

JABIL CIRCUIT INC
Form DEF 14A
December 16, 2005

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**SCHEDULE 14A
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e) (2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

JABIL CIRCUIT, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person (s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.

 - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11 (a) (2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:

 - (2) Form, Schedule or Registration No.:

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JABIL CIRCUIT, INC.

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on January 19, 2006**

TO THE STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Jabil Circuit, Inc., a Delaware corporation (Jabil), will be held on Thursday, January 19, 2006, at 10:00 a.m., local time, in the Sunset Ballroom at the Renaissance Vinoy Golf Club located at 600 Snell Isle Boulevard, St. Petersburg, Florida 33704 for the following purposes:

1. To elect nine directors to serve for the ensuing year or until their successors are duly elected and qualified;
2. To approve amendments to the Jabil Circuit, Inc. 2002 Stock Incentive Plan;
3. To approve the Jabil Circuit, Inc. Annual Incentive Plan;
4. To approve amendments to the Jabil Circuit, Inc. 2002 Employee Stock Purchase Plan;
5. To ratify the appointment of KPMG LLP as Jabil s independent registered public accountants for the fiscal year ending August 31, 2006; and
6. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

Jabil s board of directors intends to present the following nine nominees for director at the Annual Meeting: Laurence S. Grafstein, Mel S. Lavitt, Timothy L. Main, William D. Morean, Lawrence J. Murphy, Frank A. Newman, Steven A. Raymund, Thomas A. Sansone and Kathleen A. Walters. The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. Only stockholders of record at the close of business on November 28, 2005 are entitled to notice of and to vote at the Annual Meeting.

A list of all stockholders entitled to vote at the 2005 Annual Meeting will be available for examination at the Office of General Counsel of Jabil Circuit, Inc., at 10560 Dr. Martin Luther King, Jr. Street North, St. Petersburg, Florida 33716, for the ten days before the meeting between 9:00 a.m. and 5:00 p.m., local time, and at the place of the Annual Meeting during the Annual Meeting.

You have the option to receive future proxy materials electronically via the Internet. You may choose to do so by following the simple instructions contained in this mailing. Offering electronic delivery of future annual reports and proxy statements is not only cost-effective for Jabil but is also friendlier to the environment.

All stockholders are cordially invited to attend the Annual Meeting in person. However, to ensure your representation at the Annual Meeting, you are urged to vote your shares using one of the following methods: (1) vote through the Internet at the Web site shown on the proxy card; or (2) mark, date, sign and return the enclosed proxy as promptly as possible in the postage-prepaid envelope enclosed for that purpose. If you elected to receive the 2005 proxy materials over the Internet, you will not receive a paper proxy card and you should vote online, unless you cancel your enrollment or we discontinue the availability of our proxy materials on the Internet. **YOU MAY REVOKE YOUR PROXY IN THE MANNER DESCRIBED IN THE ACCOMPANYING PROXY STATEMENT AT ANY TIME BEFORE IT HAS BEEN VOTED AT THE ANNUAL MEETING. ANY STOCKHOLDER ATTENDING THE ANNUAL MEETING MAY VOTE IN PERSON EVEN IF HE OR SHE HAS RETURNED A PROXY.**

FOR THE BOARD OF DIRECTORS OF JABIL CIRCUIT, INC.

Robert L. Paver

General Counsel and Secretary

St. Petersburg, Florida
December 16, 2005

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IMPORTANT: WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, YOU ARE REQUESTED TO COMPLETE AND PROMPTLY RETURN THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED OR VOTE THROUGH THE INTERNET.

JABIL CIRCUIT, INC.

**PROXY STATEMENT
FOR ANNUAL MEETING OF STOCKHOLDERS
January 19, 2006**

INFORMATION CONCERNING SOLICITATION AND VOTING

General

The enclosed Proxy is solicited on behalf of Jabil Circuit, Inc., a Delaware corporation (Jabil), for use at the Annual Meeting of Stockholders to be held on Thursday, January 19, 2006, at 10:00 a.m., local time, and at any adjournment thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders. The Annual Meeting will be held in the Sunset Ballroom at the Renaissance Vinoy Golf Club located at 600 Snell Isle Boulevard, St. Petersburg, Florida 33704. Jabil 's principal executive office is located at 10560 Dr. Martin Luther King, Jr. Street North, St. Petersburg, Florida 33716, and its telephone number at that location is (727) 577-9749.

These Proxy solicitation materials, together with Jabil 's 2005 Annual Report to Stockholders, were mailed on or about December 16, 2005 to all stockholders entitled to vote at the Annual Meeting.

Record Date

Stockholders of record at the close of business on November 28, 2005 (the Record Date) are entitled to notice of and to vote at the Annual Meeting. As of the Record Date, 204,882,289 shares of Jabil 's common stock were issued and outstanding. For information regarding security ownership by management and by the beneficial owners of more than 5% of Jabil 's common stock, see Other Information-Share Ownership by Principal Stockholders and Management. The closing sales price of Jabil 's common stock on the New York Stock Exchange (NYSE) on the Record Date was \$32.68 per share.

Revocability of Proxies

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use by delivering to Jabil 's Secretary a written notice of revocation or a duly executed proxy bearing a later date (or voting via the Internet at a later date) or by attending the Annual Meeting and voting in person.

Voting and Solicitation

Each stockholder is entitled to one vote for each share of common stock on all matters presented at the Annual Meeting. Stockholders do not have the right to cumulate their votes in the election of directors.

The cost of soliciting proxies will be borne by Jabil. In addition, Jabil may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. Proxies may also be solicited by certain of Jabil 's directors, officers and regular employees, without additional compensation, personally or by telephone, telegram, letter or facsimile. Jabil has engaged The Proxy Advisory Group of Strategic Stock Surveillance, LLC, to assist in the solicitation of proxies and to provide related advice and informational support, for a services fee and the reimbursement of customary disbursements that are not expected to exceed \$15,000 in the aggregate.

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Quorum; Abstentions; Broker Non-Votes

A majority of the shares of Jabil common stock outstanding on the Record Date must be present or represented at the Annual Meeting in order to have a quorum for the transaction of business. Abstentions (votes withheld) and broker non-votes will be counted as present for purposes of determining the presence of a quorum. If a quorum is present and voting, the nine nominees for director receiving the highest number of affirmative votes of the shares present or represented and entitled to be voted for them shall be elected as directors. Therefore, abstentions and broker non-votes will have no effect on the election of directors in Proposal 1. The approval of Proposals 2, 3, 4 and 5 require the affirmative vote of a majority of the outstanding shares present or represented and entitled to vote at the Annual Meeting together with the affirmative vote of a majority of the required quorum. Abstentions and broker non-votes can have the effect of preventing approval of Proposals 2, 3, 4 and 5 where the number of affirmative votes, although a majority of the votes cast, does not constitute a majority of the required quorum. If you own shares through a broker, you must instruct your broker how to vote in order for your vote to be counted.

Voting Results

Votes will be tabulated by the inspector of election appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

Voting Electronically via the Internet

For Shares Directly Registered in the Name of the Stockholder. Stockholders with shares registered directly with EquiServe Trust Company, N.A. (EquiServe), Jabil's transfer agent, may vote by mailing in the proxy or on the Internet at the following address on the World Wide Web: <http://www.eproxyvote.com/jbl>. Specific instructions to be followed by any registered stockholder interested in voting via the Internet are set forth on the enclosed proxy card. Votes submitted via the Internet by a registered stockholder must be received by 11:59 p.m. (Eastern Standard Time) on January 18, 2006.

For Shares Registered in the Name of a Brokerage or Bank. A number of brokerage firms and banks are participating in a program for shares held in street name that offers Internet voting options. This program is different from the program provided by EquiServe for shares registered in the name of the stockholder. If your shares are held in an account at a brokerage firm or bank participating in the street name program, you may have already been offered the opportunity to elect to vote using the Internet. Votes submitted via the Internet through the street name program must be received by 11:59 p.m. (Eastern Standard Time) on January 18, 2006. The giving of such a proxy will not affect your right to vote in person should you decide to attend the Annual Meeting.

These Internet voting procedures, which comply with Delaware law, are designed to authenticate stockholders identities, to allow stockholders to vote their shares and to confirm that stockholders' votes have been recorded properly. Stockholders voting via the Internet through either of these voting procedures should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, that must be borne by the stockholders. Also, please be aware that Jabil is not involved in the operation of either of these Internet voting procedures and cannot take responsibility for any access or Internet service interruptions that may occur or any inaccuracies, erroneous or incomplete information that may appear.

You may elect to receive future notices of meetings, proxy materials and annual reports electronically via the Internet, if then made available by Jabil. If you have previously consented to electronic delivery, your consent will remain in effect until withdrawn. If you have not yet enrolled in Jabil's Internet delivery program, we strongly encourage you to do so as it is a cost-effective way for Jabil to send you proxy statement and annual report materials. Participation instructions are set forth on the enclosed proxy card. When next year's proxy statement and annual report materials are available, you may be sent an e-mail telling you how to access them electronically. Please note that the Securities and Exchange Commission (the SEC) recently proposed rules regarding the electronic distribution of proxy materials on websites, as opposed to being mailed, so these procedures may change by next year.

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If you elect to access these materials via the Internet, you may still request paper copies by contacting your brokerage firm, bank or Jabil. Your participation in the new Internet program will remain in effect until you cancel your enrollment. You are free to cancel your enrollment at any time.

Deadline for Receipt of Stockholder Proposals

Proposals of stockholders of Jabil that are intended to be presented by such stockholders at Jabil's 2006 Annual Meeting of Stockholders must be submitted and comply with all applicable requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934 and must be received by Jabil no later than August 18, 2006 in order to be considered for possible inclusion in the proxy statement and form of proxy relating to that meeting. In addition, the proxy solicited by the Board of Directors for the 2006 Annual Meeting of Stockholders will confer discretionary authority to vote on any stockholder proposal presented at that meeting, unless Jabil is provided with written notice of such proposal by November 1, 2006. Any proposals must be mailed to our principal executive offices located at 10560 Dr. Martin Luther King, Jr. Street North, St. Petersburg, Florida 33716; Attention: Corporate Secretary.

Fiscal Year End

Jabil's fiscal year ends August 31.

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ELECTION OF DIRECTORS****Nominees**

A board of nine directors is to be elected at the 2005 Annual Meeting. Jabil's Board of Directors has authorized the nomination at the Annual Meeting of the persons named herein as candidates. Unless otherwise instructed, the proxy holders will vote the proxies received by them for Jabil's nine nominees named below, all of whom are presently directors of Jabil. If any nominee of Jabil is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who shall be designated by the present Board of Directors to fill the vacancy. Jabil is not aware of any nominee who will be unable or will decline to serve as a director. The term of office of each person elected as a director will continue until the next Annual Meeting of Stockholders or until a successor has been elected and qualified.

The names of Jabil's nominees for director and certain information about them are set forth below:

Name	Age	Principal Position	Director Since
Laurence S. Grafstein(4)	45	Director	2002
Mel S. Lavitt(2)(3)(4)	68	Director	1991
Timothy L. Main(1)	48	Chief Executive Officer, President and Director	1999
William D. Morean(1)	50	Chairman of the Board of Directors	1978
Lawrence J. Murphy	63	Director	1989
Frank A. Newman(2)(3)(4)	57	Director	1998
Steven A. Raymund(2)(3)(4)	50	Director	1996
Thomas A. Sansone	56	Vice Chairman of the Board of Directors	1983
Kathleen A. Walters	54	Director	2005

(1) Member of the committee that administers stock option plans for non-officers and non-directors.

(2) Member of the Compensation Committee.

(3) Member of the Audit Committee.

(4) Member of the Nominating and Corporate Governance Committee.

Except as set forth below, each of the nominees has been engaged in his principal occupation set forth below during the past five years. There are no family relationships among any of the directors and executive officers of Jabil. There are no arrangements or understandings between any of the persons nominated to be a director and any other persons pursuant to which any of such nominees was selected. A majority of the directors are independent as defined in the applicable listing standards of the NYSE.

Laurence S. Grafstein. Mr. Grafstein has served as a director of Jabil since April 2002. Mr. Grafstein has been Managing Director and co-head of Technology, Media and Telecommunications for Lazard Freres & Co. LLC since joining the firm in 2001. He has been an investment banker since 1990. Prior to joining Lazard Freres & Co., Mr. Grafstein headed the telecommunications practices at the investment banks Credit Suisse First Boston and Wasserstein Perella & Co. and was a co-founder of Gramercy Communications Partners LLC. Mr. Grafstein has earned a B.A. from Harvard, an M.Phil from Oxford University and a J.D. from the University of Toronto.

Mel S. Lavitt. Mr. Lavitt has served as a director of Jabil since September 1991. Mr. Lavitt has been a Managing Director at the investment banking firm of C.E. Unterberg, Towbin (or its predecessor) since August 1992 and is

currently serving as Vice Chairman and Managing Director. From June 1987 until August 1992, Mr. Lavitt was President of Lavitt Management, a business consulting firm. From 1978 until June 1987, Mr. Lavitt served as an Administrative Managing Director for the investment banking firm of L.F. Rothschild, Unterberg, Towbin, Inc. Mr. Lavitt is also a director of Captiva Corporation and St. Bernard Software.

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Timothy L. Main. Mr. Main 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 Jabil, Mr. Main was a commercial lending officer, international division for the National Bank of Detroit. Mr. Main has earned a B.S. from Michigan State University and Master of International Management from the American Graduate School of International Management (Thunderbird).

William D. Morean. Mr. Morean has served as Chairman of the Board of Directors since 1988 and as a director since 1978. Mr. Morean joined Jabil in 1977 and assumed management of day-to-day operations the following year. Mr. Morean was Chief Executive Officer from 1988 to September 2000. Mr. Morean has also served as Jabil's President and Vice President and held various operating positions with Jabil.

Lawrence J. Murphy. Mr. Murphy is an independent business consultant focusing on mergers and acquisition related matters and has served as a director of Jabil since September 1989 and as an independent consultant to Jabil from September 1997 until February 2004. From March 1992 until September 1997, Mr. Murphy served as a director of Core Industries, a diversified conglomerate where he has held various executive level positions since 1981, including Executive Vice President and Secretary. Prior to joining Core Industries, Mr. Murphy was a practicing attorney at the law firm of Bassey, Selesko, Couzens & Murphy, P.C. and a certified public accountant with the accounting firm of Deloitte & Touche. Mr. Murphy is also currently a member of the Board of Advisors for Baker Financial, a financial consulting services firm.

Frank A. Newman. Mr. Newman has served as a director of Jabil since January 1998. Mr. Newman has served as the Chairman of Medical Nutrition USA, Inc., a nutrition-medicine company, since March 2003 and its Chief Executive Officer since November 2002. From January 2001 until November 2002, Mr. Newman was a private investor and advisor to health care and pharmaceutical companies. From April 2000 until January 2001, Mr. Newman was President, Chief Executive Officer and a director of more.com, an Internet pharmaceutical company. From June 1993 to June 2000, Mr. Newman served as President, Chief Operating Officer and director, from February 1996 until June 2000 as Chief Executive Officer and from February 1997 to June 2000 as Chairman of the Board of Directors of Eckerd Corporation, a retail drug store chain. From January 1986 until May 1993, Mr. Newman was the President, Chief Executive Officer and a director of F&M Distributors, Inc., a retail drug store chain. Mr. Newman is also a director of JoAnn Stores, Inc., MTS Medication Technologies, Inc. and Medical Nutrition USA, Inc.

Steven A. Raymund. Mr. Raymund has served as a director of Jabil since January 1996. Mr. Raymund began his career at Tech Data Corporation, a distributor of personal computer products, in 1981 as Operations Manager. He became Chief Operating Officer in 1984 and was promoted to the position of Chief Executive Officer of Tech Data Corporation in 1986. Mr. Raymund also serves as Chairman of the Board of Directors of Tech Data Corporation, a position he has held since 1991.

Thomas A. Sansone. Mr. Sansone served as President of Jabil from 1988 to January 1999 when he became Vice Chairman of the Board of Directors. Mr. Sansone joined Jabil in 1983 as Vice President and has served as a director since that time. Prior to joining Jabil, Mr. Sansone was a practicing attorney with a specialized practice in taxation. He also served as an adjunct Professor at Detroit College of Law. He holds a B.A. from Hillsdale College, a J.D. from Detroit College of Law and an LL.M. in taxation from New York University.

Kathleen A. Walters. Ms. Walters is President of the North American Commercial Business for Georgia-Pacific Corp. with responsibility for the company's away-from-home tissue business, including sales, marketing, customer service, business development and manufacturing. She began her career at Chase Manhattan Bank in 1973 and joined Scott Paper Company in 1978, performing in a variety of financial and business management roles for 17 years. After Scott Paper was acquired by Kimberly-Clark Corp. in 1995, Ms. Walters spent six years with Kimberly-Clark, primarily as President of their away-from-home business in Europe. Before joining Georgia-Pacific, Ms. Walters served as President and CEO of Sappi Fine Paper North

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America from 2002 to 2004. She holds a bachelor's degree in Mathematics from Syracuse University and a master's of business administration degree from the Wharton School at the University of Pennsylvania.

Recommendation of the Board of Directors

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR EACH OF THE NOMINEES LISTED ABOVE.

CORPORATE GOVERNANCE AND BOARD OF DIRECTORS MATTERS

The affairs of Jabil are managed by the Board of Directors. Each member of the Board of Directors is elected at the annual meeting of stockholders each year or appointed by the incumbent Board of Directors and serves until the next annual meeting of stockholders or until a successor has been elected or approved.

Current Members of the Board of Directors

The members of the Board of Directors on the date of this Proxy Statement, and the committees of the Board of Directors on which they serve, are identified below:

Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Committee that Administers Stock Option Plans for Non-Officers and Non-Directors
Laurence S. Grafstein			Chair	
Mel S. Lavitt	ü	ü	ü	
Timothy L. Main				ü
Lawrence J. Murphy				
William D. Morean				ü
Frank A. Newman	ü	Chair	ü	
Steven A. Raymund	Chair	ü	ü	
Thomas A. Sansone				
Kathleen A. Walters				

Role of the Board of Directors Committees

The Board of Directors has standing Audit, Compensation and Nominating and Corporate Governance Committees, and also has a committee that administers stock option plans for non-officers and non-directors.

Audit Committee. The functions of the Audit Committee are described below under the heading Report of the Audit Committee. The charter of the Audit Committee was adopted on October 21, 2004, and was attached to last year's Proxy Statement as Exhibit A, and is available in the Investor Relations section of Jabil's website (www.jabil.com). A copy of this charter may also be obtained upon request from Jabil's Corporate Secretary. All of the members of the Audit Committee are independent within the meaning of SEC regulations, the listing standards of the NYSE and Jabil's Corporate Governance Guidelines. The Board of Directors has determined that each member of the Audit Committee is an audit committee financial expert within the meaning of the SEC regulations and that each member has accounting and related financial management expertise within the meaning of the listing standards of the NYSE. The Audit Committee met twelve times during fiscal year 2005.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for developing and implementing policies and practices relating to corporate governance, including reviewing and monitoring implementation of Jabil's Corporate Governance Guidelines. In addition, the Nominating and Corporate Governance Committee develops and reviews background information on candidates for the Board of

Directors and makes recommendations to the Board of Directors

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regarding such candidates. The Nominating and Corporate Governance Committee also evaluates and makes recommendations to the Board of Directors in connection with its annual review of director independence and the Board of Directors' performance self-evaluation. The charter of the Nominating and Corporate Governance Committee was adopted on October 17, 2002, and subsequently amended on October 26, 2005. The charter is available in the Investor Relations section of Jabil's website (www.jabil.com). A copy of this charter may also be obtained upon request from Jabil's Corporate Secretary. All of the members of the Nominating and Corporate Governance Committee are independent within the meaning of the listing standards of the NYSE and Jabil's Corporate Governance Guidelines. The Nominating and Corporate Governance Committee met five times and did not take any action by written consent during fiscal year 2005.

Compensation Committee. The Compensation Committee assists the Board of Directors in discharging its responsibilities relating to the compensation of Jabil's executive officers. The Compensation Committee reviews and approves corporate goals and objectives relevant to the compensation of Jabil's Chief Executive Officer in light of those goals and objectives, and sets the compensation level of the Chief Executive Officer based on this evaluation. The Compensation Committee is also generally empowered to administer Jabil's 1992 Stock Option Plan and 2002 Stock Incentive Plan, each with respect to all individuals. The charter of the Compensation Committee was adopted on October 17, 2002, and is available in the Investor Relations section of Jabil's website (www.jabil.com). A copy of this charter may also be obtained upon request from Jabil's Corporate Secretary. All of the members of the Compensation Committee are independent within the meaning of the listing standards of the NYSE and Jabil's Corporate Governance Guidelines. The Compensation Committee met five times and took action by written consent two times during fiscal year 2005.

Committee that administers stock option plans for non-officers and non-directors. The committee that administers stock option plans for non-officers and non-directors administers Jabil's 1992 Stock Option Plan and 2002 Stock Incentive Plan with respect to individuals who are neither directors nor officers of Jabil and currently consists of Messrs. Morean and Main. This committee met four times during fiscal year 2005.

Corporate Governance Guidelines

In October 2005, the Board of Directors enhanced its Corporate Governance Guidelines, which were originally adopted on July 17, 2003 to: (i) require that directors submit a resignation from the board as a matter of course upon their retirement, resignation or other significant change in their professional roles and responsibilities (which the Board may decline to accept); (ii) limit non-employee directors from serving on the boards of more than four public companies; and (iii) clarify that each individual director will be periodically evaluated, not just the board as a whole. The Corporate Governance Guidelines adopted by the Board of Directors exceed the new listing standards adopted during 2003 by the NYSE. The full text of the Corporate Governance Guidelines can be found in the Investor Relations section of Jabil's website (www.jabil.com). A copy of these guidelines may also be obtained upon request from Jabil's Corporate Secretary.

Selection of Nominees for the Board of Directors

One of the tasks of the Nominating and Corporate Governance Committee is to identify and recruit candidates to serve on the Board of Directors. The Nominating and Corporate Governance Committee is responsible for providing a list of nominees to the Board of Directors for nomination at the annual meeting of the stockholders. The Nominating and Corporate Governance Committee will consider nominees for board membership suggested by its members and other Board of Directors members, as well as management and stockholders. The Nominating and Corporate Governance Committee may at its discretion retain a third-party executive search firm to identify potential nominees. Jabil's Chief Executive Officer is included, on a non-voting basis, in the process of identifying candidates. The Nominating and Corporate Governance Committee will evaluate a prospective nominee against the standards and qualifications set out in Jabil's Corporate Governance Guidelines. The Nominating and Corporate Governance Committee will take into account many factors in evaluating a prospective nominee, including, among other things, having integrity and being accountable, being able to exercise informed judgment, being financially literate, and having high performance standards.

