shall forthwith occur, without demand, protest or further notice of any kind, all of which are hereby expressly waived by Originators and (ii) to the fullest extent permitted by applicable law, declare that the Default Fee shall accrue with respect to any amounts then due and owing by Buyer to Originators. The aforementioned rights and remedies shall be in addition to all other rights and remedies of Buyer and its assigns available under this Agreement, by operation of law, at equity or otherwise, all of which are hereby expressly preserved, including, without limitation, all rights and remedies provided under the UCC, all of which rights shall be cumulative.

## ARTICLE VII

### INDEMNIFICATION

Section 7.1 Indemnities by Originators. Without limiting any other rights that Buyer may have hereunder or under applicable law, each Originator, jointly and severally, hereby agrees to indemnify Buyer and its assigns, officers, directors, agents and employees (each an "Indemnified Party") from and against any and all damages, losses, claims, taxes, liabilities, costs, expenses and for all other amounts payable, including reasonable attorneys' fees (which attorneys may be employees of Buyer) and disbursements (all of the foregoing being collectively referred to as "Indemnified Amounts") awarded against or incurred by any of them arising out of or as a result of this Agreement or the acquisition, either directly or indirectly, by Buyer of an interest in the Receivables, excluding, however:

(i) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

(ii) Indemnified Amounts to the extent the same includes losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; or

(iii) taxes imposed by the United States, by the jurisdiction in which such Indemnified Party's principal executive office is located, or by any other jurisdiction in the United States where such Indemnified Party has established a taxable nexus other than in

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connection with the transactions contemplated by this Agreement, on or measured by the overall net income of such Indemnified Party to the extent that the computation of such taxes is consistent with the Intended Characterization, but not including any such taxes resulting from the adoption after the date hereof of any law or any amendment or change in the interpretation of any existing or future law that subjects such Indemnified Party to taxes that would not be imposed by any law or the interpretation thereof existing on the date hereof (except for changes in the rate of such taxes);

provided, however, that nothing contained in this sentence shall limit the liability of Originators or limit the recourse of Buyer to Originators for amounts otherwise specifically provided to be paid by Originators under the terms of this Agreement. Without limiting the generality of the foregoing indemnification, each Originator shall, jointly and severally, indemnify Buyer for Indemnified Amounts (including, without limitation, losses in respect of uncollectible receivables, regardless of whether reimbursement therefor would constitute recourse to Originator) relating to or resulting from:

(i) any representation or warranty made by such Originator (or any officers of such Originator) under or in connection with this Agreement, any other Transaction Document or any other information or report delivered by such Originator pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;

(ii) the failure by such Originator, to comply with any applicable law, rule or regulation with respect to any Receivable, Contract or Invoice related thereto, or the nonconformity of any Receivable, Contract or Invoice included therein with any such applicable law, rule or regulation or any failure of such Originator to keep or perform any of its obligations, express or implied, with respect to any Contract or Invoice;

(iii) any failure of such Originator to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document;

(iv) any products liability or similar claim arising out of or in connection with merchandise, insurance or services that are the subject of any Contract, Invoice or any Receivable;

(v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable (including, without limitation, a defense based on such Receivable or the related Invoice or Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or service related to such Receivable or the furnishing or failure to furnish such merchandise or services;

(vi) the commingling of Collections of Receivables at any time with other funds;

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(vii) any investigation, litigation or proceeding related to or arising from this Agreement or any other Transaction Document, the transactions contemplated hereby, the use of the proceeds of the Purchase, the ownership of the Receivables or any other investigation, litigation or proceeding relating to such Originator in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby;

(viii) any inability to litigate any claim against any Obligor in respect of any Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(ix) any Termination Event described in Section 6.1(d);

(x) any failure to vest and maintain vested in Buyer, or to transfer to Buyer, legal and equitable title to, and ownership of, the Receivables, the Related Security and the Collections, free and clear of any Adverse Claim;

(xi) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws or the failure to stamp each Contract constituting "chattel paper" within the meaning of Section 9-105 of the UCC with a notation describing the assignments to Buyer with respect to any Receivable, the Related Security and Collections with respect thereto, and the proceeds of any thereof, whether at the time of the Purchase or at any subsequent time;

(xii) any action or omission by such Originator which reduces or impairs the rights of Buyer with respect to any Receivable or the value of any such Receivable;

(xiii) the operations of Jabil Mexico and the enforcement of the Agent's and the Purchaser's rights under the Estoppel Letter; and

(xiv) any attempt by any Person to void the Purchase hereunder under statutory provisions or common law or equitable action.

Section 7.2 Other Costs and Expenses. Originators shall pay to Buyer on demand all costs and out-of-pocket expenses in connection with

the preparation, execution, delivery and administration of this Agreement, the transactions contemplated hereby and the other documents to be delivered hereunder. Originators shall pay to Buyer on demand any and all costs and expenses of Buyer, if any, including reasonable counsel fees and expenses in connection with the enforcement of this Agreement and the other documents delivered hereunder and in connection with any restructuring or workout of this Agreement or such documents, or the administration of this Agreement following a Termination Event.

ARTICLE VIII  
MISCELLANEOUS

Section 8.1 Waivers and Amendments.

(a) No failure or delay on the part of Buyer (or its assigns) in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any waiver of this Agreement shall be effective only in the specific instance and for the specific purpose for which given.

(b) No provision of this Agreement may be amended, supplemented, modified or waived except in writing signed by each Originator and Buyer and, to the extent required under the Purchase Agreement, the Agent and the Financial Institutions or the Required Financial Institutions.

Section 8.2 Notices. Except as provided below, all communications and notices provided for hereunder shall be in writing (including bank wire, telecopy or electronic facsimile transmission or similar writing) and shall be given to the other parties hereto at their respective addresses or telecopy numbers set forth on the signature pages hereof or at such other address or telecopy number as such Person may hereafter specify for the purpose of notice to each of the other parties hereto. Each such notice or other communication shall be effective (i) if given by telecopy, upon the receipt thereof, (ii) if given by mail, three (3) Business Days after the time such communication is deposited in the mail with first class postage prepaid or (iii) if given by any other means, when received at the address specified in this Section 8.2.

Section 8.3 Protection of Ownership Interests of Buyer.

(a) Each Originator agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents, and take all actions, that may be necessary or desirable, or that Buyer (or its assigns) may request, to perfect, protect or more fully evidence the Purchaser Interests, or to enable Buyer (or its assigns) to exercise and enforce their rights and remedies hereunder. At any time, Buyer (or its assigns) may, at the applicable Originator's sole cost and expense, direct such Originator to notify the Obligors of Receivables originated by such Originator of the ownership interests of Buyer under this Agreement and may also direct that payments of all amounts due or that become due under any or all Receivables be made directly to Buyer or its designee. Such Originator shall, at the request of Buyer (or its assigns) withhold the identity of Buyer in any such notification.

(b) If either Originator fails to perform any of its obligations hereunder, Buyer (or its assigns) may (but shall not be required to) perform, or cause performance of, such obligation, and Buyer's (or such assigns') costs and expenses incurred in connection therewith shall be payable by the applicable Originator as provided in Section 7.2. Each Originator irrevocably authorizes Buyer (and its assigns) at any time and from time to time in the sole discretion of Buyer (or its assigns), and appoints Buyer (and its assigns) as its attorney(es)-in-fact, to act on behalf of such Originator (i) to execute on behalf of such Originator as debtor and to file financing statements necessary or desirable in Buyer's (or its assigns') sole discretion to perfect and to maintain the perfection and priority of the interest of Buyer in the Receivables and

(ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Receivables as a financing statement in such offices as Buyer (or its assigns) in their sole discretion deem necessary or desirable to perfect and to maintain the perfection and priority of Buyer's interests in the Receivables. This appointment is coupled with an interest and is irrevocable.

Section 8.4 Confidentiality.

(a) Each Originator shall maintain and shall cause each of its employees and officers to maintain the confidentiality of this Agreement and the other confidential proprietary information with respect to the Agent and Falcon and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that (i) such Originator and its officers and employees may disclose such information to such Originator's external accountants and attorneys and as required by any applicable law or order of any judicial or administrative proceeding and (ii) such Originator and its officers and employees may disclose the Transaction Documents, other than the Fee Letter and the Concentration Limit Letter Agreement (or any information contained in the Fee Letter or the Concentration Limit Letter Agreement that may also be contained in any other Transaction Document), to any institution providing financial services to such Originator, pursuant to a written agreement of confidentiality in form and substance reasonably satisfactory to the Agent (as assignee of Buyer).

(b) Anything herein to the contrary notwithstanding, each Originator hereby consents to the disclosure of any nonpublic information with respect to it (i) to Buyer, the Agent, the Financial Institutions or Falcon by each other, (ii) by Buyer, the Agent or the Purchasers to any prospective or actual assignee or participant of any of them or (iii) by the Agent to any rating agency, Commercial Paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to Falcon or any entity organized for the purpose of purchasing, or making loans secured by, financial assets for which Bank One acts as the administrative agent and to any officers, directors, employees, outside accountants and attorneys of any of the foregoing. In addition, the Purchasers and the Agent may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

Section 8.5 Bankruptcy Petition. Each Originator and Buyer each hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior Indebtedness of Falcon, it will not institute against, or join any other Person in instituting against, Falcon any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

Section 8.6 CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK.

Section 8.7 CONSENT TO JURISDICTION. EACH ORIGINATOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY

UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO, ILLINOIS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH ORIGINATOR PURSUANT TO THIS AGREEMENT AND SUCH ORIGINATOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF BUYER (OR ITS ASSIGNS) TO BRING PROCEEDINGS AGAINST EACH ORIGINATOR IN THE COURTS OF ANY OTHER

JURISDICTION. ANY JUDICIAL PROCEEDING BY EITHER ORIGINATOR AGAINST BUYER (OR ITS ASSIGNS) OR ANY AFFILIATE THEREOF INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH ORIGINATOR PURSUANT TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS.

Section 8.8 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY ORIGINATORS PURSUANT TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

Section 8.9 Integration; Binding Effect; Survival of Terms.

(a) This Agreement, the Subordinated Notes, the Subscription Agreement and each Collection Account Agreement contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns (including any trustee in bankruptcy). This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force and effect until terminated in accordance with its terms; provided, however, that the rights and remedies with respect to (i) any breach of any representation and warranty made by either Originator pursuant to Article II, (ii) the indemnification and payment provisions of Article VII, and Section 8.5 shall be continuing and shall survive any termination of this Agreement.

Section 8.10 Counterparts; Severability; Section References. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Any provisions of this

Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise expressly indicated, all references herein to "Article," "Section," "Schedule" or "Exhibit" shall mean articles and sections of, and schedules and exhibits to, this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first set forth herein.

JABIL CIRCUIT, INC.

By: \_\_\_\_\_  
Name:  
Title:

Address: 10560 9th Street North  
St. Petersburg, FL 33716  
Attn: Forbes Alexander,  
Treasurer

cc: General Counsel  
Fax: (727) 579-8529

JABIL CIRCUIT OF TEXAS, LP

By: Jabil Texas Holdings, LLC,  
its sole General Partner

By: Jabil Circuit, Inc.  
its sole Manager and Member

By:

-----  
Name:  
Title:

Address: 10800 Roosevelt Blvd.  
St. Petersburg, FL 33716  
Attn: Forbes Alexander  
cc: General Counsel  
Fax: (727) 579-8529

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JABIL CIRCUIT FINANCIAL, INC.

By:

-----  
Name:  
Title:

Address: 300 Delaware Avenue  
Suite 12119  
Wilmington, DE 19801  
Attn: Linda S. Bubacz,  
Assistant Treasurer  
Fax: (302) 552-3128

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#### EXHIBIT I

##### Definitions

This is Exhibit I to the Agreement (as hereinafter defined). As used in the Agreement and the Exhibits, Schedules and Annexes thereto, capitalized terms have the meanings set forth in this Exhibit I (such meanings to be equally applicable to the singular and plural forms thereof). If a capitalized term is used in the Agreement, or any Exhibit, Schedule or Annex thereto, and not otherwise defined therein or in this Exhibit I, such term shall have the meaning assigned thereto in Exhibit I to the Purchase Agreement.

"Agent" has the meaning set forth in the Preliminary Statements to the Agreement.

"Agreement" means this Agreement.

"Authorized Officer" means, with respect to an Originator, its corporate controller or chief financial officer.

"Base Rate" means a rate per annum equal to the corporate base rate, prime rate or base rate of interest, as applicable, announced by Bank One from time to time, changing when and as such rate changes.

"Business Day" means any day on which banks are not authorized or required to close in New York, New York or Chicago, Illinois and The

Depository Trust Company of New York is open for business.

"Buyer" has the meaning set forth in the preamble to the Agreement.

"Calculation Period" means each calendar month or portion thereof which elapses during the term of the Agreement. The first Calculation Period shall commence on the date of the Purchase of Receivables hereunder and the final Calculation Period shall terminate on the Termination Date.

"Change of Control" means (i) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 20% or more of the outstanding shares of voting stock of Jabil, (ii) Jabil shall cease to own, free and clear of all Adverse Claims, directly or indirectly, all of the outstanding partnership interests in Jabil Texas or (iii) Jabil shall cease to own directly, free and clear of all Adverse Claims, all of the outstanding shares of voting stock of the Buyer.

"CISCO Receivable" means a Receivable for which the Obligor is CISCO Systems, Inc.

"Collections" means, with respect to any Receivable, all cash collections and other cash proceeds in respect of such Receivable, including, without limitation, all yield,

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Finance Charges or other related amounts accruing in respect thereof and all cash proceeds of Related Security with respect to such Receivable.

"Contract" means, with respect to any Receivables, any and all instruments, agreements or other writings (other than the related Invoice) pursuant to which such Receivable arises or which evidences such Receivable.

"Credit and Collection Policy" means the Originators' credit and collection policies and practices relating to Contracts, Invoices and Receivables existing on the date hereof and summarized in Exhibit V, as modified from time to time in accordance with the Agreement.

"Default Fee" means a per annum rate of interest equal to the sum of (i) the Base Rate, plus (ii) 2% per annum.

"Dilutions" means, at any time, the aggregate amount of reductions or cancellations described in Section 1.3(a) of the Agreement.

"Discount Factor" means a percentage calculated to provide Buyer with a reasonable return on its investment in the Receivables after taking account of (i) the time value of money based upon the anticipated dates of collection of the Receivables and the cost to Buyer of financing its investment in the Receivables during such period and (ii) the risk of nonpayment by the Obligors. Originators and Buyer may agree from time to time to change the Discount Factor based on changes in one or more of the items affecting the calculation thereof, provided that any change to the Discount Factor shall take effect as of the commencement of a Calculation Period, shall apply only prospectively and shall not affect the Purchase Price payment in respect of Purchase which occurred during any Calculation Period ending prior to the Calculation Period during which Originators and Buyer agree to make such change.

"Falcon" has the meaning set forth in the Preliminary Statements to the Agreement.

"Federal Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy", as amended and any successor statute thereto.

"Finance Charges" means, with respect to a Receivable, any finance, interest, late payment charges or similar charges owing by an Obligor pursuant to the related Contract and Invoice.

"Intended Characterization" means, for income tax purposes, the characterization of the acquisition by the Purchasers of Purchaser Interests under the Purchase Agreement as a loan or loans by the Purchasers to Buyer secured by the Receivables, the Related Security and the Collections.

"Invoice" means, with respect to any Receivable, an invoice in substantially the form of one of the form invoices set forth on Exhibit VI hereto or otherwise approved by the Buyer (and its assigns) in writing.

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"Jabil" means Jabil Circuit, Inc., a Delaware corporation, together with its successors and permitted assigns.

"Jabil Loan Agreement" means that certain Amended and Restated Loan Agreement dated as of April 7, 2000 among Jabil, certain borrowing subsidiaries, the banks named therein, Bank One, NA, as Administrative Agent thereunder, and SunTrust Bank, as Syndication Agent, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Jabil Mexico" means Jabil Circuit de Mexico, S.A. de C.V., a corporation organized under the laws of Mexico as a Sociedad Anonima de Capital Variable.

"Jabil Texas" means Jabil Circuit of Texas, LP, a Florida limited partnership, together with its successors and permitted assigns.

"JCFI" means Jabil Circuit Financial, Inc., a Delaware corporation, together with its successors and permitted assigns.

"Material Adverse Effect" means a material adverse effect on (i) the financial condition or operations of either Originator and its respective Subsidiaries, (ii) the ability of either Originator to perform its respective obligations under the Agreement or any other Transaction Document, (iii) the legality, validity or enforceability of the Agreement or any other Transaction Document, (iv) either Originator's, Buyer's, the Agent's or any Purchaser's interest in the Receivables generally or in any significant portion of the Receivables, the Related Security or Collections with respect thereto, or (v) the collectibility of the Receivables generally or of any material portion of the Receivables.

"Net Value" means, as of any date of determination, an amount equal to the sum of (i) the aggregate Outstanding Balance of the Receivables at such time, minus (ii) the sum of (A) the aggregate Capital outstanding at such time, plus (B) the Aggregate Reserves.

"Net Worth" means as of the last Business Day of each Calculation Period preceding any date of determination, the excess, if any, of (a) the aggregate Outstanding Balance of the Receivables at such time, over (b) the sum of (i) the aggregate Capital outstanding at such time, plus (ii) the aggregate outstanding principal balance of the Subordinated Loans (including any Subordinated Loan proposed to be made on the date of determination).

"Obligor" means a Person obligated to make payments pursuant to a Contract and/or Invoice.

"Original Balance" means, with respect to any Receivable, the Outstanding Balance of such Receivable on the date it was purchased by Buyer.

"Originator" and "Originators" have the meanings set forth in the preamble to the Agreement.

"Potential Termination Event" means an event which, with the passage of time or the giving of notice, or both, would constitute a Termination Event.

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"Purchase" means the purchase under the Agreement by Buyer from the applicable Originator of the Receivables originated by such Originator, the Related Security and the Collections related thereto, together with all related rights in connection therewith.

"Purchase Agreement" has the meaning set forth in the

Preliminary Statements to the Agreement.

"Purchase Price" means, with respect to any Purchase on any date, the aggregate price to be paid by Buyer to the applicable Originator for such Purchase in accordance with Section 1.2 of the Agreement for the Receivables, Collections and Related Security being sold to Buyer by such Originator on such date, which price shall equal (i) the product of (x) the Original Balance of such Receivables, multiplied by (y) one minus the Discount Factor then in effect, minus (ii) any Purchase Price Credits to be credited against the Purchase Price otherwise payable in accordance with Section 1.3 of the Agreement.

"Purchase Price Credit" has the meaning set forth in Section 1.3 of the Agreement.

"Purchaser" means Falcon or a Financial Institution, as applicable.

"Receivable" means all indebtedness and other obligations owed to the applicable Originator (at the time it arises, and before giving effect to any transfer or conveyance under the Agreement) or Buyer (after giving effect to the transfers under the Agreement) or in which the Buyer or the applicable Originator has a security interest or other interest, including, without limitation, any indebtedness, obligation or interest constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale of goods or the rendering of services by the applicable Originator and further includes, without limitation, the obligation to pay any Finance Charges with respect thereto. Indebtedness and other rights and obligations arising from any one transaction, including, without limitation, indebtedness and other rights and obligations represented by an individual Invoice, shall constitute a Receivable separate from a Receivable consisting of the indebtedness and other rights and obligations arising from any other transaction; provided further, that any indebtedness, rights or obligations referred to in the immediately preceding sentence shall be a Receivable regardless of whether the account debtor or the applicable Originator treats such indebtedness, rights or obligations as a separate payment obligation.

"Records" means, with respect to any Receivable, all Contracts, Invoices, and other documents, books, records and other information (including, without limitation, computer programs, tapes, disks, punch cards, data processing software and related property and rights) relating to such Receivable, any Related Security therefor and the related Obligor.

"Related Security" means, with respect to any Receivable:

(i) all of the applicable Originator's interest in the inventory and goods (including returned or repossessed inventory or goods), if any, the sale, financing or lease of which by the applicable Originator gave rise to such Receivable, and all insurance contracts with respect thereto,

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(ii) all other security interests or liens and property subject thereto from time to time, if any, purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all financing statements and security agreements describing any collateral securing such Receivable,

(iii) all guaranties, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the Contract related to such Receivable or otherwise,

(iv) all service contracts and other contracts and agreements associated with such Receivable,

(v) all Records (other than Contracts) related to such Receivable and all rights (with respect to enforcement or otherwise) under the Contracts related to such Receivable, and

(vi) all proceeds of any of the foregoing.

"Required Capital Amount" means, (i) as of any date prior to the date of the initial Incremental Purchase under the Purchase Agreement, \$20,000 and (ii) as of any date of determination on or after the date of the initial Incremental Purchase under the Purchase Agreement, an amount equal to the greater of (A) the twenty-four month rolling average of Dilutions and (B) three percent (3%) of the Purchase Limit under the Purchase Agreement at such time.

"Settlement Date" means the fifth (5th) Business Day of each month, or such day as the Buyer shall otherwise determine, and if such day is not a Business Day, the next succeeding Business Day.

"Subordinated Loan" has the meaning set forth in Section 1.2(a) of the Agreement.

"Subordinated Note" means a promissory note in substantially the form of Exhibit VII hereto as more fully described in Section 1.2 of the Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Subscription Agreement" means that certain Stockholder and Subscription Agreement, dated as of even date herewith, between Jabil and Buyer, substantially in the form of Exhibit VIII hereto.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, association, limited liability company, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

"Termination Date" means the earliest to occur of (i) the date on which the Buyer specifies upon at least 10 days' written notice, (ii) the Business Day specified in a written notice

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from Buyer to Originators following the occurrence of any Termination Event, and (iii) the date on which the Buyer and the Originators mutually agree this Agreement shall terminate; provided, that in no event shall the Termination Date occur prior to the date on which the Purchase Agreement terminates.

"Termination Event" has the meaning set forth in Section 6.1 of the Agreement.

"Transaction Documents" means, collectively, this Agreement, each Collection Account Agreement, the Subordinated Notes, the Subscription Agreement, the Performance Undertaking, the Estoppel Letter and all other instruments, documents and agreements executed and delivered in connection herewith.

All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles. All terms used in Article 9 of the UCC in the State of Illinois, and not specifically defined herein, are used herein as defined in such Article 9.

