

Company Profile

About Solectron

Founded in 1977, Solectron Corporation (www.solectron.com) provides integrated solutions that span the entire product life cycle – from pre-production planning and design, to manufacturing, distribution, and end-of-life product service and support – for the world's leading electronics OEMs. Solectron offers its customers competitive outsourcing advantages, such as access to advanced manufacturing technologies, shortened product time-to-market, reduced cost of production and more effective asset utilization.

The company has received 200 quality and service awards from its customers in addition to the 1997 and 1991 Malcolm Baldrige National Quality Awards. Solectron is the first company to win the Malcolm Baldrige National Quality Award for Manufacturing twice in the 11-year history of the national program. Solectron has more than 31,000 associates in 21 manufacturing facilities worldwide with more than 6 million square feet of capacity.

Market Overview

Solectron is a global leader in the electronics manufacturing services (EMS) industry. According to Technology Forecasters, an independent industry analyst, the 1998 EMS industry was projected to be US\$89.6 billion and is expected to grow 25 percent per year, which will result in a US\$178 billion market by the year 2001.

Target Industries

Solectron provides integrated design, manufacturing and support services to the world's leading OEMs. The company is well known for its printed circuit board assembly (PCBA) business but also delivers a full-range of systems manufacturing solutions for its customers in a variety of industries.

Computer Industry

- mainframes
- workstations
- super computers
- file servers
- PCs
- docking stations
- laptops
- POS terminals
- retail scanners

Telecommunications Industry

- pagers
- cellular phones and base stations
- Internet access devices
- video conferencing equipment

Networking Industry

- hubs
- routers
- switching equipment

Computer Peripheral Industry

- laser and inkjet printers
- disk and tape drives
- modems
- fax machines
- projector engines

Other Industries Served

- semiconductor
- test/industrial controls
- medical electronics
- avionics
- consumer electronics

Financial Capacity

Solectron is a publicly traded company on the NYSE under the symbol SLR. Revenues for the first six months of fiscal 1999, ended February 26, were US\$3.85 billion. Over the last seven years the company has grown rapidly, averaging a compound annual sales growth rate of 53 percent per year.

Global Capacity

Solectron serves its customers from 25 locations worldwide of which 21 are manufacturing facilities:

Americas

- ◆ Brazil
- ◆◆ California (3)
- ◆ Georgia
- ◆ Massachusetts
- ◆ Mexico
- ◆ North Carolina
- ◆ South Carolina
- ◆ Texas
- ◆ Washington

Europe

- ◆ France
- ◆◆ Germany (2)
- ◆ Ireland
- ◆ Israel
- ◆ Romania
- ◆ Scotland
- ◆ Sweden

Asia/Pacific

- ◆ China
- ◆ Japan (2)
- ◆◆ Malaysia (2)
- ◆ Taiwan

◆ Manufacturing facility



Recent Acquisitions and Partnerships

Third Quarter of FY 1999: Trimble, a world leader in radio frequency (RF) products enabled by global positioning system (GPS) technology, and Solectron jointly announced a letter of intent for Solectron to acquire Trimble's manufacturing assets in Sunnyvale, California, and to assume full manufacturing responsibility for all of Trimble's GPS and related RF technology products. This acquisition will enhance Solectron's reach into the rapidly growing GPS market and significantly expand the company's global RF design and manufacturing expertise.

Second quarter of FY 1999: Solectron was selected by IBM to be its exclusive worldwide manufacturer for the motherboards used in IBM's mobile products. As part of the agreement, Solectron acquired IBM's Electronic Card Assembly and Test operations in Austin, Texas. This acquisition significantly enhances Solectron's functional test development and high-end PCB assembly capabilities worldwide through access to IBM's intellectual property and more than 100 patents covering a wide spectrum of technologies and capabilities included in the design and manufacture of notebook motherboards.

Service Offerings

Solectron partners with its customers at the earliest stages of a product's design to ensure a smooth, rapid and cost-effective transition from product concept to volume manufacturing. Solectron can analyze a product's design, materials, processes and testing methods to ensure manufacturing efficiency and lowest total cost in the supply chain. The company offers cutting-edge manufacturing equipment and processes from ball-grid array technologies to high-velocity, high-volume systems operations to meet its customers' most demanding manufacturing challenges. A centralized supply-base management structure, in conjunction with local site commodity teams, enables the company to provide the global leverage in total cost, supply assurance, local responsiveness, flexibility and time-to-volume that its customers require to compete in the global marketplace. Solectron's partnership with its customers does not end at the assembly line. This ongoing relationship enables customers to devote more resources to developing their next generation of products while Solectron serves their current products' needs.

Technology ● interconnection and packaging consulting, process development, reliability and failure analysis, manufacturing technology roadmap, test technology roadmap

Design ● ASIC, circuit design, RF and wireless design, mechanical design, systems design, test process design, design validation

Product Development ● New Product Introduction (NPI) management, component engineering, design-for-manufacturability, design-for-testability, PCB layout, test development, quick-turn prototyping, quick-turn testing

Manufacturing and Distribution ● supply-base and logistics management, printed circuit board assembly, flexible circuit assembly, complex systems assembly, build-to-stock systems assembly, build-to-order systems assembly, configure-to-order systems assembly, channel assembly, systems integration and reconfiguration, testing, environmental stress screening, custom packaging, logistics and distribution management

Support Services ● repair-systems and PCBs, product refurbishment/remanufacturing, product upgrades, asset and logistics management, sustaining engineering, end-of-life manufacturing, warranty processing

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Awards

Solectron's dedication to our customers' success is embodied by our enterprise-wide focus on continuous improvement in everything we do. In fiscal years 1998-99, we were honored to receive a number of awards including:

Quality Awards

In 1997 and 1991, Solectron won the Malcolm Baldrige National Quality Award for Manufacturing. Solectron is the first company to win the award twice in the 11-year history of the program.