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The Nominating and Corporate Governance Committee will consider nominees recommended by stockholders. The Nominating and Corporate Governance Committee will give consideration to these recommendations for positions on the Board of Directors where the Nominating and Corporate Governance Committee has not determined to re-nominate a qualified incumbent director. For each annual meeting of stockholders, the Committee will accept for consideration only one recommendation from any stockholder or affiliated group of stockholders. An affiliated group of stockholders means stockholders constituting a group under SEC Regulation 13D. While the Nominating and Corporate Governance Committee has not established a minimum number of shares that a stockholder must own in order to present a nominating recommendation for consideration, or a minimum length of time during which the stockholder must own its shares, the Nominating and Corporate Governance Committee will take into account the size and duration of a recommending stockholder's ownership interest in Jabil. The Nominating and Corporate Governance Committee will only consider recommendations of nominees who satisfy the minimum qualifications prescribed from time to time by the Nominating and Corporate Governance Committee or the full Board of Directors for board candidates, including that a director must represent the interests of all stockholders and not serve for the purpose of favoring or advancing the interests of any particular stockholder group or other constituency.

All stockholder nominating recommendations must be in writing, addressed to the Nominating and Corporate Governance Committee care of Jabil's Corporate Secretary at Jabil's principal headquarters, 10560 Dr. Martin Luther King, Jr. Street North, St. Petersburg, FL 33716, and received by Jabil no later than August 18, 2006 in accordance with the requirements described under Deadline for Receipt of Stockholder Proposals. Submissions must be made by mail, courier or personal delivery. E-mailed submissions will not be considered. If a recommendation is submitted by a group of two or more stockholders, the information regarding recommending stockholders must be submitted with respect to each stockholder in the group. Acceptance of a recommendation for consideration does not imply that the Nominating and Corporate Governance Committee will nominate the recommended candidate.

A nominating recommendation must be accompanied by the following information concerning each recommending stockholder:

The name and address, including telephone number, of the recommending stockholder;

The number of Jabil's shares owned by the recommending stockholder and the time period for which such shares have been held;

If the recommending stockholder is not a stockholder of record, a statement from the record holder of the shares (usually a broker or bank) verifying the holdings of the stockholder and a statement from the recommending stockholder of the length of time that the shares have been held. (Alternatively, the stockholder may furnish a current Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5 filed with the SEC reflecting the holdings of the stockholder, together with a statement of the length of time that the shares have been held); and

A statement from the stockholder as to whether the stockholder has a good faith intention to continue to hold the reported shares through the date of Jabil's next annual meeting of stockholders.

A nominating recommendation must be accompanied by the following information concerning the proposed nominee:

the information required by Item 401 of SEC Regulation S-K (generally providing for disclosure of the name, address, any arrangements or understanding regarding nomination and five-year business experience of the proposed nominee, as well as information regarding certain types of legal proceedings within the past five years involving the nominee);

the information required by Item 403 of SEC Regulation S-K (generally providing for disclosure regarding the proposed nominee's ownership of securities of Jabil);

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the information required by Item 404 of SEC Regulation S-K (generally providing for disclosure of transactions between Jabil and the proposed nominee valued in excess of \$60,000 and certain other types of business relationships with Jabil);

a description of the relationships between the proposed nominee and the recommending stockholder and any agreements or understandings between the recommending stockholder and the nominee regarding the nomination;

a description of all relationships between the proposed nominee and any of Jabil's competitors, customers, suppliers, labor unions or other persons with special interests regarding Jabil known to the recommending stockholder or director in Jabil's filings with the SEC;

a statement supporting the nominating stockholder's view that the proposed nominee possesses the minimum qualifications prescribed by the Nominating and Corporate Governance Committee for nominees or directors from time to time, including those that may be set forth in Jabil's Corporate Governance Guidelines, and briefly describing the contributions that the nominee would be expected to make to the Board of Directors and to the governance of Jabil;

a statement as to whether, in the view of the nominating stockholder, the nominee, if elected, would represent all stockholders and not serve for the purpose of advancing or favoring any particular stockholder or other constituency of Jabil; and

the consent of the proposed nominee to be interviewed by the Nominating and Corporate Governance Committee, if the Nominating and Corporate Governance Committee chooses to do so in its discretion (and the recommending stockholder must furnish the proposed nominee's contact information for this purpose), and, if nominated and elected, to serve as a director of Jabil.

Determinations of Director Independence

In October 2005, the Board of Directors undertook its annual review of director independence. For a director to be considered independent, the Board of Directors must determine that the director does not have any material relationship with Jabil that falls within the eight categories below. The Board of Directors has established these categories to assist it in determining director independence, which conform to or are more exacting than the independence requirements in the NYSE listing standards. As required by the NYSE listing standards, the Board of Directors will consider all material relevant facts and circumstances known to it in making an independence determination, both from the standpoint of the director and from that of persons or organizations with which the director has an affiliation. As a result of this review, the Board of Directors determined that two-thirds of the directors of Jabil are independent, including Lawrence S. Grafstein, Mel S. Lavitt, William D. Morean, Frank A. Newman, Steven A. Raymund and Kathleen A. Walters.

As required by applicable law, the Board of Directors will make and publicly disclose its independence determination for each director when the director is first elected to the Board of Directors and annually thereafter for all nominees for election as directors. If the Board of Directors determines that a director who satisfies the NYSE listing standards is independent even though he or she does not satisfy all of Jabil's independence requirements, this determination will be disclosed and explained in the next proxy statement as required by applicable law.

A director will not be independent if the director falls within one of the following categories as determined by the Board of Directors or a committee thereof based on facts known to it in light of the meanings ascribed to those categories under applicable NYSE guidance where applicable and otherwise by the Board of Directors or a committee thereof within its discretion:

the director is employed by Jabil, or an immediate family member is an executive officer of Jabil;

the director receives more than \$100,000 per year in direct compensation from Jabil, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

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an immediate family member of the director is employed by Jabil and receives more than \$100,000 per year in direct compensation from Jabil;

the director is affiliated with or employed by Jabil's independent auditor, or an immediate family member is affiliated with or employed in a professional capacity by Jabil's independent auditor;

a Jabil executive is on the compensation committee of the Board of Directors of a company which employs a Jabil director, or an immediate family member of that Jabil director, as an executive officer;

the director is an executive officer or employee, or if an immediate family member is an executive officer, of another company that does business with Jabil and the sales by that company to Jabil or purchases by that company from Jabil, in any single fiscal year during, are more than the greater of two percent of the annual revenues of that company or \$1 million;

the director is an executive officer or employee, or an immediate family member is an executive officer, of another company which is indebted for borrowed money to Jabil, or to which Jabil is indebted for borrowed money, and the total amount of either of such company's indebtedness to the other at the end of the last completed fiscal year is more than two percent of the other company's total consolidated assets; or

the director serves as an officer, director or trustee of a charitable organization, and Jabil's discretionary charitable contributions to the organization are more than two percent of that organization's total annual charitable receipts during its last completed fiscal year.

Board of Directors Meetings During Fiscal 2005

The Board of Directors held a total of five meetings and took action by written consent eleven times during fiscal year 2005. All directors attended 75% or more of the aggregate number of Board of Directors meetings and committee meetings. The independent Chairman of the Board presides over all meetings of the Board of Directors, including the executive sessions thereof.

Policy Regarding Attendance at Annual Meeting of Stockholders

Jabil's Corporate Governance Guidelines requires all directors to endeavor to attend all annual stockholders meetings, absent unanticipated personal or professional obligations which preclude them from doing so. To facilitate such attendance, Jabil endeavors to schedule a regular meeting of the Board of Directors on the same date as the Annual Meeting. All of Jabil's directors attended the 2004 Annual Meeting, other than Kathleen A. Walters who had not yet then been elected to the Board.

Directors Compensation

During the 2005 fiscal year, non-employee directors received the following annual compensation, payable quarterly: \$50,000 for serving as a member of the Board of Directors; \$10,000 for serving as a non-chair member of the Audit Committee; \$20,000 for serving as chair of the Audit Committee; \$5,000 for serving as a non-chair member of the Compensation Committee or the Nominating and Corporate Governance Committee; and \$10,000 for serving as the chair of Compensation Committee or the Nominating and Corporate Governance Committee. No director currently receives any additional cash compensation for attendance at Board of Directors or committee meetings. Directors are entitled to reimbursement for expenses incurred in connection with their attendance at Board of Directors and committee meetings. In addition, non-employee directors are also eligible to receive stock option grants pursuant to Jabil's 2002 Stock Incentive Plan. For the 2005 fiscal year, each non-employee director received an option to purchase 15,000 shares of common stock of Jabil at a price per share equal to the fair market value of the common stock on the date of grant.

Stockholder Communication with the Board of Directors

Effective October 2004, the Nominating and Corporate Governance Committee approved a process for stockholders and other certain parties to communicate directly with non-Management members of the Board

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of Directors. Communications to non-Management directors must be in writing and sent Certified Mail in care of Jabil's legal department to the address of Jabil's headquarters. All communications must be accompanied by the following information:

if the person submitting the communication is a stockholder, a statement of the type and amount of shares of Jabil that the person holds;

if the person submitting the communication is not a stockholder and is submitting the communication to the non-Management directors as an interested party, the nature of the person's interest in Jabil;

any special interest, meaning an interest not in the capacity of a stockholder of Jabil, of the person in the subject matter of the communication; and

the address, telephone number and e-mail address, if any, of the person submitting the communication.

Jabil's legal department reviews all such correspondence and regularly forwards to the Board of Directors copies of all correspondence that, in the opinion of Jabil's legal department, deals with the functions of the Board of Directors or committees thereof or that Jabil's legal department otherwise determines requires their attention. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of the Chairman of the Audit Committee and handled in accordance with procedures established by the Audit Committee with respect to such matters.

Code of Business Conduct and Ethics and Senior Code

Jabil has adopted a Code of Business Conduct and Ethics, which applies to all directors, officers and employees. In addition, Jabil has adopted a senior code of ethics entitled Code of Ethics for the Principal Executive Officer and Senior Financial Officers of Jabil that applies to the principal executive officer, president, principal financial officer, chief financial officer, the principal accounting officer and controller. The text of both documents can be found in the Investor Relations section of Jabil's website (www.jabil.com). A copy of both documents may also be obtained upon request from Jabil's Corporate Secretary. Jabil currently anticipates that in the unlikely event any waivers from its Code of Ethics for the Principal Executive Officer and Senior Financial Officers are granted, notice of any such waiver will be posted on its website.

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PROPOSAL NO. 2
APPROVAL OF AMENDMENTS TO THE JABIL CIRCUIT, INC.
2002 STOCK INCENTIVE PLAN

The Jabil 2002 Stock Incentive Plan (the "Stock Incentive Plan") was adopted by the Board of Directors in October 2001 and approved by the stockholders in January 2002. The stockholders subsequently approved amendments to the Stock Incentive Plan in January 2004. The Stock Incentive Plan provides for the granting of both incentive stock options as defined in Section 422 Internal Revenue Code and non-statutory stock options, as well as restricted stock, stock appreciation rights and other stock-based awards. Jabil also adopted sub-plans under the Stock Incentive Plan for its United Kingdom employees (the "CSOP Plan") and for its French employees (the "FSOP Plan"). The CSOP Plan and FSOP Plan are tax advantaged plans for Jabil's United Kingdom and French employees, respectively. Shares are issued under the CSOP Plan and FSOP Plan from the authorized shares under the Stock Incentive Plan. A significant portion of the most recent grants under the Stock Incentive Plan to Jabil executive officers were restricted stock awards that do not vest unless certain specified performance-based criteria are met. Jabil currently anticipates that a material portion of future grants to executive officers under the Stock Incentive Plan will also include performance-based vesting criteria.

Proposal

The Board of Directors recently adopted amendments to the Stock Incentive Plan, subject to stockholder approval. The amendments to the Stock Incentive Plan (i) provide for a 7,000,000 share increase in the aggregate number of shares of Jabil common stock that may be subject to future awards under the Stock Incentive Plan as of the Record Date from 3,515,609 shares to 10,515,609 shares (the "Share Increase Amendment"), (ii) modify the provisions relating to the calculation of the number of shares of Jabil common stock that may be subject to future awards under the Stock Incentive Plan (the "Share Counting Amendment"), and (iii) add provisions necessary to take advantage of the "qualified performance-based compensation" exception to a compensation deduction limitation under applicable federal tax law (the "162(m) Amendment"). As of the Record Date, awards covering a total of 14,641,886 shares were outstanding under the Stock Incentive Plan, CSOP Plan and FSOP Plan, and 3,515,609 shares remained available for future grants.

The Board of Directors adopted the Share Increase Amendment, the Share Counting Amendment and the 162(m) Amendment, subject to stockholder approval. Therefore, these amendments will not become effective if the stockholders do not approve them.

The Share Increase Amendment. The Share Increase Amendment is proposed in order to give Jabil flexibility to grant restricted stock, stock appreciation rights and other stock-based awards under the Stock Incentive Plan. Jabil believes that grants of stock-based awards motivate high levels of performance and provide an effective means of recognizing employee contributions to the success of Jabil. Moreover, stock-based award grants align the interests of the employees with the interests of the stockholders. When Jabil performs well, employees are rewarded along with other stockholders. Jabil believes that stock-based award grants are of great value in recruiting and retaining highly qualified technical and other key personnel who are in great demand. The Board of Directors believes that the ability to grant stock-based awards will be important to Jabil's future success by allowing it to remain competitive in attracting and retaining such key personnel.

The 162(m) Amendment. The 162(m) Amendment modifies the Stock Incentive Plan to provide that stock appreciation rights and certain restricted stock awards granted under the Stock Incentive Plan generally will not be subject to the tax deduction limits of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). Section 162(m) of the Code prevents a publicly held corporation from claiming tax deductions for annual compensation in excess of \$1,000,000 to certain of its senior executives. The executives who are subject to the compensation deduction limitation include any individual who, as of the last day of Jabil's taxable year, is Jabil's chief executive officer or among the four highest compensated officers other than the chief executive officer. Compensation is exempt from

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this limitation if it is qualified performance-based compensation. Stockholder approval of the material terms of the Stock Incentive Plan, as amended, is required to allow Jabil to receive tax deductions for the full amount of performance-based compensation paid to key employees in the form of stock appreciation rights and certain restricted stock awards under the Stock Incentive Plan. The material terms that must be approved include: (1) the employees eligible to receive the performance-based compensation; (2) the maximum amount of performance-based compensation that can be paid to any key employee in a specified period; and (3) with respect to restricted stock awards, the performance criteria under which the performance-based compensation will be determined.

The Share Counting Amendment. The Stock Incentive Plan currently provides that any shares exchanged by a participant as payment in connection with the exercise of a stock option award or the withholding of taxes related to such an award, shall again be available for subsequent awards under the Stock Incentive Plan. In addition, the Stock Incentive Plan currently permits the calculation of the number of available shares by counting against the Stock Incentive Plan's share limit only shares actually delivered as a result of exercise of a stock appreciation right. Under the Share Counting Amendment, shares exchanged or withheld to pay a stock option exercise price or satisfy tax withholding obligations will not be available for subsequent awards under the Stock Incentive Plan. Also, the Share Counting Amendment requires that all underlying shares to which the exercise of a stock appreciation right relates be counted against the Stock Incentive Plan share limits if the stock appreciation right is settled in the form of a stock payment.

In addition to the Share Increase Amendment, the Share Counting Amendment and the 162(m) Amendment, the Board of Directors recently adopted amendments to the Stock Incentive Plan to add provisions necessary to permit electronic administration of awards granted under the Stock Incentive Plan. Stockholder approval of the amendments relating to electronic administration is not required and is not requested.

Recommendation of the Board of Directors

The Board of Directors believes that it is in the best interests of Jabil to provide employees with the opportunity to acquire an ownership interest in Jabil through their participation in the Stock Incentive Plan and that thereby encourage them to remain in Jabil's employ and more closely align their interests with those of the stockholders. The Board of Directors also believes that it is in the best interests of Jabil to maximize its federal income tax deductions for compensation awards that provide employees with the opportunity to acquire an ownership interest in Jabil.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THIS PROPOSAL.

Summary of the Stock Incentive Plan, as Amended, Subject to Stockholder Approval

The following summary of the Stock Incentive Plan is qualified in its entirety by the terms of the Stock Incentive Plan, a copy of which reflecting the amendments referenced herein is attached to this proxy as Appendix A.

Purpose. The purposes of the Stock Incentive Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees and consultants of Jabil and to promote the success of Jabil's business.

Awards. The Stock Incentive Plan provides for awards of incentive stock options, nonstatutory stock options, stock awards, performance units, performance shares and stock appreciation rights. The Board may adopt sub-plans applicable to particular Subsidiaries. With limited exceptions, the rules of such sub-plans may take precedence over other provisions of the Stock Incentive Plan. The ability to adopt such sub-plans will facilitate Jabil's global expansion.

Stock Subject to the Stock Incentive Plan. The aggregate number of shares of common stock that may be subject to future awards under the Stock Incentive Plan as of the Record Date, subject to adjustment upon

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a change in capitalization, is 3,515,609 shares. Such shares of common stock may be authorized, but unissued, or reacquired shares of common stock. Shares of common stock that were subject to Stock Incentive Plan awards that expire or become unexercisable without having been exercised in full shall become available for future awards under the Stock Incentive Plan. With respect to stock appreciation rights, when a stock-settled stock appreciation right is exercised, the shares of common stock subject to the stock appreciation right shall be counted against the shares of common stock available for issuance as one share for every share subject to the stock appreciation right, regardless of the number of shares used to settle the stock appreciation right upon exercise.

Administration. The Stock Incentive Plan may be administered by the Board of Directors or one or more committees of the Board (the Administrator). The Board may require that the Administrator be constituted to comply with Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act), Section 162(m) of the Code, or both. Subject to the other provisions of the Stock Incentive Plan, the Administrator has the power to determine the terms of each award granted, including the exercise price, the number of shares subject to the award and the exercisability thereof. The Administrator may not modify or amend any outstanding stock option so as to specify a lower exercise price or accept the surrender of an outstanding stock option and authorize the granting of a new stock option with a lower exercise price in substitution for the surrendered stock option. In accordance with applicable law, the Board may, by a resolution adopted by the Board, authorize one or more officers of Jabil to designate officers (other than the officer so authorized) and employees of Jabil to be recipients of stock options and determine the number of stock options to be granted. Such a Board resolution must specify the total number and the terms, including exercise price, of the stock options that an officer or officers of Jabil may grant.

Eligibility. The Stock Incentive Plan provides that the Administrator may grant awards to employees and consultants, including non-employee directors. However, the Administrator may grant incentive stock options only to employees. A grantee who has received a grant of an award may, if he is otherwise eligible, receive additional award grants. The Administrator selects the grantees and determines the number of shares of common stock to be subject to each award. In making such determination, the Administrator shall take into account the duties and responsibilities of the employee or consultant, the value of his services, his potential contribution to the success of Jabil, the anticipated number of years of future service and other relevant factors. The Administrator shall not grant to any employee, in any fiscal year of Jabil, stock options to purchase more than 3,000,000 shares of common stock.

Maximum Term and General Terms and Conditions of Awards. With respect to any grantee who owns stock possessing 10% or more of the voting power of all classes of stock of Jabil (a 10% Stockholder), the maximum term of any incentive stock option granted to such optionee must not exceed five years. The term of all other options granted under the Stock Incentive Plan may not exceed ten years.

Each award granted under the Stock Incentive Plan is evidenced by a written agreement between the grantee and Jabil and is subject to the following general terms and conditions:

(a) *Termination of Employment.* If a grantee's continuous status as an employee or consultant terminates for any reason (other than upon the grantee's death or disability), the grantee may exercise his unexercised option or stock appreciation right, but only within such period of time as is determined by the Administrator (with such determination being made at the time of grant and not exceeding 3 months in the case of an incentive stock option) and only to the extent that the grantee was entitled to exercise it at the date of such termination (but in no event may the option or stock appreciation right be exercised later than the expiration of the term of such award as set forth in the award agreement). A grantee's stock award shall be forfeited, to the extent it is forfeitable immediately before the date of such termination, or settled by delivery of the appropriate number of unrestricted shares, to the extent it is nonforfeitable. A grantee's performance shares or performance units with respect to which the performance period has not ended as of the date of such termination shall terminate.

(b) *Disability.* If a grantee's continuous status as an employee or consultant terminates as a result of permanent and total disability (as defined in Section 22(e)(3) of the Code), the grantee may exercise his unexercised option or stock appreciation right, but only within 12 months from the date of such

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termination, and only to the extent that the optionee was entitled to exercise it at the date of such termination (but in no event may the option or stock appreciation right be exercised later than the expiration of the term of such award as set forth in the award agreement). A grantee's stock award shall be forfeited, to the extent it is forfeitable immediately before the date of such termination, or settled by delivery of the appropriate number of unrestricted shares, to the extent it is nonforfeitable. A grantee's performance shares or performance units with respect to which the performance period has not ended as of the date of such termination shall terminate.

(c) *Death.* In the event of a grantee's death, the grantee's estate or a person who acquired the right to exercise the deceased grantee's option or stock appreciation right by bequest or inheritance may exercise the option or stock appreciation right, but only within 12 months following the date of death, and only to the extent that the grantee was entitled to exercise it at the date of death (but in no event may the option or stock appreciation right be exercised later than the expiration of the term of such award as set forth in the award agreement). A grantee's stock award shall be forfeited, to the extent it is forfeitable immediately before the date of such termination, or settled by delivery of the appropriate number of unrestricted shares, to the extent it is nonforfeitable. A grantee's performance shares or performance units with respect to which the performance period has not ended as of the date of such termination shall terminate.

(d) *Nontransferability of Awards.* Except as described below, an award granted under the Stock Incentive Plan is not transferable by the grantee, other than by will or the laws of descent and distribution, and is exercisable during the grantee's lifetime only by the grantee. In the event of the grantee's death, an option or stock appreciation right may be exercised by a person who acquires the right to exercise the award by bequest or inheritance. To the extent and in the manner permitted by applicable law and the Administrator, a grantee may transfer an award to certain family members and other individuals and entities.