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#### EXHIBIT II

Places of Business; Locations of Records;  
Federal Employer Identification Number(s); Other Names

JABIL CIRCUIT, INC.  
Federal Employer Identification number: 38-1886260.  
Records are located at the places of business below:

FLORIDA  
10560 Ninth Street North  
St. Petersburg, Florida 33716

SAN JOSE, CALIFORNIA  
30 Great Oaks Boulevard  
San Jose, California 95119

IDAHO  
1303 East Central Drive  
Meridian, Idaho 83642

MASSACHUSETTS  
495R Billerica Avenue  
Billerica, Massachusetts 01862

MICHIGAN  
1700 Atlantic Boulevard  
Metro North Technology Park  
Auburn Hills, Michigan 48326

GUADALAJARA, MEXICO  
C/O Jabil Circuit de Mexico SA de CV  
Avenida Valdepenas #1993  
Lomas de Zapopan 45130  
Zapopan, Jalisco, Mexico

JABIL CIRCUIT OF TEXAS, LP  
Federal Employer Identification number: 59-3583292  
Records are located at the places of business below:  
10800 Roosevelt Blvd  
St, Petersburg, FL 33716  
Places of Business:

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EXHIBIT III

Lock-boxes; Collection Accounts; Collection Banks

Collection Bank -----	Lockbox address -----	Related Collection Account -----
Bank One, NA	PO Box 70914 Chicago, IL 60673-0914	55-95649 Jabil Circuit Financial, Inc. (Michigan)
Bank One, NA	PO Box 70870 Chicago, IL 60673-0870	55-95533 Jabil Circuit Financial, Inc. (Florida)
Bank One, NA	PO Box 93303 Chicago, IL 60673-3303	51-00046 Jabil Circuit Financial, Inc. (Guadalajara)
Bank One, NA	PO Box 21011 Chicago IL 60673-1011	51-23046 Jabil Circuit Financial, Inc. (Idaho)
Bank One, NA	PO Box 13506 Newark, NJ 07188-0506	10-10800 Jabil Circuit Financial, Inc. (Massachusetts)
Bank One, NA	PO Box 100716 Pasadena, CA 91189-0716	51-34919 Jabil Circuit Financial, Inc. (California)

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EXHIBIT IV

Form of Compliance Certificate

This Compliance Certificate is furnished pursuant to that certain Receivables Sale Agreement dated as of August 10, 2000, between Jabil Circuit, Inc. ("Jabil"), Jabil Circuit of Texas, LP ("Jabil Texas") and Jabil Circuit Financial, Inc. ("Buyer") (the "Agreement"). Capitalized terms used and not otherwise defined herein are used with the meanings attributed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected \_\_\_\_\_ of [Jabil][Jabil Texas].

2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of [Jabil][Jabil Texas] and its Subsidiaries during the accounting period covered by the attached financial statements.

3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes a Termination Event or a Potential Termination Event, as each such term is defined under the Agreement, during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below.

4. Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which [Jabil][Jabil Texas] has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the computations set forth in Schedule I hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

-----  
[Name]

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EXHIBIT V  
Credit and Collection Policy  
(Attached.)

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EXHIBIT VI  
Forms of Invoice  
(Attached.)

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EXHIBIT VII  
Form of Subordinated Note  
(Attached.)

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SUBORDINATED NOTE

August 10, 2000

1. Note. FOR VALUE RECEIVED, the undersigned, Jabil Circuit Financial, Inc., a Delaware corporation ("JCFI"), hereby unconditionally promises to pay to the order of [Jabil Circuit, Inc., a Delaware corporation ("Jabil")], in lawful money of the United States of America and in immediately available funds, on the date following the Termination Date which is one year and one day after the date on which (i) the Outstanding Balance of all

Receivables sold under the "Sale Agreement" referred to below has been reduced to zero and (ii) [Jabil] has paid to the Buyer all indemnities, adjustments and other amounts which may be owed thereunder in connection with the Purchases (the "Collection Date"), the aggregate unpaid principal sum outstanding of all "Subordinated Loans" made from time to time by Jabil to JCFI pursuant to and in accordance with the terms of that certain Receivables Sale Agreement dated as of August 10, 2000 between [Jabil] and JCFI (as amended, restated, supplemented or otherwise modified from time to time, the "Sale Agreement"). Reference to Section 1.2 of the Sale Agreement is hereby made for a statement of the terms and conditions under which the loans evidenced hereby have been and will be made. All terms which are capitalized and used herein and which are not otherwise specifically defined herein shall have the meanings ascribed to such terms in the Sale Agreement.

2. Interest. JCFI further promises to pay interest on the outstanding unpaid principal amount hereof from the date hereof until payment in full hereof at a rate equal to the Base Rate; provided, however, that if JCFI shall default in the payment of any principal hereof, JCFI promises to pay, on demand, interest at the rate of the Base Rate plus 2.00% per annum on any such unpaid amounts, from the date such payment is due to the date of actual payment. Interest shall be payable on the first Business Day of each month in arrears; provided, however, that JCFI may elect on the date any interest payment is due hereunder to defer such payment and upon such election the amount of interest due but unpaid on such date shall constitute principal under this Subordinated Note. The outstanding principal of any loan made under this Subordinated Note shall be due and payable on the Collection Date and may be repaid or prepaid at any time without premium or penalty.

3. Principal Payments. [Jabil] is authorized and directed by JCFI to enter on the grid attached hereto, or, at its option, in its books and records, the date and amount of each loan made by it which is evidenced by this Subordinated Note and the amount of each payment of principal made by JCFI, and absent manifest error, such entries shall constitute prima facie evidence of the accuracy of the information so entered; provided that neither the failure of Jabil to make any such entry or any error therein shall expand, limit or affect the obligations of JCFI hereunder.

4. Subordination. The indebtedness evidenced by this Subordinated Note is subordinated to the prior payment in full of all of JCFI's recourse obligations under that certain Receivables Purchase Agreement dated as of August 10, 2000 by and among JCFI, as seller and as servicer, Jabil, as sub-servicer, Falcon Asset Securitization Corporation ("Falcon"), certain entities party thereto as "Financial Institutions" and Bank One, NA (Main Office Chicago), as Agent (the "Agent") for Falcon and the Financial Institutions (as amended, restated,

supplemented or otherwise modified from time to time, the "Purchase Agreement"). The subordination provisions contained herein are for the direct benefit of, and may be enforced by, the Agent and the Purchasers and/or any of their respective assignees (collectively, the "Senior Claimants") under the Purchase Agreement. Until the date on which all "Capital" outstanding under the Purchase Agreement has been repaid in full and all other obligations of JCFI, the Servicer and the Sub-Servicer thereunder and under the "Fee Letter" referenced therein (all such obligations, collectively, the "Senior Claim") have been indefeasibly paid and satisfied in full, Jabil shall not demand, accelerate, sue for, take, receive or accept from JCFI, directly or indirectly, in cash or other property or by set-off or any other manner (including, without limitation, from or by way of collateral) any payment or security of all or any of the indebtedness under this Subordinated Note or exercise any remedies or take any action or proceeding to enforce the same; provided, however, that (i) Jabil hereby agrees that it will not institute against JCFI any proceeding of the type described in Section 6.1(d) of the Sale Agreement unless and until the Collection Date has occurred and (ii) nothing in this paragraph shall restrict JCFI from paying, or Jabil from requesting, any payments under this Subordinated Note so long as JCFI is not required under the Purchase Agreement to set aside for the benefit of, or otherwise pay over to, the funds used for such payments to any of the Senior Claimants and further provided that the making of such payment would not otherwise violate the terms and provisions of the Purchase Agreement. Should any payment, distribution or security or proceeds thereof be received by Jabil in violation of the immediately preceding sentence, Jabil agrees that such payment shall be segregated, received and held in trust for the benefit of, and deemed

to be the property of, and shall be immediately paid over and delivered to the Agent for the benefit of the Senior Claimants.

5. Bankruptcy; Insolvency. Upon the occurrence of any proceeding of the type described in Section 6.1(d) of the Sale Agreement involving JCFI as debtor, then and in any such event the Senior Claimants shall receive payment in full of all amounts due or to become due on or in respect of Capital and the Senior Claim (including "CP Costs" and "Yield" as defined and as accruing under the Purchase Agreement after the commencement of any such proceeding, whether or not any or all of such CP Costs or Yield is an allowable claim in any such proceeding) before Jabil is entitled to receive payment on account of this Subordinated Note, and to that end, any payment or distribution of assets of JCFI of any kind or character, whether in cash, securities or other property, in any applicable insolvency proceeding, which would otherwise be payable to or deliverable upon or with respect to any or all indebtedness under this Subordinated Note, is hereby assigned to and shall be paid or delivered by the Person making such payment or delivery (whether a trustee in bankruptcy, a receiver, custodian or liquidating trustee or otherwise) directly to the Agent for application to, or as collateral for the payment of, the Senior Claim until such Senior Claim shall have been paid in full and satisfied.

6. Amendments. This Subordinated Note shall not be amended or modified except in accordance with Section 8.1 of the Sale Agreement. The terms of this Subordinated Note may not be amended or otherwise modified without the prior written consent of the Agent for the benefit of the Purchasers.

7. GOVERNING LAW. THIS SUBORDINATED NOTE SHALL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE LAWS AND DECISIONS OF THE

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STATE OF NEW YORK. WHEREVER POSSIBLE EACH PROVISION OF THIS SUBORDINATED NOTE SHALL BE INTERPRETED IN SUCH MANNER AS TO BE EFFECTIVE AND VALID UNDER APPLICABLE LAW, BUT IF ANY PROVISION OF THIS SUBORDINATED NOTE SHALL BE PROHIBITED BY OR INVALID UNDER APPLICABLE LAW, SUCH PROVISION SHALL BE INEFFECTIVE TO THE EXTENT OF SUCH PROHIBITION OR INVALIDITY, WITHOUT INVALIDATING THE REMAINDER OF SUCH PROVISION OR THE REMAINING PROVISIONS OF THIS SUBORDINATED NOTE.

8. Waivers. All parties hereto, whether as makers, endorsers, or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor. Jabil additionally expressly waives all notice of the acceptance by any Senior Claimant of the subordination and other provisions of this Subordinated Note and expressly waives reliance by any Senior Claimant upon the subordination and other provisions herein provided.

9. Assignment. This Subordinated Note may not be assigned, pledged or otherwise transferred to any party without the prior written consent of the Agent, and any such attempted transfer shall be void.

JABIL CIRCUIT FINANCIAL, INC.

By: \_\_\_\_\_  
Title:

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Schedule  
to  
SUBORDINATED NOTE

SUBORDINATED LOANS AND PAYMENTS OF PRINCIPAL

Date	Amount of Subordinated Loan	Amount of Principal Paid	Unpaid Principal Balance	Notation made by
------	-----------------------------	--------------------------	--------------------------	------------------



RECEIVABLES PURCHASE AGREEMENT

dated as of August 10, 2000

Among

JABIL CIRCUIT FINANCIAL, INC.,

as Seller and as Servicer,

JABIL CIRCUIT, INC.,

as Sub-Servicer,

FALCON ASSET SECURITIZATION CORPORATION

and

BANK ONE, NA (MAIN OFFICE CHICAGO)  
as Agent

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## RECEIVABLES PURCHASE AGREEMENT

This Receivables Purchase Agreement dated as of August 10, 2000 is among Jabil Circuit Financial, Inc., a Delaware corporation ("JCFI"), as seller ("Seller") and as initial servicer ("Servicer"), Jabil Circuit, Inc., a Delaware corporation, as sub-servicer ("Sub-Servicer", Sub-Servicer, Servicer and Seller are referred to herein as the "Seller Parties" and each a "Seller Party"), the entities listed on Schedule A to this Agreement (together with any of their respective successors and assigns hereunder, the "Financial Institutions"), Falcon Asset Securitization Corporation ("Falcon") and Bank One, NA (Main Office Chicago), as agent for the Purchasers hereunder or any successor agent hereunder (together with its successors and assigns hereunder, the "Agent"). Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit I.

### PRELIMINARY STATEMENTS

Seller desires to transfer and assign Purchaser Interests to the Purchasers from time to time.

Falcon may, in its absolute and sole discretion, purchase Purchaser Interests from Seller from time to time.

In the event that Falcon declines to make any purchase, the Financial Institutions shall, at the request of Seller, purchase Purchaser Interests from time to time. In addition, the Financial Institutions have agreed to provide a liquidity facility to Falcon in accordance with the terms hereof.

Bank One, NA (Main Office Chicago) has been requested and is willing to act as Agent on behalf of Falcon and the Financial Institutions in accordance with the terms hereof.

### ARTICLE I PURCHASE ARRANGEMENTS

#### Section 1.1 Purchase Facility.

(a) Upon the terms and subject to the conditions hereof, Seller may, at its option, sell and assign Purchaser Interests to the Agent for the benefit of one or more of the Purchasers. In accordance with the terms and conditions set forth herein, Falcon may, at its option, instruct the Agent to purchase on behalf of Falcon, or if Falcon shall decline to purchase, the Agent shall purchase, on behalf of the Financial Institutions, Purchaser Interests from time to time in an aggregate amount not to exceed at such time the lesser of (i) the Purchase Limit and (ii) the aggregate amount of the Commitments during the period from the date hereof to but not including the Facility Termination Date.

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(b) Seller may, upon at least 10 Business Days' notice to the Agent, terminate in whole or reduce in part, ratably among the Financial Institutions, the unused portion of the Purchase Limit; provided that each partial reduction of the Purchase Limit shall be in an amount equal to \$5,000,000 or an integral multiple thereof.

Section 1.2 Increases. Seller shall provide the Agent with at least two (2) Business Days' prior notice in a form set forth as Exhibit II hereto of each Incremental Purchase (a "Purchase Notice"). Each Purchase Notice shall be subject to Section 6.2 hereof and, except as set forth below, shall be irrevocable and shall specify the requested Purchase Price (which shall not be less than \$1,000,000) and date of purchase (which, in the case of any Incremental Purchase (after the initial Incremental Purchase hereunder), shall only be on a Settlement Date unless otherwise consented to by the Agent) and, in the case of an Incremental Purchase to be funded by the Financial Institutions, the requested Discount Rate and Tranche Period. Following receipt of a Purchase Notice, the Agent will determine whether Falcon agrees to make the purchase. If Falcon declines to make a proposed purchase, Seller may cancel the Purchase Notice or, in the absence of such a cancellation, the Incremental Purchase of the Purchaser Interest will be made by the Financial Institutions. On the date of each Incremental Purchase, upon satisfaction of the applicable conditions precedent set forth in Article VI, Falcon or the Financial Institutions, as applicable, shall deposit to the Facility Account, in immediately available

funds, no later than 12:00 noon (Chicago time), an amount equal to (i) in the case of Falcon, the aggregate Purchase Price of the Purchaser Interests Falcon is then purchasing or (ii) in the case of a Financial Institution, such Financial Institution's Pro Rata Share of the aggregate Purchase Price of the Purchaser Interests the Financial Institutions are purchasing.

Section 1.3 Decreases. Seller shall provide the Agent with prior written notice in conformity with the Required Notice Period (a "Reduction Notice") of any proposed reduction of Aggregate Capital from Collections. Such Reduction Notice shall designate (i) the date (the "Proposed Reduction Date") upon which any such reduction of Aggregate Capital shall occur (which date shall give effect to the applicable Required Notice Period), and (ii) the amount of Aggregate Capital to be reduced which shall be applied ratably to the Purchaser Interests of Falcon and the Financial Institutions in accordance with the amount of Capital (if any) owing to Falcon, on the one hand, and the amount of Capital (if any) owing to the Financial Institutions (ratably, based on their respective Pro Rata Shares), on the other hand (the "Aggregate Reduction"). Only one (1) Reduction Notice shall be outstanding at any time. No Aggregate Reduction will be made following the occurrence of the Amortization Date without the consent of the Agent.

Section 1.4 Payment Requirements. All amounts to be paid or deposited by any Seller Party pursuant to any provision of this Agreement shall be paid or deposited in accordance with the terms hereof no later than 11:00 a.m. (Chicago time) on the day when due in immediately available funds, and if not received before 11:00 a.m. (Chicago time) shall be deemed to be received on the next succeeding Business Day. If such amounts are payable to a Purchaser they shall be paid to the Agent, for the account of such Purchaser, at 1 Bank One Plaza, Chicago, Illinois 60670 until otherwise notified by the Agent. Upon notice to Seller, the Agent may debit the Facility Account for all amounts due and payable hereunder. All computations of Yield, per annum fees calculated as part of any CP Costs, per annum fees

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hereunder and per annum fees under the Fee Letter shall be made on the basis of a year of 360 days for the actual number of days elapsed. If any amount hereunder shall be payable on a day which is not a Business Day, such amount shall be payable on the next succeeding Business Day.

Section 1.5 Pledged Collateral. (a) As security for the obligations and liabilities hereunder of Seller now or hereafter existing or arising, including, without limitation, the obligations of Seller under Section 2.1 and Article X, Seller hereby pledges and makes a collateral assignment, and grants a security interest, to the Agent for the benefit of the Purchasers in all of Seller's right, title and interest in and to (i) the Demand Note, (ii) all additional indebtedness from time to time owed to Seller by Jabil and related to the Demand Note, and the instruments evidencing such indebtedness, (iii) all interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for the Demand Note or such other indebtedness, and (iv) all proceeds of any and all of the foregoing collateral (the items described in clauses (i) through (iv) being, collectively, the "Pledged Collateral").

(b) All instruments representing or evidencing the Pledged Collateral shall be delivered to and held by or on behalf of the Agent pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Agent. Seller shall not at any time after the occurrence of a Potential Amortization Event or an Amortization Event ask for, sue or receive any payment on the Pledged Collateral (whether in cash or other assets, by exercise of any right of set-off or otherwise) without the prior written consent of the Agent. In any event, Seller shall not receive any payment on the Pledged Collateral by allowing Jabil to exercise a right of set-off if (i) after giving effect to such payment: (A) a Potential Amortization Event or an Amortization Event would occur or (B) the Required Capital Amount (as such term is defined in the Receivables Sale Agreement) would not be maintained by the Seller or (ii) such payment would violate the terms of the Subordinated Note (as such term is defined in the Receivables Sale Agreement) issued by the Seller to Jabil. In the event that Seller shall at any time after the occurrence of a Potential Amortization Event or an Amortization Event receive any payment on or with respect to any Pledged Collateral, Seller shall

immediately so notify the Agent and shall forthwith deliver the same to the Agent in the form received to be held by the Agent as additional Pledged Collateral or to be applied in accordance with the terms of this Agreement. Seller agrees that it shall not, at any time, without the prior written consent of the Agent, (i) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the Pledged Collateral, (ii) create or permit to exist any Adverse Claim upon or with respect to any of the Pledged Collateral, except for the security interest under this Agreement, or (iii) amend, waive, forgive, terminate or otherwise modify any of the Pledged Collateral.

(c) Seller represents and warrants as follows: (i) the Demand Note has been duly authorized, issued and delivered by Jabil, and the Demand Note (and each other instrument comprising a part of the Pledged Collateral that shall have been issued by Jabil) is the legal, valid and binding obligation of Jabil thereof, and Jabil is not in default thereunder; (ii) Seller is the legal and beneficial owner of the Pledged Collateral free and clear of any Adverse Claim except for the security interest created by this Agreement; (iii) the pledge of the Pledged Collateral pursuant to this Agreement creates a valid and perfected first priority security interest in the

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Pledged Collateral, securing the payment of the obligations and liabilities of Seller hereunder, and (iv) no consent of any other Person and no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required (A) for the pledge by Seller of the Pledged Collateral pursuant to this Agreement, (B) for the perfection or maintenance of the security interest created hereby (including the first priority nature of such security interest) or (C) for the exercise by the Agent of the rights provided for in this Agreement or the remedies in respect of the Pledged Collateral pursuant to this Agreement.

(d) Seller agrees that at any time and from time to time, at the expense of Seller, Seller will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Agent to exercise and enforce its rights and remedies hereunder with respect to any Pledged Collateral.

(e) Upon the occurrence and during the continuance of an Amortization Event or Potential Amortization Event, (i) the Agent shall have all rights and remedies of a secured creditor under the UCC and other applicable law in respect of the Pledged Collateral and (ii) the Agent may at any time make demand on Jabil or any other obligor in respect of any of the Pledged Collateral for payment of the Pledged Collateral. Any amounts received by the Agent in the exercise of its rights under this Section 1.5(e) may, at the option of the Agent, be applied to any obligations or liabilities of Seller then due and payable or be held by the Agent as additional Pledged Collateral hereunder.

(f) This Agreement shall create a continuing security interest in the Pledged Collateral and shall remain in full force and effect until the later of (i) the reduction to zero of the Aggregate Unpaid and all other amounts payable under this Agreement and (ii) the termination of this Agreement.

## ARTICLE II PAYMENTS AND COLLECTIONS

Section 2.1 Payments. Notwithstanding any limitation on recourse contained in this Agreement, Seller shall promptly pay to the Agent when due, for the account of the relevant Purchaser or Purchasers on a full recourse basis, (i) such fees as set forth in the Fee Letter (which fees shall be sufficient to pay all fees owing to the Financial Institutions), (ii) all CP Costs, (iii) all amounts payable as Yield, (iv) all amounts payable as Deemed Collections (which shall be immediately due and payable by Seller and applied to reduce outstanding Aggregate Capital hereunder in accordance with Sections 2.2 and 2.3 hereof), (v) all amounts payable to reduce the Seller Interest, if required, pursuant to Section 2.6, (vi) all amounts payable pursuant to Article X, if any, (vii) all Servicer costs and expenses, including the Servicing Fee, in connection with servicing, administering and collecting the Receivables,

(viii) all Broken Funding Costs and (ix) all Default Fees (collectively, the "Obligations"). If any Person fails to pay any of the Obligations when due, such Person agrees to pay, on demand, the Default Fee in respect thereof until paid. Notwithstanding the foregoing, no provision of this Agreement or the Fee Letter shall require the payment or permit the collection of any amounts hereunder in excess

of the maximum permitted by applicable law. If at any time Seller receives any Collections or is deemed to receive any Collections, Seller shall immediately pay such Collections or Deemed Collections to the Servicer for application in accordance with the terms and conditions hereof and, at all times prior to such payment, such Collections or Deemed Collections shall be held in trust by Seller for the exclusive benefit of the Purchasers and the Agent.

Section 2.2 Collections Prior to Amortization. Prior to the Amortization Date, any Collections and/or Deemed Collections received by the Servicer shall be set aside and held in trust by the Servicer for the payment of any accrued and unpaid Aggregate Unpaid or for a Reinvestment as provided in this Section 2.2. If at any time any Collections are received by the Servicer prior to the Amortization Date, (i) the Servicer shall set aside the Termination Percentage of Collections evidenced by the Purchaser Interests of each Terminating Financial Institution and (ii) Seller hereby requests and the Purchasers (other than any Terminating Financial Institutions) hereby agree to make, simultaneously with such receipt, a reinvestment (each a "Reinvestment") with that portion of the balance of each and every Collection received by the Servicer that is part of any Purchaser Interest (other than any Purchaser Interests of Terminating Financial Institutions), such that after giving effect to such Reinvestment, the amount of Capital of such Purchaser Interest immediately after such receipt and corresponding Reinvestment shall be equal to the amount of Capital immediately prior to such receipt. On each Settlement Date prior to the occurrence of the Amortization Date, the Servicer shall remit to the Agent's account the amounts set aside during the preceding Settlement Period that have not been subject to a Reinvestment and apply such amounts (if not previously paid in accordance with Section 2.1) first, to reduce unpaid Obligations and second, to reduce the Capital of all Purchaser Interests of Terminating Financial Institutions, applied ratably to each Terminating Financial Institution according to its respective Termination Percentage. If such Capital and Obligations shall be reduced to zero, any additional Collections received by the Servicer (i) if applicable, shall be remitted to the Agent's account no later than 11:00 a.m. (Chicago time) to the extent required to fund any Aggregate Reduction on such Settlement Date and (ii) any balance remaining thereafter shall be remitted from the Servicer to Seller on such Settlement Date. Each Terminating Financial Institution shall be allocated a ratable portion of Collections from the date of any assignment by Falcon pursuant to Section 13.6 (the "Termination Date") until such Terminating Financing Institution's Capital shall be paid in full. This ratable portion shall be calculated on the Termination Date of each Terminating Financial Institution as a percentage equal to (i) Capital of such Terminating Financial Institution outstanding on its Termination Date, divided by (ii) the Aggregate Capital outstanding on such Termination Date (the "Termination Percentage"). Each Terminating Financial Institution's Termination Percentage shall remain constant prior to the Amortization Date. On and after the Amortization Date, each Termination Percentage shall be disregarded, and each Terminating Financial Institution's Capital shall be reduced ratably with all Financial Institutions in accordance with Section 2.3.