Customer Awards

Ascend	1998 In Recognition of Extraordinary Contributions
Cisco	1998 President's Customer Satisfaction Award 1998 Award of Appreciation
Ericsson	1998 Recognition of Outstanding Partnership 1998 Supplier Merit Award
FORE Systems	1999 Preferred Supplier Award 1998 Preferred Supplier Award (2)
Hewlett-Packard	1999 Outstanding Supplier 1999 Appreciation of Overall Exceptional Performance 1998 In Recognition of Outstanding Professionalism, Dedication and Responsiveness 1998 In Recognition of a Successful Ramp (2) 1998 Supplier Recognition Award (2) 1998 Outstanding Support
Honeywell/IAC	1998 Supplier of the Year 1998 Supplier Performance Award
Inroad	1998 Superior Achievement Award
Intel	1999 Appreciation for Support 1998 Award for Excellence 1998 Recognition of Outstanding Support
Intermec	1998 High Level of Service Award 1998 Key Supplier Performance Award (2)
NCR	1998 Award for Cost Reduction 1998 S1 Supplier Award
NDS	1999 Supplier Partner Award
N.E.T.	1998 Demonstrated Excellence as a Supplier Award 1998 Award of Appreciation
Polaroid	1998 Supplier Quality Award (2)
Sun Microsystems	1998 Award for Delivery and Flexibility 1998 Supplier Performance Award
Symbol Technologies	1998 "Can-do" Award for Technical Innovation (2) 1998 Certified Supplier Award 1998 Best in Commodity Award
3COM	1998 In Appreciation of Outstanding Contributions (3)
Xyratex	1998 Supplier Recognition Award



Business Awards

In April 1999, *Fortune* ranked Solectron No. 306 on its list of the Fortune 500, up from No. 303 last year. *Fortune* ranked Solectron No. 13 for total return to investors, which climbed to 124 percent, No. 172 in market value and No. 92 in profits as a percentage of assets.

In April 1999, *Forbes* ranked Solectron No. 227 on its list of the Forbes 500, up from No. 335 last year. Solectron ranked No. 186 on market value and No. 275 on *Forbes'* "super rank" list, a composite of rankings of sales, profits, assets and market value.

In April 1999, *Worth* ranked Ko Nishimura No. 40 on its list of the 50 Best CEOs.

In April 1999, *Forbes ASAP* ranked Solectron No. 4 in the peripherals and manufacturing category of its 100 Most Dynamic Companies list.

In March 1999, *Barron's* ranked Solectron No. 16 in the Barron's 500.

In March 1999, *BusinessWeek* ranked Solectron No. 32 on its list of Best Performing Companies.

In October 1998, *IndustryWeek* named Solectron's facility in California as Best Plant in North America. The facility was chosen from among 170 plants nominated, and is the only company representing the EMS industry.

In August 1998, *IndustryWeek* named Solectron one of the World's 100 Best Managed Companies. This is the third consecutive year Solectron has been on the list.

In August 1998, *Money Magazine* ranked Solectron No. 16 on its list of the Top 50 Stocks of the 1990s. Had you invested US\$1,000 in Solectron Jan. 1, 1990, your investment would now be worth US\$45,627 as of June 30, 1998.

In May 1998, *Computerworld* chose Solectron as No. 1 in its 100 Best Places to Work in Information Systems ranking. In 1997, Solectron was ranked No. 3.

Community and Environmental Awards

In March, Solectron's facility in Mexico won the Jalisco State Quality Award from the Instituto Jaliscoense de la Calidad.

Solectron was named Corporate Leader of the Year by 100 Black Men of Silicon Valley.

Solectron's facility in California was named the Silicon Valley Private Industry Council's Outstanding Employer.

Solectron's facility in France received an award from Price Waterhouse & Coopers for environmental awareness.

The State of Massachusetts gave Solectron's facility in Massachusetts a Certificate of Appreciation for achievements in economic development.

Solectron's facility in North Carolina was given the North Carolina Electronics Information Technologies Association Corporate Citizenship Award and the Blue Diamond Award for its contributions to the community from the Chamber of Commerce. This is the sixth Blue Diamond Award the site has won.

Solectron's facility in Mexico received the Safety, Health and Environmental Award from the State of Jalisco.

Solectron's facility in Texas was given the Goodwill Industries Partnership Award.

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SOLECTRON[®]

Quality Solutions • Global Partnerships

Backgrounder

Koichi Nishimura, Ph.D., Chairman, President and CEO, Solectron

Dr. Koichi Nishimura credits his success in life and business to the values his family, mentors and friends instilled in him growing up.

“When my mother died, a Buddhist priest taught me three lessons to live by – nothing in life is still, nothing in life is eternal and everything in life is good,” Nishimura said. “These philosophies can also apply in business. Technology changes every minute. Your customers may not stay with you forever. There are opportunities everywhere you look. I keep that in mind every day and apply those philosophies to Solectron.”

Ko, as he prefers to be called, has taken his deeply-seeded personal values, his zest for life and his award-winning business practices and used them to guide Solectron, now one of the largest electronics manufacturing services providers in the world. The company is leading the outsourcing revolution in the electronics industry through partnerships with major original equipment manufacturers, an emphasis on quality and materials management, and a constant broadening of services.

