

SOLECTRON CORP
Form DEFR14A
December 08, 2005

SCHEDULE 14A INFORMATION

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

SOLECTRON CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- Fee not required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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(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):

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(3) Filing Party:

(4) Date Filed:

SOLECTRON CORPORATION

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held January 12, 2006**

To the Stockholders of Solectron Corporation:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Solectron Corporation (the Company), a Delaware corporation, will be held on Thursday, January 12, 2006, at 8:00 a.m., local time, at the Company's principal executive offices, 847 Gibraltar Drive, Building 5, Milpitas, CA 95035, for the following purposes:

1. To elect nine (9) directors to serve for the ensuing year and until their successors are duly elected and qualified;
2. To authorize the Board of Directors to amend and restate the Certificate of Incorporation of the Company to effect a reverse stock split at one of three ratios;
3. To ratify the appointment of KPMG LLP as the registered independent public accounting firm of the Company for the fiscal year ending August 31, 2006; and
4. To transact such other business as may properly come before the meeting or any adjournment thereof.

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 18, 2005 are entitled to notice of and to vote at the meeting and any adjournment thereof.

All stockholders are cordially invited to attend the meeting in person. However, to assure your representation at the meeting, you are urged to mark, sign and return the enclosed proxy card as promptly as possible in the postage-paid envelope enclosed for that purpose, or vote via the Internet or by telephone, as instructed on the proxy card. Any stockholder attending the meeting may vote in person even if he or she has already returned a proxy.

By Order of the Board of Directors,

Todd DuChene
Senior VP, General Counsel and Secretary

Milpitas, California
December 8, 2005

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YOUR VOTE IS IMPORTANT

To assure your representation at the Annual Meeting, you are requested either to complete, sign and date the enclosed proxy as promptly as possible and return it in the enclosed envelope, which requires no postage if mailed in the United States, or vote via the Internet or by telephone as instructed on the enclosed card.

ELECTRONIC DELIVERY OF FUTURE STOCKHOLDER COMMUNICATIONS

We are pleased to offer you the opportunity to electronically receive future Solectron proxy statements and annual reports over the Internet. By using these services, you are not only accessing these materials more quickly than ever before, but you are also helping the Company reduce printing and postage costs associated with their distribution as well as helping preserve the earth's valuable resources.

Our online services are available to our stockholders who have active e-mail accounts and Internet access. To enroll in the online program: (1) go to http://www.solectron.com/investor/stock_enroll.htm, (2) click on "Enroll Now" and (3) follow the instructions.

You may also sign up for electronic delivery by following the instructions on the enclosed proxy card and voting via the Internet at www.proxyvote.com.

SOLECTRON CORPORATION

PROXY STATEMENT

INFORMATION CONCERNING SOLICITATION AND VOTING

General

The enclosed Proxy is solicited on behalf of Solectron Corporation (the Company), for use at the Annual Meeting of Stockholders to be held on Thursday, January 12, 2006, at 8:00 a.m., local time, or at any adjournment or postponement thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders. The Annual Meeting will be held at the Company's principal executive offices, 847 Gibraltar Drive, Building 5, Milpitas, CA 95035. The Company's telephone number is (408) 957-8500 and the Company's website is www.solectron.com.

These proxy solicitation materials were mailed on or about December 8, 2005 to all stockholders of record at the close of business on November 18, 2005 (the Record Date). A copy of the Company's Annual Report to Stockholders for the fiscal year ended August 26, 2005 (Fiscal 2005), which includes our audited financial statements, was sent to the stockholders prior to or concurrently with this Proxy Statement.

Record Date; Outstanding Shares

Common stockholders of record at the close of business on the Record Date are entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. At the Record Date, 913,806,178 shares of the Company's common stock were issued and outstanding (including 21,106,178 shares of Solectron Global Services Canada, Inc. which are exchangeable on a one-to-one basis for the Company's common stock).

Revocability of Proxies

Any proxy given pursuant to the solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (i) filing a written notice of revocation bearing a later date than the proxy with the Secretary of the Company at or before the taking of the vote at the Annual Meeting, (ii) duly executing a later dated proxy relating to the same shares and delivering it to the Secretary of the Company at or before the taking of the vote at the Annual Meeting or (iii) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy).

Voting and Solicitation

On all matters other than the election of directors, each share has one vote. See PROPOSAL ONE ELECTION OF DIRECTORS Required Vote.