Section 2.3 Collections Following Amortization. On the Amortization Date and on each day thereafter, the Servicer shall set aside and hold in trust, for the holder of each Purchaser Interest, all Collections received on such day and an additional amount for the payment of any accrued and unpaid Obligations owed by Seller and not previously paid by Seller in accordance with Section 2.1. On and after the Amortization Date, the Servicer shall, at any time upon the request from time to time by (or pursuant to standing instructions from) the Agent

(i) remit to the Agent's account the amounts set aside pursuant to the preceding sentence, and (ii) apply such amounts to reduce the Capital associated with each such Purchaser Interest and any other Aggregate Unpays.

Section 2.4 Application of Collections. If there shall be insufficient funds on deposit for the Servicer to distribute funds in payment in full of the aforementioned amounts pursuant to Section 2.2 or 2.3 (as applicable), the Servicer shall distribute funds:

first, to the payment of the Servicer's reasonable out-of-pocket costs and expenses in connection with servicing, administering and collecting the Receivables, including the Servicing Fee, if Seller or one of its Affiliates is not then acting as the Servicer,

second, to the reimbursement of the Agent's costs of collection and enforcement of this Agreement,

third, to the Agent for the benefit of the Purchasers for the ratable payment of all accrued CP Costs, Yield and fees payable pursuant to the Fee Letter,

fourth, (to the extent applicable) to the ratable reduction of the Aggregate Capital (without regard to any Termination Percentage),

fifth, for the ratable payment of all other unpaid Obligations, provided that to the extent such Obligations relate to the payment of Servicer costs and expenses, including the Servicing Fee, when Seller or one of its Affiliates is acting as the Servicer, such costs and expenses will not be paid until after the payment in full of all other Obligations, and

sixth, after the Aggregate Unpays have been indefeasibly reduced to zero, to Seller.

Collections applied to the payment of Aggregate Unpays shall be distributed in accordance with the aforementioned provisions, and, giving effect to each of the priorities set forth in this Section 2.4, shall be shared ratably (within each priority) among the Agent and the Purchasers in accordance with the amount of such Aggregate Unpays owing to each of them in respect of each such priority.

Section 2.5 Payment Recission. No payment of any of the Aggregate Unpays shall be considered paid or applied hereunder to the extent that, at any time, all or any portion of such payment or application is rescinded by application of law or judicial authority, or must otherwise be returned or refunded for any reason. Seller shall remain obligated for the amount of any payment or application so rescinded, returned or refunded, and shall promptly pay to the Agent (for application to the Person or Persons who suffered such recission, return or refund) the full amount thereof, plus the Default Fee from the date of any such recission, return or refunding.

Section 2.6 Maximum Purchaser Interests. Seller shall ensure that the Purchaser Interests of the Purchasers shall at no time exceed in the aggregate 100%. If the aggregate of the Purchaser Interests of the Purchasers exceeds 100%, Seller shall pay to the Agent within one (1) Business Day an amount to be applied to reduce the Aggregate Capital (as

allocated by the Agent), such that after giving effect to such payment the aggregate of the Purchaser Interests equals or is less than 100%.

Section 2.7 Clean Up Call. In addition to Seller's rights pursuant to Section 1.3, Seller shall have the right (after providing written notice to the Agent in accordance with the Required Notice Period), at any time following the reduction of the Aggregate Capital to a level that is less than 10.0% of the original Purchase Limit, to repurchase from the Purchasers all, but not less than all, of the then outstanding Purchaser Interests. The purchase price in respect thereof shall be an amount equal to the Aggregate Unpays through the date of such repurchase, payable in immediately available funds. Such repurchase shall be without representation, warranty or

recourse of any kind by, on the part of, or against any Purchaser or the Agent.

ARTICLE III  
FALCON FUNDING

Section 3.1 CP Costs. Seller shall pay CP Costs with respect to the Capital associated with each Purchaser Interest of Falcon for each day that any Capital in respect of such Purchaser Interest is outstanding. Each Purchaser Interest funded substantially with Pooled Commercial Paper will accrue CP Costs each day on a pro rata basis, based upon the percentage share the Capital in respect of such Purchaser Interest represents in relation to all assets held by Falcon and funded substantially with Pooled Commercial Paper.

Section 3.2 CP Costs Payments. On each Settlement Date, Seller shall pay to the Agent (for the benefit of Falcon) an aggregate amount equal to all accrued and unpaid CP Costs in respect of the Capital associated with all Purchaser Interests of Falcon for the immediately preceding Accrual Period in accordance with Article II.

Section 3.3 Calculation of CP Costs. On the third Business Day immediately preceding each Settlement Date, Falcon shall calculate the aggregate amount of CP Costs for the applicable Accrual Period and shall notify Seller of such aggregate amount.

ARTICLE IV  
FINANCIAL INSTITUTION FUNDING

Section 4.1 Financial Institution Funding. Each Purchaser Interest of the Financial Institutions shall accrue Yield for each day during its Tranche Period at either the LIBO Rate or the Base Rate in accordance with the terms and conditions hereof. Until Seller gives notice to the Agent of another Discount Rate in accordance with Section 4.4, the initial Discount Rate for any Purchaser Interest transferred to the Financial Institutions pursuant to the terms and conditions hereof shall be the Base Rate. If the Financial Institutions acquire by assignment from Falcon any Purchaser Interest pursuant to Article XIII, each Purchaser Interest so assigned shall each be deemed to have a new Tranche Period commencing on the date of any such assignment.

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Section 4.2 Yield Payments. On the Settlement Date for each Purchaser Interest of the Financial Institutions, Seller shall pay to the Agent (for the benefit of the Financial Institutions) an aggregate amount equal to the accrued and unpaid Yield for the entire Tranche Period of each such Purchaser Interest in accordance with Article II.

Section 4.3 Selection and Continuation of Tranche Periods.

(a) With consultation from (and approval by) the Agent, Seller shall from time to time request Tranche Periods for the Purchaser Interests of the Financial Institutions, provided that, if at any time the Financial Institutions shall have a Purchaser Interest, Seller shall always request Tranche Periods such that at least one Tranche Period shall end on the date specified in clause (A) of the definition of Settlement Date.

(b) Seller or the Agent, upon notice to and consent by the other received at least three (3) Business Days prior to the end of a Tranche Period (the "Terminating Tranche") for any Purchaser Interest, may, effective on the last day of the Terminating Tranche: (i) divide any such Purchaser Interest into multiple Purchaser Interests, (ii) combine any such Purchaser Interest with one or more other Purchaser Interests that have a Terminating Tranche ending on the same day as such Terminating Tranche or (iii) combine any such Purchaser Interest with a new Purchaser Interests to be purchased on the day such Terminating Tranche ends, provided, that in no event may a Purchaser Interest of Falcon be combined with a Purchaser Interest of the Financial Institutions.

Section 4.4 Financial Institution Discount Rates. Seller may select the LIBO Rate or the Base Rate for each Purchaser Interest of the Financial Institutions. Seller shall by 11:00 a.m. (Chicago time): (i) at least three (3) Business Days prior to the expiration of any Terminating Tranche with

respect to which the LIBO Rate is being requested as a new Discount Rate and (ii) at least one (1) Business Day prior to the expiration of any Terminating Tranche with respect to which the Base Rate is being requested as a new Discount Rate, give the Agent irrevocable notice of the new Discount Rate for the Purchaser Interest associated with such Terminating Tranche. Until Seller gives notice to the Agent of another Discount Rate, the initial Discount Rate for any Purchaser Interest transferred to the Financial Institutions pursuant to the terms and conditions hereof shall be the Base Rate.

Section 4.5 Suspension of the LIBO Rate. (a) If any Financial Institution notifies the Agent that it has determined that funding its Pro Rata Share of the Purchaser Interests of the Financial Institutions at a LIBO Rate would violate any applicable law, rule, regulation, or directive of any governmental or regulatory authority, whether or not having the force of law, or that (i) deposits of a type and maturity appropriate to match fund its Purchaser Interests at such LIBO Rate are not available or (ii) such LIBO Rate does not accurately reflect the cost of acquiring or maintaining a Purchaser Interest at such LIBO Rate, then the Agent shall suspend the availability of such LIBO Rate and require Seller to select the Base Rate for any Purchaser Interest accruing Yield at such LIBO Rate.

(b) If less than all of the Financial Institutions give a notice to the Agent pursuant to Section 4.5(a), each Financial Institution which gave such a notice shall be obliged, at the

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request of Seller, Falcon or the Agent, to assign all of its rights and obligations hereunder to (i) another Financial Institution or (ii) another funding entity nominated by Seller or the Agent that is acceptable to Falcon and willing to participate in this Agreement through the Liquidity Termination Date in the place of such notifying Financial Institution; provided that (i) the notifying Financial Institution receives payment in full, pursuant to an Assignment Agreement, of an amount equal to such notifying Financial Institution's Pro Rata Share of the Capital and Yield owing to all of the Financial Institutions and all accrued but unpaid fees and other costs and expenses payable in respect of its Pro Rata Share of the Purchaser Interests of the Financial Institutions, and (ii) the replacement Financial Institution otherwise satisfies the requirements of Section 12.1(b).

#### ARTICLE V REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of Seller. Seller hereby represents and warrants to the Agent and the Purchasers as of the date hereof and as of the date of each Incremental Purchase and the date of each Reinvestment that:

(a) Corporate Existence and Power. Seller is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation. Seller is duly qualified to do business and is in good standing as a foreign corporation, and has and holds all corporate power and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted.

(b) Power and Authority; Due Authorization, Execution and Delivery. The execution and delivery by Seller of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder and Seller's use of the proceeds of purchases made hereunder, are within its corporate powers and authority and have been duly authorized by all necessary corporate action on its part. This Agreement and each other Transaction Document to which Seller is a party have been duly executed and delivered by Seller.

(c) No Conflict. The execution and delivery by Seller of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) its certificate or articles of incorporation or by-laws, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction

or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on any assets of Seller or its Subsidiaries (except as created hereunder) and no transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(d) Governmental Authorization. Other than the filing of the financing statements required hereunder, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution

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and delivery by Seller of this Agreement and each other Transaction Document to which it is a party and the performance of its obligations hereunder and thereunder.

(e) Actions, Suits. There are no actions, suits or proceedings pending, or to the best of Seller's knowledge, threatened, against or affecting Seller, or any of its properties, in or before any court, arbitrator or other body. Seller is not in default with respect to any order of any court, arbitrator or governmental body.

(f) Binding Effect. This Agreement and each other Transaction Document to which Seller is a party constitute the legal, valid and binding obligations of Seller enforceable against Seller in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(g) Accuracy of Information. All information heretofore furnished by Seller or any of its Affiliates to the Agent or the Purchasers for purposes of or in connection with this Agreement, any of the other Transaction Documents or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by Seller or any of its Affiliates to the Agent or the Purchasers (including all Monthly Reports) will be, true and accurate in every material respect on the date such information is stated or certified and does not and will not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not misleading.

(h) Use of Proceeds. No proceeds of any purchase hereunder will be used (i) for a purpose that violates, or would be inconsistent with, Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time or (ii) to acquire any security in any transaction which is subject to Section 12, 13 or 14 of the Securities Exchange Act of 1934, as amended.

(i) Good Title. Immediately prior to each purchase hereunder, Seller shall be the legal and beneficial owner of the Receivables and Related Security with respect thereto, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Seller's ownership interest in each Receivable, its Collections and the Related Security. Each Contract which is "chattel paper" within the meaning of Section 9-105 of the UCC of all applicable jurisdictions has been stamped to reflect the fact that such Contract has been assigned to the Seller.

(j) Perfection. This Agreement, together with the filing of the financing statements contemplated hereby, is effective to, and shall, upon each purchase hereunder, transfer to the Agent for the benefit of the relevant Purchaser or Purchasers (and the Agent for the benefit of such Purchaser or Purchasers shall acquire from Seller) a valid and perfected first priority undivided percentage ownership or security interest in each Receivable existing or hereafter arising and in the Related Security and Collections with respect thereto, free and clear

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of any Adverse Claim, except as created by the Transactions Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect the Agent's (on behalf of the Purchasers) ownership or security interest in the Receivables, the Related Security and the Collections. Each Contract which is "chattel paper" within the meaning of Section 9-105 of the UCC of all applicable jurisdictions has been stamped to reflect the fact that such Contract has been assigned to the Agent for the benefit of the Purchasers.

(k) Places of Business and Locations of Records. The principal places of business and chief executive office of Seller and the offices where it keeps all of its Records are located at the address(es) listed on Exhibit III or such other locations of which the Agent has been notified in accordance with Section 7.2(a) in jurisdictions where all action required by Section 14.4(a) has been taken and completed. Seller's Federal Employer Identification Number is correctly set forth on Exhibit III.

(l) Collections. The conditions and requirements set forth in Section 7.1(j) and Section 8.2 have at all times been satisfied and duly performed. The names and addresses of all Collection Banks, together with the account numbers of the Collection Accounts of Seller at each Collection Bank and the post office box number of each Lock-Box, are listed on Exhibit IV. Seller has not granted any Person, other than the Agent as contemplated by this Agreement, dominion and control of any Lock-Box or Collection Account, or the right to take dominion and control of any such Lock-Box or Collection Account at a future time or upon the occurrence of a future event.

(m) Material Adverse Effect. Since the date of this Agreement, no event has occurred that would have a Material Adverse Effect.

(n) Names. In the past five (5) years, Seller has not used any corporate names, trade names or assumed names other than the name in which it has executed this Agreement.

(o) Ownership of Seller. Jabil owns, directly or indirectly, 100% of the issued and outstanding capital stock of Seller, free and clear of any Adverse Claim. Such capital stock is validly issued, fully paid and nonassessable, and there are no options, warrants or other rights to acquire securities of Seller.

(p) Not a Holding Company or an Investment Company. Seller is not a "holding company" or a "subsidiary holding company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, or any successor statute. Seller is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or any successor statute.

(q) Compliance with Law. Seller has complied in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject. Each Receivable, together with the Contract and Invoice related thereto, does not contravene any laws, rules or regulations applicable thereto (including, without

limitation, laws, rules and regulations relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy), and no part of such Contract or Invoice is in violation of any such law, rule or regulation.

(r) Compliance with Credit and Collection Policy. Seller has complied in all material respects with the Credit and Collection Policy with regard to each Receivable and the related Contract and Invoice, and has not made any change to such Credit and Collection Policy, other than as permitted under Section 7.2(c), and in compliance with the notification requirements in Section 7.1(a)(vii).

(s) Payments to Originators. With respect to each Receivable transferred to Seller under the Receivables Sale Agreement, Seller

has given reasonably equivalent value to the applicable Originator in consideration therefor and such transfer was not made for or on account of an antecedent debt. No transfer by either Originator of any Receivable under the Receivables Sale Agreement is or may be voidable under any section of the Bankruptcy Reform Act of 1978 (11 U.S.C. ss.ss. 101 et seq.), as amended.

(t) Enforceability of Invoice. Each Invoice with respect to each Receivable is effective to create, and has created, a legal, valid and binding obligation of the related Obligor to pay the Outstanding Balance of the Receivable created thereunder and any accrued interest thereon, enforceable against the Obligor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(u) Eligible Receivables. Each Receivable included in the Net Receivables Balance as an Eligible Receivable on the date of its purchase under the Receivables Sale Agreement was an Eligible Receivable on such purchase date.

(v) Net Receivables Balance. Seller has determined that, immediately after giving effect to each purchase hereunder, the Net Receivables Balance is at least equal to the sum of (i) the Aggregate Capital, plus (ii) the Aggregate Reserves.

(w) Accounting. The manner in which Seller accounts for the transactions contemplated by this Agreement and the Receivables Sale Agreement does not jeopardize the true sale analysis.

(x) Purpose. Seller has determined that, from a business viewpoint, the purchase of the Receivables and related interests thereto from the Originators under the Receivables Sale Agreement, and the sale of Purchaser Interests to the Purchasers and the other transactions contemplated herein, are in the best interests of Seller.

(y) Other Representations and Warranties. Seller has determined that this Agreement is effective to transfer to the Agent and the Purchasers, as assignees of Seller, the full benefit of and a direct claim against each of Jabil and each Originator in respect of each representation or warranty made by the Jabil and each Originator under any Transaction Document.

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Section 5.2 Representations and Warranties of Sub-Servicer. Sub-Servicer hereby represents and warrants to the Agent and the Purchasers as of the date hereof and as of the date of each Incremental Purchase and the date of each Reinvestment that:

(a) Corporate Existence and Power. Sub-Servicer is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation. Sub-Servicer is duly qualified to do business and is in good standing as a foreign corporation, and has and holds all corporate power and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted.

(b) Power and Authority; Due Authorization, Execution and Delivery. The execution and delivery by Sub-Servicer of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder are within its corporate powers and authority and have been duly authorized by all necessary corporate action on its part. This Agreement and each other Transaction Document to which Sub-Servicer is a party has been duly executed and delivered by Sub-Servicer.

(c) No Conflict. The execution and delivery by Sub-Servicer of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) its certificate or articles of incorporation or by-laws, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ,

judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on any assets of Sub-Servicer or its Subsidiaries (except as created hereunder) and no transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(d) Governmental Authorization. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by Sub-Servicer of this Agreement and each other Transaction Document to which it is a party and the performance of its obligations hereunder and thereunder.

(e) Actions, Suits. Other than as disclosed on Schedule C, there are no actions, suits or proceedings pending, or to the best of Sub-Servicer's knowledge, threatened, against or affecting Sub-Servicer, or any of its properties, in or before any court, arbitrator or other body that could reasonably be expected to have a Material Adverse Effect. Sub-Servicer is not in default with respect to any order of any court, arbitrator or governmental body.

(f) Binding Effect. This Agreement and each other Transaction Document to which Sub-Servicer is a party constitute the legal, valid and binding obligations of Sub-Servicer enforceable against Sub-Servicer in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

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(g) Accuracy of Information. All information heretofore furnished by Sub-Servicer or any of its Affiliates to the Agent or the Purchasers for purposes of or in connection with this Agreement, any of the other Transaction Documents or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by Sub-Servicer or any of its Affiliates to the Agent or the Purchasers (including all Monthly Reports) will be, true and accurate in every material respect on the date such information is stated or certified and does not and will not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not misleading.

(h) Collections. The conditions and requirements set forth in Section 7.1(j) and Section 8.2 have at all times been satisfied and duly performed. The names and addresses of all Collection Banks, together with the account numbers of the Collection Accounts at each Collection Bank and the post office box number of each Lock-Box, are listed on Exhibit IV.

(i) Material Adverse Effect. Since August 31, 1999, no event has occurred that would have a Material Adverse Effect.

(j) Compliance with Law. Sub-Servicer has complied in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject. Each Receivable, together with the Contract and Invoice related thereto, does not contravene any laws, rules or regulations applicable to the collection and servicing thereof (including, without limitation, laws, rules and regulations relating to fair credit billing, fair credit reporting, fair debt collection practices and privacy), and no part of such Contract or Invoice is in violation of any such law, rule or regulation.

(k) Compliance with Credit and Collection Policy. Sub-Servicer has complied in all material respects with the Credit and Collection Policy with regard to each Receivable and the related Contract and Invoice, and has not made any change to such Credit and Collection Policy, other than as permitted under Section 7.2(c), and in compliance with the notification requirements in Section 7.1(a)(vii).

Section 5.3 Financial Institution Representations and Warranties. Each of the Agent and each Financial Institution hereby represents and warrants, as to itself, to the Seller, the Agent and Falcon that:

(a) Existence and Power. Such Person is a corporation or

a banking association duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, and has all corporate power to perform its obligations hereunder.

(b) No Conflict. The execution and delivery by such Person of this Agreement and the performance of its obligations hereunder are within its corporate powers, have been duly authorized by all necessary corporate action, do not contravene or violate (i) its certificate or articles of incorporation or association or by-laws, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or

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decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on its assets. This Agreement has been duly authorized, executed and delivered by such Person.

(c) Governmental Authorization. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by such Person of this Agreement and the performance of its obligations hereunder.

(d) Binding Effect. This Agreement constitutes the legal, valid and binding obligation of such Person enforceable against such Person in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law).

#### ARTICLE VI CONDITIONS OF PURCHASES

Section 6.1 Conditions Precedent to Initial Incremental Purchase. The initial Incremental Purchase of a Purchaser Interest under this Agreement is subject to the conditions precedent that the Agent shall have received on or before the date of such purchase those documents listed on Schedule B and the Agent shall have received all fees and expenses required to be paid on such date pursuant to the terms of this Agreement and the Fee Letter.

Section 6.2 Conditions Precedent to All Purchases and Reinvestments. Each purchase of a Purchaser Interest (other than pursuant to Section 13.1) and each Reinvestment shall be subject to the further conditions precedent that in the case of each such purchase or Reinvestment: (a) the Servicer or the Sub-Servicer shall have delivered to the Agent on or prior to the date of such purchase, in form and substance satisfactory to the Agent, all Monthly Reports as and when due under Section 8.5 and upon the Agent's request, the Servicer or the Sub-Servicer shall have delivered to the Agent at least three (3) days prior to such purchase or Reinvestment an interim Monthly Report showing the amount of Eligible Receivables; (b) the Facility Termination Date shall not have occurred; (c) the Agent shall have received such other approvals, opinions or documents as it may reasonably request and (d) on the date of each such Incremental Purchase or Reinvestment, the following statements shall be true (and acceptance of the proceeds of such Incremental Purchase or Reinvestment shall be deemed a representation and warranty by Seller that such statements are then true):

(i) the representations and warranties set forth in Section 5.1 are true and correct on and as of the date of such Incremental Purchase or Reinvestment as though made on and as of such date;

(ii) no event has occurred and is continuing, or would result from such Incremental Purchase or Reinvestment, that will constitute an Amortization Event, and no event has occurred and is continuing, or would result from such Incremental Purchase or Reinvestment, that would constitute a Potential Amortization Event; and

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(iii) the Aggregate Capital does not exceed the Purchase Limit and the aggregate Purchaser Interests do not exceed 100%.