Ko joined Solectron in 1988 after spending 23 years with IBM. He started with IBM as a test engineer, working on the company’s System 360 disk drive units. To this day, he says it is his favorite job. While at IBM, Ko met Dr. Winston Chen who went on to become Solectron’s first CEO. One day, as CEO, Winston came to Ko, his former IBM supervisor, with a request: he said he needed a partner to help him build a world-class manufacturing company. He wanted that partner to be Ko. Ko joined the company as chief operating officer, and later took on the challenges of president (1990), CEO (1992) and chairman of the board (1996). At the time, Solectron was a US\$93 million company with 1,500 associates in one facility in the Silicon Valley. Under Ko’s leadership, Solectron has grown to more than 30,000 associates worldwide, more than 6 million square feet of capacity and announced US\$5.3 billion in revenue for its fiscal year ended August 31, 1998.

Born in 1938 in Pasadena, California, Ko describes himself as a Nisei, a second-generation Japanese-American. Like many Nisei, he has experienced strong Western and Eastern influences. His grandmother played an important role in his life. She taught Ko values including Tamashii (soul and spirit), Kansha (appreciation), Makoto (sincerity, honesty), Toku (virtue) and Wago (harmony), all of which he has instilled in the Solectron culture.



“I often mention these values to our associates,” Ko said. “Although they may seem very Asian, they are universal concepts. My value system is to build ‘Kyosei’ (co-existing) relationships with customers, associates, suppliers, stockholders, the communities in which we do business and even with our competitors. I’ve learned that the only constant is people. They are Solectron’s most important assets.”

Ko spent five years during World War II, from the ages of three to seven, in an internment camp in Manzanar. Despite growing up in Southern California, he spoke only Japanese as a child and learned English in first grade. His wife, Holly, was born in Gardena, California, interned at Rohwer and Tule Lake, expatriated to Japan, and returned to the United States in the mid-1950s. The couple raised three sons, Bobby, Greg and Mark, and encouraged them to do their best in whatever they chose to do. Ko’s only request was that they help serve their community. Today, one is a police officer, one an emergency room surgeon, and one is in dental school.

Ko learned about the importance of teamwork and service at an early age. During the late 1950s, he pumped gas and fixed cars at a Pasadena gas station. The customers were willing to pay an extra penny per gallon for friendly, extra service. “When we did a lube job, we used to wash the inside and outside of the car. We got a lot of return business,” Ko recalled. “One Saturday, three other part-timers and I completed 43 jobs by working together and going that extra mile for the customer.”

But it was his enthusiasm for the game of football that instilled in him the value of teamwork, risk taking and hard work. His high school coach taught him how to recognize patterns and to use that knowledge as an advantage to overcome obstacles. He learned how to best utilize the skills he and his teammates had to outmaneuver opponents and win, despite all odds, and how to motivate a group to achieve more than the sum of their individual parts.

A self-professed “mediocre” student, Ko took more pleasure in sports than in his studies. But he knew the importance of education, and continued his studies at San Jose State University. He chose the Northern California school in part because he got a job at nearby Lockheed. His first area of study was physical education, but that ended when he was injured playing football. Because he liked his job as a technician, he decided to study engineering.

At first, the guidance counselor tried to discourage him – he did not have the required prerequisites in math or science. “Nobody changes from physical education to engineering,” was the common line. Ko was determined to try, and that was enough to convince the counselor and instructors to give him a chance. That opportunity, combined with his determination and work ethic, was all he needed.

Ko received his bachelor's and master's degrees in engineering from San Jose State. He went on to receive his doctorate in materials science and engineering from Stanford University, where he focused his dissertation on semiconductor devices, solid-state chemistry-diffusion and epitaxial film growth by CVD.

Under Ko's leadership, Solectron won the prestigious Malcolm Baldrige National Quality Award twice – in 1991 and 1997 – after infusing the rigorous certification criteria into the company's corporate culture and strategy. Solectron is the first company to win the Baldrige Award for Manufacturing twice in the 11-year history of the national program.

The Baldrige process has been immensely successful at Solectron. Between 1991 and 1997, the two years it won the award, the number of associates grew from 2,200 to 18,215, revenue grew from US\$265 million to US\$3.7 billion, and its market share almost tripled.

“The Baldrige process has been an excellent roadmap for building a quality company. But our quest for quality is never ending. We must continue to improve our business processes in order to maintain our position as a market leader,” Ko said. “I am proud of our success and owe most of it to our associates – they are the life line of Solectron.”

Ko's quality requirements extend outside Solectron as well. While his sons were in high school, they built a successful newspaper delivery business. But when they went to college, there was no one to run the business. Not wanting to disturb the level of customer service they established, Ko and Holly took on the business themselves until they found someone to take over. The two delivered the papers at 5 a.m., went jogging together at 6 a.m. and Ko was at work by 7 a.m. They covered the route for six years. Ko is proud to have been named “Paper Delivery Boy of the Week” by the San Jose Mercury News and is still proud to say he “made all the porches.”

Ko is adamant about hiring “good” people, an issue he holds dear because his father, who was trained as an engineer, “could only get a job at a fruit stand” before the war. His father's great intelligence was a lost opportunity, he said. Ko is determined not to let that happen to his team. He is constantly pushing all associates to stretch themselves and figure out smarter, better ways to run Solectron. His philosophy is to provide every person opportunities to succeed.

“Hire for traits, and train for skills,” he said. “Some of Solectron's associates did not have the skills at the beginning, but they had the right attitude. They said, ‘Give me a chance. Let me show you I can do this.’ The key words are ‘I'll work hard. I'll listen and I'll learn.’ Listening is important.”