Terms and Conditions of Options. Each option granted under the Stock Incentive Plan is subject to the following terms and conditions:

(a) *Exercise Price.* The Administrator determines the exercise price of options to purchase shares of common stock at the time the options are granted. As a general rule, the exercise price of an option must be no less than 100% (110% for an incentive stock option granted to a 10% Stockholder) of the fair market value of the common stock on the date the option is granted. This general rule is different than the exercise price provision of the 1992 Stock Option Plan, which does not place such a restriction on the exercise price of a nonstatutory stock option. The Stock Incentive Plan provides exceptions for certain options granted in connection with an acquisition by Jabil of another corporation or granted as inducements to an individual's commencing employment with Jabil. For so long as Jabil's common stock is traded on the NYSE, the fair market value of a share of common stock shall be the closing sales price for such stock (or the closing bid if no sales were reported) as quoted on such system on the last market trading day prior to the date of determination of such fair market value.

(b) *Exercise of the Option.* Each award agreement specifies the term of the option and the date when the option is to become exercisable. The terms of such vesting are determined by the Administrator. An option is exercised by giving written notice of exercise to Jabil, specifying the number of full shares of common stock to be purchased and by tendering full payment of the purchase price to Jabil.

(c) *Form of Consideration.* The consideration to be paid for the shares of common stock issued upon exercise of an option is determined by the Administrator and set forth in the award agreement. Such form of consideration may vary for each option, and may consist entirely of cash, check, promissory note, other shares of Jabil's common stock, any combination thereof, or any other legally permissible form of consideration as may be provided in the Stock Incentive Plan and the award agreement.

(d) *Value Limitation.* If the aggregate fair market value of all shares of common stock subject to a grantee's incentive stock option which are exercisable for the first time during any calendar year exceeds \$100,000, the

excess options shall be treated as nonstatutory options.

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(e) *Other Provisions.* The award agreement may contain such other terms, provisions and conditions not inconsistent with the Stock Incentive Plan as may be determined by the Administrator. Shares of common stock covered by options which have terminated and which were not exercised prior to termination will be returned to the Stock Incentive Plan.

Stock Appreciation Rights. The Administrator may grant stock appreciation rights in tandem with an option or alone and unrelated to an option. Tandem stock appreciation rights shall expire no later than the expiration of the related option. Stock appreciation rights may be exercised by the delivery to Jabil of a written notice of exercise. The exercise of a stock appreciation right will entitle the grantee to receive the excess of the percentage stated in the award agreement of the fair market value of a share of common stock over the exercise price for each share of common stock with respect to which the stock appreciation right is exercised. Payment upon exercise of a stock appreciation right may be in cash, shares of common stock or a combination of cash and shares of common stock, as determined by the Administrator. The Administrator shall not grant to any employee, in any fiscal year of Jabil, stock appreciation rights covering more than 3,000,000 shares of common stock.

Stock Awards. The Administrator may grant awards of shares of common stock in such amount and upon such terms and conditions as the Administrator specifies in the award agreement. No more than 3,000,000 shares of common stock may be granted pursuant to stock awards to an individual in any calendar year.

Code Section 162(m) Provisions. To the extent the Compensation Committee of the Board of Directors considers it desirable for compensation delivered pursuant to a stock award to be eligible to qualify for an exemption from the limit on tax deductibility of compensation under Section 162(m) of the Code, the Compensation Committee may provide that the lapsing of restrictions on the stock award and the distribution of shares, as applicable, shall be subject to satisfaction of one, or more than one, objective performance targets. The Compensation Committee shall determine the performance targets that will be applied with respect to each such stock award at the time of grant, but in no event later than 90 days after the commencement of the period of service to which the performance target(s) relate. The performance criteria applicable to such stock awards will be one or more of the following criteria: stock price; market share; sales; earnings per share, core earnings per share or variations thereof; return on equity; costs; revenue; cash to cash cycle; days payables outstanding; days of supply; days sales outstanding; cash flow; operating income; profit after tax; profit before tax; return on assets; return on sales; inventory turns; invested capital; net operating profit after tax; return on invested capital; total shareholder return; earnings; return on equity or average shareowners' equity; total shareowner return; return on capital; return on investment; income or net income; operating income or net operating income; operating profit or net operating profit; operating margin; return on operating revenue; contract awards or backlog; overhead or other expense reduction; growth in shareowner value relative to the moving average of the S&P 500 Index or a peer group index; credit rating; strategic plan development and implementation; net cash provided by operating activities; gross margin; economic value added; customer satisfaction; financial return ratios; and market performance.

The Compensation Committee may appropriately adjust any evaluation of performance under the criteria set forth above to exclude certain items or events or in such other manner and to such extent as the Compensation Committee deems appropriate under the applicable circumstances. The Compensation Committee may not increase the number of shares granted pursuant to any such stock award, nor may it waive the achievement of any performance target. Prior to the payment of any such stock award, the Compensation Committee shall certify in writing that the applicable performance target(s) was met.

Performance Units and Performance Shares. The Administrator may grant awards of performance units and performance shares in such amounts and upon such terms and conditions, including the performance goals and the performance period, as the Administrator specifies in the award agreement. The Administrator will establish an initial value for each performance unit on the date of grant.

The initial value of a performance share will be the fair market value of a share of common stock on the date of grant. Payment of earned performance units or performance shares will occur following the close of

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the applicable performance period and in the form of cash, shares of common stock or a combination of cash and shares of common stock.

Adjustment upon Changes in Capitalization. In the event of changes in the outstanding stock of Jabil by reason of any stock splits, reverse stock splits, stock dividends, mergers, recapitalizations or other change in the capital structure of Jabil, an appropriate adjustment shall be made by the Board of Directors in: (i) the number of shares of common stock subject to the Stock Incentive Plan, (ii) the number and class of shares of common stock subject to any award outstanding under the Stock Incentive Plan, and (iii) the exercise price of any such outstanding award. The determination of the Board of Directors as to which adjustments shall be made shall be conclusive.

Change in Control. In the event of a change in control of Jabil, any award outstanding on the date of such change in control that is not yet vested shall become fully vested on the earlier of (i) the first anniversary of the date of such change in control, if the grantee's continuous status as an employee or consultant of Jabil does not terminate prior to such anniversary, or (ii) the date of termination of the grantee's continuous status as an employee or consultant of Jabil as a result of termination by Jabil or its successor without cause or resignation by the grantee for good reason. However, an award will not become fully vested due to a change in control if the grantee's continuous status as an employee or consultant terminates as a result of termination by Jabil or its successor for cause or resignation by the grantee without good reason.

In the event of a proposed dissolution or liquidation of Jabil, all outstanding awards will terminate immediately before the consummation of such proposed action. The Board may, in the exercise of its sole discretion in such instances, declare that any option or stock appreciation right shall terminate as of a date fixed by the Board and give each grantee the right to exercise his option or stock appreciation right as to all or any part of the stock covered by such award, including shares as to which the option or stock appreciation right would not otherwise be exercisable.

In the event of a merger of Jabil with or into another corporation, the sale of substantially all of the assets of Jabil or the acquisition by any person, other than Jabil, of 50% or more of Jabil's then outstanding securities, each outstanding option and stock appreciation right shall be assumed or an equivalent option and stock appreciation right shall be substituted by the successor corporation; provided, however, if such successor or purchaser refuses to assume the then outstanding options or stock appreciation rights, the Stock Incentive Plan provides for the acceleration of the exercisability of all or some outstanding options and stock appreciation rights.

Amendment and Termination of the Stock Incentive Plan. The Board may at anytime amend, alter, suspend or terminate the Stock Incentive Plan. Jabil shall obtain stockholder approval of any amendment to the Stock Incentive Plan in such a manner and to such a degree as is necessary and desirable to comply with Rule 16b-3 of the Exchange Act or Section 422 of the Code (or any other applicable law or regulation, including the requirements of any exchange or quotation system on which the common stock is listed or quoted). Furthermore, Jabil shall obtain stockholder approval of any modification or amendment to the extent that the Board of Directors, in its sole and absolute discretion, reasonably determines, in accordance with the requirements of any exchange or quotation system on which the common stock is listed or quoted, that such modification or amendment constitutes a material revision or material amendment of the Stock Incentive Plan. No amendment or termination of the Stock Incentive Plan shall impair the rights of any grantee, unless mutually agreed otherwise between the grantee and Jabil, which agreement must be in writing and signed by the grantee and Jabil. In any event, the Stock Incentive Plan shall terminate on October 17, 2011. Any awards outstanding under the Stock Incentive Plan at the time of its termination shall remain outstanding until they expire by their terms.

Federal Tax Information

Pursuant to the Stock Incentive Plan, Jabil may grant either incentive stock options, as defined in Section 422 of the Code, nonstatutory options, stock appreciation rights, stock awards, performance units or performance shares.

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An optionee who receives an incentive stock option grant will not recognize any taxable income either at the time of grant or exercise of the option, although the exercise may subject the optionee to the alternative minimum tax.

Upon the sale or other disposition of the shares more than two years after the grant of the option and one year after the exercise of the option, any gain or loss will be treated as a long-term or short-term capital gain or loss, depending upon the holding period. If these holding periods are not satisfied, the optionee will recognize ordinary income at the time of sale or disposition equal to the difference between the exercise price and the lower of (a) the fair market of the shares at the date of the option exercise or (b) the sale price of the shares. Jabil will be entitled to a deduction in the same amount as the ordinary income recognized by the optionee. Any gain or loss recognized on such a premature disposition of the shares in excess of the amount treated as ordinary income will be characterized as long-term or short-term capital gain or loss, depending on the holding period.

All options that do not qualify as incentive stock options are referred to as nonstatutory options. An optionee will not recognize any taxable income at the time he or she receives a nonstatutory option grant. However, upon exercise of the nonstatutory option, the optionee will recognize ordinary taxable income generally measured as the excess of the fair market value of the shares purchased on the date of exercise over the purchase price. Any taxable income recognized in connection with an option exercise by an optionee who is also an employee of Jabil will be subject to tax withholding by Jabil. Upon the sale of such shares by the optionee, any difference between the sale price and the fair market value of the shares on the date of exercise of the option will be treated as long-term or short-term capital gain or loss, depending on the holding period. Jabil will be entitled to a tax deduction in the same amount as the ordinary income recognized by the optionee with respect to shares acquired upon exercise of a nonstatutory option.

With respect to stock awards, stock appreciation rights, performance units and performance shares that may be settled either in cash or in shares of common stock that are either transferable or not subject to a substantial risk of forfeiture under Section 83 of the Code, the grantee will realize ordinary taxable income, subject to tax withholding, equal to the amount of the cash or the fair market value of the shares of common stock received. Jabil will be entitled to a deduction in the same amount and at the same time as the compensation income is received by the participant.

With respect to shares of common stock that are both nontransferable and subject to a substantial risk of forfeiture, the participant will realize ordinary taxable income equal to the fair market value of the shares of common stock at the first time the shares of common stock are either transferable or not subject to a substantial risk of forfeiture. Jabil will be entitled to a deduction in the same amount and at the same time as the ordinary taxable income realized by the grantee.

All of the above-described deductions are subject to the limitations on deductibility described in Section 162(m) of the Code. It is Jabil's intention that the plan be construed and administered in a manner that maximizes the deductibility of compensation under Section 162(m) of the Code.

The foregoing is only a summary of the effect of federal income taxation upon the grantee and Jabil with respect to the grant and exercise of awards under the Stock Incentive Plan, does not purport to be complete, and does not discuss the tax consequences of the grantee's death or the income tax laws of any municipality, state or foreign country in which a grantee may reside.

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PROPOSAL NO. 3

APPROVAL OF THE JABIL CIRCUIT, INC. ANNUAL INCENTIVE PLAN

The Jabil Circuit, Inc. Annual Incentive Plan (the Annual Incentive Plan) was adopted by the Board of Directors on October 27, 2005. The complete text of the Annual Incentive Plan is set forth in Appendix B.

The Board of Directors adopted the Annual Incentive Plan subject to stockholder approval. Therefore, the Annual Incentive Plan will not become effective if the stockholders do not approve it. The Annual Incentive Plan is designed so that annual incentive awards granted pursuant to its terms generally will not be subject to the tax deduction limits of Section 162(m) of the Code. Section 162(m) of the Code prevents a publicly held corporation from claiming tax deductions for annual compensation in excess of \$1,000,000 to certain of its senior executives. The executives who are subject to the compensation deduction limitation include any individual who, as of the last day of Jabil's taxable year, Jabil's chief executive officer or among the four highest compensated officers other than the chief executive officer. Compensation is exempt from this limitation if it is qualified performance-based compensation.

The purpose of this proposal is to request stockholder approval of the material terms of the Annual Incentive Plan in order to take advantage of this exception and ensure that Jabil is able to receive tax deductions for the full amount of performance-based compensation paid to officers in the form of annual incentive awards under the Annual Incentive Plan. The material terms that must be approved include (1) the employees eligible to receive the performance-based compensation, (2) the performance criteria under which the performance-based compensation will be determined, and (3) the maximum amount of performance-based compensation that could be paid to any executive in a fiscal year.

The following is a summary of the material terms of the Annual Incentive Plan, including the material terms that stockholders are being asked to approve.

Description of the Annual Incentive Plan

Purpose. The purpose of the Annual Incentive Plan is to motivate and reward short-term performance by providing cash bonus payments based upon the achievement of pre-established and objective performance goals. The Annual Incentive Plan also provides for discretionary bonus awards.

Administration. The Annual Incentive Plan is administered by the Compensation Committee of the Board of Directors. Among other things, the Compensation Committee has the authority to select participants in the Annual Incentive Plan from among Jabil's executive officers, and to determine the performance goals, the bonus amounts to be paid upon achievement of the performance goals, to make other discretionary bonus awards, and to determine other terms and conditions of awards under the Annual Incentive Plan. The Compensation Committee also has the authority to establish and amend rules and regulations relating to the Annual Incentive Plan and to make all other determinations necessary and advisable for the administration of the Annual Incentive Plan. All decisions made by the Compensation Committee pursuant to the Annual Incentive Plan are made in the Compensation Committee's sole discretion and are final and binding.

Eligibility. Executive officers designated by the Compensation Committee are eligible to be granted annual incentive awards and discretionary awards under the Annual Incentive Plan. Although Section 162(m) of the Code limits deductibility only for compensation paid to the five most highly compensated executive officers, the performance goals with respect to annual incentive awards are applied to all executive officers in the event that one or more should become subject to the limits of Section 162(m) of the Code.

Terms of Annual Incentive Awards. Annual incentive awards under the Annual Incentive Plan are made for each fiscal year. Annual incentive awards under the Annual Incentive Plan consist of cash amounts payable upon the achievement during a fiscal year of specified objective performance goals. Within the first 90 days of the fiscal year, the Compensation Committee will establish the performance goal(s) and the target bonus, which will be earned if the performance goal(s) are achieved. The target bonus for each participant will be determined as a percentage of the participant's base salary or as the sum of a percentage of the funds available for the payment of such bonus and a percentage of the participant's base salary up to a designated

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maximum percentage of the participant's base salary. After the end of the performance period, the Compensation Committee will certify in writing the extent to which the performance goals are achieved and determine the amount of the annual incentive award that is payable, provided that the Compensation Committee will not have the discretion to increase the amount of incentive compensation actually paid. All annual incentive award amounts payable under the Annual Incentive Plan will be paid as soon as practicable after the Compensation Committee's certification.

Performance Goals. Performance goals applicable to annual incentive awards under the Annual Incentive Plan will be based on one or more of the following performance objectives: stock price; market share; sales; earnings per share, core earnings per share or variations thereof; return on equity; costs; revenue; cash to cash cycle; days payables outstanding; days of supply; days sales outstanding; cash flow; operating income; profit after tax; profit before tax; return on assets; return on sales; inventory turns; invested capital; net operating profit after tax; return on invested capital; total shareholder return; earnings; return on equity or average shareowners' equity; total shareowner return; return on capital; return on investment; income or net income; operating income or net operating income; operating profit or net operating profit; operating margin; return on operating revenue; contract awards or backlog; overhead or other expense reduction; growth in shareowner value relative to the moving average of the S&P 500 Index or a peer group index; credit rating; strategic plan development and implementation; net cash provided by operating activities; gross margin; economic value added; customer satisfaction; financial return ratios; and market performance.

Maximum Annual Incentive Award Payable. For purposes of Section 162(m) of the Code, Jabil is required to establish a maximum amount of performance-based compensation that may be paid to any participant pursuant to an annual incentive award under the Annual Incentive Plan in any one fiscal year. The maximum annual incentive award amount payable under the Plan is 300% of the participant's base salary. This limitation may not be increased without stockholder approval.

Termination of Employment. A participant whose employment terminates during the fiscal year will not be entitled to any payment with respect to the annual incentive award.

Discretionary Awards. The Annual Incentive Plan also authorizes the Compensation Committee to make cash bonus awards to executive officers in such amounts and upon such terms and conditions as shall the Compensation Committee determine in its discretion. Discretionary awards are not qualified performance-based compensation and are not exempt from the limitations of Section 162(m) of the Code.

Amendment and Discontinuance. The Annual Incentive Plan may be amended, modified or terminated by the Board at any time, but no such amendment, modification or termination will affect the payment of any award for a fiscal year that has already ended or increase the amount of any award.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THIS PROPOSAL.

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**PROPOSAL NO. 4
APPROVAL OF AMENDMENT TO THE JABIL CIRCUIT, INC.
2002 EMPLOYEE STOCK PURCHASE PLAN**

The Jabil 2002 Employee Stock Purchase Plan (the "Stock Purchase Plan") was adopted by the Board of Directors in October 2001 and approved by the stockholders in January 2002. The Stock Purchase Plan, which is intended to qualify under Section 423 of the Code, permits eligible employees to purchase shares of Jabil's common stock at a discount through payroll deductions.

Proposal

The Board of Directors recently amended the Stock Purchase Plan, subject to stockholder approval. The amendment to the Stock Purchase Plan provides for a 2,000,000 share increase in the aggregate number of shares of Jabil common stock that may be issued under the Stock Purchase Plan as of the Record Date from 517,528 shares to 2,517,528 shares.

The Board of Directors adopted the amendment, subject to stockholder approval. Therefore, the amendment will not become effective if the stockholders do not approve it.

Recommendation of the Board of Directors

The Board of Directors believes that it is in the best interests of Jabil to provide employees with the opportunity to acquire an ownership interest in Jabil through their participation in the Stock Purchase Plan through their participation in the Stock Incentive Plan and thereby encourage them to remain in Jabil's employ and more closely align their interests with those of the stockholders.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THIS PROPOSAL.
Summary of the Stock Purchase Plan, as Amended, Subject to Stockholder Approval**

The following summary of the principal features and effects of the Stock Purchase Plan is qualified in its entirety by the terms of the Stock Purchase Plan, a copy of which reflecting the amendment referenced herein is attached to this proxy as Appendix C.

Purpose. The purpose of the Stock Purchase Plan is to provide employees of Jabil and certain of its subsidiaries as designed by the Board (the "Subsidiaries") with an opportunity to purchase common stock through accumulated payroll deductions. Jabil intends to have the Stock Purchase Plan qualify as an employee stock purchase plan under Section 423 of the Code. The Board may adopt sub-plans applicable to particular Subsidiaries, which sub-plans may be designed to be outside the scope of Section 423 of the Code. With limited exceptions, the rules of such sub-plans may take precedence over other provisions of the Stock Purchase Plan. The ability to adopt such sub-plans will facilitate Jabil's global expansion.

Administration. The Stock Purchase Plan will be administered by the Board of Directors or a committee of members of the Board appointed by the Board (the "Administrator"). Every finding, decision and determination by the Administrator shall, to the full extent permitted by law, be final and binding upon all parties. The Board may adopt rules and procedures relating to the operation of the Stock Purchase Plan to accommodate the specific requirements of local laws and procedures.

Eligibility. All employees of Jabil or its Subsidiaries are eligible to participate after 90 days of continuous employment if they are regularly employed for at least 20 hours per week and more than five months per calendar year. Participation in the Stock Purchase Plan ends automatically on termination of employment with Jabil or a Subsidiary. Eligible employees may become a participant by completing a subscription agreement authorizing payroll deductions and filing it with Jabil's payroll office at least ten business days before the applicable enrollment date.

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Offering Periods. The Stock Purchase Plan is implemented by consecutive six month offering periods commencing on the first trading day on or after July 1, 2002 and on January 1 and July 1 of each year thereafter.

Purchase Price. The purchase price per share of the shares offered under the Stock Purchase Plan in a given offering period shall be the lower of 85% of the fair market value of a share of common stock on the enrollment date or 85% of the fair market value of a share of common stock on the exercise date. The fair market value of the common stock on a given date shall be the closing sale price of a share of common stock for such date as reported by the NYSE or any other established stock exchange or national market system on which the common stock is listed. The shares of Jabil common stock purchased pursuant to the Stock Purchase Plan will represent newly-issued shares.

Payroll Deductions. The purchase price for the shares of common stock is accumulated by payroll deductions during the offering period in amounts elected by the participants not exceeding 10% of such participants eligible compensation during the offering period, which is defined in the Stock Purchase Plan to include all regular straight earnings and any payments for overtime, shift premiums, commissions, incentive compensation, incentive payments, regular bonuses and other compensation. A participant may discontinue his or her participation in the Stock Purchase Plan at any time during the offering period. Payroll deductions shall commence on the first payday following the enrollment date, and shall end on the exercise date of the offering period unless sooner terminated as provided in the Stock Purchase Plan. No interest shall accrue on a participant's payroll deductions.

Grant and Exercise of Option. The maximum number of shares placed under option to a participant in an offering period is that number determined by dividing the amount of the participant's total payroll deductions to be accumulated prior to an exercise date by the lower of 85% of the fair market value of the common stock at the beginning of the offering period or on the exercise date, provided that a participant will not be permitted to purchase during each offering period more than a number of shares determined by dividing \$12,500 by the fair market value of Jabil's common stock on the enrollment date. Unless a participant withdraws from the Stock Purchase Plan, such participant's option for the purchase of shares of common stock will be exercised automatically on each exercise date for the maximum number of whole shares of common stock at the applicable price. As promptly as practicable after each exercise date on which a participant's purchase of shares of common stock occurs, Jabil will arrange the delivery to the participant of a certificate representing the shares of common stock purchased upon exercise of the participant's option. Notwithstanding the foregoing, no employee will be permitted to subscribe for shares of common stock under the Stock Purchase Plan if, immediately after the grant of the option, the employee would own five percent or more of the voting power or value of all classes of stock of Jabil or of any of its subsidiaries (including stock that may be purchased under the Stock Purchase Plan or pursuant to any other options), nor shall any employee be granted an option that would permit the employee to buy under all employee stock purchase plans of Jabil more than \$25,000 worth of stock (determined at the fair market value of the shares of common stock at the time the option is granted) in any calendar year. Options may be granted under the Stock Purchase Plan from time to time in substitution for stock options held by employees of another corporation who become, or who became prior to the effective date of the Stock Purchase Plan, employees of Jabil or one of its subsidiaries as a result of a merger with or acquisition by Jabil.