It is expressly understood that each Reinvestment shall, unless otherwise directed by the Agent or any Purchaser, occur automatically on each day that the Servicer shall receive any Collections without the requirement that any further action be taken on the part of any Person and notwithstanding the failure of Seller to satisfy any of the foregoing conditions precedent in respect of such Reinvestment. The failure of Seller to satisfy any of the foregoing conditions precedent in respect of any Reinvestment shall give rise to a right of the Agent, which right may be exercised at any time on demand of the Agent, to rescind the related purchase and direct Seller to pay to the Agent for the benefit of the Purchasers an amount equal to the Collections prior to the Amortization Date that shall have been applied to the affected Reinvestment.

#### ARTICLE VII COVENANTS

##### Section 7.1 Affirmative Covenants of the Seller Parties.

Until the date on which the Aggregate Unpaid have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each of Seller and the Sub-Servicer hereby covenants, as to itself, as set forth below:

(a) Reporting. Such Seller Party will maintain, for itself and each of its Subsidiaries, a system of accounting established and administered in accordance with GAAP, and furnish or cause to be furnished to the Agent:

(i) Annual Reporting. Within 90 days after the close of each of its respective fiscal years, (A) in the case of the Sub-Servicer audited, unqualified financial statements (which shall include balance sheets, statements of income and retained earnings and a statement of cash flows) for such fiscal year certified in a manner acceptable to the Agent by independent public accountants acceptable to the Agent and (B) in the case of the Seller, financial statements (which shall include balance sheets, statements of income and retained earnings and a statement of cash flows) for such fiscal year.

(ii) Quarterly Reporting. Within 45 days after the close of the first three (3) quarterly periods of each of its respective fiscal years, balance sheets of each such Person as at the close of each such period and statements of income and retained earnings and a statement of cash flows for each such Person for the period from the beginning of such fiscal year to the end of such quarter, all certified by its respective chief financial officer.

(iii) Compliance Certificate. Together with the financial statements required hereunder, a compliance certificate in substantially the form of Exhibit V signed by such Person's Authorized Officer, as applicable, and dated the date of such annual financial statement or such quarterly financial statement, as the case may be.

(iv) Shareholders Statements and Reports. Promptly upon the furnishing thereof to the shareholders of Jabil copies of all financial statements, reports and proxy statements so furnished.

(v) S.E.C. Filings. Promptly upon the filing thereof, copies of all registration statements and reports which Jabil or any of its Subsidiaries files with the Securities and Exchange Commission and which are delivered to the "Banks" and the "Agent" under (and as defined in) the Jabil Loan Agreement.

(vi) Copies of Notices. Promptly upon its receipt of any notice, request for consent, financial statements, certification, report or other communication under or in connection with any Transaction Document from any Person other than the Agent or Falcon, copies of the same.

(vii) Change in Credit and Collection Policy. At least thirty (30) days prior to the effectiveness of any material change in or material amendment to the Credit and Collection Policy, a copy of the Credit and Collection Policy then in effect and a notice (A) indicating such change or amendment, and (B) if such proposed change or amendment would be reasonably likely to adversely affect the collectibility of the Receivables or decrease the credit quality of any newly created Receivables, requesting the Agent's consent thereto.

(viii) Other Information. Promptly, from time to time, such other information, documents, records or reports relating to the Receivables or the condition or operations, financial or otherwise, of such Seller Party as the Agent may from time to time reasonably request in order to protect the interests of the Agent and the Purchasers under or as contemplated by this Agreement.

(b) Notices. Such Seller Party will notify the Agent in writing of any of the following promptly upon learning of the occurrence thereof, describing the same and, if applicable, the steps being taken with respect thereto:

(i) Amortization Events or Potential Amortization Events. The occurrence of each Amortization Event and each Potential Amortization Event, by a statement of an Authorized Officer of such Seller Party.

(ii) Judgment and Proceedings. (1) The entry of any judgment or decree against the Sub-Servicer or any of its respective Subsidiaries if the aggregate amount of all judgments and decrees then outstanding against the Sub-Servicer and its Subsidiaries exceeds \$5,000,000 and (2) the institution of any litigation, arbitration proceeding or governmental proceeding against the Sub-Servicer which could reasonably be expected to have a Material Adverse Effect; and (B) the entry of any judgment or decree or the institution of any litigation, arbitration proceeding or governmental proceeding against Seller.

(iii) Material Adverse Effect. The occurrence of any event or condition that has had, or could reasonably be expected to have, a Material Adverse Effect.

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(iv) Termination Date. The occurrence of the "Termination Date" under and as defined in the Receivables Sale Agreement.

(v) Defaults Under Other Agreements. The occurrence of a default or an event of default under any other material financing arrangement pursuant to which such Seller Party is a debtor or an obligor.

(vi) Downgrade of Jabil. Any downgrade in the rating of any Indebtedness of Jabil by Standard & Poor's Ratings Group or by Moody's Investors Service, Inc., setting forth the Indebtedness affected and the nature of such change.

(vii) Jabil Mexico. As soon as the Seller becomes aware thereof, notice of any action taken by Jabil Mexico or any other Person to assert any claim against any property of Jabil or Jabil Mexico located in Mexico.

(c) Compliance with Laws and Preservation of Corporate Existence. Such Seller Party will comply in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject. Such Seller Party will preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its incorporation, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where its business is conducted.

(d) Audits. Such Seller Party will (and will cause the Originators to) furnish to the Agent from time to time such information with respect to it and the Receivables as the Agent may reasonably request. Such

Seller Party will, from time to time during regular business hours as requested by the Agent upon reasonable notice and at the sole cost of such Seller Party, permit the Agent, or its agents or representatives (and will cause the Originators to permit the Agent or its agents or representatives), (i) to examine and make copies of and abstracts from all Records in the possession or under the control of such Person relating to the Receivables and the Related Security, including, without limitation, the related Contracts and Invoices, and (ii) to visit the offices and properties of such Person for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to such Person's financial condition or the Receivables and the Related Security or any Person's performance under any of the Transaction Documents or any Person's performance under the Contracts and Invoices and, in each case, with any of the officers or employees of such Person having knowledge of such matters; provided that such Seller Party shall not be required to pay for the costs of such audit if (i) collectively, the Seller Parties have paid the costs of at least three other audits occurring during the nine month period immediately preceding such audit, (ii) no Amortization Event has occurred and (iii) the results of the Agent's previous audits were acceptable to the Agent.

(e) Keeping and Marking of Records and Books.

(i) The Sub-Servicer will (and will cause the Originators to) maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other

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information reasonably necessary or advisable for the collection of all Receivables (including, without limitation, records adequate to permit the immediate identification of each new Receivable and all Collections of and adjustments to each existing Receivable). The Sub-Servicer will (and will cause the Originators to) give the Agent notice of any material change in the administrative and operating procedures referred to in the previous sentence.

(ii) Such Seller Party will (and will cause the Originators to) (A) on or prior to the date hereof, mark its master data processing records and other books and records relating to the Purchaser Interests with a legend, acceptable to the Agent, describing the Purchaser Interests and (B) upon the request of the Agent at any time following the occurrence of an Amortization Event, (x) mark each Contract and Invoice with a legend describing the Purchaser Interests and (y) deliver to the Agent all Contracts and Invoices (including, without limitation, all multiple originals of any such Contract and Invoice) relating to the Receivables.

(f) Compliance with Contracts and Credit and Collection Policy. Such Seller Party will (and will cause the Originators to) timely and fully (i) perform and comply with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Receivables, and (ii) comply in all respects with the Credit and Collection Policy in regard to each Receivable and the related Contract and Invoice.

(g) Performance and Enforcement of Receivables Sale Agreement. Seller will, and will require the Originators to, perform each of their respective obligations and undertakings under and pursuant to the Receivables Sale Agreement, will purchase Receivables thereunder in strict compliance with the terms thereof and will vigorously enforce the rights and remedies accorded to Seller under the Receivables Sale Agreement. Seller will take all actions to perfect and enforce its rights and interests (and the rights and interests of the Agent and the Purchasers as assignees of Seller) under the Receivables Sale Agreement as the Agent may from time to time reasonably request, including, without limitation, making claims to which it may be entitled under any indemnity, reimbursement or similar provision contained in the Receivables Sale Agreement.

(h) Ownership. Seller will (or will cause the Originators to) take all necessary action to (i) vest legal and equitable title to the Receivables, the Related Security and the Collections purchased under the Receivables Sale Agreement irrevocably in Seller, free and clear of any Adverse

Claims other than Adverse Claims in favor of the Agent and the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Seller's interest in such Receivables, Related Security and Collections and such other action, including the stamping of all Contracts constituting "chattel paper" within the meaning of Section 9-105 of the UCC with a notation describing such assignment, to perfect, protect or more fully evidence the interest of Seller therein as the Agent may reasonably request), and (ii) establish and maintain, in favor of the Agent, for the benefit of the Purchasers, a valid and perfected first priority undivided percentage ownership interest (and/or a valid and perfected first priority security interest) in all Receivables, Related Security and Collections to the full extent

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contemplated herein, free and clear of any Adverse Claims other than Adverse Claims in favor of the Agent for the benefit of the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect the Agent's (for the benefit of the Purchasers) interest in such Receivables, Related Security and Collections and such other action, including the stamping of all Contracts constituting "chattel paper" within the meaning of Section 9-105 of the UCC with a notation describing such assignment, to perfect, protect or more fully evidence the interest of the Agent for the benefit of the Purchasers as the Agent may reasonably request).

(i) Purchasers' Reliance. Seller acknowledges that the Purchasers are entering into the transactions contemplated by this Agreement in reliance upon Seller's identity as a legal entity that is separate from Jabil and any of its Affiliates (collectively, the "Jabil Entities"). Therefore, from and after the date of execution and delivery of this Agreement, Seller shall take all reasonable steps, including, without limitation, all steps that the Agent or any Purchaser may from time to time reasonably request, to maintain Seller's identity as a separate legal entity and to make it manifest to third parties that Seller is an entity with assets and liabilities distinct from those of any Jabil Entity and not just a division of any Jabil Entity. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, Seller will:

(i) conduct its own business in its own name and require that all full-time employees of Seller, if any, identify themselves as such and not as employees of any Jabil Entity (including, without limitation, by means of providing appropriate employees with business or identification cards identifying such employees as Seller's employees);

(ii) compensate all employees, consultants and agents directly, from Seller's own funds, for services provided to Seller by such employees, consultants and agents and, to the extent any employee, consultant or agent of Seller is also an employee, consultant or agent of any Jabil Entity, allocate the compensation of such employee, consultant or agent between Seller and such Jabil Entity, as applicable, on a basis that reflects the services rendered to Seller and such Jabil Entity, as applicable;

(iii) clearly identify its offices (by signage or otherwise) as its offices and, if such office is located in the offices of a Jabil Entity, Seller shall lease such office at a fair market rent;

(iv) have a separate telephone number, which will be answered only in its name and separate stationery, invoices and checks in its own name;

(v) conduct all transactions with each Originator and the Sub-Servicer (including, without limitation, any delegation of its obligations hereunder as Servicer) strictly on an arm's-length basis, allocate all overhead expenses (including, without limitation, telephone and other utility charges) for items shared between Seller and such Originator or the Sub-Servicer on the basis of actual use to the extent practicable and, to the extent such allocation is not

practicable, on a basis reasonably related to actual use;

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(vi) at all times have a Board of Directors consisting of three members, at least one member of which is an Independent Director;

(vii) observe all corporate formalities as a distinct entity, and ensure that all corporate actions relating to (A) the selection, maintenance or replacement of the Independent Director, (B) the dissolution or liquidation of Seller or (C) the initiation of, participation in, acquiescence in or consent to any bankruptcy, insolvency, reorganization or similar proceeding involving Seller, are duly authorized by unanimous vote of its Board of Directors (including the Independent Director);

(viii) maintain Seller's books and records separate from those of any Jabil Entity and otherwise readily identifiable as its own assets rather than assets of any Jabil Entity;

(ix) prepare its financial statements separately from those of any Jabil Entity and insure that any consolidated financial statements of any Jabil Entity that include Seller and that are filed with the Securities and Exchange Commission or any other governmental agency have notes clearly stating that Seller is a separate corporate entity and that its assets will be available first and foremost to satisfy the claims of the creditors of Seller;

(x) except as herein specifically otherwise provided, maintain the funds or other assets of Seller separate from, and not commingled with, those of any Jabil Entity and only maintain bank accounts or other depository accounts to which Seller alone is the account party, into which Seller alone makes deposits and from which Seller alone (or the Agent hereunder) has the power to make withdrawals;

(xi) pay all of Seller's operating expenses from Seller's own assets (except for certain payments by a Jabil Entity or other Persons pursuant to allocation arrangements that comply with the requirements of this Section 7.1(i));

(xii) operate its business and activities such that: it does not engage in any business or activity of any kind, or enter into any transaction or indenture, mortgage, instrument, agreement, contract, lease or other undertaking, other than the transactions contemplated and authorized by this Agreement and the Receivables Sale Agreement; and does not create, incur, guarantee, assume or suffer to exist any indebtedness or other liabilities, whether direct or contingent, other than (1) as a result of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, (2) the incurrence of obligations under this Agreement, (3) the incurrence of obligations, as expressly contemplated in the Receivables Sale Agreement, to make payment to the Originators thereunder for the purchase of Receivables from the Originators under the Receivables Sale Agreement, and (4) the incurrence of operating expenses in the ordinary course of business of the type otherwise contemplated by this Agreement;

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(xiii) maintain its corporate charter in conformity with this Agreement, such that it does not amend, restate, supplement or otherwise modify its Certificate of Incorporation or By-Laws in any respect that would impair its ability to comply with the terms or provisions of any of the Transaction Documents, including, without limitation, Section 7.1(i) of this Agreement;

(xiv) maintain the effectiveness of, and continue to perform under the Receivables Sale Agreement and the Performance

Undertaking, such that it does not amend, restate, supplement, cancel, terminate or otherwise modify the Receivables Sale Agreement or the Performance Undertaking, or give any consent, waiver, directive or approval thereunder or waive any default, action, omission or breach under the Receivables Sale Agreement or the Performance Undertaking or otherwise grant any indulgence thereunder, without (in each case) the prior written consent of the Agent;

(xv) maintain its corporate separateness such that it does not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions, and except as otherwise contemplated herein) all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets of, any Person, nor at any time create, have, acquire, maintain or hold any interest in any Subsidiary.

(xvi) maintain at all times the Required Capital Amount (as defined in the Receivables Sale Agreement) and refrain from making any dividend, distribution, redemption of capital stock or payment of any subordinated indebtedness which would cause the Required Capital Amount to cease to be so maintained; and

(xvii) take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the opinion issued by Holland & Knight LLP, as counsel for Seller, in connection with the closing or initial Incremental Purchase under this Agreement and relating to substantive consolidation issues, and in the certificates accompanying such opinion, remain true and correct in all material respects at all times.

(j) Collections. Such Seller Party will cause (1) all proceeds from all Lock-Boxes to be directly deposited by a Collection Bank into a Collection Account and (2) each Lock-Box and Collection Account to be subject at all times to a Collection Account Agreement that is in full force and effect. In the event any payments relating to Receivables are remitted directly to Seller or any Affiliate of Seller, Seller will remit (or will cause all such payments to be remitted) directly to a Collection Bank and deposited into a Collection Account within two (2) Business Days following receipt thereof, and, at all times prior to such remittance, Seller will itself hold or, if applicable, will cause such payments to be held in trust for the exclusive benefit of the Agent and the Purchasers. Seller will maintain exclusive ownership, dominion and control (subject to the terms of this Agreement) of each Lock-Box and Collection Account and shall not grant the right to take dominion and control of any Lock-Box or Collection Account at a future time or upon the occurrence of a future event to any Person, except to the Agent as contemplated by this Agreement.

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(k) Taxes. Such Seller Party will file all tax returns and reports required by law to be filed by it and will promptly pay all taxes and governmental charges at any time owing. Seller will pay when due any taxes payable in connection with the Receivables, exclusive of taxes on or measured by income or gross receipts of Falcon, the Agent or any Financial Institution.

(l) Insurance. Seller will maintain in effect, or cause to be maintained in effect, at Seller's own expense, such casualty and liability insurance as Seller shall deem appropriate in its good faith business judgment. The Agent, for the benefit of the Purchasers, shall be named as an additional insured with respect to all such liability insurance maintained by Seller. Seller will pay or cause to be paid, the premiums therefor and deliver to the Agent evidence satisfactory to the Agent of such insurance coverage. Copies of each policy shall be furnished to the Agent and any Purchaser in certificated form upon the Agent's or such Purchaser's request. The foregoing requirements shall not be construed to negate, reduce or modify, and are in addition to, Seller's obligations hereunder.

(m) Payment to Originators. With respect to any Receivable purchased by Seller from either Originator, such sale shall be effected under, and in strict compliance with the terms of, the Receivables Sale Agreement, including, without limitation, the terms relating to the amount and

timing of payments to be made to the applicable Originator in respect of the purchase price for such Receivable.

Section 7.2 Negative Covenants of the Seller Parties.

Until the date on which the Aggregate Unpaid have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each of Seller and Sub-Servicer hereby covenants, as to itself, that:

(a) Name Change, Offices and Records. Such Seller Party will not change its name, identity or corporate structure (within the meaning of Section 9-402(7) of any applicable enactment of the UCC) or relocate its chief executive office or any office where Records are kept unless it shall have: (i) given the Agent at least forty-five (45) days' prior written notice thereof and (ii) delivered to the Agent all financing statements, instruments and other documents requested by the Agent in connection with such change or relocation.

(b) Change in Payment Instructions to Obligors. Except as may be required by the Agent pursuant to Section 8.2(b), such Seller Party will not add or terminate any bank as a Collection Bank, or make any change in the instructions to Obligors regarding payments to be made to any Lock-Box or Collection Account, unless the Agent shall have received, at least ten (10) days before the proposed effective date therefor, (i) written notice of such addition, termination or change and (ii) with respect to the addition of a Collection Bank or a Collection Account or Lock-Box, an executed Collection Account Agreement with respect to the new Collection Account or Lock-Box; provided, however, that the Sub-Servicer may make changes in instructions to Obligors regarding payments if such new instructions require such Obligor to make payments to another existing Collection Account.

(c) Modifications to Contracts, Invoices and Credit and Collection Policy. Such Seller Party will not, and will not permit either Originator to, amend, modify or otherwise

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make any change to the Credit and Collection Policy or any Contract or Invoice that could adversely affect the collectibility of the Receivables or decrease the credit quality of any newly created Receivables. Except as provided in Section 8.2(d), the Sub-Servicer will not, and will not permit either Originator to, extend, amend or otherwise modify the terms of any Receivable or any Invoice related thereto other than in accordance with the Credit and Collection Policy.

(d) Sales, Liens. Seller will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Receivable, Related Security or Collections, or upon or with respect to any Contract or Invoice under which any Receivable arises, or any Lock-Box or Collection Account, or assign any right to receive income with respect thereto (other than, in each case, the creation of the interests therein in favor of the Agent and the Purchasers provided for herein), and Seller will defend the right, title and interest of the Agent and the Purchasers in, to and under any of the foregoing property, against all claims of third parties claiming through or under Seller or either Originator. Seller will not create or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge or other similar arrangement on any of its inventory, the financing or lease of which gives rise to any Receivable. The provisions of this Section 7.2(d) shall not become effective until Section 5.2(1) of the Jabil Loan Agreement is amended (or otherwise modified or waived in writing) to permit such provisions.

(e) Net Receivables Balance. At no time prior to the Amortization Date shall Seller permit the Net Receivables Balance to be less than an amount equal to the sum of (i) the Aggregate Capital plus (ii) the Aggregate Reserves.

(f) Termination Date Determination. Seller will not designate the Termination Date (as defined in the Receivables Sale Agreement), or send any written notice to either Originator in respect thereof, without the prior written consent of the Agent, except with respect to the occurrence of such Termination Date arising pursuant to Section 6.1(d) of the Receivables Sale Agreement.

(g) Restricted Junior Payments. From and after the occurrence of any Amortization Event, Seller will not make any Restricted Junior Payment if, after giving effect thereto, Seller would fail to meet its obligations set forth in Section 7.2(e).

ARTICLE VIII  
ADMINISTRATION AND COLLECTION

Section 8.1 Designation of Servicer and Sub-Servicer.

(a) The servicing, administration and collection of the Receivables shall be conducted by such Person (the "Servicer") so designated from time to time in accordance with this Section 8.1. JCFI is hereby designated as, and hereby agrees to perform the duties and obligations of, the Servicer pursuant to the terms of this Agreement. At any time following the occurrence of an Amortization Event, the Agent may at any time designate as Servicer any Person to succeed JCFI or any successor Servicer.

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(b) JCFI may delegate, and JCFI hereby delegates to Jabil, as sub-servicer of the Servicer (the "Sub-Servicer"), all of its duties and responsibilities as Servicer and Jabil hereby agrees to perform all of the duties and obligations of the Servicer hereunder in respect of the Receivables in its capacity as Sub-Servicer in accordance with the terms hereof. In its capacity as Sub-Servicer, Jabil shall be an independent contractor of JCFI. Without the prior written consent of the Agent and the Required Financial Institutions, JCFI shall not be permitted to delegate any of its duties or responsibilities as Servicer to any Person other than (i) Jabil and (ii) with respect to certain Charged-Off Receivables, outside collection agencies in accordance with its customary practices. Jabil shall not be permitted to further delegate to any other Person (other than Jabil Mexico with respect to those Receivables arising from the sale of products manufactured by Jabil Mexico) any of its duties or responsibilities as Sub-Servicer delegated to it by JCFI. If pursuant to the last sentence of Section 8.1(a) the Agent shall designate as Servicer any Person other than JCFI, all duties and responsibilities theretofore delegated by JCFI to Jabil as Sub-Servicer may, at the discretion of the Agent, be terminated forthwith on notice given by the Agent to JCFI and to Jabil. Jabil further agrees that it shall be directly liable to the Agent and the Purchasers for the full and prompt performance of all duties and responsibilities of the Servicer.

(c) Notwithstanding the foregoing subsection (b), (i) JCFI shall be and remain primarily liable to the Agent and the Purchasers for the full and prompt performance of all duties and responsibilities of the Servicer hereunder and (ii) the Agent and the Purchasers shall be entitled to deal exclusively with JCFI in matters relating to the discharge by the Servicer of its duties and responsibilities hereunder. The Agent and the Purchasers shall not be required to give notice, demand or other communication to any Person other than JCFI in order for communication to the Servicer and its sub-servicer or other delegate with respect thereto to be accomplished. JCFI, at all times that it is the Servicer, shall be responsible for providing any sub-servicer or other delegate of the Servicer with any notice given to the Servicer under this Agreement.

Section 8.2 Duties of Servicer. The Servicer shall take or cause to be taken all such actions as may be necessary or advisable to collect each Receivable from time to time, all in accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the Credit and Collection Policy.