The cost of any proxy solicitation will be borne by the Company. In addition, the Company may reimburse brokerage firms and other persons representing beneficial owners of shares for expenses incurred in forwarding solicitation materials to such beneficial owners. Proxies may be solicited by certain of the Company's directors, officers and regular employees, without additional compensation, personally or by telephone, telegraph or letter.

Quorum; Abstentions; Broker Non-Votes

The required quorum for the transaction of business at the Annual Meeting is a majority of shares of Common Stock issued and outstanding on the Record Date. Shares that are voted FOR, AGAINST or ABSTAIN are treated as being present at the meeting for purposes of establishing a quorum and are also treated as shares entitled to vote at the Annual Meeting (the Votes Cast) with respect to such matter.

While there is no definitive statutory or case law authority in Delaware as to the proper treatment of abstentions, the Company believes that abstentions should be counted for purposes of determining both (i) the presence or absence of a quorum for the transaction of business and (ii) the total number of Votes Cast with respect to a proposal (other than the election of directors). In the absence of a controlling precedent to the contrary, the Company intends to treat abstentions in this manner. Accordingly, abstentions will have the same effect as a vote against the proposal as to which the abstention is made.

In a 1988 Delaware case, *Berlin v. Emerald Partners*, the Delaware Supreme Court held that, while broker non-votes should be counted for purposes of determining the presence or absence of a quorum for the transaction of business, broker non-votes should not be counted for purposes of determining the number of Votes Cast with respect to the particular proposal on which the broker has expressly not voted. Accordingly, the Company intends to treat broker non-votes in this manner. Thus, a broker non-vote will not have any effect on the outcome of the voting on a proposal.

Discretionary Voting Authority

The Company has discretionary authority to vote on any matter intended to be brought before the Annual Meeting if the Company did not receive notice of such matter by the close of business on the tenth (10th) day after the date of this Proxy Statement, in accordance with the bylaws of the Company.

Deadline for Receipt of Stockholder Proposals for Fiscal 2006

Proposals of eligible stockholders of the Company which are to be presented by such stockholders at the Company's Annual Meeting for the fiscal year ended August 27, 2006 (Fiscal 2006) must be received by the Company no later than August 10, 2006 in order that they may be included in the Proxy Statement and form of proxy relating to that meeting. Such stockholder proposals should be submitted to ***Solectron Corporation at 847 Gibraltar Drive, Milpitas, CA 95035, Attention: Corporate Secretary.***

Under the Company's bylaws, a proposal that a stockholder does not seek to include in the Company's proxy materials for Fiscal 2006 but that may still be properly brought before the Fiscal 2006 annual meeting must be delivered to or mailed and received by the Secretary of the Company not less than 90 days prior to the meeting; provided, however, that in the event that less than 100 days notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made.

BOARD AND CORPORATE GOVERNANCE MATTERS**Board of Directors**

The Board of Directors of the Company (the Board) has determined that, except for the Chief Executive Officer, Michael Cannon, none of the director nominees to be elected to the Board at the Annual Meeting has a material relationship with the Company and that, except for Mr. Cannon, every director nominee is independent. These determinations were made pursuant to the Company's director independence standards, which are identical to the director independence standards set forth in the listing standards of the New York Stock Exchange (NYSE), as such listing standards may be amended from time to time.

The Board held a total of 4 regular in person meetings, 4 regular telephonic meetings and 3 special telephonic meetings during Fiscal 2005. During Fiscal 2005, each director attended more than 75% of the meetings of the Board and meetings of committees upon which such director served.

The Board encourages all members of the Board to attend the Company's Annual Meeting of Stockholders. Eight of the nine directors elected at the January 2005 Annual Meeting were in attendance at that meeting.

Board Committees

The Board currently has three standing committees: the Audit Committee, the Nominating and Governance Committee and the Executive Compensation and Management Resources Committee. The current membership of each committee, the number of meetings held by each committee in Fiscal 2005 and other descriptive information is summarized below.