Withdrawal; Termination of Employment. Employees may end their participation in the offering at any time during the offering period, and participation ends automatically on termination of employment with Jabil or a Subsidiary. A participant will be required to withdraw all of the payroll deductions credited to such participant's account and not yet used and must give written notice of such withdrawal to Jabil.

Transferability. No rights or accumulated payroll deductions of a participant under the Stock Purchase Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or by designation of a beneficiary as provided in the Stock Purchase Plan) and any such attempt may be treated by Jabil as an election to withdraw from the Stock Purchase Plan.

Adjustments Upon Changes in Capitalization, Dissolution, Merger, Asset Sale or Change of Control. Subject to any required action by Jabil's stockholders, the shares of common stock reserved under the Stock

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Purchase Plan, as well as the price per share of common stock covered by each option under the Stock Purchase Plan that has not yet been exercised, shall be proportionately adjusted for any increase or decrease in the number of issued shares of common stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the common stock, or any other increase or decrease in the number of shares of common stock effected without receipt of consideration by Jabil; provided, however, that conversion of any convertible securities of Jabil shall not be deemed to have been effected without receipt of consideration. Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. In the event of the proposed dissolution or liquidation of Jabil, the offering period will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Board. In the event of a proposed sale of all or substantially all of the assets of Jabil or a merger of Jabil with or into another corporation, the Stock Purchase Plan provides that each option under the Stock Purchase Plan be assumed or an equivalent option be substituted by the successor or purchaser corporation, unless the Board determines to shorten the offering period or to cancel each outstanding right to purchase and to refund all sums collected during that offering period to the participants.

Amendment and Termination. Jabil's Board of Directors may at any time and for any reason terminate or amend the Stock Purchase Plan. Except as provided in the Stock Purchase Plan with respect to adjustments upon changes in capitalization, dissolution, merger, asset sale or change of control, no such termination can affect options previously granted, provided that an offering period may be terminated by the Board of Directors on any exercise date if the Board determines that the termination of the Stock Purchase Plan is in the best interests of Jabil and its stockholders. Except as provided in the Stock Purchase Plan with respect to adjustments upon changes in capitalization, dissolution, merger, asset sale or change of control, no amendment may make any change in any option theretofore granted that adversely affects the rights of any participant. To the extent necessary to comply with Rule 16b-3 under the Exchange Act, as amended, or under Section 423 of the Code (or any successor rule or provision or any other applicable law or regulation), Jabil shall obtain stockholder approval of any amendment to the Stock Purchase Plan in such a manner and to such a degree as required. Unless terminated sooner, the Stock Purchase Plan will terminate on October 17, 2011.

Federal Tax Information

The Stock Purchase Plan and the rights of participants to make purchases under the Stock Purchase Plan are intended to qualify under the provisions of Sections 421 and 423 of the Code. Under these provisions, no income will be taxable to a participant until the shares purchased under the Plan are sold or otherwise disposed of. Upon sale or other disposition of the shares of common stock, the participant will generally be subject to tax, and the amount of the tax will depend upon the holding period. If the shares of common stock are sold or otherwise disposed of more than two years from the first day of the offering period, the participant will recognize ordinary income measured as the lesser of (a) the excess of the fair market value of the shares of common stock at the time of such sale or disposition over the purchase price, or (b) an amount equal to 15% of the fair market value of the shares of common stock as of the first day of the offering period. Any additional gain will be treated as long-term capital gain. If the shares of common stock are sold or otherwise disposed of before the expiration of this holding period, the participant will recognize ordinary income generally measured as the excess of the fair market value of the shares of common stock on the date the shares are purchased over the purchase price. Any additional gain or loss on such sale or disposition will be long-term or short-term capital gain or loss, depending on the holding period. Jabil is not entitled to a deduction for amounts taxed as ordinary income or capital gain to a participant except to the extent of ordinary income recognized by participants upon a sale or disposition of shares of common stock prior to the expiration of the holding period(s) described above. The foregoing is only a summary of the effect of federal income taxation upon the participant and Jabil with respect to the shares of common stock purchased under the Stock Purchase Plan. Reference should be made to the applicable provisions of the Code. In addition, the summary does not discuss the tax consequences of a participant's death or the income tax laws of any state or foreign country in which the participant may reside.

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**PROPOSAL NO. 5
RATIFICATION OF APPOINTMENT OF INDEPENDENT
REGISTERED PUBLIC ACCOUNTANTS**

The Audit Committee of the Board of Directors has selected KPMG LLP to audit the financial statements of Jabil for the fiscal year ending August 31, 2006, and to perform other appropriate services. KPMG LLP (or its predecessor firm) has audited Jabil's financial statements since the fiscal year ended August 31, 1984. A representative of KPMG LLP is expected to be present at the Annual Meeting, will have the opportunity to make a statement and is expected to be available to respond to appropriate questions.

AUDIT COMMITTEE REPORT

Jabil Circuit, Inc.'s Audit Committee serves to assist Jabil's Board in fulfilling the oversight responsibilities it has under the law with respect to financial reports and other financial information provided by Jabil to the public, Jabil's systems of internal controls regarding finance and accounting that management and the Board have established and Jabil's auditing, accounting and financial reporting processes generally.

The Audit Committee is comprised solely of independent directors, as defined in recently implemented, more stringent listing standards of the New York Stock Exchange, as well as other statutory, regulatory and other requirements applicable to Jabil.

The Audit Committee operates under a written charter adopted by the Board, a copy of which was attached as an Exhibit to the Proxy Statement relating to Jabil's 2004 Annual Meeting of Stockholders. The Audit Committee annually reviews and assesses the adequacy of its charter in order to insure early or timely compliance with statutory, regulatory, listing and other requirements applicable to Jabil.

Jabil's management has primary responsibility for the preparation, presentation and integrity of Jabil's financial statements and its financial reporting process. Jabil's independent registered public accountant, KPMG LLP, is responsible for expressing an opinion on the conformity of Jabil's audited financial statements to generally accepted accounting principles. The Audit Committee members are not professional accountants or auditors and their functions are not intended to duplicate or to certify the activities of management and the independent registered public accountant.

The Audit Committee has the authority and responsibility to select, evaluate and, when appropriate, replace the independent registered public accountant. The Audit Committee also has periodic discussions with management and the independent registered public accountant with regard to the quality and adequacy of Jabil's internal controls. Management's and the independent registered public accountant's presentations to, and discussions with, the Audit Committee also cover various topics and events that may have significant financial impact or are the subject of discussions between management and the independent registered public accountant.

In this context, the Audit Committee reports as follows:

1. The Audit Committee has reviewed and discussed the audited financial statements with Jabil's management and KPMG LLP.
2. The Audit Committee has discussed with KPMG LLP the matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standard, AU §380).
3. The Audit Committee has received and reviewed the written disclosures and the letter from KPMG LLP required by Independence Standards Board Standard No. 1 (Independence Standards Board Standards No. 1, Independence Discussions with Audit Committees) and has discussed with KPMG LLP its independence from Jabil.

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4. Based on the review and discussion referred to in paragraphs (1) through (3) above, the Audit Committee recommended to Jabil's Board, and the Board has approved, that the audited financial statements be included in Jabil's Annual Report on Form 10-K for the fiscal year ended August 31, 2005, for filing with the Securities and Exchange Commission. The Audit Committee has also appointed KPMG as Jabil's independent registered public accountant for the fiscal year ending August 31, 2006.

Submitted by the Audit Committee

Steven A. Raymund, Chair

Mel S. Lavitt

Frank A. Newman

The information contained in the above Audit Committee Report shall not be deemed soliciting material or filed with the SEC, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, except to the extent that we specifically incorporate it by reference into such filings.

Principal Accounting Fees and Services

The following table presents fees for professional audit services rendered by KPMG LLP for the audit of Jabil's annual financial statements for the fiscal years ended August 31, 2005 and August 31, 2004, and fees billed for other services rendered by KPMG LLP during those periods.

Fee Category	Fiscal 2005 Fees	Fiscal 2004 Fees
Audit Fees	\$ 4,149,000	\$ 2,197,000
Audit-Related Fees	15,000	105,000
Tax Fees	1,610,000	2,215,000
All Other Fees		
Total Fees	\$ 5,774,000	\$ 4,517,000

Audit Fees. Consists of fees billed for professional services rendered for the audit of Jabil's consolidated financial statements (which for fiscal year 2005 included an audit of management's Report on Internal Control Over Financial Reporting) and review of the interim financial statements included in quarterly reports and services that are normally provided by KPMG LLP in connection with statutory and regulatory filings or engagements.

Audit-Related Fees. Consists of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Jabil's financial statements and are not reported under Audit Fees. These services include audits of financial statements of employee benefit plans, accounting consultations related to acquisitions, attest services that are not required by statute or regulation and consultations regarding financial accounting and reporting standards.

Tax Fees. Consists of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and international tax compliance, tax planning (domestic and international) and expatriate tax compliance and planning.

All Other Fees. Jabil did not incur any additional fees under this category.

Policy on Audit Committee Pre-Approval of Audit, Audit-Related and Permissible Non-Audit Services of the Independent Registered Public Accountants

The Audit Committee's policy is to pre-approve all audit, audit-related and permissible non-audit services provided by the independent registered public accountants in order to assure that the provision of such services does not impair the auditor's independence. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-

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approval is detailed as to the particular service or category of services and is generally subject to a specific budget. Management is required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accountants in accordance with this pre-approval, and the fees for the services performed to date. During fiscal year 2005, all services were pre-approved by the Audit Committee in accordance with this policy.

Recommendation of the Board of Directors

If the stockholders do not approve the selection of KPMG LLP, the appointment of the independent registered public accountants will be reconsidered by the Audit Committee of the Board of Directors.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THIS PROPOSAL.

Table of Contents**OTHER INFORMATION****Share Ownership by Principal Stockholders and Management**

The following table sets forth the beneficial ownership of common stock of Jabil as of the Record Date by: (i) each of Jabil's directors and nominees for director; (ii) each of the named executive officers listed in the Summary Compensation Table below; (iii) all current directors and executive officers of Jabil as a group; and (iv) each person known by Jabil to own beneficially more than 5% of the outstanding shares of its common stock. The number and percentage of shares beneficially owned is determined under rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares as to which the individual has the right to acquire beneficial ownership of such shares within 60 days of the Record Date through the exercise of any stock option or other right. Unless otherwise indicated in the footnotes, each person has sole voting and investment power (or shares such powers with his or her spouse) with respect to the shares shown as beneficially owned. A total of 204,882,289 shares of Jabil's common stock were issued and outstanding as of the Record Date.

Directors, Named Executive Officers and Principal Stockholders	Number of Shares	Percent of Total
Principal Stockholders:		
William D. Morean(1)(2)(3) c/o Jabil Circuit, Inc. 10560 Dr. Martin Luther King, Jr. Street North St. Petersburg, Florida 33716	18,854,061	9.2%
Audrey M. Petersen(1)(4) c/o Jabil Circuit, Inc. 10560 Dr. Martin Luther King, Jr. Street North St. Petersburg, Florida 33716	15,525,179	7.6%
Directors(3):		
Laurence S. Grafstein(5)	51,260	*
Mel S. Lavitt(6)	84,960	*
Timothy L. Main(7)	1,571,955	*
Lawrence J. Murphy(8)	194,960	*
Frank A. Newman(9)	124,960	*
Steven A. Raymund(10)	136,960	*
Thomas A. Sansone(11)	4,803,310	2.3%
Kathleen A. Walters(12)	7,500	*
Named Executive Officers:		
Forbes I.J. Alexander(13)	302,448	*
Scott D. Brown(14)	513,137	*
Mark T. Mondello(15)	758,568	*
William E. Peters(16)	369,514	*
All current directors and executive officers as a group (21 persons)(17)	32,345,839	15.4%

* Less than one percent.

(1) Includes 13,042,902 shares held by the William E. Morean Residual Trust, as to which Mr. William D. Morean and Ms. Audrey M. Petersen (Mr. Morean's mother) share voting and dispositive power as members of the Management Committee created under the Trust.

- (2) Includes (i) 5,268,908 shares held by Cheyenne Holdings Limited Partnership, a Nevada limited partnership, of which Morean Management Company is the sole general partner, as to which Mr. Morean has sole voting and dispositive power, (ii) 316,900 shares held by Eagle s Wing Foundation, a private charitable foundation of which Mr. Morean is a director and with respect to which Mr. Morean may be deemed to have shared voting and dispositive power, (iii) 24,479 shares held by the William D. Morean Trust, of which Mr. Morean is trustee, as to

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which Mr. Morean has sole voting and dispositive power, (iv) 177,460 shares subject to options held by Mr. Morean that are exercisable within 60 days of the Record Date, (v) 15,912 shares beneficially owned by Mr. Morean's spouse, over which Mr. Morean disclaims beneficial ownership and (vi) 7,500 shares of restricted stock, of which Mr. Morean has voting power, but not dispositive power.

- (3) Mr. Morean is a Director of Jabil in addition to being a Principal Stockholder.
- (4) Includes (i) 2,431,967 shares held by Morean Limited Partnership, a North Carolina limited partnership, of which Morean-Petersen, Inc. is the sole general partner, as to which Ms. Petersen has shared voting and dispositive power; Ms. Petersen is the President of Morean-Petersen, Inc., (ii) 2,510 shares held by Audrey Petersen Revocable Trust, of which Ms. Petersen is trustee, as to which Ms. Petersen has sole voting and dispositive power, (iii) 35,800 shares held by the Morean Petersen Foundation, Inc., a private charitable foundation of which Ms. Petersen is a director and with respect to which Ms. Petersen may be deemed to have shared voting and dispositive power, and (iv) 12,000 shares held by the Alfred D. Petersen Revocable Trust, of which Ms. Petersen's spouse is the trustee and has voting and dispositive power over the shares held by such trust.
- (5) Includes (i) 36,670 shares subject to options held by Mr. Grafstein that are exercisable within 60 days of the Record Date and (ii) 7,500 shares of restricted stock, of which Mr. Grafstein has voting power, but not dispositive power.
- (6) Includes (i) 77,460 shares subject to options held by Mr. Lavitt that are exercisable within 60 days of the Record Date and (ii) 7,500 shares of restricted stock, of which Mr. Lavitt has voting power, but not dispositive power.
- (7) Mr. Main is also Chief Executive Officer and President of Jabil. Includes (i) 1,336,568 shares subject to options held by Mr. Main that are exercisable within 60 days of the Record Date and (ii) 50,000 shares of restricted stock, of which Mr. Main has voting power, but not dispositive power.
- (8) Includes (i) 181,460 shares subject to options held by Mr. Murphy that are exercisable within 60 days of the Record Date and (ii) 7,500 shares of restricted stock, of which Mr. Murphy has voting power, but not dispositive power.
- (9) Includes (i) 117,460 shares subject to options held by Mr. Newman that are exercisable within 60 days of the Record Date and (ii) 7,500 shares of restricted stock, of which Mr. Newman has voting power, but not dispositive power.
- (10) Includes (i) 61,740 shares subject to options held by Mr. Raymund that are exercisable within 60 days of the Record Date, (ii) 2,000 shares beneficially owned by Mr. Raymund's spouse and (iii) 7,500 shares of restricted stock, of which Mr. Raymond has voting power, but not dispositive power.
- (11) Includes (i) 4,056,980 shares held by TASAN Limited Partnership, a Nevada limited partnership, of which TAS Management, Inc. is the sole general partner, as to which Mr. Sansone has sole voting and dispositive power; Mr. Sansone is President of TAS Management, Inc., (ii) 565,250 shares held by Life's Requite, Inc., a private charitable foundation of which Mr. Sansone is a director and as to which Mr. Sansone may be deemed to have shared voting and dispositive power, (iii) 173,580 shares subject to options held by Mr. Sansone that are exercisable within 60 days of the Record Date and (iv) 7,500 shares of restricted stock, of which Mr. Sansone has voting power, but not dispositive power.
- (12) Includes 7,500 shares of restricted stock, of which Ms. Walters has voting power, but not dispositive power.
- (13)

Includes (i) 204,416 shares subject to options held by Mr. Alexander that are exercisable within 60 days of the Record Date and (ii) 68,932 shares of restricted stock, of which Mr. Alexander has voting power, but not dispositive power.

(14) Includes (i) 41,996 shares held by Scott D. Brown Revocable Living Trust, of which Mr. Brown is trustee, as to which Mr. Brown has sole voting and dispositive power, and (ii) 401,828 shares subject to options held by Mr. Brown that are exercisable within 60 days of the Record Date, and (iii) 63,932 shares of restricted stock, of which Mr. Brown has voting power, but not dispositive power.

(15) Includes 659,890 shares subject to options held by Mr. Mondello that are exercisable within 60 days of the Record Date and 98,678 shares of restricted stock, of which Mr. Mondello has voting power, but not dispositive power.

(16) Includes 288,250 shares subject to options held by Mr. Peters that are exercisable within 60 days of the Record Date and 56,610 shares of restricted stock, of which Mr. Peters has voting power, but not dispositive power.

(17) Includes (i) 5,320,076 shares subject to options held by 12 executive officers (including one employee director) and seven non-employee directors that are exercisable within 60 days of the Record Date, (ii) 15,912 shares beneficially owned by Mr. Morean's spouse, over which Mr. Morean disclaims beneficial ownership, (iii) 2,000 shares beneficially owned by Mr. Raymund's spouse, and (iv) 712,592 shares of restricted stock held by 12 executive officers (including one employee director) and eight non-employee directors, of which the officers and directors hold voting power, but not dispositive power.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires Jabil's officers and directors, and persons who own more than ten percent of a registered class of Jabil's equity securities, to file initial reports of ownership on Form 3 and changes in ownership on Form 4 or Form 5 with the SEC. Such officers, directors and ten-percent stockholders are also required by SEC rules to furnish Jabil with copies of all such forms that they file.

Based solely on its review of the copies of such forms received by Jabil from certain reporting persons, Jabil believes that, during the fiscal year ended August 31, 2005, all Section 16(a) filing requirements applicable to its officers, directors and ten percent stockholders were met, except that Wesley B. Edwards failed to timely file one Form 4 relating to one exercise of an employee stock option. In addition, subsequent to fiscal year end, William D. Morean filed, or amended, four Form 4s relating to previous fiscal years, three relating to three separate gifts of shares and one relating to sales of shares.

Compensation Committee Interlocks and Insider Participation

Jabil's Compensation Committee was formed in November 1992 and is currently composed of Messrs. Lavitt, Newman and Raymund. No member of the Compensation Committee is currently or was formerly an officer or an employee of Jabil or its subsidiaries. There are no compensation committee interlocks and no insider participation in compensation decisions that are required to be reported under the rules and regulations of the Securities Exchange Act of 1934, as amended.

Table of Contents**EXECUTIVE OFFICER COMPENSATION****Summary Compensation Table**

The following table shows, as to (i) the Chief Executive Officer, and (ii) each of the four other most highly compensated executive officers (a) whose salary plus bonus exceeded \$100,000 during the last fiscal year, and (b) who served as executive officers at fiscal year end (collectively the Named Officers), information concerning compensation paid for services to Jabil in all capacities during the three fiscal years ended August 31, 2005:

Name and Principal Position	Fiscal Year	Annual Compensation(1)			Long Term Compensation Awards(2)		
		Salary(\$)	Bonus(\$)	Other Annual Compensation(\$)	Restricted Stock Award(s)(\$)	Securities Underlying Options(\$)	All Other Compensation(\$)(3)
Timothy L. Main	2005	\$ 895,385	\$ 1,143,225		\$ 1,201,000	105,000	\$ 56,467
Chief Executive Officer, President and Director	2004	778,462	944,371	\$ 101,971(4)		170,000	21,326
	2003	736,923	222,000			115,600	17,837
Mark T. Mondello	2005	\$ 498,077	\$ 508,100		\$ 600,500	120,000	\$ 29,739
Chief Operating Officer	2004	449,039	486,000			125,000	12,352
	2003	413,462	127,500			80,500	9,765
Forbes I.J. Alexander	2005	\$ 368,846	\$ 381,075		\$ 600,500	65,000	\$ 15,616
Chief Financial Officer	2004	214,423	160,634			65,000	6,546
	2003	199,231	98,500			64,400	5,086
Scott D. Brown	2005	\$ 399,423	\$ 406,480		\$ 480,400	65,000	\$ 24,517
Executive Vice President	2004	384,616	415,800			115,000	10,698
	2003	367,308	112,500			80,500	8,738
William E. Peters	2005	\$ 325,000	\$ 248,274		\$ 480,400	65,000	\$ 20,978
Senior Vice President,	2004	324,038	351,000			115,000	8,512

Regional President Americas	2003	298,077	90,000		80,500	7,198
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- (1) Compensation deferred at the election of executive is included in the year earned.
- (2) Although Jabil did not have any outstanding stock appreciation rights as of August 31, 2005, the Company issued stock appreciation rights to certain key employees subsequent to fiscal year end 2005. Jabil does not have any long-term incentive plans within the meaning of SEC rules.
- (3) Represents payments pursuant to Jabil's Profit Sharing Plan. The Board of Directors determines the aggregate amount of payments under the plan based on quarterly financial results. The actual amount paid to individual participants is based on the participant's salary and bonus actually paid (not necessarily earned) during such quarter.
- (4) Amount paid to Mr. Main to be used to pay a \$75,000 deposit for a club membership and \$26,971 for estimated taxes payable by Mr. Main on the deposit amount.

Table of Contents**Option Grants in Last Fiscal Year**

The following table sets forth information as to stock options granted to all Named Officers during the fiscal year ended August 31, 2005. These options were granted under our existing equity compensation plans and, unless otherwise indicated, provide for vesting as to 12% of the underlying common stock six months after the date of grant, then 2% per month thereafter. Options were granted at an exercise price equal to 100% of the fair market value of our common stock on the date of grant. The amounts under Potential Realizable Value at Assumed Annual Rate of Stock Appreciation for Option Term represent the hypothetical gains of the options granted based on assumed annual compound stock appreciation rates of 5% and 10% over their exercise price for the full ten-year term of the options. The assumed rates of appreciation are mandated by the rules of the SEC and do not represent our estimate or projection of future common stock prices.