(a) The Servicer will instruct all Obligors to pay all Collections directly to a Lock-Box or Collection Account. The Servicer shall effect a Collection Account Agreement substantially in the form of Exhibit VI with each bank party to a Collection Account at any time. In the case of any remittances received in any Lock-Box or Collection Account that shall have been identified, to the satisfaction of the Servicer, to not constitute Collections or other proceeds of the Receivables or the Related Security, the Servicer shall promptly remit such items to the Person identified to it as being the owner of such remittances. From and after the date the Agent delivers to any Collection Bank a Collection Notice pursuant to Section 8.3, the Agent may request that the Servicer, and the Servicer thereupon promptly shall instruct all Obligors with

respect to the Receivables, to remit all payments thereon to a new depository account specified by the Agent and, at all times thereafter, Seller the Servicer and the Sub-Servicer shall not

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deposit or otherwise credit, and shall not permit any other Person to deposit or otherwise credit to such new depository account any cash or payment item other than Collections.

(b) The Servicer shall administer the Collections in accordance with the procedures described herein and in Article II. The Servicer shall set aside and hold in trust for the account of Seller and the Purchasers their respective shares of the Collections in accordance with Article II. The Servicer shall, upon the request of the Agent, segregate, in a manner acceptable to the Agent, all cash, checks and other instruments received by it from time to time constituting Collections from the general funds of the Servicer, the Sub-Servicer or Seller prior to the remittance thereof in accordance with Article II. If the Servicer shall be required to segregate Collections pursuant to the preceding sentence, the Servicer shall segregate and deposit with a bank designated by the Agent such allocable share of Collections of Receivables set aside for the Purchasers on the first Business Day following receipt by the Servicer of such Collections, duly endorsed or with duly executed instruments of transfer.

(c) The Servicer may, in accordance with the Credit and Collection Policy, extend the maturity of any Receivable or adjust the Outstanding Balance of any Receivable as the Servicer determines to be appropriate to maximize Collections thereof; provided, however, that such extension or adjustment shall not alter the status of such Receivable as a Delinquent Receivable or Charged-Off Receivable or limit the rights of the Agent or the Purchasers under this Agreement. Notwithstanding anything to the contrary contained herein, the Agent shall have the absolute and unlimited right to direct the Servicer or the Sub-Servicer to commence or settle any legal action with respect to any Receivable or to foreclose upon or repossess any Related Security, provided that the Agent has given the Seller seven (7) days' prior notice and during such notice period the outstanding Balance of such Receivable has not been reduced to zero.

(d) The Servicer shall hold in trust for Seller and the Purchasers all Records that (i) evidence or relate to the Receivables, the related Contracts, Invoices and Related Security or (ii) are otherwise necessary or desirable to collect the Receivables and shall, as soon as practicable upon demand of the Agent, deliver or make available to the Agent all such Records, at a place selected by the Agent. The Servicer shall, as soon as practicable following receipt thereof turn over to Seller any cash collections or other cash proceeds received with respect to Indebtedness not constituting Receivables. The Servicer shall, from time to time at the request of any Purchaser, furnish to the Purchasers (promptly after any such request) a calculation of the amounts set aside for the Purchasers pursuant to Article II.

(e) Any payment by an Obligor in respect of any indebtedness owed by it to an Originator or Seller shall, except as otherwise specified by such Obligor or otherwise required by contract or law and unless otherwise instructed by the Agent, be applied as a Collection of any Receivable of such Obligor (starting with the oldest such Receivable) to the extent of any amounts then due and payable thereunder before being applied to any other receivable or other obligation of such Obligor.

Section 8.3 Collection Notices. The Agent is authorized at any time to date and to deliver to the Collection Banks the Collection Notices. Seller hereby transfers to the Agent for the benefit of the Purchasers, effective when the Agent delivers such notice, the

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exclusive ownership and control of each Lock-Box and the Collection Accounts. In case any authorized signatory of Seller whose signature appears on a Collection Account Agreement shall cease to have such authority before the delivery of such

notice, such Collection Notice shall nevertheless be valid as if such authority had remained in force. Seller hereby authorizes the Agent, and agrees that the Agent shall be entitled to (i) endorse Seller's name on checks and other instruments representing Collections, (ii) enforce the Receivables, the related Contracts, Invoices and the Related Security and (iii) take such action as shall be necessary or desirable to cause all cash, checks and other instruments constituting Collections of Receivables to come into the possession of the Agent rather than Seller.

Section 8.4 Responsibilities of Seller. Anything herein to the contrary notwithstanding, the exercise by the Agent and the Purchasers of their rights hereunder shall not release the Servicer, the Sub-Servicer, the Originators or Seller from any of their duties or obligations with respect to any Receivables or under the related Contracts or Invoices. The Purchasers shall have no obligation or liability with respect to any Receivables or related Contracts or Invoices, nor shall any of them be obligated to perform the obligations of Seller.

Section 8.5 Reports. The Servicer shall prepare and forward to the Agent (i) on the fifteenth (15th) day of each month and at such times as the Agent shall request, a Monthly Report and (ii) at such times as the Agent shall request, a listing by Obligor of all Receivables together with an aging of such Receivables.

Section 8.6 Servicing Fees. In consideration of JCFI's agreement to act as Servicer hereunder, the Purchasers hereby agree that, so long as JCFI shall continue to perform as Servicer hereunder, Seller shall pay over to JCFI a fee (the "Servicing Fee") on the first calendar day of each month, in arrears for the immediately preceding month, equal to 1% per annum of the Net Receivables Balance during such period, as compensation for its servicing activities.

#### ARTICLE IX AMORTIZATION EVENTS

Section 9.1 Amortization Events. The occurrence of any one or more of the following events shall constitute an Amortization Event:

(a) Any Seller Party shall fail (i) to make any payment or deposit required hereunder when due, (ii) to observe or perform any covenant set forth in Section 7.2 and such failure shall continue for three (3) consecutive Business Days or (iii) to perform or observe any term, covenant or agreement hereunder (other than as referred to in clauses (i) and (ii) of this paragraph (a) and paragraph 9.1(e)) and such failure shall continue for five (5) consecutive Business Days.

(b) Any representation or warranty made by any Seller Party in this Agreement, any other Transaction Document or in any other document delivered pursuant hereto or thereto shall prove to have been incorrect when made or deemed made or any certification or

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statement made by any Seller Party in connection with the foregoing shall prove to have been incorrect in any material respect when made or deemed made.

(c) Failure of Seller to pay any Indebtedness when due, or the failure of Jabil to pay any Indebtedness when due, which individually or together with other such Indebtedness as to which any such failures exists has an aggregate outstanding principal amount in excess of \$5,000,000; or the default by any Seller Party or Originator in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of any Seller Party or Originator shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the date of maturity thereof.

(d) (i) Any Seller Party, either Originator or any of their respective Subsidiaries shall generally not pay its debts as such debts become due or shall admit in writing its inability to pay its debts generally or

shall make a general assignment for the benefit of creditors; or (ii) any proceeding shall be instituted by or against any Seller Party, either Originator or any of their respective Subsidiaries seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property or (iii) any Seller Party, either Originator or any of their respective Subsidiaries shall take any corporate or partnership action to authorize any of the actions set forth in clauses (i) or (ii) above in this subsection (d). For purposes of this Section 9.1(d), "Subsidiary" shall exclude a Subsidiary which (i) is not engaged in any business activity, (ii) has no Subsidiaries engaged in any business activity, and (iii) has no Indebtedness outstanding in excess of \$10,000.

(e) Seller shall fail to comply with the terms of Section 2.6 hereof and such failure is not cured on the following Business Day.

(f) As at the end of any calendar month:

(i) the average of the Delinquency Ratios as at the end of such month and the two preceding months shall exceed 12.0% and the Delinquency Ratio as at the end of such month shall exceed 15.0%;

(ii) the average of the Dilution Ratios as at the end of such month and the two preceding months shall exceed 5.75% and the Dilution Ratio as at the end of such month shall exceed 10.0%; or

(iii) the average of the Default Ratios as at the end of such month and the two preceding months shall exceed 4.25% and the Default Ratio as at the end of such month shall exceed 4.75%.

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(g) A Change of Control shall occur.

(h) (i) One or more final judgments for the payment of money shall be entered against Seller or (ii) one or more final judgments for the payment of money in an amount of \$10,000,000 or more individually or in the aggregate, shall be entered against the Sub-Servicer on claims not covered by insurance or as to which the insurance carrier has denied its responsibility, and such judgment shall continue unsatisfied and in effect for fifteen (15) consecutive days without a stay of execution.

(i) (i) The "Termination Date" under and as defined in the Receivables Sale Agreement shall occur under the Receivables Sale Agreement, or (ii) the Seller or either Originator shall cease to perform any of their respective material obligations and undertakings under and pursuant to the Receivables Sale Agreement or shall fail to vigorously enforce the rights and remedies accorded under the Receivables Purchase Agreement after the occurrence of such failure, or (iii) the Originators shall for any reason cease to transfer, or cease to have the legal capacity to transfer, or otherwise be incapable of transferring Receivables to Seller under the Receivables Sale Agreement.

(j) This Agreement shall terminate in whole or in part (except in accordance with its terms), or shall cease to be effective or to be the legally valid, binding and enforceable obligation of Seller, or any Obligor shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability, provided, that such occurrence is a direct or indirect result of an action or inaction on the part of a Seller Party or one of their respective Affiliates or the Agent for the benefit of the Purchasers shall cease to have a valid and perfected first priority security interest in the Receivables, the Related Security and the Collections with respect thereto and the Collection Accounts.

(k) Jabil shall fail to perform any of its covenants described in Sections 5.2(a), (b) or (c) of the Jabil Loan Agreement, as in

effect on the date hereof.

(1) Jabil shall fail to perform or observe any term, covenant or agreement required to be performed by it under the Performance Undertaking, or the Performance Undertaking shall cease to be effective or to be the legally valid, binding and enforceable obligation of Jabil, or Jabil shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability.

Section 9.2 Remedies. Upon the occurrence and during the continuation of an Amortization Event, the Agent may, or upon the direction of the Required Financial Institutions shall, take any of the following actions: (i) replace the Person then acting as Servicer or Sub-Servicer, (ii) declare the Amortization Date to have occurred, whereupon the Amortization Date shall forthwith occur, without demand, protest or further notice of any kind, all of which are hereby expressly waived by each Seller Party; provided, however, that upon the occurrence of an Amortization Event described in Section 9.1(d), or of an actual or deemed entry of an order for relief with respect to any Seller Party under the Federal Bankruptcy Code, the Amortization Date shall automatically occur, without demand, protest or any notice of any kind, all of which are hereby expressly waived by each Seller Party, (iii) to the fullest extent permitted by applicable

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law, declare that the Default Fee shall accrue with respect to any of the Aggregate Unpaid outstanding at such time, (iv) deliver the Collection Notices to the Collection Banks, and (v) notify Obligors of the Purchasers' interest in the Receivables. The aforementioned rights and remedies shall be without limitation, and shall be in addition to all other rights and remedies of the Agent and the Purchasers otherwise available under any other provision of this Agreement, by operation of law, at equity or otherwise, all of which are hereby expressly preserved, including, without limitation, all rights and remedies provided under the UCC, all of which rights shall be cumulative.

#### ARTICLE X INDEMNIFICATION

Section 10.1 Indemnities by The Seller Parties. Without limiting any other rights that the Agent or any Purchaser may have hereunder or under applicable law, (A) Seller hereby agrees to indemnify (and pay upon demand to) the Agent and each Purchaser and their respective assigns, officers, directors, agents and employees (each an "Indemnified Party") from and against any and all damages, losses, claims, taxes, liabilities, costs, expenses and for all other amounts payable, including reasonable attorneys' fees (which attorneys may be employees of the Agent or such Purchaser) and disbursements (all of the foregoing being collectively referred to as "Indemnified Amounts") awarded against or incurred by any of them arising out of or as a result of this Agreement or the acquisition, either directly or indirectly, by a Purchaser of an interest in the Receivables, and (B) each of the Servicer and the Sub-Servicer hereby agrees to indemnify (and pay upon demand to) each Indemnified Party for Indemnified Amounts awarded against or incurred by any of them arising out of its activities as Servicer or Sub-Servicer (as applicable) hereunder excluding, however, in all of the foregoing instances under the preceding clauses (A) and (B):

(i) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

(ii) Indemnified Amounts to the extent the same includes losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; or

(iii) taxes imposed by the United States, by the jurisdiction in which such Indemnified Party's principal executive office is located, or by any other jurisdiction in the United States where such Indemnified Party has established a taxable nexus other than in connection with the transactions contemplated by this Agreement, on or measured by the overall net income of such Indemnified Party to the

extent that the computation of such taxes is consistent with the characterization for income tax purposes of the acquisition by the Purchasers of Purchaser Interests as a loan or loans by the Purchasers to Seller secured by the Receivables, the Related Security, the Collection Accounts and

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the Collections, but not including any such taxes resulting from the adoption after the date hereof of any law or any amendment or change in the interpretation of any existing or future law that subjects such Indemnified Party to taxes that would not be imposed by any law or the interpretation thereof existing on the date hereof (except for changes in the rate of such taxes);

provided, however, that nothing contained in this sentence shall limit the liability of any Seller Party or limit the recourse of the Purchasers to any Seller Party for amounts otherwise specifically provided to be paid by such Seller Party under the terms of this Agreement. Without limiting the generality of the foregoing indemnification, Seller shall indemnify the Agent and the Purchasers for Indemnified Amounts (including, without limitation, losses in respect of uncollectible receivables, regardless of whether reimbursement therefor would constitute recourse to Seller, the Servicer or the Sub-Servicer) relating to or resulting from:

(i) any representation or warranty made by any Seller Party or either Originator (or any officers of any such Person) under or in connection with this Agreement, any other Transaction Document or any other information or report delivered by any such Person pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;

(ii) the failure by Seller, the Servicer, the Sub-Servicer or either Originator to comply with any applicable law, rule or regulation with respect to any Receivable, Contract or Invoice related thereto, or the nonconformity of any Receivable, Contract or Invoice included therein with any such applicable law, rule or regulation or any failure of either Originator to keep or perform any of its obligations, express or implied, with respect to any Contract or Invoice;

(iii) any failure of Seller, the Servicer, the Sub-Servicer or either Originator to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document;

(iv) any products liability, personal injury or damage suit, or other similar claim arising out of or in connection with merchandise, insurance or services that are the subject of any Contract, Invoice or any Receivable;

(v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable (including, without limitation, a defense based on such Receivable or the related Invoice or Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or service related to such Receivable or the furnishing or failure to furnish such merchandise or services;

(vi) the commingling of Collections of Receivables at any time with other funds;

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(vii) any investigation, litigation or proceeding related to or arising from this Agreement or any other Transaction Document, the transactions contemplated hereby, the use of the proceeds of an Incremental Purchase or a Reinvestment, the ownership of the Purchaser

Interests or any other investigation, litigation or proceeding relating to Seller, the Servicer, the Sub-Servicer or either Originator in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby;

(viii) any inability to litigate any claim against any Obligor in respect of any Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(ix) any Amortization Event described in Section 9.1(d);

(x) any failure of Seller to acquire and maintain legal and equitable title to, and ownership of any Receivable and the Related Security and Collections with respect thereto from the applicable Originator, free and clear of any Adverse Claim (other than as created hereunder); or any failure of Seller to give reasonably equivalent value to either Originator under the Receivables Sale Agreement in consideration of the transfer by either Originator of any Receivable, or any attempt by any Person to void such transfer under statutory provisions or common law or equitable action;

(xi) any failure to vest and maintain vested in the Agent for the benefit of the Purchasers, or to transfer to the Agent for the benefit of the Purchasers, legal and equitable title to, and ownership of, a first priority perfected undivided percentage ownership interest (to the extent of the Purchaser Interests contemplated hereunder) or security interest in the Receivables, the Related Security and the Collections, free and clear of any Adverse Claim (except as created by the Transaction Documents);

(xii) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws or the failure to stamp each Contract constituting "chattel paper" within the meaning of Section 9-105 of the UCC with a notation describing the assignments to the Seller and the Agent with respect to any Receivable, the Related Security and Collections with respect thereto, and the proceeds of any thereof, whether at the time of any Incremental Purchase or Reinvestment or at any subsequent time;

(xiii) any action or omission by any Seller Party which reduces or impairs the rights of the Agent or the Purchasers with respect to any Receivable or the value of any such Receivable;

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(xiv) any attempt by any Person to void any Incremental Purchase or Reinvestment hereunder under statutory provisions or common law or equitable action;

(xv) the operations of Jabil Mexico and the enforcement of the Agent's and the Purchasers' rights under the Estoppel Letter; and

(xvi) the failure of any Receivable included in the calculation of the Net Receivables Balance as an Eligible Receivable to be an Eligible Receivable at the time so included.

Section 10.2 Increased Cost and Reduced Return. If after the date hereof, any Funding Source shall be charged any fee, expense or increased cost on account of the adoption of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy) or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency (a "Regulatory Change"): (i) that subjects any Funding Source to any charge or withholding on or with respect to any Funding Agreement or a Funding Source's obligations under a Funding Agreement, or on or with respect to the Receivables, or changes the basis of taxation of payments to any Funding Source of any amounts payable under any Funding Agreement (except for changes in the rate of tax on the overall net

income of a Funding Source or taxes excluded by Section 10.1) or (ii) that imposes, modifies or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of a Funding Source, or credit extended by a Funding Source pursuant to a Funding Agreement or (iii) that imposes any other condition the result of which is to increase the cost to a Funding Source of performing its obligations under a Funding Agreement, or to reduce the rate of return on a Funding Source's capital as a consequence of its obligations under a Funding Agreement, or to reduce the amount of any sum received or receivable by a Funding Source under a Funding Agreement or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon demand by the Agent, Seller shall pay to the Agent, for the benefit of the relevant Funding Source, such amounts charged to such Funding Source or such amounts to otherwise compensate such Funding Source for such increased cost or such reduction.

Section 10.3 Other Costs and Expenses. Seller shall pay to the Agent and Falcon on demand all costs and out-of-pocket expenses in connection with the preparation, execution, delivery and administration of this Agreement, the transactions contemplated hereby and the other documents to be delivered hereunder, including without limitation, the cost of Falcon's auditors auditing the books, records and procedures of Seller, reasonable fees and out-of-pocket expenses of legal counsel for Falcon and the Agent (which such counsel may be employees of Falcon or the Agent) with respect thereto and with respect to advising Falcon and the Agent as to their respective rights and remedies under this Agreement. Seller shall pay to the Agent on demand any and all costs and expenses of the Agent and the Purchasers, if any, including reasonable counsel fees and expenses in connection with the enforcement of this

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Agreement and the other documents delivered hereunder and in connection with any restructuring or workout of this Agreement or such documents, or the administration of this Agreement following an Amortization Event. Seller shall reimburse Falcon on demand for all other costs and expenses incurred by Falcon ("Other Costs"), including, without limitation, the cost of auditing Falcon's books by certified public accountants, the cost of rating the Commercial Paper by independent financial rating agencies, and the reasonable fees and out-of-pocket expenses of counsel for Falcon or any counsel for any shareholder of Falcon with respect to advising Falcon or such shareholder as to matters relating to Falcon's operations.

Section 10.4 Allocations. Falcon shall allocate the liability for Other Costs among Seller and other Persons with whom Falcon has entered into agreements to purchase interests in receivables ("Other Sellers"). If any Other Costs are attributable to Seller and not attributable to any Other Seller, Seller shall be solely liable for such Other Costs. However, if Other Costs are attributable to Other Sellers and not attributable to Seller, such Other Sellers shall be solely liable for such Other Costs. All allocations to be made pursuant to the foregoing provisions of this Article X shall be made by Falcon in its sole discretion and shall be binding on Seller, the Servicer and the Sub-Servicer.

ARTICLE XI  
THE AGENT

Section 11.1 Authorization and Action. Each Purchaser hereby designates and appoints Bank One to act as its agent hereunder and under each other Transaction Document, and authorizes the Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to the Agent by the terms of this Agreement and the other Transaction Documents together with such powers as are reasonably incidental thereto. The Agent shall not have any duties or responsibilities, except those expressly set forth herein or in any other Transaction Document, or any fiduciary relationship with any Purchaser, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Agent shall be read into this Agreement or any other Transaction Document or otherwise exist for the Agent. In performing its functions and duties hereunder and under the other Transaction Documents, the Agent shall act solely as agent for the Purchasers and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for any Seller Party or any of such Seller Party's successors or assigns. The Agent shall not be required to take any action that exposes the Agent to

personal liability or that is contrary to this Agreement, any other Transaction Document or applicable law. The appointment and authority of the Agent hereunder shall terminate upon the indefeasible payment in full of all Aggregate Unpaid. Each Purchaser hereby authorizes the Agent to execute each of the Uniform Commercial Code financing statements, the Collection Account Agreements, the Estoppel Letter, the Demand Note Pledge Agreement and the Concentration Limit Letter Agreement on behalf of such Purchaser (the terms of which shall be binding on such Purchaser).

Section 11.2 Delegation of Duties. The Agent may execute any of its duties under this Agreement and each other Transaction Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties.

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The Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 11.3 Exculpatory Provisions. Neither the Agent nor any of its directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Agreement or any other Transaction Document (except for its, their or such Person's own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Purchasers for any recitals, statements, representations or warranties made by any Seller Party contained in this Agreement, any other Transaction Document or any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, this Agreement, or any other Transaction Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, or any other Transaction Document or any other document furnished in connection herewith or therewith, or for any failure of any Seller Party to perform its obligations hereunder or thereunder, or for the satisfaction of any condition specified in Article VI, or for the perfection, priority, condition, value or sufficiency of any collateral pledged in connection herewith. The Agent shall not be under any obligation to any Purchaser to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this Agreement or any other Transaction Document, or to inspect the properties, books or records of the Seller Parties. The Agent shall not be deemed to have knowledge of any Amortization Event or Potential Amortization Event unless the Agent has received notice from Seller or a Purchaser.

Section 11.4 Reliance by Agent. The Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to Seller), independent accountants and other experts selected by the Agent. The Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other Transaction Document unless it shall first receive such advice or concurrence of Falcon or the Required Financial Institutions or all of the Purchasers, as applicable, as it deems appropriate and it shall first be indemnified to its satisfaction by the Purchasers, provided that unless and until the Agent shall have received such advice, the Agent may take or refrain from taking any action, as the Agent shall deem advisable and in the best interests of the Purchasers. The Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of Falcon or the Required Financial Institutions or all of the Purchasers, as applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Purchasers.

Section 11.5 Non-Reliance on Agent and Other Purchasers. Each Purchaser expressly acknowledges that neither the Agent, nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Agent hereafter taken, including, without limitation, any review of the affairs of any Seller Party, shall be deemed to constitute any representation or warranty by the Agent. Each Purchaser represents and warrants to the Agent that it has and will, independently and without reliance upon the Agent or any other Purchaser and based on such documents and information as

it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of Seller and made its own decision to enter into this Agreement, the other Transaction Documents and all other documents related hereto or thereto.