A proponent of lifelong learning, Ko is a member of the advisory board of Santa Clara University's Leavey School of Business and a former board member of the Tech Museum of Innovation in San Jose, California. Solectron supports several educational institutions in the Silicon Valley including the Milpitas School District, Junior Achievement of Santa Clara County and San Jose State University. The company is also heavily involved in the communities in which it does business.

Ko maintains very close ties to the Japanese community and is well-known for his support of the Japanese Western U.S. Association and the Yu-Ai Kai Senior Community Center in San Jose.

Ko serves on the boards of Merix Corporation, the Center for Quality Management and the Santa Fe Institute. He also serves on the Baan Company supervisory board, the board of the Silicon Valley Manufacturing Group and is vice president of the Malcolm Baldrige Foundation. He is a senior member of the Institute of Electrical and Electronics Engineers, and the Society of Manufacturing Engineers.

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Acquisitions and Partnerships

In 1992, Solectron redefined the electronics manufacturing services industry by initiating the first acquisition of an OEM's manufacturing operation. This ground-breaking move helped transform the industry and directly influenced other OEMs to outsource their manufacturing so they could focus on their core competencies. By partnering with Solectron, OEMs recognize they can shorten their time-to-market, reduce their overall cost, use their assets more effectively, and therefore, enhance their competitive situation. Before its first acquisition, Solectron employed 2,600 associates, had two manufacturing facilities, and less than 1 million square feet of capacity. Today, Solectron has 21 manufacturing facilities, more than 31,000 associates, and more than 6 million square feet of capacity.

The company's acquisition strategy is designed to broaden its capabilities across the entire product life cycle, enhance customer and supplier partnerships, expand its geographic footprint, acquire new capabilities to meet evolving customer needs, and expand its management and technical team. Since its founding, Solectron has completed 15 acquisitions and partnerships and has retained more than 85 percent of its acquired associates worldwide.

- FY 1999
- Trimble, a world leader in radio frequency (RF) products enabled by global positioning system (GPS) technology, and Solectron jointly announced a letter of intent for Solectron to acquire Trimble's manufacturing assets in Sunnyvale, California, and to assume full manufacturing responsibility for all of Trimble's GPS and related RF technology products. This acquisition will enhance Solectron's reach into the rapidly growing GPS market and significantly expand the company's global RF design and manufacturing expertise.
 - Solectron was selected by IBM to be its exclusive worldwide manufacturer for the motherboards used in IBM's mobile products. As part of the agreement, Solectron acquired IBM's Electronic Card Assembly and Test operations in Austin, Texas. This acquisition significantly enhances Solectron's functional test development and high-end PCB assembly capabilities worldwide through access to IBM's intellectual property and more than 100 patents covering a wide spectrum of technologies and capabilities included in the design and manufacture of notebook motherboards.
 - Solectron acquired the manufacturing assets of Mitsubishi Consumer Electronics America's (MCEA) Cellular Mobile Telephone division located in Braselton, Georgia. MCEA is the first Japanese OEM to divest manufacturing assets to a contract manufacturer. The acquisition further strengthens Solectron's build-to-order, configure-to-order, cellular, RF and NPI capabilities.



- FY 1999
Cont'd
- Solectron announced that it signed a definitive agreement to formalize the terms of a strategic alliance with Ingram Micro (IM). The alliance will create the first truly global channel configuration solution to provide build-to-order and configure-to-order assembly services for PCs, servers and other related products in the United States, Canada, Europe, Asia and Latin America. By leveraging IM's ability to generate product demand, Solectron will be able to expand its market access into the channel. Under the alliance, the companies plan to begin shipments to customers in early calendar 1999.
- FY 1998
- Solectron acquired IBM's Electronic Card Assembly and Test Operations in Charlotte, North Carolina, significantly enhancing its high-end printed circuit board assembly (PCBA) and test development capabilities, including failure analysis and surface mount technology placement. Solectron also gained access to 115 patents and 51 disclosures from IBM covering a wide spectrum of technologies.
 - Solectron acquired the manufacturing assets of NCR's Computer Systems and Retail Solutions groups in Dublin, Ireland; Columbia, South Carolina, and Duluth, Georgia. This acquisition strengthens Solectron's design, supply-chain management, systems integration and testing, build-to-order, configure-to-order and fulfillment services.
- FY 1997
- As part of the agreement with Ericsson Telecom AB, Solectron acquired a facility in Brazil, marking the company's first appearance in the South American marketplace. This was a strategic move for Solectron as the South American marketplace has untapped potential for electronics manufacturing services.
 - A global partnership with Ericsson Telecom AB resulted in the establishment of a New Product Introduction (NPI) Center, located in Norrköping, Sweden, to better serve its European customer base. This partnership enhances Solectron's NPI capabilities.
- FY 1996
- Solectron acquired Force Computers, Inc., the leading designer and manufacturer of computer platforms for embedded applications, thus enabling Solectron to further penetrate the telecommunications and embedded markets.
 - Solectron acquired Texas Instruments' Custom Manufacturing Services division in Austin, Texas. As a result of the acquisition, Solectron gained access to TI's world-renowned ASIC design capabilities, entered the Austin market and solidified its relationship with TI.
 - Solectron acquired Fine Pitch Technology, Inc., a leading provider of SMT prototype services, to better serve the needs of design teams who require immediate availability of highly complex PCBA prototypes. Together, Solectron and Fine Pitch will shorten their customers' product development and manufacturing cycles, ultimately reducing a products' time-to-market.