Name	Number of Securities Underlying Options Granted (#)	Individual Grants		Potential Realizable Value at Assumed Annual Rate of Stock Price Appreciation for Option Term (\$)		
		Percent of Total Options Granted to Employees in Fiscal Year	Exercise Price per Share	Expiration Date	5%	10%
Timothy L. Main	105,000	2.39%	\$ 24.02	10/20/2014	\$ 1,586,135	\$ 4,019,578
Mark T. Mondello	120,000	2.73%	\$ 24.02	10/20/2014	\$ 1,812,726	\$ 4,593,803
Forbes I.J.						
Alexander	65,000	1.48%	\$ 24.02	10/20/2014	\$ 981,893	\$ 2,488,310
Scott D. Brown	65,000	1.48%	\$ 24.02	10/20/2014	\$ 981,893	\$ 2,488,310
William E. Peters	65,000	1.48%	\$ 24.02	10/20/2014	\$ 981,893	\$ 2,488,310

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year End Option Values

The following table sets forth certain information concerning the exercise of options during the fiscal year ended August 31, 2005, and the aggregate value of unexercised options at August 31, 2005, for each of the Named Officers. Although Jabil did not have any outstanding stock appreciation rights as of August 31, 2005, the Company issued stock appreciation rights to certain key employees subsequent to fiscal year end 2005.

Name	Shares Acquired on Exercise (#)	Value Realized (\$)(1)	Number of Securities Underlying Unexercised Options at August 31, 2005 (#)		Value of Unexercised In-the-Money Options at August 31, 2005 (\$)(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Timothy L. Main			1,313,074	113,926	\$ 14,692,294	\$ 935,529
			648,744	78,856	\$ 8,742,115	\$ 589,006

Mark T. Mondello Forbes I.J. Alexander	36,316	\$ 585,998	196,428	37,156	\$ 1,325,854	\$ 395,469
Scott D. Brown William E. Peters	104,940	\$ 1,892,077	390,940	78,598	\$ 4,095,730	\$ 585,330
			277,824	78,136	\$ 2,749,701	\$ 578,746

- (1) The closing price for Jabil's common stock as reported through the NYSE on August 31, 2005 was \$29.44. Value Realized is calculated on the basis of the difference between the option exercise price and \$29.44 multiplied by the number of shares of common stock to which the exercise relates.
- (2) These values, unlike the amounts set forth in the column entitled Value Realized, have not been, and may never be, realized and are based on the positive spread between the respective exercise prices of outstanding options and the closing price of Jabil's common stock on August 31, 2005, the last day of trading for fiscal 2005.

Change in Control Arrangements

All options issued under Jabil's 1992 Stock Option Plan and the 2002 Stock Incentive Plan provide that, in the event of a change in control of Jabil, any award outstanding under the 2002 Stock Incentive Plan on the date of such change in control that is not yet vested will become fully vested on the earlier of (i) the first anniversary of the date of such change in control, if the grantee's continuous status as an employee or consultant of Jabil does not terminate prior to such anniversary, or (ii) the date of termination of the grantee's

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continuous status as an employee or consultant of Jabil as a result of termination by Jabil or its successor without cause or resignation by the grantee for good reason. However, an award will not become fully vested due to a change in control if the grantee's continuous status as an employee or consultant terminates as a result of termination by Jabil or its successor for cause or resignation by the grantee without good reason.

The 2002 Stock Incentive Plan and the 1992 Stock Option Plan provide that, in the event of a proposed dissolution or liquidation of Jabil, all outstanding awards will terminate immediately before the consummation of such proposed action. The Board of Directors may, in the exercise of its sole discretion in such instances, declare that any option awarded under the 2002 Stock Incentive Plan or the 1992 Stock Option Plan, or stock appreciation right awarded under the 2002 Stock Incentive Plan, will terminate as of a date fixed by the Board of Directors and give each grantee the right to exercise his option or stock appreciation right as to all or any part of the stock covered by such award, including shares as to which the option or stock appreciation right would not otherwise be exercisable.

In the event of a merger of Jabil with or into another corporation, or the sale of substantially all of the assets of Jabil, each outstanding option awarded under the 2002 Stock Incentive Plan and the 1992 Stock Option Plan, and each stock appreciation right awarded under the 2002 Stock Incentive Plan, will be assumed or an equivalent option and stock appreciation right will be substituted by the successor corporation, unless otherwise determined by the Board of Directors in its discretion. If such successor or purchaser refuses to assume or provide a substitute for the outstanding options or stock appreciation rights, the 2002 Stock Incentive Plan and the 1992 Stock Option Plan provide for the acceleration of the exercisability and termination of all or some outstanding and unexercisable options and stock appreciation rights, unless otherwise determined by the Board of Directors in its discretion. In the event of the acquisition by any person, other than Jabil, of 50% or more of Jabil's then outstanding securities, unless otherwise determined by the Board of Directors in its discretion, all outstanding options and stock appreciation rights which are vested and exercisable shall be terminated in exchange for a cash payment.

CERTAIN TRANSACTIONS

During 2005, Jabil was a party to an agreement with an entity (Indigo) controlled by William D. Morean, a director of Jabil, for Jabil's use of Indigo's aircraft for Jabil's business purposes. Under the lease, Jabil paid market competitive hourly rental rates and certain ancillary costs incurred while the aircraft was being used by Jabil, such as fuel, oil, landing fees, etc. Jabil did not pay for Mr. Morean's personal use of the aircraft. During the fiscal year ended August 31, 2005, Jabil paid approximately \$74,000 for its use of Indigo's aircraft. During 2005, Jabil provided Mr. Morean limited personal use of Jabil's aircraft. Under applicable Federal Aviation Administration Rules, Jabil was limited to charging Mr. Morean, for such use, an amount equal to two-times the cost of fuel for flights, plus certain related expenses such as landing fees, tie down fees, etc., which totaled approximately \$64,000. Mr. Morean and Indigo also had an agreement with Jabil at market competitive rates for the limited use of Jabil's flight crew to operate a non-Jabil aircraft for non-Jabil use and for maintenance scheduling fees. During the fiscal year ended August 31, 2005, Mr. Morean and Indigo paid Jabil approximately \$145,000 for such flight crew's services, maintenance scheduling and the cost of pilot training attributable to Indigo's aircraft. Jabil and Indigo also insure their respective aircraft under a mutual policy, which enabled Jabil to take advantage of a quantity discount for aircraft insurance and pay less for its aircraft insurance than it would pay without the Indigo aircraft on the policy. During the fiscal year ended August 31, 2005, Jabil paid approximately \$93,000 for the portion of the cost of the policy attributable to Indigo's aircraft, which was subsequently reimbursed by Indigo. Apart from Jabil's use of Indigo's aircraft and the other matters described above, during fiscal year 2005 Mr. Morean used aircraft owned by Jabil for personal use pursuant to the terms of a time-share agreement.

During 2005, Thomas A. Sansone, a director of Jabil, had an agreement with Jabil at market competitive rates for the limited use of Jabil's flight crew to operate a non-Jabil aircraft for non-Jabil use. During the fiscal year ended August 31, 2005, Mr. Sansone paid Jabil approximately \$72,000 for such flight crew's services.

Mr. Charles A. Main, a brother of Timothy L. Main, the Chief Executive Officer, President and a director of Jabil, is employed by Jabil's Business Development division and earned an aggregate compensation

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of \$224,632 during fiscal year 2005, which included base salary, bonus, profit sharing, other routine employee benefits.

**REPORT OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS**

The Committee's Responsibilities: The Compensation Committee of the Board of Directors (the Committee) has responsibility for setting and administering the policies which govern executive compensation. The Committee is composed entirely of outside directors. The purpose of this report is to summarize the philosophical principles, specific program objectives and other factors considered by the Committee in reaching its determinations regarding the compensation of Jabil's executive officers.

Compensation Philosophy: The Committee has approved principles for the management compensation program which:

encourage the development and the achievement of strategic objectives that enhance long-term stockholder value;

attract, retain and motivate key personnel who contribute to long-term success of Jabil; and

provide a compensation package that recognizes individual contributions and company performance.

Compensation Methodology: Jabil strives to provide a comprehensive executive compensation program that is competitive and performance-based in order to attract and retain superior executive talent. In making its recommendations to the Committee, management reviews market data and assesses Jabil's competitive position for three components of executive compensation: (1) base salary; (2) annual incentives; and (3) long-term incentives. To assist in benchmarking the competitiveness of its compensation programs, Jabil uses Mercer Human Resource Consulting (Mercer), a nationally recognized executive compensation firm. Mercer utilizes a number of national compensation surveys and provides databases for companies of similar size to Jabil, as well as specific analysis of the compensation information contained in the proxy statements of a number of companies in the same industry as Jabil.

Components of Compensation:

Base Salary. Base salary for all executive officer positions is targeted to be competitive with the average salaries of comparable executives at technology companies of similar size and is also intended to reflect consideration of an officer's experience, business judgment and role in developing and implementing overall business strategy for Jabil. It is the intent of the Committee that Jabil's compensation of executive officers fall within the median of industry compensation levels. Base salaries are based upon qualitative and subjective factors and no specific formula is applied to determine the weight of each factor.

Bonuses. Bonuses for executive officers are intended to reflect Jabil's belief that a significant portion of the annual compensation of the executive should be contingent upon the performance of Jabil, as well as the individual's contribution. Bonuses are paid on an annual or quarterly basis and are based solely on quantitative factors, including the pre-tax profitability of Jabil, business development and operational performance, earnings per share, returns on invested capital and other measures of performance appropriate to the officer compensated.

Long-Term Incentives. Jabil utilizes stock options and restricted stock awards as long-term incentives to attract and retain key personnel or reward exceptional performance. Stock options and restricted stock are granted periodically by the Committee and are based on both qualitative and subjective factors. Options are granted with an exercise price equal to the fair market value of Jabil's common stock on the last market trading day prior to the date of determination (determined in accordance with the option plan) and grants made during the last fiscal year generally vest over a period of 50 months. Restricted stock grants generally vest in five years. Both options and restricted stock may also be subject to accelerated vesting on the achievement of certain performance-based criteria. Option and

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restricted stock grants are designed to create an incentive to increase stockholder value over the long-term since the value of the grants will increase when the price of the stock increases.

Chief Executive Officer and President Compensation: In establishing the targeted amounts of Mr. Main's base salary, bonus and equity-based compensation, the Committee considered the findings contained in the Mercer report regarding the average compensation of comparable executives at technology companies of similar size. In addition, when considering Mr. Main's base salary, the Committee evaluated Mr. Main's contributions to the Company in the areas of leadership; strategy development; organizational development; governance; compliance; and financial performance. Mr. Main's bonus opportunity was predicated on the Company achieving targeted levels of core operating income, return on invested capital and core operating margins. Based on all of these considerations, Mr. Main's compensation increased in fiscal year 2005.

IRS Limits on Deductibility of Compensation: An income tax deduction under Section 162(m) of the Code, will generally be available for annual compensation in excess of \$1 million paid to the Named Executives only if that compensation is performance-based and complies with certain other tax law requirements. Although the Committee considers deductibility issues when approving executive compensation elements, the Committee believes that the other compensation objectives, such as attracting, retaining and providing incentives to qualified managers, are important and may supersede the goal of maintaining deductibility. Consequently, the Committee may make compensation decisions without regard to deductibility when it is in the best interests of the Company and its shareholders to do so.

By the Compensation Committee

Frank A. Newman, Chair
Mel S. Lavitt
Steven A. Raymund

The information contained in the above Compensation Committee Report shall not be deemed soliciting material or filed with the SEC, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, except to the extent that we specifically incorporate it by reference into such filings.

Table of Contents**STOCK PRICE PERFORMANCE GRAPH**

The following Performance Graph and table show a comparison of cumulative total stockholder return, assuming the reinvestment of dividends, from a \$100 investment in the common stock of Jabil over the five-year period ending August 31, 2005, with the cumulative stockholder return on the (1) Standard & Poor's 500 Stock Index (the S&P 500 Index) and (2) a peer group that includes Celestica Inc., Flextronics International Ltd., Sanmina-SCI Corporation and Solectron Corporation (the Peer Group).

**Comparison of 5 Year Cumulative Total Return
Assumes Initial Investment of \$100
August 2005**

	8/31/2000	8/31/2001	8/31/2002	8/31/2003	8/30/2004	8/31/2005
Jabil Circuit	100.0	36.23	29.33	44.14	32.35	46.17
S&P 500	100.0	75.62	62.01	69.48	77.44	87.15
Peer Group	100.0	37.98	14.62	20.51	17.54	15.51

The information contained in the above Performance Graph and table shall not be deemed soliciting material or filed with the SEC, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, except to the extent that we specifically incorporate it by reference into such filings.

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OTHER PROCEDURAL MATTERS

Jabil knows of no other matters to be submitted at the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the enclosed proxy card to vote the shares they represent as Jabil may recommend.

Jabil's Annual Report on Form 10-K, as filed by Jabil with the SEC (excluding exhibits), is a portion of the Annual Report that is being mailed, together with this Proxy Statement, to all stockholders entitled to vote at the Annual Meeting. However, such Annual Report, including the Annual Report on Form 10-K is not to be considered part of this proxy solicitation material.

THE BOARD OF DIRECTORS

St. Petersburg, Florida
December 16, 2005

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APPENDIX A
JABIL CIRCUIT, INC.
2002 STOCK INCENTIVE PLAN

1. Purposes of the Plan. The purposes of this Stock Incentive Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees and Consultants, and to promote the success of the Company's business. Awards granted under the Plan may be Incentive Stock Options, Nonstatutory Stock Options, Stock Awards, Performance Units, Performance Shares or Stock Appreciation Rights.

2. Definitions. As used herein, the following definitions shall apply:

(a) Administrator means the Board or any Committee or person as shall be administering the Plan, in accordance with Section 4 of the Plan.

(b) Applicable Law means the legal requirements relating to the administration of the Plan under applicable federal, state, local and foreign corporate, tax and securities laws, and the rules and requirements of any stock exchange or quotation system on which the Common Stock is listed or quoted.

(c) Award means an Option, Stock Appreciation Right, Stock Award, Performance Unit or Performance Share granted under the Plan.

(d) Award Agreement means the agreement, notice and/or terms or conditions by which an Award is evidenced, documented in such form (including by electronic communication) as may be approved by the Administrator.

(e) Board means the Board of Directors of the Company.

(f) Change in Control means the happening of any of the following:

(i) When any person, as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, a Subsidiary or a Company employee benefit plan, including any trustee of such plan acting as trustee) is or becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities; or

(ii) The occurrence of a transaction requiring stockholder approval, and involving the sale of all or substantially all of the assets of the Company or the merger of the Company with or into another corporation.

(g) Change in Control Price means, as determined by the Board,

(i) the highest Fair Market Value of a Share within the 60 day period immediately preceding the date of determination of the Change in Control Price by the Board (the 60-Day Period), or

(ii) the highest price paid or offered per Share, as determined by the Board, in any bona fide transaction or bona fide offer related to the Change in Control of the Company, at any time within the 60-Day Period, or

(iii) some lower price as the Board, in its discretion, determines to be a reasonable estimate of the fair market value of a Share.

(h) Code means the Internal Revenue Code of 1986, as amended.

(i) Committee means a Committee appointed by the Board in accordance with Section 4 of the Plan.

(j) Common Stock means the Common Stock, \$.001 par value, of the Company.

(k) Company means Jabil Circuit, Inc., a Delaware corporation.
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(l) Consultant means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services and who is compensated for such services, including without limitation non-Employee Directors who are paid only a director's fee by the Company or who are compensated by the Company for their services as non-Employee Directors. In addition, as used herein, consulting relationship shall be deemed to include service by a non-Employee Director as such.

(m) Continuous Status as an Employee or Consultant means that the employment or consulting relationship is not interrupted or terminated by the Company, any Parent or Subsidiary. Continuous Status as an Employee or Consultant shall not be considered interrupted in the case of (i) any leave of absence approved in writing by the Board, an Officer, or a person designated in writing by the Board or an Officer as authorized to approve a leave of absence, including sick leave, military leave, or any other personal leave; provided, however, that for purposes of Incentive Stock Options, any such leave may not exceed 90 days, unless reemployment upon the expiration of such leave is guaranteed by contract (including certain Company policies) or statute, or (ii) transfers between locations of the Company or between the Company, a Parent, a Subsidiary or successor of the Company; or (iii) a change in the status of the Grantee from Employee to Consultant or from Consultant to Employee.

(n) Covered Stock means the Common Stock subject to an Award.

(o) Date of Grant means the date on which the Administrator makes the determination granting the Award, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Grantee within a reasonable time after the Date of Grant.

(p) Date of Termination means the date on which a Grantee's Continuous Status as an Employee or Consultant terminates.

(q) Director means a member of the Board.

(r) Disability means total and permanent disability as defined in Section 22(e)(3) of the Code.

(s) Employee means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute employment by the Company.

(t) Exchange Act means the Securities Exchange Act of 1934, as amended.

(u) Fair Market Value means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the National Market System of the National Association of Securities Dealers, Inc. Automated Quotation (NASDAQ) System, the Fair Market Value of a Share of Common Stock shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such system or exchange (or the exchange with the greatest volume of trading in Common Stock) on the last market trading day prior to the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is quoted on the NASDAQ System (but not on the National Market System thereof) or is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the last market trading day prior to the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(iii) In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Administrator.

(v) Grantee means an individual who has been granted an Award.

(w) Incentive Stock Option means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

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(x) Mature Shares means Shares for which the holder thereof has good title, free and clear of all liens and encumbrances, and that such holder either (i) has held for at least six months or (ii) has purchased on the open market.

(y) Nonstatutory Stock Option means an Option not intended to qualify as an Incentive Stock Option.

(z) Officer means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(aa) Option means a stock option granted under the Plan.

(bb) Parent means a corporation, whether now or hereafter existing, in an unbroken chain of corporations ending with the Company if each of the corporations other than the Company holds at least 50 percent of the voting shares of one of the other corporations in such chain.

(cc) Performance Period means the time period during which the performance goals established by the Administrator with respect to a Performance Unit or Performance Share, pursuant to Section 9 of the Plan, must be met.

(dd) Performance Share has the meaning set forth in Section 9 of the Plan.

(ee) Performance Unit has the meaning set forth in Section 9 of the Plan.

(ff) Plan means this 2002 Stock Incentive Plan.

(gg) Rule 16b-3 means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(hh) Share means a share of the Common Stock, as adjusted in accordance with Section 11 of the Plan.

(ii) Stock Appreciation Right or SAR has the meaning set forth in Section 7 of the Plan.

(jj) Stock Grant means Shares that are awarded to a Grantee pursuant to Section 8 of the Plan.

(kk) Subsidiary means a corporation, domestic or foreign, of which not less than 50 percent of the voting shares are held by the Company or a Subsidiary, whether or not such corporation now exists or is hereafter organized or acquired by the Company or a Subsidiary.

3. Stock Subject to the Plan. Subject to the provisions of Section 11 of the Plan and except as otherwise provided in this Section 3, the maximum aggregate number of Shares that may be subject to Awards under the Plan since the Plan became effective is 26,608,726, which includes Shares that were available on November 28, 2005 to be subject to future Awards, plus Shares that were subject to Awards on November 28, 2005, and all Shares issued prior to November 28, 2005. The Shares may be authorized, but unissued, or reacquired Common Stock. The Shares may be authorized, but unissued, or reacquired Common Stock.

If an Award expires or becomes unexercisable without having been exercised in full the remaining Shares that were subject to the Award shall become available for future Awards under the Plan (unless the Plan has terminated). With respect to Stock Appreciation Rights, if the payment upon exercise of a SAR is in the form of Shares, the Shares subject to the SAR shall be counted against the available Shares as one Share for every Share subject to the SAR, regardless of the number of Shares used to settle the SAR upon exercise.

4. Administration of the Plan.

(a) *Procedure.*

(i) *Multiple Administrative Bodies.* The Plan may be administered by different bodies with respect to different groups of Employees and Consultants. Except as provided below, the Plan shall be administered by (A) the Board or (B) a committee designated by the Board and constituted to satisfy Applicable Law.

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(ii) Rule 16b-3. To the extent the Board or the Committee considers it desirable for transactions relating to Awards to be eligible to qualify for an exemption under Rule 16b-3, the transactions contemplated under the Plan shall be structured to satisfy the requirements for exemption under Rule 16b-3.

(iii) Section 162(m) of the Code. To the extent the Board or the Committee considers it desirable for compensation delivered pursuant to Awards to be eligible to qualify for an exemption from the limit on tax deductibility of compensation under Section 162(m) of the Code, the transactions contemplated under the Plan shall be structured to satisfy the requirements for exemption under Section 162(m) of the Code.

(iv) Authorization of Officers to Grant Options. In accordance with Applicable Law, the Board may, by a resolution adopted by the Board, authorize one or more Officers to designate Officers and Employees (excluding the Officer so authorized) to be Grantees of Options and determine the number of Options to be granted to such Officers and Employees; provided, however, that the resolution adopted by the Board so authorizing such Officer or Officers shall specify the total number and the terms (including the exercise price, which may include a formula by which such price may be determined) of Options such Officer or Officers may so grant.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee or an Officer, subject to the specific duties delegated by the Board to such Committee or Committee, the Administrator shall have the authority, in its sole and absolute discretion:

(i) to determine the Fair Market Value of the Common Stock, in accordance with Section 2(u) of the Plan;

(ii) to select the Consultants and Employees to whom Awards will be granted under the Plan;

(iii) to determine whether, when, to what extent and in what types and amounts Awards are granted under the Plan;

(iv) to determine the number of shares of Common Stock to be covered by each Award granted under the Plan;

(v) to determine the forms of Award Agreements, which need not be the same for each grant or for each Grantee, and which may be delivered electronically, for use under the Plan;

(vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted under the Plan. Such terms and conditions, which need not be the same for each grant or for each Grantee, include, but are not limited to, the exercise price, the time or times when Options and SARs may be exercised (which may be based on performance criteria), the extent to which vesting is suspended during a leave of absence, any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the shares of Common Stock relating thereto, based in each case on such factors as the Administrator shall determine;

(vii) to construe and interpret the terms of the Plan and Awards;

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan, including, without limiting the generality of the foregoing, rules and regulations relating to the operation and administration of the Plan to accommodate the specific requirements of local and foreign laws and procedures;

(ix) to modify or amend each Award (subject to Section 13 of the Plan). However, the Administrator may not modify or amend any outstanding Option so as to specify a lower exercise price or accept the surrender of an outstanding Option and authorize the granting of a new Option with a lower exercise price in substitution for such surrendered Option;

(x) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(xi) to determine the terms and restrictions applicable to Awards;

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(xii) to make such adjustments or modifications to Awards granted to Grantees who are Employees of foreign Subsidiaries as are advisable to fulfill the purposes of the Plan or to comply with Applicable Law;

(xiii) to delegate its duties and responsibilities under the Plan with respect to sub-plans applicable to foreign Subsidiaries, except its duties and responsibilities with respect to Employees who are also Officers or Directors subject to Section 16(b) of the Exchange Act;

(xiv) to provide any notice or other communication required or permitted by the Plan in either written or electronic form; and

(xv) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) *Effect of Administrator's Decision.* The Administrator's decisions, determinations and interpretations shall be final and binding on all Grantees and any other holders of Awards.