Section 11.6 Reimbursement and Indemnification. The Financial Institutions agree to reimburse and indemnify the Agent and its officers, directors, employees, representatives and agents ratably according to their Pro Rata Shares, to the extent not paid or reimbursed by the Seller Parties (i) for any amounts for which the Agent, acting in its capacity as Agent, is entitled to reimbursement by the Seller Parties hereunder and (ii) for any other expenses incurred by the Agent, in its capacity as Agent and acting on behalf of the Purchasers, in connection with the administration and enforcement of this Agreement and the other Transaction Documents.

Section 11.7 Agent in its Individual Capacity. The Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with Seller or any Affiliate of Seller as though the Agent were not the Agent hereunder. With respect to the acquisition of Purchaser Interests pursuant to this Agreement, the Agent shall have the same rights and powers under this Agreement in its individual capacity as any Purchaser and may exercise the same as though it were not the Agent, and the terms "Financial Institution," "Purchaser," "Financial Institutions" and "Purchasers" shall include the Agent in its individual capacity.

Section 11.8 Successor Agent. The Agent may, upon five days' notice to Seller and the Purchasers, and the Agent will, upon the direction of all of the Purchasers (other than the Agent, in its individual capacity) resign as Agent. If the Agent shall resign, then the Required Financial Institutions during such five-day period shall appoint from among the Purchasers a successor agent. If for any reason no successor Agent is appointed by the Required Financial Institutions during such five-day period, then effective upon the termination of such five day period, the Purchasers shall perform all of the duties of the Agent hereunder and under the other Transaction Documents and Seller and the Servicer (as applicable) shall make all payments in respect of the Aggregate Unpays directly to the applicable Purchasers and for all purposes shall deal directly with the Purchasers. After the effectiveness of any retiring Agent's resignation hereunder as Agent, the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Transaction Documents and the provisions of this Article XI and Article X shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while it was Agent under this Agreement and under the other Transaction Documents.

## ARTICLE XII ASSIGNMENTS; PARTICIPATIONS

### Section 12.1 Assignments.

(a) Seller and each Financial Institution hereby agree and consent to the complete or partial assignment by Falcon of all or any portion of its rights under, interest in, title

to and obligations under this Agreement to the Financial Institutions pursuant to Section 13.1 or to any other Person, and upon such assignment, Falcon shall be released from its obligations so assigned. Further, Seller and each Financial Institution hereby agree that any assignee of Falcon of this Agreement or all or any of the Purchaser Interests of Falcon shall have all of the rights and benefits under this Agreement as if the term "Falcon" explicitly referred to such party, and no such assignment shall in any way impair the rights and benefits of Falcon hereunder. None of the Seller, the Servicer or the Sub-Servicer shall have the right to assign its rights or obligations under this Agreement.

(b) Any Financial Institution may at any time and from time to time assign to one or more Persons ("Purchasing Financial Institutions") all or any part of its rights and obligations under this Agreement pursuant to an assignment agreement, substantially in the form set forth in Exhibit VII hereto (the "Assignment Agreement") executed by such Purchasing Financial Institution and such selling Financial Institution. The consent of Falcon shall be required prior to the effectiveness of any such assignment. Each assignee of a Financial Institution must (i) have a short-term debt rating of A-1 or better by Standard & Poor's Ratings Group and P-1 by Moody's Investor Service, Inc. and (ii) agree to deliver to the Agent, promptly following any request therefor by the Agent or Falcon, an enforceability opinion in form and substance satisfactory to the Agent and Falcon. Upon delivery of the executed Assignment Agreement to the Agent, such selling Financial Institution shall be released from its obligations hereunder to the extent of such assignment. Thereafter the Purchasing Financial Institution shall for all purposes be a Financial Institution party to this Agreement and shall have all the rights and obligations of a Financial Institution under this Agreement to the same extent as if it were an original party hereto and no further consent or action by Seller, the Purchasers or the Agent shall be required.

(c) Each of the Financial Institutions agrees that in the event that it shall cease to have a short-term debt rating of A-1 or better by Standard & Poor's Ratings Group and P-1 by Moody's Investor Service, Inc. (an "Affected Financial Institution"), such Affected Financial Institution shall be obliged, at the request of Falcon or the Agent, to assign all of its rights and obligations hereunder to (x) another Financial Institution or (y) another funding entity nominated by the Agent and acceptable to Falcon, and willing to participate in this Agreement through the Liquidity Termination Date in the place of such Affected Financial Institution; provided that the Affected Financial Institution receives payment in full, pursuant to an Assignment Agreement, of an amount equal to such Financial Institution's Pro Rata Share of the Aggregate Capital and Yield owing to the Financial Institutions and all accrued but unpaid fees and other costs and expenses payable in respect of its Pro Rata Share of the Purchaser Interests of the Financial Institutions.

Section 12.2 Participations. Any Financial Institution may, in the ordinary course of its business at any time sell to one or more Persons (each a "Participant") participating interests in its Pro Rata Share of the Purchaser Interests of the Financial Institutions, its obligation to pay Falcon its Acquisition Amounts or any other interest of such Financial Institution hereunder. Notwithstanding any such sale by a Financial Institution of a participating interest to a Participant, such Financial Institution's rights and obligations under this Agreement shall remain unchanged, such Financial Institution shall remain solely responsible for the

performance of its obligations hereunder, and Seller, Falcon and the Agent shall continue to deal solely and directly with such Financial Institution in connection with such Financial Institution's rights and obligations under this Agreement. Each Financial Institution agrees that any agreement between such Financial Institution and any such Participant in respect of such participating interest shall not restrict such Financial Institution's right to agree to any amendment, supplement, waiver or modification to this Agreement, except for any amendment, supplement, waiver or modification described in Section 14.1(b)(i).

ARTICLE XIII  
LIQUIDITY FACILITY

Section 13.1 Transfer to Financial Institutions. Each Financial Institution hereby agrees, subject to Section 13.4, that immediately upon written notice from Falcon delivered on or prior to the Liquidity Termination Date, it shall acquire by assignment from Falcon, without recourse or warranty, its Pro Rata Share of one or more of the Purchaser Interests of Falcon as specified by Falcon. Each such assignment by Falcon shall be made pro rata among all of the Financial Institutions, except for pro rata assignments to one or more Terminating Financial Institutions pursuant to Section 13.6. Each such Financial Institution shall, no later than 1:00 p.m. (Chicago time) on the date of such assignment, pay in immediately available funds (unless another form of payment is otherwise agreed between Falcon and any Financial Institution) to the Agent at an account designated by the Agent, for the benefit of Falcon, its Acquisition Amount. Unless a Financial Institution has notified the Agent that

it does not intend to pay its Acquisition Amount, the Agent may assume that such payment has been made and may, but shall not be obligated to, make the amount of such payment available to Falcon in reliance upon such assumption. Falcon hereby sells and assigns to the Agent for the ratable benefit of the Financial Institutions, and the Agent hereby purchases and assumes from Falcon, effective upon the receipt by Falcon of the Falcon Transfer Price, the Purchaser Interests of Falcon which are the subject of any transfer pursuant to this Article XIII.

Section 13.2            Transfer Price Reduction Yield. If the Adjusted Funded Amount is included in the calculation of the Falcon Transfer Price for any Purchaser Interest, each Financial Institution agrees that the Agent shall pay to Falcon the Reduction Percentage of any Yield received by the Agent with respect to such Purchaser Interest.

Section 13.3            Payments to Falcon. In consideration for the reduction of the Falcon Transfer Prices by the Falcon Transfer Price Reductions, effective only at such time as the aggregate amount of the Capital of the Purchaser Interests of the Financial Institutions equals the Falcon Residual, each Financial Institution hereby agrees that the Agent shall not distribute to the Financial Institutions and shall immediately remit to Falcon any Yield, Collections or other payments received by it to be applied pursuant to the terms hereof or otherwise to reduce the Capital of the Purchaser Interests of the Financial Institutions.

Section 13.4            Limitation on Commitment to Purchase from Falcon. Notwithstanding anything to the contrary in this Agreement, no Financial Institution shall have

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any obligation to purchase any Purchaser Interest from Falcon, pursuant to Section 13.1 or otherwise, if:

(i)            Falcon shall have voluntarily commenced any proceeding or filed any petition under any bankruptcy, insolvency or similar law seeking the dissolution, liquidation or reorganization of Falcon or taken any corporate action for the purpose of effectuating any of the foregoing; or

(ii)           involuntary proceedings or an involuntary petition shall have been commenced or filed against Falcon by any Person under any bankruptcy, insolvency or similar law seeking the dissolution, liquidation or reorganization of Falcon and such proceeding or petition shall have not been dismissed.

Section 13.5            Defaulting Financial Institutions. If one or more Financial Institutions defaults in its obligation to pay its Acquisition Amount pursuant to Section 13.1 (each such Financial Institution shall be called a "Defaulting Financial Institution" and the aggregate amount of such defaulted obligations being herein called the "Falcon Transfer Price Deficit"), then upon notice from the Agent, each Financial Institution other than the Defaulting Financial Institutions (a "Non-Defaulting Financial Institution") shall promptly pay to the Agent, in immediately available funds, an amount equal to the lesser of (x) such Non-Defaulting Financial Institution's proportionate share (based upon the relative Commitments of the Non-Defaulting Financial Institutions, after excluding the Commitment of any Approved Unconditional Liquidity Providers) of the Falcon Transfer Price Deficit and (y) the unused portion of such Non-Defaulting Financial Institution's Commitment; provided, however, that if an Approved Unconditional Liquidity Provider is the Defaulting Financial Institution, the Non-Defaulting Financial Institutions shall have no obligation to pay any amount to the Agent pursuant to this Section 13.5 as a result of a default by such Approved Unconditional Liquidity Provider; provided, further, that in no event shall any Approved Unconditional Liquidity Provider be required to make any payment as a Non-Defaulting Financial Institution pursuant to this Section 13.5. A Defaulting Financial Institution shall forthwith upon demand pay to the Agent for the account of the Non-Defaulting Financial Institutions all amounts paid by each Non-Defaulting Financial Institution on behalf of such Defaulting Financial Institution, together with interest thereon, for each day from the date a payment was made by a Non-Defaulting Financial Institution until the date such Non-Defaulting Financial Institution has been paid such amounts in full, at a rate per annum equal to the Federal Funds Effective Rate plus two percent (2%). In addition, without prejudice to any other rights that Falcon may

have under applicable law, each Defaulting Financial Institution shall pay to Falcon forthwith upon demand, the difference between such Defaulting Financial Institution's unpaid Acquisition Amount and the amount paid with respect thereto by the Non-Defaulting Financial Institutions, together with interest thereon, for each day from the date of the Agent's request for such Defaulting Financial Institution's Acquisition Amount pursuant to Section 13.1 until the date the requisite amount is paid to Falcon in full, at a rate per annum equal to the Federal Funds Effective Rate plus two percent (2%).

Section 13.6 Terminating Financial Institutions.

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(a) Each Financial Institution hereby agrees to deliver written notice to the Agent not more than 30 Business Days and not less than 5 Business Days prior to the Liquidity Termination Date indicating whether such Financial Institution intends to renew its Commitment hereunder. If any Financial Institution fails to deliver such notice on or prior to the date that is 5 Business Days prior to the Liquidity Termination Date, such Financial Institution will be deemed to have declined to renew its Commitment (each Financial Institution which has declined or has been deemed to have declined to renew its Commitment hereunder, a "Non-Renewing Financial Institution"). The Agent shall promptly notify Falcon of each Non-Renewing Financial Institution and Falcon, in its sole discretion, may (A) to the extent of Commitment Availability, declare that such Non-Renewing Financial Institution's Commitment shall, to such extent, automatically terminate on a date specified by Falcon on or before the Liquidity Termination Date or (B) upon one (1) Business Days' notice to such Non-Renewing Financial Institution assign to such Non-Renewing Financial Institution on a date specified by Falcon its Pro Rata Share of the aggregate Purchaser Interests then held by Falcon, subject to, and in accordance with, Section 13.1. In addition, Falcon may, in its sole discretion, at any time (x) to the extent of Commitment Availability, declare that any Affected Financial Institution's Commitment shall automatically terminate on a date specified by Falcon or (y) assign to any Affected Financial Institution on a date specified by Falcon its Pro Rata Share of the aggregate Purchaser Interests then held by Falcon, subject to, and in accordance with, Section 13.1 (each Affected Financial Institution or each Non-Renewing Financial Institution is hereinafter referred to as a "Terminating Financial Institution"). The parties hereto expressly acknowledge that any declaration of the termination of any Commitment, any assignment pursuant to this Section 13.6 and the order of priority of any such termination or assignment among Terminating Financial Institutions shall be made by Falcon in its sole and absolute discretion.

(b) Upon any assignment to a Terminating Financial Institution as provided in this Section 13.6, any remaining Commitment of such Terminating Financial Institution shall automatically terminate. Upon reduction to zero of the Capital of all of the Purchaser Interests of a Terminating Financial Institution (after application of Collections thereto pursuant to Sections 2.2 and 2.3) all rights and obligations of such Terminating Financial Institution hereunder shall be terminated and such Terminating Financial Institution shall no longer be a "Financial Institution" hereunder; provided, however, that the provisions of Article X shall continue in effect for its benefit with respect to Purchaser Interests held by such Terminating Financial Institution prior to its termination as a Financial Institution.

ARTICLE XIV  
MISCELLANEOUS

Section 14.1 Waivers and Amendments. (a) No failure or delay on the part of the Agent or any Purchaser in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any waiver of this Agreement shall be effective only in the specific instance and for the specific purpose for which given.

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(b) No provision of this Agreement may be amended, supplemented, modified or waived except in writing in accordance with the provisions of this Section 14.1(b). Falcon, Seller and the Agent, (at the direction or with the consent of the Required Financial Institutions), may enter into written modifications or waivers of any provisions of this Agreement, provided, however, that no such modification or waiver shall:

(i) without the consent of each affected Purchaser, (A) extend the Liquidity Termination Date or the date of any payment or deposit of Collections by Seller or the Servicer, (B) reduce the rate or extend the time of payment of Yield or any CP Costs (or any component of Yield or CP Costs), (C) reduce any fee payable to the Agent for the benefit of the Purchasers, (D) except pursuant to Article XII hereof, change the amount of the Capital of any Purchaser, any Financial Institution's Pro Rata Share (except pursuant to Sections 13.1 or 13.5) or any Financial Institution's Commitment, (E) amend, modify or waive any provision of the definition of Required Financial Institutions or this Section 14.1(b), (F) consent to or permit the assignment or transfer by Seller of any of its rights and obligations under this Agreement, (G) change the definition of "Eligible Receivable," "Concentration Limit," "Aggregate Reserve," "Yield and Servicer Reserve," "Dilution Reserve," "Loss Reserve," "Loss Percentage," "Delinquency Ratio," "Dilution Ratio," or "Default Ratio" or amend the Concentration Limit Letter Agreement or (H) amend or modify any defined term (or any defined term used directly or indirectly in such defined term) used in clauses (A) through (G) above in a manner that would circumvent the intention of the restrictions set forth in such clauses; or

(ii) without the written consent of the then Agent, amend, modify or waive any provision of this Agreement if the effect thereof is to affect the rights or duties of such Agent.

Notwithstanding the foregoing, (i) without the consent of the Financial Institutions, but with the consent of Seller, the Agent may amend this Agreement solely to add additional Persons as Financial Institutions hereunder and (ii) the Agent, the Required Financial Institutions and Falcon may enter into amendments to modify any of the terms or provisions of Article XI, Article XII, Section 14.13 or any other provision of this Agreement without the consent of Seller, provided that such amendment has no negative impact upon Seller. Any modification or waiver made in accordance with this Section 14.1 shall apply to each of the Purchasers equally and shall be binding upon Seller, the Purchasers and the Agent.

Section 14.2 Notices. Except as provided in this Section 14.2, all communications and notices provided for hereunder shall be in writing (including bank wire, telecopy or electronic facsimile transmission or similar writing) and shall be given to the other parties hereto at their respective addresses or telecopy numbers set forth on the signature pages hereof or at such other address or telecopy number as such Person may hereafter specify for the purpose of notice to each of the other parties hereto. Each such notice or other communication shall be effective if given by telecopy, upon the receipt thereof, if given by mail, three (3) Business Days after the time such communication is deposited in the mail with first class postage prepaid or if given by any other means, when received at the address specified in this Section 14.2. Seller hereby authorizes the Agent to effect purchases and Tranche Period and Discount

Rate selections based on telephonic notices made by any Person whom the Agent in good faith believes to be acting on behalf of Seller. Seller agrees to deliver promptly to the Agent a written confirmation of each telephonic notice signed by an authorized officer of Seller; provided, however, the absence of such confirmation shall not affect the validity of such notice. If the written confirmation differs from the action taken by the Agent, the records of the Agent shall govern absent manifest error.

Section 14.3 Ratable Payments. If any Purchaser, whether by setoff or otherwise, has payment made to it with respect to any portion of the Aggregate Unpaid owing to such Purchaser (other than payments received pursuant to Section 10.2 or 10.3) in a greater proportion than that received by

any other Purchaser entitled to receive a ratable share of such Aggregate Unpaid, such Purchaser agrees, promptly upon demand, to purchase for cash without recourse or warranty a portion of such Aggregate Unpaid held by the other Purchasers so that after such purchase each Purchaser will hold its ratable proportion of such Aggregate Unpaid; provided that if all or any portion of such excess amount is thereafter recovered from such Purchaser, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

Section 14.4 Protection of Ownership Interests of the Purchasers.

(a) Seller agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents, and take all actions, that may be necessary or desirable, or that the Agent may request, to perfect, protect or more fully evidence the Purchaser Interests, or to enable the Agent or the Purchasers to exercise and enforce their rights and remedies hereunder. At any time, the Agent may, or the Agent may direct Seller, the Servicer or the Sub-Servicer to, notify the Obligors of Receivables, at Seller's expense, of the ownership or security interests of the Purchasers under this Agreement and may also direct that payments of all amounts due or that become due under any or all Receivables be made directly to the Agent or its designee. Seller, the Servicer or the Sub-Servicer (as applicable) shall, at any Purchaser's request, withhold the identity of such Purchaser in any such notification.

(b) If any Seller Party fails to perform any of its obligations hereunder, the Agent or any Purchaser may (but shall not be required to) perform, or cause performance of, such obligations, and the Agent's or such Purchaser's costs and expenses incurred in connection therewith shall be payable by Seller as provided in Section 10.3. Each Seller Party irrevocably authorizes the Agent at any time and from time to time in the sole discretion of the Agent, and appoints the Agent as its attorney-in-fact, to act on behalf of such Seller Party (i) to execute on behalf of Seller as debtor and to file financing statements necessary or desirable in the Agent's sole discretion to perfect and to maintain the perfection and priority of the interest of the Purchasers in the Receivables and (ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Receivables as a financing statement in such offices as the Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the interests of the Purchasers in the Receivables. This appointment is coupled with an interest and is irrevocable.

Section 14.5 Confidentiality. (a) Each Seller Party and each Purchaser shall maintain and shall cause each of its employees and officers to maintain the confidentiality of this Agreement and the other confidential or proprietary information with respect to the Agent and Falcon and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that (i) such Seller Party and such Purchaser and its officers and employees may disclose such information to such Seller Party's and such Purchaser's external accountants and attorneys and as required by any applicable law or order of any judicial or administrative proceeding and (ii) such Seller Party and its officers and employees may disclose the Transaction Documents, other than the Fee Letter and the Concentration Limit Letter Agreement (or any information contained in the Fee Letter or the Concentration Limit Letter Agreement that may also be contained in any other Transaction Document), to any institution providing financial services to such Seller Party, pursuant to a written agreement of confidentiality in form and substance reasonably satisfactory to the Agent.

(b) Anything herein to the contrary notwithstanding, each Seller Party hereby consents to the disclosure of any nonpublic information with respect to it (i) to the Agent, the Financial Institutions or Falcon by each other, (ii) by the Agent or the Purchasers to any prospective or actual assignee or participant of any of them and (iii) by the Agent to any rating agency, Commercial Paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to Falcon or any entity organized for the purpose of purchasing, or making loans secured by, financial assets for which Bank One acts as the administrative agent and to any officers, directors, employees, outside

accountants and attorneys of any of the foregoing, provided each such Person is informed of the confidential nature of such information. In addition, the Purchasers and the Agent may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

Section 14.6 Bankruptcy Petition. Seller, the Servicer, the Sub-Servicer, the Agent and each Financial Institution hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of Falcon or any Unconditional Liquidity Provider, it will not institute against, or join any other Person in instituting against, Falcon or any such entity any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

Section 14.7 Limitation of Liability. Except with respect to any claim arising out of the willful misconduct or gross negligence of Falcon, the Agent or any Financial Institution, no claim may be made by any Seller Party or any other Person against Falcon, the Agent or any Financial Institution or their respective Affiliates, directors, officers, employees, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and each Seller Party hereby waives, releases, and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

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Section 14.8 CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS.

Section 14.9 CONSENT TO JURISDICTION. EACH SELLER PARTY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO, ILLINOIS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH PERSON PURSUANT TO THIS AGREEMENT AND EACH SELLER PARTY HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT OR ANY PURCHASER TO BRING PROCEEDINGS AGAINST ANY SELLER PARTY IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY SELLER PARTY AGAINST THE AGENT OR ANY PURCHASER OR ANY AFFILIATE OF THE AGENT OR ANY PURCHASER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH SELLER PARTY PURSUANT TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS.

Section 14.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY ANY SELLER PARTY PURSUANT TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

Section 14.11 Integration; Binding Effect; Survival of Terms.

(a) This Agreement and each other Transaction Document contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns (including any trustee in bankruptcy). This Agreement shall create and

constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force and effect until terminated in accordance with its terms; provided, however, that the rights and remedies with respect to (i) any breach of any representation and warranty made by any Seller Party pursuant to Article V, (ii)

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the indemnification and payment provisions of Article X, and Sections 14.5 and 14.6 shall be continuing and shall survive any termination of this Agreement.

Section 14.12 Counterparts; Severability; Section References. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise expressly indicated, all references herein to "Article," "Section," "Schedule" or "Exhibit" shall mean articles and sections of, and schedules and exhibits to, this Agreement.

Section 14.13 Bank One Roles. Each of the Financial Institutions acknowledges that Bank One acts, or may in the future act, (i) as administrative agent for Falcon or any Financial Institution, (ii) as issuing and paying agent for the Commercial Paper, (iii) to provide credit or liquidity enhancement for the timely payment for the Commercial Paper and (iv) to provide other services from time to time for Falcon or any Financial Institution (collectively, the "Bank One Roles"). Without limiting the generality of this Section 14.13, each Financial Institution hereby acknowledges and consents to any and all Bank One Roles and agrees that in connection with any Bank One Role, Bank One may take, or refrain from taking, any action that it, in its discretion, deems appropriate, including, without limitation, in its role as administrative agent for Falcon, and the giving of notice to the Agent of a mandatory purchase pursuant to Section 13.1.