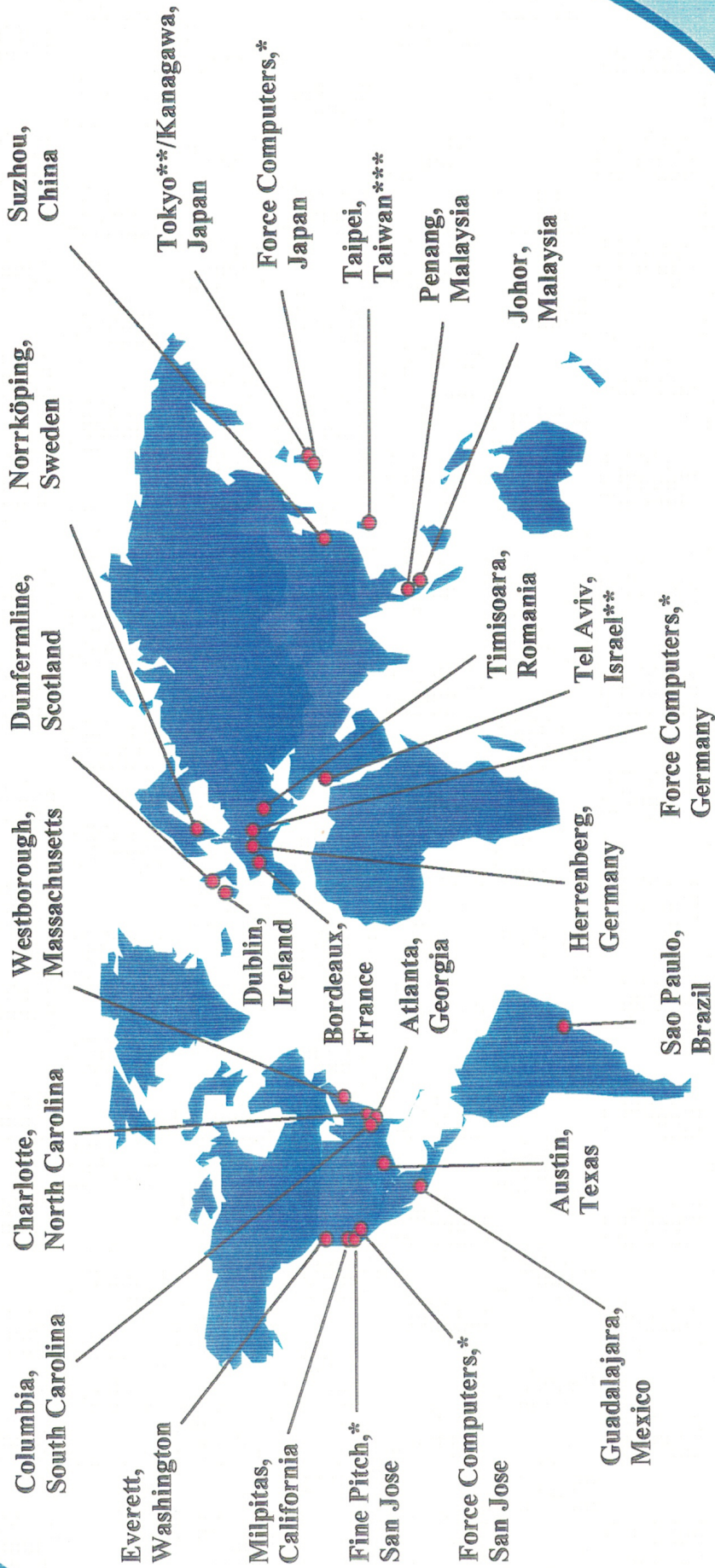
- FY 1995 • Solectron signed an agreement with Hewlett-Packard GmbH to acquire its PCBA operation in Germany. This acquisition enabled Solectron to expand its footprint to Germany and strengthened its partnership with Hewlett-Packard.
- FY 1993 • Solectron acquired Philips Electronics UK Limited's Circuit Assemblies division in Scotland. This acquisition enabled Solectron to expand its footprint to the UK and grow its high-volume PCBA capabilities in Europe.
- Solectron acquired Hewlett-Packard's Lake Stevens Printed Circuit Assembly Division that enhanced Solectron's high-mix, low-volume production capabilities and enabled Solectron to establish a presence in the northwest corridor of the United States.
- FY 1992 • Solectron signed an agreement with IBM to its PBCA facility in North Carolina. This expanded Solectron's manufacturing capacity and capabilities outside of California to the East Coast of the United States.
- Solectron acquired IBM's electronic sub-assembly division in France. This marked Solectron's first expansion into Europe and strengthened its partnership with IBM.

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Global Footprint



* Subsidiary of Solelectron Corp.

** Program Office

*** Asia/Pacific Headquarters

31,000+ Associates Worldwide
6+ Million Sq. Ft. Capacity





SOLECTRON®

Quality Solutions • Global Partnerships

Management Team

Solectron has brought together a multicultural management team with unmatched vision and experience. All executive team members contribute to managing Solectron's rapid growth and strategic direction. They have transformed Solectron from a regional provider of assembly services to a global leader providing integrated solutions that span the product life cycle. Over the past seven years, the team has guided the company's consistent and impressive financial performance, with compound annual sales growth averaging 53 percent per year, and compound annual net income growth of 55 percent per year, based on fiscal 1998 revenues of US\$5.3 billion and net income of US\$198.8 million. Collectively, this team of accomplished executives brings decades of high-tech manufacturing and management experience to a company driven to deliver the highest quality services to its global customers.