5. *Eligibility and General Conditions of Awards.*

(a) *Eligibility.* Awards other than Incentive Stock Options may be granted to Employees and Consultants. Incentive Stock Options may be granted only to Employees. If otherwise eligible, an Employee or Consultant who has been granted an Award may be granted additional Awards.

(b) *Maximum Term.* Subject to the following provision, the term during which an Award may be outstanding shall not extend more than ten years after the Date of Grant, and shall be subject to earlier termination as specified elsewhere in the Plan or Award Agreement; provided, however, that any deferral of a cash payment or of the delivery of Shares that is permitted or required by the Administrator pursuant to Section 10 of the Plan may, if so permitted or required by the Administrator, extend more than ten years after the Date of Grant of the Award to which the deferral relates.

(c) *Award Agreement.* To the extent not set forth in the Plan, the terms and conditions of each Award, which need not be the same for each grant or for each Grantee, shall be set forth in an Award Agreement. The Administrator, in its sole and absolute discretion, may require as a condition to any Award Agreement's effectiveness that the Award Agreement be executed by the Grantee, including by electronic signature or other electronic indication of acceptance, and that the Grantee agree to such further terms and conditions as specified in the Award Agreement.

(d) *Termination of Employment or Consulting Relationship.* In the event that a Grantee's Continuous Status as an Employee or Consultant terminates (other than upon the Grantee's death or Disability), then, unless otherwise provided by the Award Agreement, and subject to Section 11 of the Plan:

(i) the Grantee may exercise his or her unexercised Option or SAR, but only within such period of time as is determined by the Administrator, and only to the extent that the Grantee was entitled to exercise it at the Date of Termination (but in no event later than the expiration of the term of such Option or SAR as set forth in the Award Agreement). In the case of an Incentive Stock Option, the Administrator shall determine such period of time (in no event to exceed three months from the Date of Termination) when the Option is granted. If, at the Date of Termination, the Grantee is not entitled to exercise his or her entire Option or SAR, the Shares covered by the unexercisable portion of the Option or SAR shall revert to the Plan. If, after the Date of Termination, the Grantee does not exercise his or her Option or SAR within the time specified by the Administrator, the Option or SAR shall terminate, and the Shares covered by such Option or SAR shall revert to the Plan. An Award Agreement may also provide that if the exercise of an Option following the Date of Termination would be prohibited at any time because the issuance of Shares would violate Company policy regarding compliance with Applicable Law, then the exercise period shall terminate on the earlier of (A) the expiration of the term of the Option set forth in Section 6(b) of the Plan or (B) the expiration of a period of 10 days after the Date of Termination during which the exercise of the Option would not be in violation of such requirements;

(ii) the Grantee's Stock Awards, to the extent forfeitable immediately before the Date of Termination, shall thereupon automatically be forfeited;

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(iii) the Grantee's Stock Awards that were not forfeitable immediately before the Date of Termination shall promptly be settled by delivery to the Grantee of a number of unrestricted Shares equal to the aggregate number of the Grantee's vested Stock Awards;

(iv) any Performance Shares or Performance Units with respect to which the Performance Period has not ended as of the Date of Termination shall terminate immediately upon the Date of Termination.

(e) Disability of Grantee. In the event that a Grantee's Continuous Status as an Employee or Consultant terminates as a result of the Grantee's Disability, then, unless otherwise provided by the Award Agreement:

(i) the Grantee may exercise his or her unexercised Option or SAR at any time within 12 months from the Date of Termination, but only to the extent that the Grantee was entitled to exercise the Option or SAR at the Date of Termination (but in no event later than the expiration of the term of the Option or SAR as set forth in the Award Agreement). If, at the Date of Termination, the Grantee is not entitled to exercise his or her entire Option or SAR, the Shares covered by the unexercisable portion of the Option or SAR shall revert to the Plan. If, after the Date of Termination, the Grantee does not exercise his or her Option or SAR within the time specified herein, the Option or SAR shall terminate, and the Shares covered by such Option or SAR shall revert to the Plan:

(ii) the Grantee's Stock Awards, to the extent forfeitable immediately before the Date of Termination, shall thereupon automatically be forfeited;

(iii) the Grantee's Stock Awards that were not forfeitable immediately before the Date of Termination shall promptly be settled by delivery to the Grantee of a number of unrestricted Shares equal to the aggregate number of the Grantee's vested Stock Awards;

(iv) any Performance Shares or Performance Units with respect to which the Performance Period has not ended as of the Date of Termination shall terminate immediately upon the Date of Termination.

(f) Death of Grantee. In the event of the death of an Grantee, then, unless otherwise provided by the Award Agreement:

(i) the Grantee's unexercised Option or SAR may be exercised at any time within 12 months following the date of death (but in no event later than the expiration of the term of such Option or SAR as set forth in the Award Agreement), by the Grantee's estate or by a person who acquired the right to exercise the Option or SAR by bequest or inheritance, but only to the extent that the Grantee was entitled to exercise the Option or SAR at the date of death. If, at the time of death, the Grantee was not entitled to exercise his or her entire Option or SAR, the Shares covered by the unexercisable portion of the Option or SAR shall immediately revert to the Plan. If, after death, the Grantee's estate or a person who acquired the right to exercise the Option or SAR by bequest or inheritance does not exercise the Option or SAR within the time specified herein, the Option or SAR shall terminate, and the Shares covered by such Option or SAR shall revert to the Plan;

(ii) the Grantee's Stock Awards, to the extent forfeitable immediately before the date of death, shall thereupon automatically be forfeited;

(iii) the Grantee's Stock Awards that were not forfeitable immediately before the date of death shall promptly be settled by delivery to the Grantee's estate or a person who acquired the right to hold the Stock Grant by bequest or inheritance, of a number of unrestricted Shares equal to the aggregate number of the Grantee's vested Stock Awards;

(iv) any Performance Shares or Performance Units with respect to which the Performance Period has not ended as of the date of death shall terminate immediately upon the date of death.

(g) Buyout Provisions. The Administrator may at any time offer to buy out, for a payment in cash or Shares, an Award previously granted, based on such terms and conditions as the Administrator shall establish and communicate

to the Grantee at the time that such offer is made. Any such cash offer made to an Officer or Director shall comply with the provisions of Rule 16b-3 relating to cash settlement of stock appreciation

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rights. This provision is intended only to clarify the powers of the Administrator and shall not in any way be deemed to create any rights on the part of Grantees to buyout offers or payments.

(h) Nontransferability of Awards.

(i) Except as provided in Section 5(h)(iii) below, each Award, and each right under any Award, shall be exercisable only by the Grantee during the Grantee's lifetime, or, if permissible under Applicable Law, by the Grantee's guardian or legal representative.

(ii) Except as provided in Section 5(h)(iii) below, no Award (prior to the time, if applicable, Shares are issued in respect of such Award), and no right under any Award, may be assigned, alienated, pledged, attached, sold or otherwise transferred to or encumbered by a Grantee otherwise than by will or by the laws of descent and distribution (or in the case of Stock Awards, to the Company) and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Subsidiary; provided, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(iii) To the extent and in the manner permitted by Applicable Law, and to the extent and in the manner permitted by the Administrator, and subject to such terms and conditions as may be prescribed by the Administrator, a Grantee may transfer an Award to:

(A) a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the Grantee (including adoptive relationships);

(B) any person sharing the employee's household (other than a tenant or employee);

(C) a trust in which persons described in (A) and (B) have more than 50 percent of the beneficial interest;

(D) a foundation in which persons described in (A) or (B) or the Grantee control the management of assets; or

(E) any other entity in which the persons described in (A) or (B) or the Grantee own more than 50 percent of the voting interests;

provided such transfer is not for value. The following shall not be considered transfers for value: a transfer under a domestic relations order in settlement of marital property rights, and a transfer to an entity in which more than 50 percent of the voting interests are owned by persons described in (A) above or the Grantee, in exchange for an interest in such entity.

6. Stock Options.

(a) Limitations.

(i) Each Option shall be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. Any Option designated as an Incentive Stock Option:

(A) shall not have an aggregate Fair Market Value (determined for each Incentive Stock Option at the Date of Grant) of Shares with respect to which Incentive Stock Options are exercisable for the first time by the Grantee during any calendar year (under the Plan and any other employee stock option plan of the Company or any Parent or Subsidiary (Other Plans)), determined in accordance with the provisions of Section 422 of the Code, that exceeds \$100,000 (the \$100,000 Limit);

(B) shall, if the aggregate Fair Market Value of Shares (determined on the Date of Grant) with respect to the portion of such grant that is exercisable for the first time during any calendar year (Current Grant) and all Incentive Stock Options previously granted under the Plan and any Other

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Plans that are exercisable for the first time during a calendar year (*Prior Grants*) would exceed the \$100,000 Limit, be exercisable as follows:

(1) The portion of the Current Grant that would, when added to any *Prior Grants*, be exercisable with respect to Shares that would have an aggregate Fair Market Value (determined as of the respective Date of Grant for such Options) in excess of the \$100,000 Limit shall, notwithstanding the terms of the Current Grant, be exercisable for the first time by the Grantee in the first subsequent calendar year or years in which it could be exercisable for the first time by the Grantee when added to all *Prior Grants* without exceeding the \$100,000 Limit; and

(2) If, viewed as of the date of the Current Grant, any portion of a Current Grant could not be exercised under the preceding provisions of this Section 6(a)(i)(B) during any calendar year commencing with the calendar year in which it is first exercisable through and including the last calendar year in which it may by its terms be exercised, such portion of the Current Grant shall not be an Incentive Stock Option, but shall be exercisable as a separate Option at such date or dates as are provided in the Current Grant.

(ii) No Employee shall be granted, in any fiscal year of the Company, Options to purchase more than 3,000,000 Shares. The limitation described in this Section 6(a)(ii) shall be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 11 of the Plan. If an Option is canceled in the same fiscal year of the Company in which it was granted (other than in connection with a transaction described in Section 11 of the Plan), the canceled Option will be counted against the limitation described in this Section 6(a)(ii).

(b) *Term of Option*. The term of each Option shall be stated in the Award Agreement; provided, however, that in the case of an Incentive Stock Option, the term shall be 10 years from the date of grant or such shorter term as may be provided in the Award Agreement. Moreover, in the case of an Incentive Stock Option granted to a Grantee who, at the time the Incentive Stock Option is granted, owns stock representing more than 10 percent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five years from the date of grant or such shorter term as may be provided in the Award Agreement.

(c) *Option Exercise Price and Consideration*.

(i) *Exercise Price*. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator and, except as otherwise provided in this Section 6(c)(i), shall be no less than 100 percent of the Fair Market Value per Share on the Date of Grant.

(A) In the case of an Incentive Stock Option granted to an Employee who on the Date of Grant owns stock representing more than 10 percent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110 percent of the Fair Market Value per Share on the Date of Grant.

(B) Any Option that is (1) granted to a Grantee in connection with the acquisition (*Acquisition*), however effected, by the Company of another corporation or entity (*Acquired Entity*) or the assets thereof, (2) associated with an option to purchase shares of stock or other equity interest of the *Acquired Entity* or an affiliate thereof (*Acquired Entity Option*) held by such Grantee immediately prior to such *Acquisition*, and (3) intended to preserve for the Grantee the economic value of all or a portion of such *Acquired Entity Option*, may be granted with such exercise price as the Administrator determines to be necessary to achieve such preservation of economic value.

(C) Any Option that is granted to a Grantee not previously employed by the Company, or a Parent or Subsidiary, as a material inducement to the Grantee's commencing employment with the

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Company may be granted with such exercise price as the Administrator determines to be necessary to provide such material inducement.

(d) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions that must be satisfied before the Option may be exercised. An Option shall be exercisable only to the extent that it is vested according to the terms of the Award Agreement.

(e) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator shall determine the acceptable form of consideration at the time of grant. The acceptable form of consideration may consist of any combination of cash, personal check, wire transfer or, subject to the approval of the Administrator:

(i) pursuant to rules and procedures approved by the Administrator, promissory note;

(ii) Mature Shares;

(iii) pursuant to procedures approved by the Committee, (A) through the sale of the Shares acquired on exercise of the Option through a broker-dealer to whom the Grantee has submitted an irrevocable notice of exercise and irrevocable instructions to deliver promptly to the Company the amount of sale or loan proceeds sufficient to pay the exercise price, together with, if requested by the Company, the amount of federal, state, local or foreign withholding taxes payable by the Grantee by reason of such exercise, or (B) through simultaneous sale through a broker of Shares acquired upon exercise; or

(iv) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Law.

(f) Exercise of Option.

(i) Procedure for Exercise; Rights as a Stockholder.

(A) Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement.

(B) An Option may not be exercised for a fraction of a Share.

(C) An Option shall be deemed exercised when the Company receives:

(1) written or electronic notice of exercise (in accordance with the Award Agreement and any action taken by the Administrator pursuant to Section 4(b) of the Plan or otherwise) from the person entitled to exercise the Option; and

(2) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan;

(3) Shares issued upon exercise of an Option shall be issued in the name of the Grantee or, if requested by the Grantee, in the name of the Grantee and his or her spouse. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 11 of the Plan.

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(4) Exercising an Option in any manner shall decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

7. Stock Appreciation Rights.

(a) Grant of SARs. Subject to the terms and conditions of the Plan, the Administrator may grant SARs in tandem with an Option or alone and unrelated to an Option. Tandem SARs shall expire no later than the expiration of the underlying Option.

(b) Limitation. No Employee shall be granted, in any fiscal year of the Company, SARs covering more than 3,000,000 Shares. The limitation described in this Section 7(b) shall be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 11 of the Plan. If a SAR is canceled in the same fiscal year of the Company in which it was granted (other than in connection with a transaction described in Section 11 of the Plan), the canceled SAR will be counted against the limitation described in this Section 7(b).

(c) Exercise of SARs. SARs shall be exercised by the delivery of a written or electronic notice of exercise to the Company (in accordance with the Award Agreement and any action taken by the Administrator pursuant to Section 4(b) of the Plan or otherwise), setting forth the number of Shares over which the SAR is to be exercised. Tandem SARs may be exercised:

(i) with respect to all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option;

(ii) only with respect to the Shares for which its related Option is then exercisable; and

(iii) only when the Fair Market Value of the Shares subject to the Option exceeds the exercise price of the Option.

The value of the payment with respect to the tandem SAR may be no more than 100 percent of the difference between the exercise price of the underlying Option and the Fair Market Value of the Shares subject to the underlying Option at the time the tandem SAR is exercised.

(d) Payment of SAR Benefit. Upon exercise of a SAR, the Grantee shall be entitled to receive payment from the Company in an amount determined by multiplying:

(i) the excess of the Fair Market Value of a Share on the date of exercise over the SAR exercise price; by

(ii) the number of Shares with respect to which the SAR is exercised;

provided, that the Administrator may provide in the Award Agreement that the benefit payable on exercise of an SAR shall not exceed such percentage of the Fair Market Value of a Share on the Date of Grant as the Administrator shall specify. As determined by the Administrator, the payment upon exercise of an SAR may be in cash, in Shares that have an aggregate Fair Market Value (as of the date of exercise of the SAR) equal to the amount of the payment, or in some combination thereof, as set forth in the Award Agreement.

8. Stock Awards.

(a) Authorization to Grant Stock Awards. Subject to the terms and conditions of the Plan, the Administrator may grant Stock Awards to Employees or Consultants from time to time. Each Stock Award shall be evidenced by an Award Agreement that shall set forth the conditions, if any, which will need to be timely satisfied before the grant will be effective and the conditions, if any, under which the Grantee's interest in the related Stock will be forfeited. No more than 3,000,000 Shares may be granted pursuant to Stock Awards to an individual Grantee in any calendar year.

(b) Code Section 162(m) Provisions.

(i) Notwithstanding any other provision of the Plan, if the Compensation Committee of the Board (the Compensation Committee) determines at the time a Stock Award is granted to a Grantee that

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such Grantee is, or may be as of the end of the tax year for which the Company would claim a tax deduction in connection with such Stock Award, a covered employee within the meaning of Section 162(m)(3) of the Code, and to the extent the Compensation Committee considers it desirable for compensation delivered pursuant to such Stock Award to be eligible to qualify for an exemption from the limit on tax deductibility of compensation under Section 162(m) of the Code, then the Compensation Committee may provide that this Section 8(b) is applicable to such Stock Award under such terms as the Compensation Committee shall determine.

(ii) If a Stock Award is subject to this Section 8(b), then the lapsing of restrictions thereon and the distribution of Shares pursuant thereto, as applicable, shall be subject to satisfaction of one, or more than one, objective performance targets. The Compensation Committee shall determine the performance targets that will be applied with respect to each Stock Award subject to this Section 8(b) at the time of grant, but in no event later than 90 days after the commencement of the period of service to which the performance target(s) relate. The performance criteria applicable to Stock Awards subject to this Section 8(b) will be one or more of the following criteria: (A) stock price; (B) market share; (C) sales; (D) earnings per share, core earnings per share or variations thereof; (E) return on equity; (E) costs; (F) revenue; (G) cash to cash cycle; (H) days payables outstanding; (I) days of supply; (J) days sales outstanding; (K) cash flow; (L) operating income; (M) profit after tax; (N) profit before tax; (O) return on assets; (P) return on sales; (Q) inventory turns; (R) invested capital; (S) net operating profit after tax; (T) return on invested capital; (U) total shareholder return; (V) earnings; (W) return on equity or average shareowners equity; (X) total shareowner return; (Y) return on capital; (Z) return on investment; (AA) income or net income; (BB) operating income or net operating income; (CC) operating profit or net operating profit; (DD) operating margin; (EE) return on operating revenue; (FF) contract awards or backlog; (GG) overhead or other expense reduction; (HH) growth in shareowner value relative to the moving average of the S&P 500 Index or a peer group index; (II) credit rating; (JJ) strategic plan development and implementation; (KK) net cash provided by operating activities; (LL) gross margin; (MM) economic value added; (NN) customer satisfaction; (OO) financial return ratios; (PP) market performance.

(iii) Notwithstanding any contrary provision of the Plan, the Compensation Committee may not increase the number of shares granted pursuant to any Stock Award subject to this Section 8(b), nor may it waive the achievement of any performance target established pursuant to this Section 8(b).

(iv) Prior to the payment of any Stock Award subject to this Section 8(b), the Compensation Committee shall certify in writing that the performance target(s) applicable to such Stock Award was met.

(v) The Compensation Committee shall have the power to impose such other restrictions on Stock Awards subject to this Section 8(b) as it may deem necessary or appropriate to ensure that such Stock Awards satisfy all requirements for performance-based compensation within the meaning of Code section 162(m)(4)(C) of the Code, the regulations promulgated thereunder, and any successors thereto.

9. Performance Units and Performance Shares.

(a) Grant of Performance Units and Performance Shares. Subject to the terms of the Plan, the Administrator may grant Performance Units or Performance Shares to any Employee or Consultant in such amounts and upon such terms as the Administrator shall determine.

(b) Value/ Performance Goals. Each Performance Unit shall have an initial value that is established by the Administrator on the Date of Grant. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the Date of Grant. The Administrator shall set performance goals that, depending upon the extent to which they are met, will determine the number or value of Performance Units or Performance Shares that will be paid to the Grantee.

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(c) Payment of Performance Units and Performance Shares.

(i) Subject to the terms of the Plan, after the applicable Performance Period has ended, the holder of Performance Units or Performance Shares shall be entitled to receive a payment based on the number and value of Performance Units or Performance Shares earned by the Grantee over the Performance Period, determined as a function of the extent to which the corresponding performance goals have been achieved.

(ii) If a Grantee is promoted, demoted or transferred to a different business unit of the Company during a Performance Period, then, to the extent the Administrator determines appropriate, the Administrator may adjust, change or eliminate the performance goals or the applicable Performance Period as it deems appropriate in order to make them appropriate and comparable to the initial performance goals or Performance Period.

(d) Form and Timing of Payment of Performance Units and Performance Shares. Payment of earned Performance Units or Performance Shares shall be made in a lump sum following the close of the applicable Performance Period. The Administrator may pay earned Performance Units or Performance Shares in cash or in Shares (or in a combination thereof) that have an aggregate Fair Market Value equal to the value of the earned Performance Units or Performance Shares at the close of the applicable Performance Period. Such Shares may be granted subject to any restrictions deemed appropriate by the Administrator. The form of payout of such Awards shall be set forth in the Award Agreement pertaining to the grant of the Award.

10. Deferral of Receipt of Payment. The Administrator may permit or require a Grantee to defer receipt of the payment of cash or the delivery of Shares that would otherwise be due by virtue of the exercise of an Option or SAR, the grant of or the lapse or waiver of restrictions with respect to Stock Awards or the satisfaction of any requirements or goals with respect to Performance Units or Performance Shares. If any such deferral is required or permitted, the Administrator shall establish such rules and procedures for such deferral.

11. Adjustments Upon Changes in Capitalization or Change of Control.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of Covered Shares, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Award, as well as the price per share of Covered Stock, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been effected without receipt of consideration. Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Covered Stock.

(b) Change in Control. In the event of a Change in Control, then the following provisions shall apply:

(i) Vesting. Any Award outstanding on the date such Change in Control is determined to have occurred that is not yet exercisable and vested on such date:

(A) shall become fully exercisable and vested on the first anniversary of the date of such Change in Control (the Change in Control Anniversary) if the Grantee's Continuous Status as an Employee or Consultant does not terminate prior to the Change in Control Anniversary;

(B) shall become fully exercisable and vested on the Date of Termination if the Grantee's Continuous Status as an Employee or Consultant terminates prior to the Change in Control Anniversary as a result of termination by the Company without Cause or resignation by the Grantee for Good Reason; or

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(C) shall not become full exercisable and vested if the Grantee's Continuous Status as an Employee or Consultant terminates prior to the Change in Control Anniversary as a result of termination by the Company for Cause or resignation by the Grantee without Good Reason.