Section 14.14 Characterization. It is the intention of the parties hereto that each purchase hereunder shall constitute and be treated as an absolute and irrevocable sale, which purchase shall provide the applicable Purchaser with the full benefits of ownership of the applicable Purchaser Interest. Except as specifically provided in this Agreement, each sale of a Purchaser Interest hereunder is made without recourse to Seller; provided, however, that (i) Seller shall be liable to each Purchaser and the Agent for all representations, warranties, covenants and indemnities made by Seller pursuant to the terms of this Agreement, and (ii) such sale does not constitute and is not intended to result in an assumption by any Purchaser or the Agent or any assignee thereof of any obligation of Seller or either Originator or any other person arising in connection with the Receivables, the Related Security, or the related Contracts or Invoices, or any other obligations of Seller or either Originator.

(a) In addition to any ownership interest which the Agent may from time to time acquire pursuant hereto, Seller hereby grants to the Agent for the ratable benefit of the Purchasers a valid and perfected security interest in all of Seller's right, title and interest in, to and under the following assets, now existing or hereafter arising: (i) all Receivables, (ii) the Collections, (iii) each Lock-Box, (iv) each Collection Account, (v) all Related Security, (vi) all other rights and payments relating to such Receivables, (vii) all proceeds of any of the foregoing, and (viii) all other assets in which the Agent has acquired, may hereafter acquire and/or purports to have acquired an interest hereunder prior to all other liens on and security interests therein to

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secure the prompt and complete payment of the Aggregate Unpaid. The Agent and

the Purchasers shall have, in addition to the rights and remedies that they may have under this Agreement, all other rights and remedies provided to a secured creditor under the UCC and other applicable law, which rights and remedies shall be cumulative.

[SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

JABIL CIRCUIT FINANCIAL, INC.,  
as Seller and as Servicer

By: \_\_\_\_\_

Name:  
Title:

Address: 300 Delaware Avenue  
Suite 12119  
Wilmington, DE 19801  
Attn: Linda S. Bubacz, Assistant Treasurer

Fax: (302) 552-3128

with a copy to:

JABIL CIRCUIT, INC.,  
as Sub-Servicer

By: \_\_\_\_\_

Name:  
Title:

Address: 10560 9th Street North  
St. Petersburg, FL 33716  
Attn: Forbes Alexander  
cc: General Counsel

Fax: (727) 579-8529

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FALCON ASSET SECURITIZATION CORPORATION

By: \_\_\_\_\_

Authorized Signatory

Address: c/o Bank One, NA (Main Office Chicago),  
as Agent  
Asset Backed Finance  
Suite IL1-0079, 1-19  
1 Bank One Plaza  
Chicago, Illinois 60670-0079

Fax: (312) 732-1844

BANK ONE, NA (MAIN OFFICE CHICAGO),  
as a Financial Institution and as Agent

By: -----

Name: Julie C. Benda  
Title: Vice President

Address: Bank One, NA (Main Office Chicago)  
Asset Backed Finance  
Suite IL1-0596, 1-21  
1 Bank One Plaza  
Chicago, Illinois 60670-0596

Fax: (312) 732-4487

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EXHIBIT I  
DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Accrual Period" means each calendar month, provided that the initial Accrual Period hereunder means the period from (and including) the date of the initial purchase hereunder to (and including) the last day of the calendar month thereafter.

"Acquisition Amount" means, on the date of any purchase from Falcon of one or more Purchaser Interests pursuant to Section 13.1, (a) with respect to each Financial Institution (other than any Unconditional Liquidity Provider), the lesser of (i) such Financial Institution's Pro Rata Share of the sum of (A) the lesser of (1) the Adjusted Liquidity Price of each such Purchaser Interest and (2) the Capital of each such Purchaser Interest and (B) all accrued and unpaid CP Costs for each such Purchaser Interest and (ii) such Financial Institution's unused Commitment and (b) with respect to each Unconditional Liquidity Provider, the lesser of (x) such Unconditional Liquidity Provider's Pro Rata Share of the sum of (1) the Capital of each such Purchaser Interest and (2) all accrued and unpaid CP Costs for each such Purchaser Interest and (y) such Unconditional Liquidity Provider's unused Commitment.

"Adjusted Funded Amount" means, in determining the Falcon Transfer Price for any Purchaser Interest, an amount equal to the sum of (a) the Adjusted Liquidity Price of each such Purchaser Interest and (b) an amount equal to each Unconditional Liquidity Provider's Pro Rata Share of the difference between (i) the Adjusted Liquidity Price of each such Purchaser Interest and (ii) the Capital of each such Purchaser Interest.

"Adjusted Liquidity Price" means an amount equal to:

$$RI * [(i) DC + (ii) (NDR / 1.075)]$$

where:

RI = the undivided percentage interest evidenced by such Purchaser Interest.  
DC = the Deemed Collections.  
NDR = the Outstanding Balance of all Receivables as to which any payment, or part thereof, has not remained unpaid for 121 days or more from the original invoice date for such payment.

Each of the foregoing shall be determined from the most recent Monthly Report received by the Agent.

"Adverse Claim" means a lien, security interest, charge or encumbrance, or other right or claim in, of or on any Person's assets or properties in favor of any other Person.

"Affected Financial Institution" has the meaning specified in Section 12.1(c).

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or any Subsidiary of such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agent" has the meaning set forth in the preamble to this Agreement.

"Aggregate Capital" means, on any date of determination, the aggregate amount of Capital of all Purchaser Interests outstanding on such date.

"Aggregate Reduction" has the meaning specified in Section 1.3.

"Aggregate Reserves" means, on any date of determination, the sum of the Loss Reserve, the Yield and Servicer Reserve and the Dilution Reserve.

"Aggregate Unpays" means, at any time, an amount equal to the sum of Aggregate Capital and all other unpaid Obligations (whether due or accrued) at such time.

"Agreement" means this Receivables Purchase Agreement, as it may be amended or modified and in effect from time to time.

"Amortization Date" means the earliest to occur of (i) the day on which any of the conditions precedent set forth in Section 6.2 are not satisfied, (ii) the Business Day immediately prior to the occurrence of an Amortization Event set forth in Section 9.1(d)(ii), (iii) the Business Day specified in a written notice from the Agent following the occurrence of any other Amortization Event, and (iv) the date which is fifteen (15) Business Days after the Agent's receipt of written notice from Seller that it wishes to terminate the facility evidenced by this Agreement.

"Amortization Event" has the meaning specified in Article IX.

"Approved Unconditional Liquidity Provider" means an Unconditional Liquidity Provider which has received approval from Standard & Poor's Ratings Group and Moody's Investors Service, Inc. to be relieved from any obligation to pay amounts as a Non-Defaulting Financial Institution pursuant to Section 13.5 hereof.

"Assignment Agreement" has the meaning set forth in Section 12.1(b).

"Authorized Officer" means, with respect to any Person, its president, corporate controller, treasurer or chief financial officer.

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"Bank One" means Bank One, NA (Main Office Chicago) in its individual capacity and its successors.

"Base Rate" means a rate per annum equal to the corporate base rate, prime rate or base rate of interest, as applicable, announced by Bank One or Bank One Corporation from time to time, changing when and as such rate changes.

"Broken Funding Costs" means for any Purchaser Interest which: (i) has its Capital reduced without compliance by Seller with the notice requirements hereunder or (ii) does not become subject to an Aggregate Reduction following the delivery of any Reduction Notice or (iii) is assigned under Article XIII or terminated prior to the date on which it was originally scheduled to end; an amount equal to the excess, if any, of (A) the CP Costs or Yield (as applicable)

that would have accrued during the remainder of the Tranche Periods or the tranche periods for Commercial Paper determined by the Agent to relate to such Purchaser Interest (as applicable) subsequent to the date of such reduction, assignment or termination (or in respect of clause (ii) above, the date such Aggregate Reduction was designated to occur pursuant to the Reduction Notice) of the Capital of such Purchaser Interest if such reduction, assignment or termination had not occurred or such Reduction Notice had not been delivered, over (B) the sum of (x) to the extent all or a portion of such Capital is allocated to another Purchaser Interest, the amount of CP Costs or Yield actually accrued during the remainder of such period on such Capital for the new Purchaser Interest, and (y) to the extent such Capital is not allocated to another Purchaser Interest, the income, if any, actually received during the remainder of such period by the holder of such Purchaser Interest from investing the portion of such Capital not so allocated. In the event that the amount referred to in clause (B) exceeds the amount referred to in clause (A), the relevant Purchaser or Purchasers agree to pay to Seller the amount of such excess. All Broken Funding Costs shall be due and payable hereunder upon demand.

"Business Day" means any day on which banks are not authorized or required to close in New York, New York or Chicago, Illinois and The Depository Trust Company of New York is open for business, and, if the applicable Business Day relates to any computation or payment to be made with respect to the LIBO Rate, any day on which dealings in dollar deposits are carried on in the London interbank market.

"Capital" of any Purchaser Interest means, at any time, (A) the Purchase Price of such Purchaser Interest, minus (B) the sum of the aggregate amount of Collections and other payments received by the Agent which in each case are applied to reduce such Capital in accordance with the terms and conditions of this Agreement; provided that such Capital shall be restored (in accordance with Section 2.5) in the amount of any Collections or other payments so received and applied if at any time the distribution of such Collections or payments are rescinded, returned or refunded for any reason.

"Change of Control" means (i) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 20% or more of the outstanding shares of voting stock of Jabil, (ii) Jabil shall cease to own, free and clear of all Adverse Claims, directly or indirectly, all of the outstanding partnership interests in Jabil Texas

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or (iii) Jabil shall cease to own directly, free and clear of all Adverse Claims, all of the outstanding shares of voting stock of the Seller.

"Charged-Off Receivable" means a Receivable: (i) as to which the Obligor thereof has taken any action, or suffered any event to occur, of the type described in Section 9.1(d) (as if references to Seller Party therein refer to such Obligor); (ii) as to which the Obligor thereof, if a natural person, is deceased, (iii) which, consistent with the Credit and Collection Policy, would be written off Seller's books as uncollectible, (iv) which has been identified by Seller as uncollectible or (v) which is a Defaulted Receivable.

"Collection Account" means each concentration account, depository account, lock-box account or similar account in which any Collections are collected or deposited and which is listed on Exhibit IV.

"Collection Account Agreement" means an agreement substantially in the form of Exhibit VI among an Originator, Seller, the Agent and a Collection Bank.

"Collection Bank" means, at any time, any of the banks holding one or more Collection Accounts.

"Collection Notice" means a notice, in substantially the form of Annex A to Exhibit VI, from the Agent to a Collection Bank.

"Collections" means, with respect to any Receivable, all cash collections and other cash proceeds in respect of such Receivable, including, without limitation, all yield, Finance Charges or other related amounts accruing in respect thereof and all cash proceeds of Related Security with respect to

such Receivable.

"Commercial Paper" means promissory notes of Falcon issued by Falcon in the commercial paper market.

"Commitment" means, for each Financial Institution, the commitment of such Financial Institution to purchase Purchaser Interests from (i) Seller and (ii) Falcon, in an amount not to exceed (i) in the aggregate, the amount set forth opposite such Financial Institution's name on Schedule A to this Agreement, as such amount may be modified in accordance with the terms hereof (including, without limitation, any termination of Commitments pursuant to Section 13.6 hereof) and (ii) with respect to any individual purchase hereunder, its Pro Rata Share of the Purchase Price therefor.

"Commitment Availability" means at any time the positive difference (if any) between (a) an amount equal to the aggregate amount of the Commitments minus an amount equal to 2% of such aggregate Commitments at such time minus (b) the Aggregate Capital at such time.

"Concentration Limit" means, at any time, for any Obligor, the limit set forth in the Concentration Limit Letter Agreement, or such other amount (a "Special Concentration Limit") for such Obligor as set forth in the Concentration Limit Letter Agreement or as otherwise designated by the Agent; provided, that in the case of an Obligor and any Affiliate of such

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Obligor, the Concentration Limit shall be calculated as if such Obligor and such Affiliate are one Obligor; and provided, further, that the Agent may (and shall upon the direction of Falcon or the Required Financial Institutions), upon not less than five Business Days' notice to Seller, cancel any Special Concentration Limit.

"Concentration Limit Letter Agreement" means that certain letter agreement dated as of the date hereof, between the Seller and the Agent, regarding the Concentration Limit and designating certain Special Concentration Limits, as it may be amended or modified and in effect from time to time.

"Contingent Obligation" of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or application for a letter of credit.

"Contract" means, with respect to any Receivable, any and all instruments, agreements or other writings (other than the related Invoice) pursuant to which such Receivable arises or which evidences such Receivable.

"CP Costs" means, for each day, the sum of (i) discount or yield accrued on Pooled Commercial Paper on such day, plus (ii) any and all accrued commissions in respect of placement agents and Commercial Paper dealers, and issuing and paying agent fees incurred, in respect of such Pooled Commercial Paper for such day, plus (iii) other costs associated with funding small or odd-lot amounts with respect to all receivable purchase facilities which are funded by Pooled Commercial Paper for such day, minus (iv) any accrual of income net of expenses received on such day from investment of collections received under all receivable purchase facilities funded substantially with Pooled Commercial Paper, minus (v) any payment received on such day net of expenses in respect of Broken Funding Costs related to the prepayment of any Purchaser Interest of Falcon pursuant to the terms of any receivable purchase facilities funded substantially with Pooled Commercial Paper. In addition to the foregoing costs, if Seller shall request any Incremental Purchase during any period of time determined by the Agent in its sole discretion to result in incrementally higher CP Costs applicable to such Incremental Purchase, the Capital associated with any such Incremental Purchase shall, during such period, be deemed to be funded by Falcon in a special pool (which may include capital associated with other receivable purchase facilities) for purposes of determining such additional CP Costs applicable only to such special pool and charged each day during such period against such Capital.

"Credit and Collection Policy" means Seller's credit and collection policies and practices relating to Contracts, Invoices and Receivables existing on the date hereof and summarized in Exhibit VIII hereto, as modified from time to time in accordance with this Agreement.

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"Deemed Collections" means the aggregate of all amounts Seller shall have been deemed to have received as a Collection of a Receivable. Seller shall be deemed to have received a Collection in full of a Receivable if at any time (i) the Outstanding Balance of any such Receivable is either (x) reduced as a result of any defective or rejected goods or services, any discount or any adjustment or otherwise by Seller (other than cash Collections on account of the Receivables) or (y) reduced or canceled as a result of a setoff in respect of any claim by any Person (whether such claim arises out of the same or a related transaction or an unrelated transaction) or (ii) any of the representations or warranties in Article V are no longer true with respect to any Receivable.

"Default Fee" means with respect to any amount due and payable by Seller in respect of any Aggregate Unpaid, an amount equal to the interest on any such unpaid Aggregate Unpaid at a rate per annum equal to 2% above the Base Rate.

"Default Proxy Ratio" means, as of the last day of any calendar month, a percentage equal to (i) the sum of (A) the positive increase in the aggregate Outstanding Balance of all Defaulted Receivables as of the last day of such month from the aggregate Outstanding Balance of all Defaulted Receivables as of the last day of the immediately preceding calendar month plus (B) the aggregate Outstanding Balance of all Receivables (other than Defaulted Receivables) which became Charged-Off Receivables during such month, divided by (ii) the Originator Sales during the month ending three (3) months prior to such date; provided, that if there has been no such positive increase in the aggregate Outstanding Balance of all Defaulted Receivables as of the last day of such month, the amount to be used in clause (i) (A) for purposes of calculating the Default Proxy Ratio for such month shall equal the most recently occurring positive increase in the aggregate Outstanding Balance of all Defaulted Receivables as of the end of a calendar month from the immediately preceding calendar month.

"Default Ratio" means, as at the last day of any calendar month, a percentage equal to (i) the sum of (A) the aggregate Outstanding Balance of all Defaulted Receivables as of such day plus (B) the aggregate Outstanding Balance of all Receivables (other than Defaulted Receivables) that became Charged-Off Receivables during such month, divided by (ii) the aggregate Outstanding Balance of all Receivables as of such day.

"Defaulted Receivable" means a Receivable as to which any payment, or part thereof, remains unpaid for 90 days or more from the original invoice date for such payment.

"Defaulting Financial Institution" has the meaning set forth in Section 13.5.

"Delinquency Ratio" means, at any time, a percentage equal to (i) the aggregate Outstanding Balance of all Delinquent Receivables as of such day divided by (ii) the Originator Sales during the month ending two (2) months prior to such date.

"Delinquent Receivable" means a Receivable as to which any payment, or part thereof, remains unpaid for 61 days or more, but less than 90 days, from the original invoice date for such payment.

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"Demand Note" means that certain Demand Promissory Note and Loan Agreement, dated as of the date hereof, by Jabil in favor of Seller, as the same may be amended, restated or otherwise modified from time to time.

"Designated Obligor" means an Obligor indicated by the Agent to Seller

in writing.

"Dilution Horizon Ratio" means, as of the last day of any calendar month, a percentage equal to (i) the Originator Sales during the two (2) most recently ended calendar months divided by (ii) the aggregate Outstanding Balance of all Eligible Receivables as of such date.

"Dilution Percentage" means, as of the last day of any calendar month, a percentage equal to the greater of (i) 8% and (ii) the following calculation:

$$[(2 \times ED) + ((DS - ED) \times DS / ED)] \times DHR$$

where:

ED = the Expected Dilution Ratio at such time.  
DS = the Dilution Spike Ratio at such time.  
DHR = the Dilution Horizon Ratio at such time.

"Dilution Ratio" means, at any time, a percentage equal to (i) the aggregate amount of Dilutions which accrued during the calendar month then most recently ended, divided by (ii) the Originator Sales during the month ending two (2) calendar months prior to such date.

"Dilution Reserve" means, on any date, an amount equal to the Dilution Percentage multiplied by the Net Receivables Balance at such time.

"Dilution Spike Ratio" means, as of the last day of any calendar month, a percentage equal to the highest two-month rolling average Dilution Ratio as of the last day of any of the twelve (12) months then most recently ended; provided, that \$8,000,000 shall be deducted from the Dilutions for the month of February 2000 in calculating the Dilution Ratio for such month for purposes of this definition.

"Dilutions" means, at any time, the aggregate amount of reductions or cancellations described in clause (i) of the definition of "Deemed Collections".

"Discount Rate" means, the LIBO Rate or the Base Rate, as applicable, with respect to each Purchaser Interest of the Financial Institutions.

"Eligible Receivable" means, at any time, a Receivable:

(i) the Obligor of which (a) if a natural person, is a resident of the United States or, if a corporation or other business organization, is organized under the laws of the United States or any political subdivision thereof and has its chief executive office in

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the United States; (b) is not an Affiliate of any of the parties hereto; (c) is not a Designated Obligor; and (d) is not a government or a governmental subdivision or agency,

(ii) the Obligor of which is not the Obligor of any Charged-Off Receivable which in the aggregate constitute more than 25% of all Receivables of such Obligor,

(iii) which is not a Charged-Off Receivable,

(iv) which by its terms is due and payable within 45 days of the original billing date therefor, has not had its payment terms extended, and has not had its original billing date changed for any portion thereof,

(v) which is either (A) an "account" within the meaning of Section 9-106 of the UCC of all applicable jurisdictions or (B) "chattel paper" within the meaning of Section 9-105 of the UCC of all applicable jurisdictions and the fact that such chattel paper has been assigned to the Seller and the Agent has been stamped on the Contract under which such Receivable arises,

(vi) which arises under an Invoice which represents all or part of the sale price of merchandise, insurance and services within the meaning of the Investment Company Act of 1940, Section 3(c)5, as amended,

(vii) which is denominated and payable only in United States dollars in the United States,

(viii) which arises under an Invoice which, together with such Receivable, is in full force and effect and constitutes the legal, valid and binding obligation of the related Obligor enforceable against such Obligor in accordance with its terms subject to no offset, counterclaim or other defense,

(ix) which arises under a Contract which (A) either does not require the Obligor under such Contract to consent to the transfer, sale or assignment of the rights and duties of the applicable Originator or any of its assignees under such Contract or requires such consent and such consent has been obtained within 60 days of the date hereof and (B) does not contain a confidentiality provision that purports to restrict the ability of any Purchaser to exercise its rights under this Agreement, including, without limitation, its right to review the Contract and Invoices,

(x) which arises under a Invoice that contains an obligation to pay a specified sum of money, contingent only upon the sale of goods or the provision of services by the applicable Originator,

(xi) which, together with the Contract and Invoice related thereto, does not contravene any law, rule or regulation applicable thereto (including, without limitation, any law, rule and regulation relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy) and with

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respect to which no part of the Contract or Invoice related thereto is in violation of any such law, rule or regulation,

(xii) which satisfies all applicable requirements of the Credit and Collection Policy,

(xiii) which was generated in the ordinary course of the applicable Originator's business,

(xiv) which arises solely from the sale of goods or the provision of services to the related Obligor by the applicable Originator, and not by any other Person (in whole or in part),

(xv) as to which the Agent has not notified Seller that the Agent has determined that such Receivable or class of Receivables is not acceptable as an Eligible Receivable, including, without limitation, because such Receivable arises under a Contract or an Invoice that is not acceptable to the Agent,

(xvi) which is not subject to any right of rescission, set-off, counterclaim, any other defense (including defenses arising out of violations of usury laws) of the applicable Obligor against the applicable Originator or any other Adverse Claim, and the Obligor thereon holds no right as against the applicable Originator to cause such Originator to repurchase the goods or merchandise the sale of which shall have given rise to such Receivable (except with respect to sale discounts effected pursuant to the Contract, or defective goods returned in accordance with the terms of the Contract); provided, that in the case of a Receivable which may be subject to set-off due to the fact that an Originator has a payable outstanding to the related Obligor, that portion, if any, of such Receivable which is in excess of such payable, shall be an "Eligible Receivable",

(xvii) as to which (A) the applicable Originator has

satisfied and fully performed all obligations on its part with respect to such Receivable required to be fulfilled by it, (B) no further action is required to be performed by any Person with respect thereto other than payment thereon by the applicable Obligor and (C) no "bill and hold" arrangement applies,

(xviii) which, if it arises out of or is generated by a New Business Line, the Outstanding Balance of which, when added to the Outstanding Balance of all other Receivables arising out of or generated by a New Business Line, does not exceed 10% of the aggregate Outstanding Balance of all Receivables as of the close of business on the applicable New Business Line Determination Date,

(xix) all right, title and interest to and in which has been validly transferred by the applicable Originator directly to Seller under and in accordance with the Receivables Sale Agreement, and Seller has good and marketable title thereto free and clear of any Adverse Claim, and

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(xx) which, if it arises from the sale of any product manufactured outside of the United States (other than a product manufactured by Jabil Mexico in Guadalajara, Mexico and, provided that the appropriate Subsidiary of Jabil located in Chihuahua, Mexico has executed an estoppel letter in substantially the form of the Estoppel Letter and the Agent has received such certificates and legal opinions as it may reasonably request in connection with the execution of such estoppel letter, in Chihuahua, Mexico) such Receivable has been approved in writing by the Agent.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Estoppel Letter" means that certain estoppel letter agreement executed by Jabil Mexico for the benefit of the Agent, on behalf of the Purchasers.