KOICHI NISHIMURA, Ph.D.

Chairman of the Board, President and Chief Executive Officer

Dr. Koichi Nishimura, 60, directs Solectron's worldwide operations. He has helped transform Solectron from a regional entity into an internationally renowned leader in the electronics manufacturing services industry.

Under Nishimura's leadership, Solectron won the prestigious Malcolm Baldrige National Quality Award twice – in 1997 and 1991 – after infusing the rigorous certification criteria into the company's corporate culture and strategy. Solectron is the first company to win the Baldrige Award for Manufacturing twice in the 11-year history of the national program.

Nishimura joined Solectron in 1988 as chief operating officer. In 1990 his responsibilities expanded as he took over the presidency. He was later appointed co-chief executive officer and assumed the role of chief executive officer in 1992. He was elected chairman of the board in 1996.

Before coming to Solectron, Nishimura worked at IBM Corporation for 23 years, where he held a number of management positions in the company's disk file design, technology and manufacturing divisions.

Nishimura serves on the boards of Merix Corporation, the Center for Quality Management and the Santa Fe Institute. He also serves on the Baan Company supervisory board, the advisory board of Santa Clara University's Leavey School of Business, the board of the Silicon Valley Manufacturing Group and is vice president of the Malcolm Baldrige Foundation. He is a former board member of the Tech Museum of Innovation in San Jose, California.

In addition, Nishimura is known within the Japanese-American community for his support of the Japanese Western U.S. Association and the Yu-Ai Kai Senior Community Center in San Jose.

Nishimura holds a doctorate in material science and engineering from Stanford University, and master's and bachelor's degrees in electrical engineering from San Jose State University. He is a senior member of the Institute of Electrical and Electronics Engineers and the Society of Manufacturing Engineers.



DAVID KYNASTON

President, Solectron Europe and Vice President, Solectron Corporation

David Kynaston, 56, has more than 30 years of technical and electronics manufacturing management experience. In his role as a VP, he is responsible for directing the development, growth, and strategic deployment of Solectron's sales, design, supply-chain and manufacturing operations in Europe. This includes Solectron's facilities in France, Germany, Israel, Romania, Scotland and its New Product Introduction center in Sweden. Kynaston has been instrumental in guiding Solectron's European expansion to accommodate the growing demand for electronics manufacturing services from multinational OEM customers.

Before joining Solectron in February 1996, Kynaston spent 15 years at Philips Electronics, where he held a number of senior management positions. Prior to joining Philips, Kynaston held technical management positions at EMI Medical Ltd. and Cambridge Scientific Instruments Ltd.

A graduate of the University of Strathclyde in Scotland, Kynaston holds a bachelor of science degree in applied physics. He is a fellow of the Institute of Physics.

KEN K. N. TSAI

Senior Vice President, Solectron Corporation and President, Solectron Asia

Ken Tsai, 57, has more than 30 years of operations and manufacturing management experience. He is responsible for directing the development, growth and strategic deployment of Solectron's sales, design, supply-chain and manufacturing operations within Asia. This includes the company's three manufacturing sites in Asia located in Malaysia and China, and program offices in Taiwan and Japan. Under Tsai's leadership, Solectron has expanded its operations in the Asia/Pacific region. The company's facility in Suzhou, China, recently completed a major expansion in response to OEM's needs for low-cost electronics manufacturing services in Asia.

Tsai joined the company in 1984, and served in various manufacturing and operations management positions until 1989 when he became director of manufacturing. He was named a VP in 1990. Tsai assumed his current role of senior VP of the company and president of Solectron Asia in 1995.

Before joining Solectron, Tsai served in management and business planning positions with American Cyanamid Company from 1968 to 1984.

He earned his master of business administration degree from the University of Cincinnati.

SUSAN WANG

Senior Vice President, Solectron Corporation, Chief Financial Officer and Corporate Secretary

As a senior VP and chief financial officer, Susan Wang, 48, directs Solectron's corporate human resources and financial operations worldwide. Under her leadership, Solectron has made the transition from a privately held company to a publicly held corporation. She oversaw the company's initial public offering in November 1989, and has guided its growth to a US\$5.3 billion global corporation.

Wang joined the contract manufacturing company in 1984 as a manager of finance, and was promoted to VP of finance and chief financial officer in 1986. She became a senior VP in 1990 and has served as corporate secretary since 1992.

Wang is chairperson of the Financial Executive Research Foundation, advisory board member to the YWCA in Santa Clara County, a member of the American Institute of Certified Public Accountants, the New York State Society of Certified Public Accountants and of the Financial Executive Institute. In 1995 she won the YWCA's Top Women in Industry Award, and was named one of the San Francisco Bay Area's most powerful corporate women.

Before joining Solectron, Wang held financial and accounting management positions with Xerox Corporation and Westvaco Corporation. She began her career with Price Waterhouse & Co. in New York.

A graduate of the University of Texas, Wang holds a bachelor of arts degree in accounting. She earned a master of business administration degree from the University of Connecticut. She is a certified public accountant.

WALT WILSON

Senior Vice President, Supply-Chain Integration and Information Technology

Walt Wilson, 54, has more than 33 years experience in high-tech and electronics manufacturing. In his role as a senior VP, Wilson is responsible for Solectron's common process initiatives worldwide, materials, information systems and information technology, and oversees the company's manufacturing sites in Latin America, including Brazil and Mexico.