For purposes of this Section 11(b)(i), the following definitions shall apply:

(D) Cause means:

(1) A Grantee's conviction of a crime involving fraud or dishonesty; or

(2) A Grantee's continued willful or reckless material misconduct in the performance of the Grantee's duties after receipt of written notice from the Company concerning such misconduct; provided, however, that for purposes of Section 11(b)(i)(D)(2), Cause shall not include any one or more of the following: bad judgment, negligence or any act or omission believed by the Grantee in good faith to have been in or not opposed to the interest of the Company (without intent of the Grantee to gain, directly or indirectly, a profit to which the Grantee was not legally entitled).

(E) *Good Reason* means:

(1) The assignment to the Grantee of any duties inconsistent in any respect with the Grantee's position (including status, titles and reporting requirement), authority, duties or responsibilities, or any other action by the Company that results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action that is not taken in bad faith and that is remedied by the Company promptly after receipt of written notice thereof given by the Grantee within 30 days following the assignment or other action by the Company;

(2) Any reduction in compensation; or

(3) Change in location of office of more than 35 miles without prior consent of the Grantee.

(ii) *Dissolution or Liquidation*. In the event of the proposed dissolution or liquidation of the Company, to the extent that an Award is outstanding, it will terminate immediately prior to the consummation of such proposed action. The Board may, in the exercise of its sole discretion in such instances, declare that any Option or SAR shall terminate as of a date fixed by the Board and give each Grantee the right to exercise his or her Option or SAR as to all or any part of the Covered Stock, including Shares as to which the Option or SAR would not otherwise be exercisable.

(iii) *Merger or Asset Sale*. Except as otherwise determined by the Board, in its discretion, prior to the occurrence of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, in the event of such a merger or sale each outstanding Option or SAR shall be assumed or an equivalent option or right shall be substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation or a Parent or Subsidiary of the successor corporation does not agree to assume the Option or SAR or to substitute an equivalent option or right, the Administrator shall, in lieu of such assumption or substitution, provide for the Grantee to have the right to exercise the Option or SAR as to all or a portion of the Covered Stock, including Shares as to which it would not otherwise be exercisable. If the Administrator makes an Option or SAR exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Grantee that the Option or SAR shall be fully exercisable for a period of 15 days from the date of such notice, and the Option or SAR will terminate upon the expiration of such period. For the purposes of this paragraph, the Option or SAR shall be considered assumed if, following the merger or sale of assets, the option or right confers the right to purchase, for each Share of Covered Stock subject to the Option or SAR immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a

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choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets was not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation and the participant, provide for the consideration to be received upon the exercise of the Option or SAR, for each Share of Optioned Stock subject to the Option or SAR, to be solely common stock of the successor corporation or its Parent equal in Fair Market Value to the per Share consideration received by holders of Common Stock in the merger or sale of assets.

(iv) Except as otherwise determined by the Board, in its discretion, prior to the occurrence of a Change in Control other than the dissolution or liquidation of the Company, a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, in the event of such a Change in Control, all outstanding Options and SARs, to the extent they are exercisable and vested (including Options and SARs that shall become exercisable and vested pursuant to Section 11(b)(i) above), shall be terminated in exchange for a cash payment equal to the Change in Control Price (reduced by the exercise price applicable to such Options or SARs). These cash proceeds shall be paid to the Grantee or, in the event of death of an Grantee prior to payment, to the estate of the Grantee or to a person who acquired the right to exercise the Option or SAR by bequest or inheritance.

12. *Term of Plan.* The Plan shall become effective upon its approval by the stockholders of the Company within 12 months after the date the Plan is adopted by the Board. Such stockholder approval shall be obtained in the manner and to the degree required under applicable federal and state law. The Plan shall continue in effect until October 17, 2011, unless terminated earlier under Section 13 of the Plan.

13. *Amendment and Termination of the Plan.*

(a) *Amendment and Termination.* The Board may at any time amend, alter, suspend or terminate the Plan.

(b) *Stockholder Approval.* The Company shall obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Rule 16b-3 or with Section 422 of the Code (or any successor rule or statute or other applicable law, rule or regulation, including the requirements of any exchange or quotation system on which the Common Stock is listed or quoted). Furthermore, the Company shall obtain stockholder approval of any modification or amendment of the Plan to the extent that the Board, in its sole and absolute discretion, reasonably determines, in accordance with the requirements of any exchange or quotation system on which the Common Stock is listed or quoted, that such modification or amendment constitutes a material revision or material amendment of the Plan. Such stockholder approval, if required, shall be obtained in such a manner and to such a degree as is required by the applicable law, rule or regulation.

(c) *Effect of Amendment or Termination.* No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Grantee, unless mutually agreed otherwise between the Grantee and the Administrator, which agreement must be in writing and signed by the Grantee and the Company.

14. *Conditions Upon Issuance of Shares.*

(a) *Legal Compliance.* Shares shall not be issued pursuant to an Award unless the exercise, if applicable, of such Award and the issuance and delivery of such Shares shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, Applicable Law, and the requirements of any stock exchange or quotation system upon which the Shares may then be listed or quoted, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) *Investment Representations.* As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

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15. *Liability of Company.*

(a) *Inability to Obtain Authority.* The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

(b) *Grants Exceeding Allotted Shares.* If the Covered Stock covered by an Award exceeds, as of the date of grant, the number of Shares that may be issued under the Plan without additional stockholder approval, such Award shall be void with respect to such excess Covered Stock, unless stockholder approval of an amendment sufficiently increasing the number of Shares subject to the Plan is timely obtained in accordance with Section 13 of the Plan.

16. *Reservation of Shares.* The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

17. *Rights of Employees and Consultants.* Neither the Plan nor any Award shall confer upon an Grantee any right with respect to continuing the Grantee's employment or consulting relationship with the Company, nor shall they interfere in any way with the Grantee's right or the Company's right to terminate such employment or consulting relationship at any time, with or without cause.

18. *Sub-plans for Foreign Subsidiaries.* The Board may adopt sub-plans applicable to particular foreign Subsidiaries. All Awards granted under such sub-plans shall be treated as grants under the Plan. The rules of such sub-plans may take precedence over other provisions of the Plan, with the exception of Section 3, but unless otherwise superseded by the terms of such sub-plan, the provisions of the Plan shall govern the operation of such sub-plan.

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APPENDIX B
JABIL CIRCUIT, INC.
ANNUAL INCENTIVE PLAN

1. *Purpose.* The purpose of the Jabil Circuit, Inc. Annual Incentive Plan is to motivate and reward short-term performance by providing cash bonus payments based upon the achievement of pre-established and objective performance goals for each fiscal year and other discretionary cash bonus payments.
2. *Definitions.* The following definitions are applicable to the Plan:
 - (a) *Annual Incentive Award* means a target annual incentive award made pursuant to Section 5 of the Plan.
 - (b) *Award* means an Annual Incentive Award or a Discretionary Award.
 - (c) *Base Salary* means the base rate of cash compensation paid by the Company to or for the benefit of a Participant for services rendered or labor performed while a Participant in this Plan, including base pay a Participant could have received in cash in lieu of deferrals under the Jabil 401(k) Retirement Plan or to any cafeteria plan under Section 125 of the Code maintained by the Company.
 - (d) *Board* means the Board of Directors of the Corporation.
 - (e) *Code* means the Internal Revenue Code of 1986, as amended, including Treasury Regulations.
 - (f) *Committee* means the Compensation Committee of the Board, which shall be appointed by, and serve at the pleasure of, the Board, and shall consist of members of the Board who are not employees of the Corporation or any affiliate thereof and who qualify as outside directors under Section 162(m) of the Internal Revenue Code, as amended from time to time, and the regulations promulgated thereunder.
 - (g) *Company* means Jabil Circuit, Inc., a Delaware corporation.
 - (h) *Discretionary Award* means an award made pursuant to Section 6 of the Plan.
 - (i) *Executive Officer* means an employee of the Company whom the Board has designated as an executive officer of the Corporation for purposes of reporting under the Securities Exchange Act of 1934, as amended from time to time, or any successor thereto.
 - (j) *Fiscal Year* means the fiscal year of the Company.
 - (k) *Participant* means any Executive Officers designated by the Committee to participate in the Plan.
 - (l) *Plan* means this Jabil Circuit, Inc. Annual Incentive Plan, as it may be amended from time to time.
3. *Administration of Plan.* The Plan shall be administered by the Committee. The Committee shall have the authority to select Executive Officers to participate in the Plan, to determine performance goals and the Annual Incentive Award amounts to be paid upon achievement of the performance goals, to determine other terms and conditions of Awards under the Plan, to establish and amend rules and regulations relating to the Plan, and to make all other determinations necessary and advisable for the administration of the Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry it into effect. All decisions made by the Committee pursuant to the Plan shall be made in the Committee's sole and absolute discretion and shall be final and binding on Executive Officers, Participants, and the Company.

4. *Designation of Participants.* Participants in the Plan shall be selected by the Committee on an annual basis from among the Executive Officers.

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Table of Contents**5. Annual Incentive Awards.**

(a) Each Participant shall be eligible to receive such Annual Incentive Award, if any, for each Fiscal Year as may be payable pursuant to the performance criteria described below. The Committee shall, on an annual basis, establish an Annual Incentive Award for each Participant. Annual Incentive Awards consist of cash amounts payable upon the achievement during a Fiscal Year of specified objective performance goals. No later than 90 days after the first day of the Fiscal Year, the Committee will establish the performance goal(s) and the amount to be paid if the performance goal(s) are achieved. The Annual Incentive Award, if any, for each Participant will be determined as a percentage of the Participant's Base Salary, or as the sum of a percentage of the funds available for the payment of such Annual Incentive Award and a percentage of the Participant's Base Salary up to a designated maximum percentage of the Participant's Base Salary. The maximum Annual Incentive Award that may be awarded to a Participant for a Fiscal Year shall be 300% of the Participant's Base Salary for such Fiscal Year.

(b) Participants shall have their Annual Incentive Awards, if any, determined on the basis of the degree of achievement of performance goals which shall be established by the Committee in writing and which goals shall be stated in terms of the attainment of specified levels of or percentage changes (as compared to a prior measurement period) in any one or more of the following measurements: (1) stock price; (2) market share; (3) sales; (4) earnings per share, core earnings per share or variations thereof; (5) return on equity; (6) costs; (7) revenue; (8) cash to cash cycle; (9) days payables outstanding; (10) days of supply; (11) days sales outstanding; (12) cash flow; (13) operating income; (14) profit after tax; (15) profit before tax; (16) return on assets; (17) return on sales; (18) inventory turns; (19) invested capital; (20) net operating profit after tax; (21) return on invested capital; (22) total shareholder return; (23) earnings; (24) return on equity or average shareowners' equity; (25) total shareowner return; (26) return on capital; (27) return on investment; (28) income or net income; (29) operating income or net operating income; (30) operating profit or net operating profit; (31) operating margin; (32) return on operating revenue; (33) contract awards or backlog; (34) overhead or other expense reduction; (35) growth in shareowner value relative to the moving average of the S&P 500 Index or a peer group index; (36) credit rating; (37) strategic plan development and implementation; (38) net cash provided by operating activities; (39) gross margin; (40) economic value added; (41) customer satisfaction; (42) financial return ratios; (43) market performance.

The Committee may appropriately adjust any evaluation of performance under the criteria set forth above to exclude certain items or events or in such other manner and to such extent as the Committee deems appropriate under the applicable circumstances. The Committee shall, for each Fiscal Year, establish the performance goal or goals from among the foregoing to apply to each Participant and a formula or matrix prescribing the extent to which such Participant's annual incentive award shall be earned based upon the achievement of such performance goal or goals.

(c) Each Annual Incentive Award shall be based solely on achievement of one or more of the applicable performance goals as established by the Committee pursuant to Section 5(a) above and the Committee shall not have the discretion to increase the amount of the Annual Incentive Award. No Annual Incentive Award shall be payable except upon written certification by the Committee that the performance goals have been satisfied to a particular extent and that any other material terms and conditions precedent to payment of an Annual Incentive Award have been satisfied.

(d) Payment of any Annual Incentive Award amount to be paid to a Participant based upon the degree of attainment of the applicable performance goals shall be made at such time(s) as the Committee may in its discretion determine.

6. Discretionary Awards. The Committee may grant a cash award to any Participant in such amount and upon such terms and conditions as shall be determined by the Committee in its discretion.

7. Participant's Interests. A Participant's interest in any Awards shall at all times be reflected on the Company's books as a general unsecured and unfunded obligation of the Company subject to the terms and conditions of the Plan. The Plan shall not give any person any right or security interest in any asset of the Company or any fund in which any deferred payment is deemed invested. Neither the Company, the Board,

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nor the Committee shall be responsible for the adequacy of the general assets of the Company to discharge, or required to reserve or set aside funds for, the payment of its obligations hereunder.

8. *Non-Alienation of Benefits; Beneficiary Designation.* All rights and benefits under the Plan are personal to the Participant and neither the Plan nor any right or interest of a Participant or any other person arising under the Plan is subject to voluntary or involuntary alienation, sale, transfer, or assignment. Subject to the foregoing, the Company shall establish such procedures as it deems necessary for a Participant to designate one or more beneficiaries to whom any payment the Committee determines to make would be payable in the event of the Participant's death.

9. *Withholding for Taxes.* Notwithstanding any other provisions of this Plan, the Company may withhold from any payment made by it under the Plan such amount or amounts as may be required for purposes of complying with any federal, state and local tax or withholding requirements.

10. *Rights of Employees.* Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate a Participant's employment at any time, or confer upon any Participant any right to continued employment with the Company or any of its subsidiaries or affiliates. A Participant shall not be entitled to any claim or recourse if any action or inaction by the Company, or any other circumstance or event, including any circumstance or event outside the control of the Participant, adversely affects the ability of the Participant to satisfy a performance goal or in any way prevents the satisfaction of a performance goal.

11. *Determinations Final.* Each determination provided for in the Plan shall be made by the Committee under such procedures as may from time to time be prescribed by the Committee and shall be made in the sole discretion of the Committee. Any such determination shall be conclusive.

12. *Adjustment of Awards.* The Committee shall be authorized to make adjustments in the method of calculating attainment of performance goals in recognition of unusual or nonrecurring events affecting the Corporation or its financial statements or changes in applicable laws, regulations or accounting principles; provided, however, that no such adjustment shall impair the rights of any Participant without his consent and that any such adjustments with respect to Annual Incentive Awards shall be made in a manner consistent with Section 162(m) of the Code.

13. *Amendment or Termination.* The Board may, in its sole discretion, amend, suspend or terminate the Plan from time to time. No such termination or amendment shall alter a Participant's right to receive a distribution as previously earned, as to which this Plan shall remain in effect following its termination until all such amounts have been paid, except as the Company may otherwise determine.

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APPENDIX C
JABIL CIRCUIT, INC.
2002 EMPLOYEE STOCK PURCHASE PLAN

The following constitute the provisions of the 2002 Employee Stock Purchase Plan of Jabil Circuit, Inc. (the Company).

1. *Purpose.* The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company through accumulated payroll deductions. It is the intention of the Company to have the Plan qualify as an Employee Stock Purchase Plan under Section 423 of the Internal Revenue Code of 1986, as amended.

2. *Definitions.*

- (a) *Board* shall mean the Board of Directors of the Company.
- (b) *Code* shall mean the Internal Revenue Code of 1986, as amended.
- (c) *Common Stock* shall mean the Common Stock, .001 par value, of the Company.
- (d) *Company* shall mean Jabil Circuit, Inc., a Delaware corporation.
- (e) *Compensation* shall mean all base straight time gross earnings including payments for shift premium, commissions and overtime, incentive compensation, incentive payments, regular bonuses and other compensation.
- (f) *Designated Subsidiaries* shall mean the Subsidiaries that have been designated by the Board from time to time in its sole discretion as eligible to participate in the Plan.
- (g) *Employee* shall mean any individual who is an employee of the Company for purposes of tax withholding under the Code whose customary employment with the Company or any Designated Subsidiary is at least twenty (20) hours per week and more than five (5) months in any calendar year. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Board, an Officer, or a person designated in writing by the Board or an Officer as authorized to approval a leave of absence. Where the period of leave exceeds 90 days and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated on the 91st day of such leave.
- (h) *Enrollment Date* shall mean the first day of each Offering Period.
- (i) *Exercise Date* shall mean the last day of each Offering Period.
- (j) *Fair Market Value* shall mean the value of Common Stock determined as follows:

(1) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the National Market System of the National Association of Securities Dealers, Inc. Automated Quotation (NASDAQ) System, the Fair Market Value of a Share of Common Stock shall be the closing sales price for such stock (or the closing bid, if no sales were reported), as quoted on such system or exchange (or the exchange with the greatest volume of trading in Common Stock) on the day of such determination as reported in the Wall Street Journal or such other source as the Board deems reliable;

(2) If the Common Stock is quoted on the NASDAQ system (but not on the National Market System thereof) or is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high and low asked prices for the Common Stock on the date of such determination, as reported in the Wall Street Journal or such other source as the Board deems reliable; or

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(3) In the absence of an established market for the Common Stock, the Fair Market Value of a Share of Common Stock thereof shall be determined in good faith by the Board.

(k) *Offering Period* shall mean a period of approximately six months, commencing on the first Trading Day on or after January 1 and terminating on the last Trading Day occurring in the period ending the following June 30, or commencing on the first Trading Day on or after July 1 and terminating on the last Trading Day occurring in the period ending the following December 31, except that the Offering Period shall commence on the first Trading Day on or after July 1, 2002, and end on the last Trading Day occurring in the period ending December 31, 2002. The duration of Offering Periods may be changed pursuant to Section 4 of this Plan.

(l) *Officer* shall mean a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(m) *Plan* shall mean this 2002 Employee Stock Purchase Plan.

(n) *Purchase Price* shall mean an amount equal to 85 percent of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower.

(o) *Reserves* shall mean the number of shares of Common Stock covered by each option under the Plan which have not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under the Plan but not yet placed under option.

(p) *Subsidiary* shall mean a corporation, domestic or foreign, of which not less than 50 percent of the voting shares are held by the Company or a Subsidiary, whether or not such corporation now exists or is hereafter organized or acquired by the Company or a Subsidiary.

(q) *Trading Day* shall mean a day on which United States national stock exchanges and the National Association of Securities Dealers Automated Quotation (NASDAQ) System are open for trading.

3. *Eligibility.*

(a) Any person who is an Employee, as defined in Section 2(g), who has been continuously employed by the Company or a Designated Subsidiary for at least 90 days (taking into account all of the Employee's periods of employment) and who shall be employed by the Company or a Designated Subsidiary on a given Enrollment Date shall be eligible to participate in the Plan.

(b) Any provisions of the Plan to the contrary notwithstanding, no Employee shall be granted an option under the Plan (i) if, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own stock and/or hold outstanding options to purchase stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company or of any subsidiary of the Company, or (ii) which permits his or her rights to purchase stock under all employee stock purchase plans of the Company and its subsidiaries to accrue at a rate which exceeds 25,000 dollars worth of stock (determined at the fair market value of the shares at the time such option is granted) for each calendar year in which such option is outstanding at any time.

(c) All Employees who participate in the Plan shall have the same rights and privileges under the Plan, except for differences that may be mandated by local law and that are consistent with Code section 423(b)(5); provided, however, that Employees participating in a sub-plan adopted pursuant to Section 13(c) that is not designated to qualify under Section 423 of the Code need not have the same rights and privileges as Employees participating in the Code Section 423 Plan. In addition, the Board may impose restrictions on eligibility and participation of Employees who are officers and directors to facilitate compliance with federal or State securities laws or foreign laws.

4. *Offering Periods.* The Plan shall be implemented by consecutive Offering Periods until the Plan is terminated in accordance with Section 19 hereof. Subject to the requirements of Section 19, the Board shall have the power to change the duration of Offering Periods with respect to future offerings without stockholder

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approval if such change is announced at 15 days prior to the scheduled beginning of the first Offering Period to be affected.

5. Participation.

(a) An eligible Employee may become a participant in the Plan by completing a subscription agreement authorizing payroll deductions in the form provided by the Company and filing it with the Company's payroll office at least 10 business days prior to the applicable Enrollment Date, unless a later time for filing the subscription agreement is set by the Board for all eligible Employees with respect to a given Offering Period.

(b) Payroll deductions for a participant shall commence on the first payroll following the Enrollment Date and shall end on the last payroll in the Offering Period to which such authorization is applicable, unless sooner terminated by the participant as provided in Section 10.

6. Payroll Deductions.

(a) At the time a participant files his or her subscription agreement, he or she shall elect to have payroll deductions made on each pay day during the Offering Period in an amount not exceeding 10 percent of the Compensation which he or she receives on each pay day during the Offering Period, and the aggregate of such payroll deductions during the Offering Period shall not exceed 10 percent of the participant's Compensation during said Offering Period.

(b) All payroll deductions made for a participant shall be credited to his or her account under the Plan and will be withheld in whole percentages only. A participant may not make any additional payments into such account.

(c) A participant may discontinue his or her participation in the Plan as provided in Section 10 hereof, or may increase or decrease the rate of his or her payroll deductions during the Offering Period by completing or filing with the Company a new subscription agreement authorizing a change in payroll reduction rate; provided, however, that a participant may not change his or her rate of payroll deductions more than once in a given Offering Period. The change in rate shall be effective with the first full payroll period following five business days after the Company's receipt of the new subscription agreement unless the Company elects to process a given change in participation more quickly. A participant's subscription agreement shall remain in effect for successive Offering Periods unless terminated as provided in Section 10.

(d) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(b) herein, a participant's payroll deductions may be decreased to zero percent at such time during any Offering Period which is scheduled to end during the current calendar year (the "Current Offering Period") that the aggregate of all payroll deductions which were previously used to purchase stock under the Plan in a prior Offering Period which ended during that calendar year plus all payroll deductions accumulated with respect to the Current Offering Period equal \$25,000. Payroll deductions shall recommence at the rate provided in such participant's subscription agreement at the beginning of the first Offering Period which is scheduled to end in the following calendar year, unless terminated by the participant as provided in Section 10.