"Excluded Receivable" means a Receivable described on Schedule D, as such schedule may be modified from time to time by the Seller with the consent of the Agent.

"Expected Dilution Ratio" means, as of any date, the average of the Dilution Ratios in respect of the twelve (12) immediately preceding months.

"Facility Account" means Seller's Account No. 10-63833 at Bank One.

"Facility Termination Date" means the earliest of (i) the Liquidity Termination Date and (ii) the Amortization Date.

"Falcon" has the meaning set forth in the preamble to this Agreement.

"Falcon Residual" means the sum of the Falcon Transfer Price Reductions.

"Falcon Transfer Price" means, with respect to the assignment by Falcon of one or more Purchaser Interests to the Agent for the benefit of one or more of the Financial Institutions pursuant to Section 13.1, the sum of (i) the lesser of (a) the Capital of each such Purchaser Interest and (b) the Adjusted Funded Amount of each such Purchaser Interest and (ii) all accrued and unpaid CP Costs for each such Purchaser Interest.

"Falcon Transfer Price Deficit" has the meaning set forth in Section 13.5.

"Falcon Transfer Price Reduction" means in connection with the assignment of a Purchaser Interest by Falcon to the Agent for the benefit of the Financial Institutions, the positive difference (if any) between (i) the Capital of such Purchaser Interest and (ii) the Adjusted Funded Amount for such Purchaser Interest.

"Federal Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy," as amended and any successor statute thereto.

"Federal Funds Effective Rate" means, for any period, a fluctuating interest rate per annum for each day during such period equal to (a) the weighted average of the rates on

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overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the preceding Business Day) by the Federal Reserve Bank of New York in the Composite Closing Quotations for U.S. Government Securities; or (b) if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:30 a.m. (Chicago time) for such day on such transactions received by the Agent from three federal funds brokers of recognized standing selected by it.

"Fee Letter" means that certain letter agreement dated as of the date hereof among Seller, Falcon and the Agent regarding certain fees payable to Falcon, as it may be amended or modified and in effect from time to time.

"Finance Charges" means, with respect to a Receivable, any finance, interest, late payment charges or similar charges owing by an Obligor pursuant to the related Contract and Invoice.

"Financial Institutions" has the meaning set forth in the preamble in this Agreement.

"Funding Agreement" means this Agreement and any agreement or instrument executed by any Funding Source with or for the benefit of Falcon.

"Funding Source" means (i) any Financial Institution or (ii) any insurance company, bank or other funding entity providing liquidity, credit enhancement or back-up purchase support or facilities to Falcon.

"GAAP" means generally accepted accounting principles in effect in the United States of America as of the date of this Agreement.

"Incremental Purchase" means a purchase of one or more Purchaser Interests which increases the total outstanding Aggregate Capital hereunder.

"Indebtedness" of a Person means such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by liens or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) capitalized lease obligations, (vi) net liabilities under interest rate swap, exchange or cap agreements, (vii) Contingent Obligations and (viii) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

"Independent Director" shall mean a member of the Board of Directors of Seller who is not at such time, and has not been at any time during the preceding five (5) years, (A) a director, officer, employee or affiliate of Seller, either Originator, or any of their respective Subsidiaries or Affiliates, or (B) the beneficial owner (at the time of such individual's appointment as an Independent Director or at any time thereafter while serving as an Independent Director) of any

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of the outstanding common shares of Seller, either Originator, or any of their respective Subsidiaries or Affiliates, having general voting rights.

"Invoice" means, with respect to any Receivable, an invoice in substantially the form of one of the form invoices set forth on Exhibit IX hereto or otherwise approved by the Agent in writing.

"Jabil" means Jabil Circuit, Inc., a Delaware corporation, together with its successors and permitted assigns.

"Jabil Entity" has the meaning set forth in Section 7.1(i).

"Jabil Loan Agreement" means that certain Amended and Restated Loan Agreement dated as of April 7, 2000 among Jabil, certain borrowing subsidiaries, the banks named therein, Bank One, NA, as Administrative Agent thereunder, and SunTrust Bank, as Syndication Agent, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Jabil Mexico" means Jabil Circuit de Mexico, S.A. de C.V., a corporation organized under the laws of Mexico as a Sociedad Anonima de Capital Variable.

"Jabil Texas" means Jabil Circuit of Texas, LP, a Florida limited partnership, together with its successors and permitted assigns.

"JCFI" means Jabil Circuit Financial, Inc., a Delaware corporation, together with its successors and permitted assigns.

"LIBO Rate" means the rate per annum equal to the sum of (i) (a) the applicable British Bankers' Association Interest Settlement Rate for deposits in U.S. dollars appearing on Reuters Screen FRBD as of 11:00 a.m. (London time) two Business Days prior to the first day of the relevant Tranche Period, and having a maturity equal to such Tranche Period, provided that, (i) if Reuters Screen FRBD is not available to the Agent for any reason, the applicable LIBO Rate for the relevant Tranche Period shall instead be the applicable British Bankers' Association Interest Settlement Rate for deposits in U.S. dollars as reported by any other generally recognized financial information service as of 11:00 a.m. (London time) two Business Days prior to the first day of such Tranche Period, and having a maturity equal to such Tranche Period, and (ii) if no such British Bankers' Association Interest Settlement Rate is available to the Agent, the applicable LIBO Rate for the relevant Tranche Period shall instead be the rate determined by the Agent to be the rate at which Bank One offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Tranche Period, in the approximate amount to be funded at the LIBO Rate and having a maturity equal to such Tranche Period, divided by (b) one minus the maximum aggregate reserve requirement (including all basic, supplemental, marginal or other reserves) which is imposed against the Agent in respect of Eurocurrency liabilities, as defined in Regulation D of the Board of Governors of the Federal Reserve System as in effect from time to time (expressed as a decimal), applicable to such Tranche Period plus (ii) 1.25% per annum. The LIBO Rate shall be rounded, if necessary, to the next higher 1/16 of 1%.

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"Liquidity Termination Date" means August 9, 2001.

"Lock-Box" means each locked postal box with respect to which a bank who has executed a Collection Account Agreement has been granted exclusive access for the purpose of retrieving and processing payments made on the Receivables and which is listed on Exhibit IV.

"Loss Horizon Ratio" means, as of the last day of any calendar month, a percentage equal to (i) the Originator Sales during the three-month period ended on such date, divided by (ii) the aggregate Outstanding Balance of all Eligible Receivables as of such date.

"Loss Percentage" means, at any time, the greater of (i) 15% and (ii) (A) two (2), times (B) the Loss Ratio, times (C) the Loss Horizon Ratio (in each case as determined as of the last day of the calendar month then most recently ended).

"Loss Ratio" means, as of the last day of any calendar month, a percentage equal to the highest three-month rolling average Default Ratio as of the last day of any of the twelve (12) months then most recently ended.

"Loss Reserve" means, on any date, an amount equal to the Loss Percentage multiplied by the Net Receivables Balance at such time.

"Material Adverse Effect" means a material adverse effect on (i) the financial condition or operations of any Seller Party or Jabil and its Subsidiaries, (ii) the ability of any Seller Party or any Jabil Entity to perform its obligations under any Transaction Document, (iii) the legality, validity or enforceability of this Agreement or any other Transaction Document, (iv) any Purchaser's interest in the Receivables generally or in any significant portion of the Receivables, the Related Security or the Collections with respect thereto, or (v) the collectibility of the Receivables generally or of any material portion of the Receivables.

"Monthly Report" means a report, in substantially the form of Exhibit X hereto (appropriately completed), furnished by the Servicer to the Agent pursuant to Section 8.5.

"Net Receivables Balance" means, at any time, the aggregate Outstanding Balance of all Eligible Receivables at such time reduced by the aggregate amount by which the Outstanding Balance of all Eligible Receivables of each Obligor and its Affiliates exceeds the Concentration Limit for such Obligor.

"New Business Line" means an operating unit, operating location, reporting entity, area of business, division, subdivision, department, line of business, product line or other similar component part which becomes a part of an Originator as a result of such Originator's merger with or acquisition of another entity after the date hereof.

"New Business Line Determination Date" means (i) at any time during the calendar year 2000, December 31, 1999 and (ii) at any time during any calendar year after 2000, December 31 of the immediately preceding calendar year.

"Non-Defaulting Financial Institution" has the meaning set forth in Section 13.5.

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"Non-Renewing Financial Institution" has the meaning set forth in Section 13.6(a).

"Obligations" shall have the meaning set forth in Section 2.1.

"Obligor" means a Person obligated to make payments pursuant to a Contract and/or Invoice.

"Originator" means each of Jabil and Jabil Texas, in their capacities as sellers under the Receivables Sale Agreement.

"Originator Sales" means, in respect of any period, aggregate sales by the Originators that shall have given rise to Receivables in accordance with generally accepted accounting principles.

"Outstanding Balance" of any Receivable at any time means the then outstanding principal balance thereof.

"Participant" has the meaning set forth in Section 12.2.

"Performance Undertaking" means that certain Performance Undertaking, dated as of the date hereof, executed by Jabil, substantially in the form of Exhibit XI, as the same may be amended, restated or otherwise modified from time to time.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Pledged Collateral" has the meaning set forth in Section 1.5.

"Pooled Commercial Paper" means Commercial Paper notes of Falcon subject to any particular pooling arrangement by Falcon, but excluding Commercial Paper issued by Falcon for a tenor and in an amount specifically requested by any Person in connection with any agreement effected by Falcon.

"Potential Amortization Event" means an event which, with the passage of time or the giving of notice, or both, would constitute an Amortization Event.

"Proposed Reduction Date" has the meaning set forth in Section 1.3.

"Pro Rata Share" means, for each Financial Institution, a percentage equal to (i) the Commitment of such Financial Institution, divided by (ii) the aggregate amount of all Commitments of all Financial Institutions hereunder, adjusted as necessary to give effect to the application of the terms of Sections 13.5 or 13.6.

"Purchase Limit" means \$225,000,000.

"Purchase Notice" has the meaning set forth in Section 1.2.

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"Purchase Price" means, with respect to any Incremental Purchase of a Purchaser Interest, the amount paid to Seller for such Purchaser Interest which shall not exceed the least of the amount requested by Seller in the applicable Purchase Notice, the unused portion of the Purchase Limit on the applicable purchase date and the excess, if any, of the Net Receivables Balance (less the Aggregate Reserves) on the applicable purchase date over the aggregate outstanding amount of Aggregate Capital determined as of the date of the most recent Monthly Report, taking into account such proposed Incremental Purchase.

"Purchasers" means Falcon and each Financial Institution.

"Purchaser Interest" means, at any time, an undivided percentage ownership interest (computed as set forth below) associated with a designated amount of Capital, selected pursuant to the terms and conditions hereof in (i) each Receivable arising prior to the time of the most recent computation or recomputation of such undivided interest, (ii) all Related Security with respect to each such Receivable, and (iii) all Collections with respect to, and other proceeds of, each such Receivable. Each such undivided percentage interest shall equal:

C  
-----  
NRB - AR

where:

C = the Capital of such Purchaser Interest.  
AR = the Aggregate Reserves.  
NRB = the Net Receivables Balance.

Such undivided percentage ownership interest shall be initially computed on its date of purchase. Thereafter, until the Amortization Date, each Purchaser Interest shall be automatically recomputed (or deemed to be recomputed) on each day prior to the Amortization Date. The variable percentage represented by any Purchaser Interest as computed (or deemed recomputed) as of the close of the business day immediately preceding the Amortization Date shall remain constant at all times thereafter.

"Purchasing Financial Institution" has the meaning set forth in Section 12.1(b).

"Receivable" means all indebtedness and other obligations owed to Seller or the applicable Originator (at the time it arises, and before giving effect to any transfer or conveyance under the Receivables Sale Agreement or hereunder) or in which Seller or the applicable Originator has a security interest or other interest, including, without limitation, any indebtedness, obligation or interest constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale of goods or the rendering of services by the applicable Originator and further includes, without limitation, the obligation to pay any Finance Charges with respect thereto. The Term "Receivable" shall not include any Excluded Receivable. Indebtedness and other rights and obligations arising from any one transaction,

including, without limitation, indebtedness and other rights and obligations represented by an individual Invoice, shall constitute a Receivable separate from a Receivable consisting of the indebtedness and other rights and obligations arising from any other transaction; provided further, that any indebtedness, rights or obligations referred to in the immediately preceding sentence shall be a Receivable regardless of whether the account debtor or Seller treats such indebtedness, rights or obligations as a separate payment obligation.

"Receivables Sale Agreement" means that certain Receivables Sale Agreement, dated as of the date hereof, among the Originators and Seller, as the same may be amended, restated or otherwise modified from time to time.

"Records" means, with respect to any Receivable, all Contracts, Invoices and other documents, books, records and other information (including, without limitation, computer programs, tapes, disks, punch cards, data processing software and related property and rights) relating to such Receivable, any Related Security therefor and the related Obligor.

"Reduction Notice" has the meaning set forth in Section 1.3.

"Reduction Percentage" means, for any Purchaser Interest acquired by the Financial Institutions from Falcon for less than the Capital of such Purchaser Interest, a percentage equal to a fraction the numerator of which is the Falcon Transfer Price Reduction for such Purchaser Interest and the denominator of which is the Capital of such Purchaser Interest.

"Regulatory Change" has the meaning set forth in Section 10.2.

"Reinvestment" has the meaning set forth in Section 2.2.

"Related Security" means, with respect to any Receivable:

(i) all of Seller's interest in the inventory and goods (including returned or repossessed inventory or goods), if any, the sale, financing or lease of which by the applicable Originator gave rise to such Receivable, and all insurance contracts with respect thereto,

(ii) all other security interests or liens and property subject thereto from time to time, if any, purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all financing statements and security agreements describing any collateral securing such Receivable,

(iii) all guaranties, letters of credit, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the Contract related to such Receivable or otherwise,

(iv) all service contracts and other contracts and agreements associated with such Receivable,

(v) all Records (other than Contracts) related to such Receivable and all rights (with respect to enforcement or otherwise) under the Contracts related to such Receivable,

(vi) all of Seller's right, title and interest in, to and under the Receivables Sale Agreement in respect of such Receivable,

(vii) all of Seller's right, title and interest in, to and under the Performance Undertaking and the Demand Note,

(viii) all of Seller's rights and claims against Jabil in

its capacity as Sub-Servicer, and

(ix) all proceeds of any of the foregoing.

"Required Financial Institutions" means, at any time, Financial Institutions with Commitments in excess of 66-2/3% of the Purchase Limit.

"Required Notice Period" means the number of days required notice set forth below applicable to the Aggregate Reduction indicated below:

Aggregate Reduction -----	Required Notice Period -----
<=\$100,000,000	two Business Days
>\$100,000,000	five Business Days

"Restricted Junior Payment" means (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of capital stock of Seller now or hereafter outstanding, except a dividend payable solely in shares of that class of stock or in any junior class of stock of Seller, (ii) any loan made to Jabil under the Demand Note, (iii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of capital stock of Seller now or hereafter outstanding, (iv) any payment or prepayment of principal of, premium, if any, or interest, fees or other charges on or with respect to, and any redemption, purchase, retirement, defeasance, sinking fund or similar payment and any claim for rescission with respect to the Subordinated Loans (as defined in the Receivables Sale Agreement), (v) any payment made to redeem, purchase, repurchase or retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of capital stock of Seller now or hereafter outstanding, and (vi) any payment of management fees by Seller (except for reasonable management fees to the Originators or their respective Affiliates in reimbursement of actual management services performed).

"Seller" has the meaning set forth in the preamble to this Agreement.

"Seller Interest" means, at any time, an undivided percentage ownership interest of Seller in the Receivables, Related Security and all Collections with respect thereto equal to (i) one, minus (ii) the aggregate of the Purchaser Interests.

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"Seller Parties" has the meaning set forth in the preamble to this Agreement.

"Servicer" means at any time the Person (which may be the Agent) then authorized pursuant to Article VIII to service, administer and collect Receivables.

"Servicing Fee" has the meaning set forth in Section 8.6.

"Settlement Date" means (A) the fifth (5th) Business Day of each month (or such other day as agreed to by the Seller and the Agent in writing), and (B) the last day of the relevant Tranche Period in respect of each Purchaser Interest of the Financial Institutions.

"Settlement Period" means (A) in respect of each Purchaser Interest of Falcon, the immediately preceding Accrual Period, and (B) in respect of each Purchaser Interest of the Financial Institutions, the entire Tranche Period of such Purchaser Interest.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, association, limited liability company, joint venture or

similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of Seller.

"Sub-Servicer" has the meaning set forth in the preamble to this Agreement.

"Termination Date" has the meaning set forth in Section 2.2.

"Termination Percentage" has the meaning set forth in Section 2.2.

"Terminating Financial Institution" has the meaning set forth in Section 13.6(a).

"Terminating Tranche" has the meaning set forth in Section 4.3(b).

"Tranche Period" means, with respect to any Purchaser Interest held by a Financial Institution:

(a) if Yield for such Purchaser Interest is calculated on the basis of the LIBO Rate, a period of one, two, three or six months, or such other period as may be mutually agreeable to the Agent and Seller, commencing on a Business Day selected by Seller or the Agent pursuant to this Agreement. Such Tranche Period shall end on the day in the applicable succeeding calendar month which corresponds numerically to the beginning day of such Tranche Period, provided, however, that if there is no such numerically corresponding day in such succeeding month, such Tranche Period shall end on the last Business Day of such succeeding month; or

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(b) if Yield for such Purchaser Interest is calculated on the basis of the Base Rate, a period commencing on a Business Day selected by Seller and agreed to by the Agent, provided no such period shall exceed one month.

If any Tranche Period would end on a day which is not a Business Day, such Tranche Period shall end on the next succeeding Business Day, provided, however, that in the case of Tranche Periods corresponding to the LIBO Rate, if such next succeeding Business Day falls in a new month, such Tranche Period shall end on the immediately preceding Business Day. In the case of any Tranche Period for any Purchaser Interest which commences before the Amortization Date and would otherwise end on a date occurring after the Amortization Date, such Tranche Period shall end on the Amortization Date. The duration of each Tranche Period which commences after the Amortization Date shall be of such duration as selected by the Agent.

"Transaction Documents" means, collectively, this Agreement, each Purchase Notice, the Receivables Sale Agreement, each Collection Account Agreement, the Demand Note, the Fee Letter, the Concentration Limit Letter Agreement, the Subordinated Notes (as defined in the Receivables Sale Agreement, the Performance Undertaking, the Estoppel Letter and all other instruments, documents and agreements executed and delivered in connection herewith.

"UCC" means the Uniform Commercial Code as from time to time in effect in the specified jurisdiction.

"Unconditional Liquidity Provider" means a Financial Institution that is identified by the Agent or by Bank One as an entity which will not under any circumstance receive any Falcon Transfer Price Reduction hereunder.

"Yield" means for each respective Tranche Period relating to Purchaser Interests of the Financial Institutions, an amount equal to the product of the applicable Discount Rate for each Purchaser Interest multiplied by the Capital of such Purchaser Interest for each day elapsed during such Tranche Period, annualized on a 360 day basis.

"Yield and Servicer Reserve" means, on any date, an amount equal to 2.5% of the Net Receivables Balance at such time.

All accounting terms not specifically defined herein shall be construed

in accordance with GAAP. All terms used in Article 9 of the UCC in the State of Illinois, and not specifically defined herein, are used herein as defined in such Article 9.

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## JABIL CIRCUIT, INC. SUBSIDIARIES

Ownership is 100% except where designated

Jabil Circuit Limited (United Kingdom)  
Jabil Circuit Sdn. Bhd. (Malaysia)  
Jabil Circuit of Michigan, Inc. (Michigan, USA)  
Jabil Circuit de Mexico, S.A. de C.V. (Mexico)  
Jabil Circuit de Chihuahua S.A. de C.V. (Mexico)  
Jabil Partners (Scotland)  
Jabil Circuit Luxembourg, SARL (Luxembourg)  
Jabil Circuit Gyarto K.F.T. (Hungary)  
Jabil Global Services, Ltd. (Ireland)  
Jabil Circuit (BVI) Inc. (British Virgin Islands)  
Jabil Circuit Srl, (Italy)  
Jabil MPC, LLC (Florida, USA)  
Jabil Circuit of Texas, LP (Florida, USA)  
Jabil Circuit Financial, Inc. (Delaware, USA)  
Jabil Circuit Holding Ltda, LLC (Brazil)  
Jabil Circuit do Brasil Ldda., LLC (Brazil)  
Jabil Texas Holdings LLC (Florida, USA)  
Jabil Global Services, Inc. (Florida, USA)  
Digitek Electronics Ltd (Hong Kong)  
GET Manufacturing USA, Inc. (USA)  
GET Manufacturing Europe S.A. (Belgium)  
General Electronic Development, Ltd. (Hong Kong)  
Jabil Circuit Services Ltd. (Hong Kong)  
Jabil Circuit China Manufacturing Ltd. (Guernsey)  
Jabil Circuit (PanYu) Ltd. (China)  
Jabil Mexico S.A. de C.V. (Mexico)  
Jabil Circuit China Limited (Hong Kong)  
Jabil Circuit GMBH (Germany)  
Skytop International Ltd. (Hong Kong)  
CGE International Ltd. (Hong Kong)

## INDEPENDENT AUDITORS' CONSENT

The Board of Directors  
Jabil Circuit, Inc.:

We consent to the incorporation by reference in the registration statements on Form S-3 (Nos. 333-42992 and 333-91719) and Form S-8 (Nos. 333-50748 and 333-50750) of Jabil Circuit, Inc. and subsidiaries of our report dated September 19, 2000 relating to the consolidated balance sheets of Jabil Circuit, Inc. and subsidiaries as of August 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity, and cash flows and related schedule for each of the years in the three-year period ended August 31, 2000, which report appears in the August 31, 2000 Annual Report on Form 10-K of Jabil Circuit, Inc. and subsidiaries.

KPMG LLP

St. Petersburg, Florida  
November 27, 2000

## INDEPENDENT AUDITORS' CONSENT

The Shareholders and Board of Directors  
GET Manufacturing, Inc.:

We consent to the incorporation by reference in the registration statements on Form S-3 (Nos. 333-42992 and 333-91719) and Form S-8 (Nos. 333-50748 and 333-50750) of Jabil Circuit, Inc. and subsidiaries of our report dated August 6, 1999, with respect to the consolidated financial statements of GET Manufacturing, Inc. and subsidiaries for the year ended March 31, 1999, and our report dated November 3, 1999 with respect to the consolidated financial statements of GET Manufacturing, Inc. and subsidiaries for the twelve months ended August 31, 1999, which reports appear in this Annual Report on Form 10-K of Jabil Circuit, Inc. and subsidiaries.

Ernst & Young

Hong Kong  
November 27, 2000

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM JABIL CIRCUIT, INC. 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 FINANCIAL STATEMENTS.

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