Wilson joined Solectron in 1989 as the VP of project management and was soon promoted to senior VP of the corporation. During his nine years at Solectron, Wilson has held numerous positions, including president of Solectron California, president of Solectron North America and president of Solectron Americas. Under Wilson's leadership, Solectron expanded its presence in the Americas from one site in 1991 to nine sites in 1998.

Before joining Solectron, Wilson spent 24 years at IBM Corporation, where he held various domestic and international management positions in manufacturing, technology and product development and corporate operations.

In addition to his executive responsibilities at Solectron, Wilson is on the board of directors of Asyst Technologies and Mylex Corporation, both in Fremont, California.

Wilson has bachelor of science degrees in electrical engineering and applied mathematics from California State Polytechnic University, and a master of business administration degree from Santa Clara University.

SAEED ZHOHURI, Ph.D.

President, Solectron Americas, Senior Vice President and Chief Technology Officer

Dr. Saeed Zohouri is responsible for directing the development, growth and strategic deployment of Solectron's sales, design, supply-chain and manufacturing operations in the Americas. This includes Solectron's facilities in Massachusetts, North Carolina, Texas, Washington and its flagship site in California.

He is also responsible for guiding Solectron's research and development and new product development activities, including its wholly owned subsidiary, Fine Pitch Technology. Under his technological leadership, Solectron has become known for its manufacturing process characterization and manufacturing expertise in advanced surface-mount interconnection technologies. He has been instrumental in the development of Solectron's capability to partner with its customers at the earliest stages of product design to ensure a smooth, rapid and cost-effective transition from product concept to volume manufacturing.

Zohouri joined Solectron in 1980, and has played a key role in defining the company's technology program. He launched Solectron's flexible circuit manufacturing division in Milpitas, California, implemented environment-friendly aqueous and no-clean process technologies, and advanced placement technologies such as TAB, ball-grid array and COB/COF.

Prior to his current position, Zohouri served as the VP of advanced technology and as a manufacturing manager for the leading provider of electronics manufacturing services.

He holds a doctorate degree in chemistry from Stanford University and earned his master's degree in chemistry from Manchester University in England. Before joining Solectron, Zohouri was a chemistry instructor at Razi University in Iran.



Milestones

The 1970's

- FY1977
- Solectron was founded in the midst of the solar energy boom by Roy Kusumoto as a manufacturer of solar energy products. The name "Solectron" is a combination of "solar" and "electronics."
 - Work was handled by fewer than 100 associates in one building in California.
- FY1978
- Winston Chen, Ph.D. joined the company as president.
 - Expanded contract manufacturing projects to a wider variety of electronics firms in California's Silicon Valley.

The 1980's

- FY1981
- Implemented quality standards.
 - Full systems-build services offered.
- FY1982
- Solectron University established to teach quality techniques to production workers and provide leadership seminars for managers.
- FY1984
- Began assembling boards using surface mount technology (SMT), leading the industry in offering this increasingly popular assembly process.
 - Statistical Process Control (SPC) implemented to lower part-per-million defect levels.
- FY1985
- Weekly Customer Satisfaction Index (CSI) surveys initiated.
 - "Just in Time" manufacturing, turnkey manufacturing and remanufacturing capabilities added.
 - Philosophy of continuous improvement adopted company wide.
- FY1987
- Koichi Nishimura, Ph.D. joined Solectron as chief operating officer.
 - Implemented quality and productivity improvement process.
 - Added circuit test capabilities.
- FY1989
- Completed Initial Public Offering.
 - Introduced repair services.



- FY1989
(cont'd)
- Began using Malcolm Baldrige National Quality Award as corporate roadmap.
 - Expanded the Manufacturing Resource Planning System.

The 1990's

- FY1991
- Won the prestigious Malcolm Baldrige National Quality Award for Manufacturing.
 - First offshore expansion to Penang, Malaysia.
 - Implemented 5S Quality Program.
- FY1992
- Established facilities in Bordeaux, France; and Charlotte, North Carolina, as a result of a September manufacturing acquisition from IBM.
 - Listed on NYSE under the symbol SLR.
 - Opened program office in Japan to better support customers in the Asia/Pacific region.
 - Declared 2-for-1 stock split.
 - Began drive for ISO certification.
 - Implemented Electronic Data Interchange (EDI) system.
 - Established corporate supply-base management organization.
 - Added configure-to-order capabilities.
 - Established global account management teams.
- FY1993
- Established facilities Everett, Washington, with acquisition from Hewlett-Packard's Lake Stevens Printed Circuit Assembly Division, and Dunfermline, Scotland, with acquisition of Philips Circuit Assemblies Division.
 - Extended intersite communication for improved global responsiveness.
 - Began implementation of self-directed work teams.
 - Completed new campus in Milpitas, California.
- FY1994
- Declared 2-for-1 stock split.
 - Net sales top US\$1 billion.
 - Implemented Solectron Total Quality Excellence Evaluation Program.
- FY1995
- Grew to more than 10,000 associates worldwide.
 - Established facility in Boeblingen, Germany, when Solectron acquired Hewlett-Packard's PCBA operation.
 - California facility won first-ever California Governor's Golden State Quality Award.
 - Acquired Fine Pitch Technology, Inc. to enhance pre-manufacturing capabilities with quick-turn prototyping.
 - High-velocity manufacturing added to improve customers' time-to-market and time-to-volume.
 - Established facility in Austin, Texas, when Solectron acquired Texas Instruments' Custom Manufacturing Services business.