(e) At the time the option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the participant must make adequate provision for the Company's federal, state, foreign or other tax or social insurance withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock. At any time, the Company may, but will not be obligated to, withhold from the participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefit attributable to sale or early disposition of Common Stock by the Employee.

Table of Contents**7. Grant of Option.**

(a) On the Enrollment Date of each Offering Period, each eligible Employee participating in such Offering Period shall be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of the Company's Common Stock determined by dividing such Employee's payroll deductions accumulated prior to such Exercise Date and retained in the Participant's account as of the Exercise Date by the applicable Purchase Price; provided that in no event shall an Employee be permitted to purchase during each Offering Period more than a number of shares determined by dividing \$12,500 by the fair market value of a share of the Company's Common Stock on the Enrollment Date, and provided further that such purchase shall be subject to the limitations set forth in Section 3(b) and 12 hereof. Exercise of the option shall occur as provided in Section 8, unless the participant has withdrawn pursuant to Section 10, and shall expire on the last day of the Offering Period.

(b) Options may be granted under the Plan from time to time in substitution for stock options held by employees of another corporation who become, or who became prior to the effective date of the Plan, Employees of the Company or a Designated Subsidiary as a result of a merger or consolidation of such other corporation with the Company, or the acquisition by the Company or a Designated Subsidiary of all or a portion of the assets of such other corporation, or the acquisition by the Company or a Designated Subsidiary of stock of such other corporation with the result that such other corporation becomes a Designated Subsidiary.

8. Exercise of Option. Unless a participant withdraws from the Plan as provided in Section 10 below, his or her option for the purchase of shares will be exercised automatically on the Exercise Date, and the maximum number of full shares subject to option shall be purchased for such participant at the applicable Purchase Price with the accumulated payroll deductions in his or her account. No fractional shares will be purchased; any payroll deductions accumulated in a participant's account which are not sufficient to purchase a full share shall be retained in the participant's account for the subsequent Offering Period, subject to earlier withdrawal by the participant as provided in Section 10. Any other monies left over in a participant's account after the Exercise Date shall be returned to the participant. During a participant's lifetime, a participant's option to purchase shares hereunder is exercisable only by him or her.

9. Delivery. As promptly as practicable after each Exercise Date on which a purchase of shares occurs, the Company shall arrange the delivery to each participant, as appropriate, of a certificate representing the shares purchased upon exercise of his or her option.

10. Withdrawal; Termination of Employment.

(a) A participant may withdraw all but not less than all the payroll deductions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by giving written notice to the Company in the form provided by the Company. All of the participant's payroll deductions credited to his or her account will be paid to such participant promptly after receipt of notice of withdrawal and such participant's option for the Offering Period will be automatically terminated, and no further payroll deductions for the purchase of shares will be made during the Offering Period. If a participant withdraws from an Offering Period, payroll deductions will not resume at the beginning of the succeeding Offering Period unless the participant delivers to the Company a new subscription agreement.

(b) Upon a participant's ceasing to be an Employee for any reason or upon termination of a participant's employment relationship (as described in Section 2(g)), the payroll deductions credited to such participant's account during the Offering Period but not yet used to exercise the option will be returned to such participant or, in the case of his or her death, to the person or persons entitled thereto under Section 14, and such participant's option will be automatically terminated.

(c) In the event an Employee fails to remain an Employee of the Company for at least 20 hours per week during an Offering Period in which the Employee is a participant, he or she will be deemed to have

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elected to withdraw from the Plan and the payroll deductions credited to his or her account will be returned to such participant and such participant's option terminated.

(d) A participant's withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the participant withdraws.

11. Interest. No interest shall accrue on the payroll deductions of a participant in the Plan.

12. Stock.

(a) The maximum number of shares of the Company's Common Stock that may be made available for sale under the Plan since the Plan became effective is 4,000,000, which includes shares that were available on November 28, 2005 for sale plus the shares sold prior to November 28, 2005, subject to adjustment upon changes in capitalization of the Company as provided in Section 18. If on a given Exercise Date the number of shares with respect to which options are to be exercised exceeds the number of shares then available under the Plan, the Company shall make a pro rata allocation of the shares remaining available for purchase in as uniform a manner as shall be practicable and as it shall determine to be equitable.

(b) The participant will have no interest or voting right in shares covered by his option until such option has been exercised.

(c) Shares to be delivered to a participant under the Plan will be registered in the name of the participant or in the name of the participant and his or her spouse.

13. Administration.

(a) The Plan shall be administered by the Board of the Company or a committee of members of the Board appointed by the Board. The Board or its committee shall have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Board or its committee shall, to the full extent permitted by law, be final and binding upon all parties. Members of the Board who are eligible Employees are permitted to participate in the Plan, provided that:

(1) Members of the Board who are eligible to participate in the Plan may not vote on any matter affecting the administration of the Plan or the grant of any option pursuant to the Plan.

(2) If a Committee is established to administer the Plan, no member of the Board who is eligible to participate in the Plan may be a member of the Committee.

(b) Notwithstanding the provisions of Subsection (a) of this Section 13, in the event that Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act), or any successor provision (Rule 16b-3) provides specific requirements for the administrators of plans of this type, the Plan shall be only administered by such a body and in such a manner as shall comply with the applicable requirements of Rule 16b-3.

(c) The Board may adopt rules and procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Board is specifically authorized to adopt rules and procedures regarding handling of payroll deductions, payment of interest, conversion of local currency, payroll tax, withholding procedures and handling of stock certificates which may vary with local requirements. The Board may also adopt sub-plans applicable to particular Subsidiaries, which sub-plans may be designed to be outside the scope of Section 423 of the Code. The rules of such sub-plans may take precedence over other provisions of this Plan, with the exception of Section 12(a), but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan.

Table of Contents14. Designation of Beneficiary.

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such participant of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death prior to exercise of the option. If a participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

15. Transferability. Neither payroll deductions credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 14 hereof) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10.

16. Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

17. Reports. Individual accounts will be maintained for each participant in the Plan. Statements of account will be given to participating Employees at least annually, which statements will set forth the amounts of payroll deductions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any.

18. Adjustments Upon Changes in Capitalization, Dissolution, Merger, Asset Sale or Change of Control.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the Reserves as well as the price per share of Common Stock covered by each option under the Plan which has not yet been exercised, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been effected without receipt of consideration. Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Period will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Board.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each option under the Plan shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless the Board determines, in the exercise of its sole discretion and in lieu of

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such assumption or substitution, to shorten the Offering Period then in progress by setting a new Exercise Date (the New Exercise Date) or to cancel each outstanding right to purchase and refund all sums collected from participants during the Offering Period then in progress. If the Board shortens the Offering Period then in progress in lieu of assumption or substitution in the event of a merger or sale of assets, the Board shall notify each participant in writing, at least 10 business days prior to the New Exercise Date, that the Exercise Date for his option has been changed to the New Exercise Date and that his option will be exercised automatically on the New Exercise Date, unless prior to such date he has withdrawn from the Offering Period as provided in Section 10. For purposes of this Section, an option granted under the Plan shall be deemed to be assumed if, following the sale of assets or merger, the option confers the right to purchase, for each share of option stock subject to the option immediately prior to the sale of assets or merger, the consideration (whether stock, cash or other securities or property) received in the sale of assets or merger by holders of Common Stock for each share of Common Stock held on the effective date of the transaction (and if such holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if such consideration received in the sale of assets or merger was not solely common stock of the successor corporation or its parent (as defined in Section 424(e) of the Code), the Board may, with the consent of the successor corporation and the participant, provide for the consideration to be received upon exercise of the option to be solely common stock of the successor corporation or its parent equal in fair market value to the per share consideration received by holders of Common Stock and the sale of assets or merger.

The Board may, if it so determines in the exercise of its sole discretion, also make provision for adjusting the Reserves, as well as the price per share of Common Stock covered by each outstanding option, in the event the Company effects one or more reorganizations, recapitalization, rights offerings or other increases or reductions of shares of its outstanding Common Stock, and in the event of the Company being consolidated with or merged into any other corporation.

19. Amendment or Termination.

(a) The Board of Directors of the Company may at any time and for any reason terminate or amend the Plan. Except as provided in Section 18, no such termination can affect options previously granted, provided that an Offering Period may be terminated by the Board of Directors on any Exercise Date if the Board determines that the termination of the Plan is in the best interests of the Company and its stockholders. Except as provided in Section 18, no amendment may make any change in any option theretofore granted which adversely affects the rights of any participant. To the extent necessary to comply with Rule 16b-3 under the Securities Exchange Act of 1934, as amended, or under Section 423 of the Code (or any successor rule or provision or any other applicable law or regulation), the Company shall obtain stockholder approval in such a manner and to such a degree as required.

(b) Without stockholder consent and without regard to whether any participant rights may be considered to have been adversely affected, the Board (or its committee) shall be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each participant properly correspond with amounts withheld from the participant's Compensation, and establish such other limitations or procedures as the Board (or its committee) determines in its sole discretion advisable which are consistent with the Plan.

20. Notices. All notices or other communications by a participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

21. Conditions Upon Issuance of Shares. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all

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applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

22. Term of Plan. The Plan shall become effective upon the approval by the stockholders of the Company. It shall continue in effect until October 17, 2011, unless sooner terminated under Section 19.

23. Additional Restrictions of Rule 16b-3. The terms and conditions of options granted hereunder to, and the purchase of shares by, persons subject to Section 16 of the Exchange Act shall comply with the applicable provisions of Rule 16b-3. This Plan shall be deemed to contain, and such options shall contain, and the shares issued upon exercise thereof shall be subject to, such additional conditions and restrictions as may be required by Rule 16b-3 to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

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**SCHEDULE TO THE JABIL CIRCUIT, INC.
2002 EMPLOYEE STOCK PURCHASE PLAN**

Adopted by the Company by resolution of the Board on October 27, 2005

The Government of India has under Section 17(2)(iii) of the Income-tax Act, 1961 issued Notification No.F.No.142/48/2001-TPL prescribing guidelines for Employee Stock Option Plan or Scheme.

I. Purpose:

Jabil Circuit, Inc, a company incorporated under United States laws and having its registered office at Florida intends to adopt this Sub Plan as an addendum to the overall Jabil Circuit, Inc. 2002 Employee Stock Purchase Plan. The Sub Plan incorporates specific additional terms, conditions and restrictions applicable to stock options granted to employees of Jabil Circuit India Private Limited, Jabil Circuit Technology India Private Limited, and any other company of the Jabil group in India which may be formed or acquired at a later date or time. These additional terms, conditions and restrictions are intended to ensure compliance of the Jabil Circuit, Inc. 2002 Employee Stock Purchase Plan (the Plan) to the ESOP Guidelines issued by the Indian Government.

II. The rules of this India Sub Plan take precedence over other provisions of the Plan but unless otherwise specifically superseded by terms of the India Sub Plan, the provisions of the Plan shall govern the operations of the India Sub Plan.

III. The India Sub Plan shall be effective from 1 November 2005.

IV. Shareholder Approval:

Shareholder approval for the Plan has been granted on 24 September 2002.

V. An employee who is a promoter or belongs to the promoter group or is a director who either by himself or through his relative/body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the company, shall not be eligible to participate under the Sub Plan.

1.1 For purposes of the above, Promoter means:

a) the person/s who are in over-all control of the company; or

b) the person/s who are instrumental in the formation of the company; or the programme pursuant to >

- control of the market for the security by one or more broker-dealers that are often related to the promoter or issuer;

- manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;
- “boiler room” practices involving high pressure sales tactics and unrealistic price projections by inexperienced sales persons;
 - excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and
- the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses.

Our management is aware of the abuses that have occurred historically in the penny stock market.

ADDITIONAL AUTHORIZED SHARES OF OUR COMMON STOCK AND PREFERRED STOCK AVAILABLE FOR ISSUANCE MAY ADVERSELY AFFECT THE MARKET.

We are authorized to issue a total of 200,000,000 shares of common stock and 1,000,000 shares of preferred stock. Such securities may be issued without the approval or other consent of our stockholders. As of June 30, 2010, there were 98,383,458 shares of common stock issued and outstanding. However, the total number of shares of our common stock issued and outstanding does not include shares reserved in anticipation of the exercise of options or warrants. As of June 30, 2010, we had outstanding stock options and warrants to purchase approximately 36.5 million shares of common stock, the exercise prices of which range between \$0.17 per share and \$3.18 per share, and we have reserved shares of our common stock for issuance in connection with the potential exercise thereof. As a result, as of June 30, 2010, 210,000 and 10,181,000 shares remain available for issuance under the 1998 Stock Option Plan and the 2006 Equity Incentive Plan, respectively.

To the extent such options or warrants are exercised, the holders of our common stock will experience further dilution.

In addition, in the event that any future financing should be in the form of, be convertible into or exchangeable for, equity securities, and upon the exercise of options and warrants, investors may experience additional dilution.

See “Risk Factors - Our Additional Financing Requirements Could Result In Dilution To Existing Stockholders” included herein. The exercise of the outstanding derivative securities will reduce the percentage of common stock held by our stockholders in relation to our aggregate outstanding capital stock. Further, the terms on which we could obtain additional capital during the life of the derivative securities may be adversely affected, and it should be expected that the holders of the derivative securities would exercise them at a time when we would be able to obtain equity capital on terms more favorable than those provided for by such derivative securities. As a result, any issuance of additional shares of our common stock may cause our current stockholders to suffer significant dilution which may adversely affect the market.

In addition to the above referenced shares of our common stock which may be issued without stockholder approval, we have 1,000,000 shares of authorized preferred stock, the terms of which may be fixed by our Board. We presently have no issued and outstanding shares of preferred stock and while we have no present plans to issue any shares of preferred stock, our Board has the authority, without stockholder approval, to create and issue one or more series of such preferred stock and to determine the voting, dividend and other rights of holders of such preferred stock. The issuance of any of such series of preferred stock may have an adverse effect on the holders of our common stock.

SHARES ELIGIBLE FOR FUTURE SALE MAY ADVERSELY AFFECT THE MARKET.

From time to time, certain of our stockholders may be eligible to sell all or some of their shares of our common stock by means of ordinary brokerage transactions in the open market pursuant to Rule 144, promulgated under the Securities Act of 1933, as amended, subject to certain limitations. In general, pursuant to Rule 144, a stockholder (or stockholders whose shares are aggregated) who has satisfied a six-month holding period may, under certain circumstances, sell within any three month period a number of securities which does not exceed the greater of 1% of the then outstanding shares of common stock or the average weekly trading volume of the class during the four calendar weeks prior to such sale. Rule 144 also permits, under certain circumstances, the sale of securities, without any limitation, by our stockholders that are non-affiliates that have satisfied a one-year holding period. Any substantial sale of our common stock pursuant to Rule 144 or pursuant to any resale prospectus may have a material adverse effect on the market price of our common stock.

LIMITATION ON DIRECTOR/OFFICER LIABILITY.

As permitted by Delaware law, our certificate of incorporation limits the liability of our directors for monetary damages for breach of a director’s fiduciary duty except for liability in certain instances. As a result of our charter provision and Delaware law, stockholders may have limited rights to recover against directors for breach of fiduciary duty. In addition, our certificate of incorporation provides that we shall indemnify our directors and officers to the fullest extent permitted by law.

WE HAVE NO HISTORY OF PAYING DIVIDENDS ON OUR COMMON STOCK.

We have never paid any cash dividends on our common stock and do not anticipate paying any cash dividends on our common stock in the foreseeable future. We plan to retain any future earnings to finance growth. If we decide to pay dividends to the holders of our common stock, such dividends may not be paid on a timely basis.

PROVISIONS OF OUR CERTIFICATE OF INCORPORATION AND DELAWARE LAW COULD DETER A CHANGE OF OUR MANAGEMENT WHICH COULD DISCOURAGE OR DELAY OFFERS TO ACQUIRE US.

Provisions of our certificate of incorporation and Delaware law may make it more difficult for someone to acquire control of us or for our stockholders to remove existing management, and might discourage a third party from offering to acquire us, even if a change in control or in management would be beneficial to our stockholders. For example, our

certificate of incorporation allows us to issue shares of preferred stock without any vote or further action by our stockholders. Our Board has the authority to fix and determine the relative rights and preferences of preferred stock. Our Board also has the authority to issue preferred stock without further stockholder approval, including large blocks of preferred stock. As a result, our Board could authorize the issuance of a series of preferred stock that would grant to holders the preferred right to our assets upon liquidation, the right to receive dividend payments before dividends are distributed to the holders of our common stock and the right to the redemption of the shares, together with a premium, prior to the redemption of our common stock.

SALES OF LARGE QUANTITIES OF OUR COMMON STOCK BY OUR STOCKHOLDERS, INCLUDING THOSE SHARES ISSUED IN CONNECTION WITH PRIVATE PLACEMENT TRANSACTIONS, COULD REDUCE THE PRICE OF OUR COMMON STOCK.

Since May 2005, we have entered into private placements and registered direct offerings whereby we sell large quantities of our common stock to investors. For example, on March 31, 2010, we sold 9,100,001 shares of our common stock at a price of \$0.165 per share to certain investors in a registered direct offering. The investors also received warrants to purchase 7,583,335 shares of common stock with an exercise price of \$0.25 per share

These holders of the shares may sell such shares, if such shares are registered or pursuant to an exemption from registration, at any price and at any time, as determined by such holders in their sole discretion without limitation. Any sales of large quantities of our common stock could reduce the price of our common stock. If any such holders sell such shares in large quantities, our common stock price may decrease and the public market for our common stock may otherwise be adversely affected because of the additional shares available in the market.

We cannot assure you of the prices at which our common stock will trade in the future, and such prices may continue to fluctuate significantly. Prices for our common stock will be determined in the marketplace and may be influenced by many factors, including the following:

- The depth and liquidity of the markets for our common stock;
- Investor perception of us and the industry in which we participate; and
- General economic and market conditions.

As of June 30, 2010, we have 98,383,000 shares of common stock issued and outstanding and approximately 36.5 million shares of common stock issuable upon the exercise of outstanding stock options and warrants. In the event we wish to offer and sell shares of our common stock in excess of the 200,000,000 shares of common stock currently authorized by our certificate of incorporation, we will first need to receive stockholder approval. Such stockholder approval has the potential to adversely affect the timing of any potential transactions.

WE MAY INCUR SIGNIFICANT COSTS FROM CLASS ACTION LITIGATION DUE TO OUR EXPECTED STOCK VOLATILITY.

In the past, following periods of large price declines in the public market price of a company's stock, holders of that stock occasionally have instituted securities class action litigation against the company that issued the stock. If any of our stockholders were to bring this type of lawsuit against us, even if the lawsuit is without merit, we could incur substantial costs defending the lawsuit. The lawsuit also could divert the time and attention of our management, which would hurt our business. Any adverse determination in litigation could also subject us to significant liabilities.

THE UNCERTAINTY CREATED BY CURRENT ECONOMIC CONDITIONS AND POSSIBLE TERRORIST ATTACKS AND MILITARY RESPONSES THERETO COULD MATERIALLY ADVERSELY AFFECT OUR ABILITY TO SELL OUR PRODUCTS, AND PROCURE NEEDED FINANCING.

Current conditions in the domestic and global economies continue to present challenges. We expect that the future direction of the overall domestic and global economies will have a significant impact on our overall performance. Fiscal, monetary and regulatory policies worldwide will continue to influence the business climate in which we

operate. If these actions are not successful in spurring continued economic growth, we expect that our business will be negatively impacted, as customers will be less likely to buy our products, if and when we commercialize our products. In addition, the potential for future terrorist attacks or war as a result thereof has created worldwide uncertainties that make it very difficult to estimate how the world economy will perform going forward.

OUR INABILITY TO MANAGE THE FUTURE GROWTH THAT WE ARE ATTEMPTING TO ACHIEVE COULD SEVERELY HARM OUR BUSINESS.

We believe that, given the right business opportunities, we may expand our operations rapidly and significantly. If rapid growth were to occur, it could place a significant strain on our management, operational and financial resources. To manage any significant growth of our operations, we will be required to undertake the following successfully:

- We will need to improve our operational and financial systems, procedures and controls to support our expected growth and any inability to do so will adversely impact our ability to grow our business. Our current and planned systems, procedures and controls may not be adequate to support our future operations and expected growth. Delays or problems associated with any improvement or expansion of our operational systems and controls could adversely impact our relationships with customers and harm our reputation and brand.
- We will need to attract and retain qualified personnel, and any failure to do so may impair our ability to offer new products or grow our business. Our success will depend on our ability to attract, retain and motivate managerial, technical, marketing, and administrative personnel. Competition for such employees is intense, and we may be unable to successfully attract, integrate or retain sufficiently qualified personnel.

If we are unable to hire, train, retain or manage the necessary personnel, we may be unable to successfully introduce new products or otherwise implement our business strategy. If we are unable to manage growth effectively, our business, results of operations and financial condition could be materially adversely affected.

WE MAY BE OBLIGATED, UNDER CERTAIN CIRCUMSTANCES, TO PAY LIQUIDATED DAMAGES TO HOLDERS OF OUR COMMON STOCK.

We have entered into agreements with the holders of our common stock that requires us to continuously maintain as effective, a registration statement covering the underlying shares of common stock. Such registration statements were declared effective on January 26, 2007, May 30, 2006 and July 28, 2005 and must continuously remain effective for a specified term. If we fail to continuously maintain such a registration statement as effective throughout the specified term, we may be subject to liability to pay liquidated damages.

ITEM 6. EXHIBITS

INDEX TO EXHIBITS

The following exhibits are included with this Quarterly Report. All management contracts or compensatory plans or arrangements are marked with an asterisk.

EXHIBIT NO.	DESCRIPTION	METHOD OF FILING
10.1*	Employment Agreement, dated June 9, 2010, by and between the Company and Craig Johnson.	Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 9, 2010.
10.2*	NovaDel Pharma Inc. 2006 Equity Incentive Plan (as amended and restated on April 20, 2010)	Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 10, 2010.
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of Principal Financial and Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32.1	Certification of the Principal Executive Officer and Chief Financial Officer under 18 USC 1350, Section 1330 as adopted, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished.

SIGNATURES

Pursuant to the requirements 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.

NovaDel Pharma Inc.

Date: August 16, 2010

By: /s/ Steven B. Ratoff
Steven B. Ratoff
President and Chief Executive
Officer
(principal executive officer)

Date: August 16, 2010

By: /s/ Craig A. Johnson
Craig A. Johnson
Chief Financial Officer
(principal financial and
accounting officer)