- FY1995
(cont'd)
- Established Solectron Technical Center to centralize research and development.
- FY1996
- Established facility in Westborough, Massachusetts.
 - Solectron's facility in Malaysia received the Malaysian Quality Management Excellence Award.
 - Solectron facility in North Carolina won the Quality Leadership Award.
 - Solectron's facility in Texas won the Texas State Quality Award.
 - Established new facilities in Johor, Malaysia, and Suzhou, China.
- FY1997
- Celebrated 20th anniversary.
 - Declared 2-for-1 stock split.
 - Established manufacturing facility in Guadalajara, Mexico, and an Asia/Pacific headquarters in Taipei, Taiwan.
 - Launched World Wide Web site at www.solectron.com.
 - Expanded service offering to include total system design and reliability and failure analysis capabilities.
 - Solectron's facility in Malaysia was named recipient of the Malaysian Prime Minister's Quality Award.
 - Acquired Force Computers, Inc., the leading designer and manufacturer of computer platforms for embedded applications, further expanding Solectron's design capabilities.
 - Established Solectron's first South American facility in São Paulo, Brazil, and a New Product Introduction center in Norrköping, Sweden as a result of the global partnership with Ericsson Telecom AB.
 - Moved Solectron's facility in Germany from Boeblingen to a new, larger facility in Herrenberg.
- FY1998
- Won its second Malcolm Baldrige National Quality Award for Manufacturing. Solectron is the first company in the 11-year history of the national program to win twice. In December, U.S. President Bill Clinton formally presented Solectron the award.
 - Debt rating upgraded by Moody's, Standard & Poor's, and Duff and Phelps.
 - Opened a new 342,500 square-foot facility in Guadalajara, Mexico.
 - Presented "Crystal Award" to 26 suppliers for their consistent on-time delivery, quality, long-term support and dedication.
 - Expanded its New Product Introduction center in Norrköping, Sweden.
 - Acquired the manufacturing assets of NCR's Computer Systems and Retail Solutions groups and assumed operations in Duluth, Georgia; Columbia, South Carolina; and Dublin, Ireland. The acquisition further expands Solectron's systems integration business.
 - Grew to more than 20,000 associates worldwide.
 - Opened a full-service, high-volume, low-cost manufacturing facility in Timisoara, Romania.

FY1998
(cont'd)

- Acquired IBM's Electronic Card Assembly and Test operations in Charlotte, North Carolina.
- Opened a program office in Israel to capture emerging electronics market.
- Net sales top US\$5 billion.

FY1999

- Formed alliance with Ingram Micro Inc. to create the first truly global channel configuration solution to provide build-to-order and configure-to-order assembly services for personal computers, servers and other related products in the United States, Canada, Europe, Asia and Latin America.
- Formed a manufacturing partnership with Mitsubishi Consumer Electronics America, Inc. (MCEA) in the wireless telephone market in North America. As part of the agreement, Solectron acquired the manufacturing assets of MCEA's Cellular Mobile Telephone division in Braselton, Georgia. MCEA is the first Japanese OEM to divest manufacturing assets to a contract manufacturer.
- Added to the S&P 500 Index.
- Declared 2-for-1 stock split.
- Acquired IBM's Electronic Card Assembly and Test operations in Austin, Texas.
- Grew to more than 30,000 associates worldwide.

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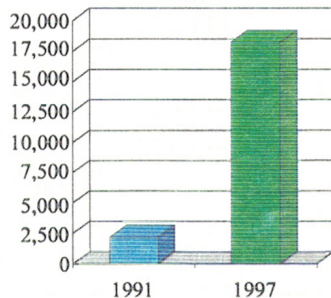
**Solectron has won the 1997 and the 1991
Malcolm Baldrige National Quality Awards.
Look how we have grown using the Baldrige processes.**

Number of Manufacturing Sites

- FY 1991 – 1
- FY 1997 – 16

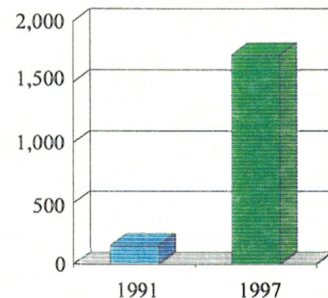
Employee Growth

- FY 1991 – 2,200
- FY 1997 – 18,215



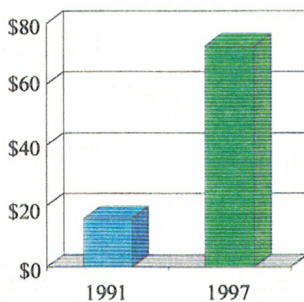
Employees Promoted

- FY 1991 – 156
- FY 1997 – 1,726



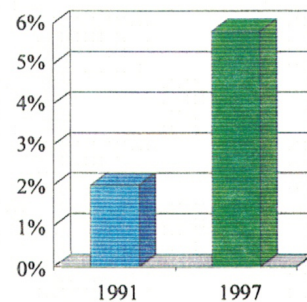
EMS Market

- FY 1991 – US\$15.8 billion
- FY 1997 – US\$72.6 billion



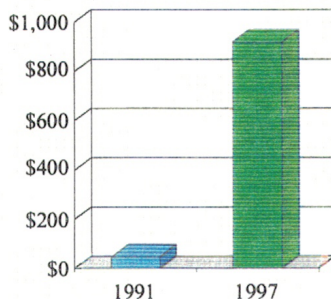
Solectron's Market Share

- FY 1991 – 2.0%
- FY 1997 – 5.8%



Return on Equity vs. Equity

- FY 1991 – US\$47.1 million 22.29%
- FY 1997 – US\$919 million 19.5%



Revenue Growth

- FY 1991 – US\$265.4 million
- FY 1997 – US\$3.7 billion