Director	Audit Committee	Nominating and Governance Committee	Executive Compensation and Management Resources Committee
William Hasler		Chair	X
Michael R. Cannon *			
Richard A. D. Amore		X	X
Paulett Eberhart	X		
Heinz Fridrich	X		
William R. Graber	X		
Dr. Paul R. Low		X	Chair
C. Wesley M. Scott	Chair	X	
Cyril Yansouni			X
Total Meetings in Fiscal 2005:	15	4	6

* Chief Executive Officer and currently the sole employee director of the Board

Audit Committee

The Audit Committee oversees the Company's internal financial control systems and procedures, is responsible for the appointment and terms of engagement of the Company's registered independent accounting firm, reviews and approves the Company's financial statements, and coordinates and approves the activities of the Company's internal and external auditors. The Board has determined that C. Wesley M. Scott, Paulett Eberhart and William R. Graber are audit committee financial experts and all members of the Audit Committee are independent as such terms are defined under the applicable regulations of the Securities and Exchange Commission (SEC) and the corporate governance rules of the NYSE. The Charter for the Audit Committee, which has been approved by the Board is available on the Company's website at www.solectron.com/about/gov.shtml. See also AUDIT COMMITTEE REPORT.

Nominating and Governance Committee

The Nominating and Governance Committee is responsible for the development of general criteria regarding the qualifications and selection of Board members, recommending candidates for election to the Board, recommending director appointments to the various committees of the Board, developing corporate governance guidelines and overseeing the overall performance of the Board. All members of the Nominating and Governance Committee are independent as defined under the corporate governance rules of the NYSE. The Charter for the Nominating and Governance Committee, which has been approved by the Board, is available on the Company's website at www.solectron.com/about/gov.shtml.

Executive Compensation and Management Resources Committee

The Executive Compensation and Management Resources Committee is responsible for establishing compensation guidelines for the executive officers of the Company, reviewing and recommending all components of the CEO's remuneration to the independent members of the Board for approval, reviewing and approving executive bonus plans and providing guidance with respect to other compensation issues, approving stock option grants, CEO and executive succession planning, and reviewing the performance of the CEO. All members of the Executive Compensation and Management Resources Committee are independent as defined under the corporate governance rules of the NYSE. The Charter for the Executive Compensation and Management Resources Committee, which has been approved by the Board, is available on the Company's website at www.solectron.com/about/gov.shtml. See also EXECUTIVE COMPENSATION AND MANAGEMENT RESOURCES COMMITTEE REPORT.

Director Compensation

Directors who are not employees of the Company (Outside Directors) receive annual base retainers of \$75,000. The Outside Directors may make a voluntary election to receive one-third of the base retainer in fully vested and taxable common stock of Solectron.

In addition to the base retainer, the Chairman of the Board receives an additional annual retainer of \$65,000. The Outside Director who serves as Chairman for the Audit Committee receives an additional \$20,000 per annum, and the other Outside Directors who serve on the Audit Committee receive an additional \$10,000 per annum. Each Outside Director who serves as Chairman for the Executive Compensation and Management Resources Committee and the Nominating and Governance Committee receives an additional annual retainer of \$13,500, and the other Outside Directors who serve on these committees receive an additional \$6,500 per annum. If an Outside Director attends more than 9 Board meetings or committee meetings in a year (the Board and each committee counted separately), the director will receive \$1,000 for each in-person and \$500 for each telephonic meeting attended after the ninth meeting.

All retainers are paid quarterly, and the Outside Directors are eligible to receive reimbursement for expenses incurred in attending Board and committee meetings. Outside Directors (other than members of the Audit Committee) may also receive consulting fees for special project assignments completed at the request of Company management. Employee directors are not compensated for their service on the Board or on committees of the Board.

The Outside Directors may elect to defer some or all of their cash, and any base retainer fees they elect to receive in the form of Company common stock, under our Executive Deferred Compensation Plan.

Options to purchase shares of the Company's common stock are granted to Outside Directors under the 2002 Stock Plan (the Plan) in accordance with an automatic, non-discretionary grant mechanism. The Plan provides, with respect to Outside Directors, for an automatic, non-discretionary grant on December 1 of each year of a nonstatutory option to purchase 20,000 shares (pro rata for the portion of the first fiscal year of service as an Outside Director) of the Company's common stock, with an initial equity grant for new Outside Directors to purchase 20,000 shares of the Company's common stock at the commencement of their service as an Outside Director, at an exercise price equal to the fair market value on the date of grant. Outside Directors are also eligible to receive discretionary grants under the Plan. No discretionary grants were made to any of the Outside Directors in 2005.

Director Nomination Process

Qualifications

The Corporate Governance Guidelines of the Company set forth the basic qualifications for members of the Board. These guidelines are available on the Company's website at www.solectron.com/about/gov.shtml. Director nominees should possess the highest degree of personal and professional ethics and integrity, relevant business background and experience, and complimentary expertise in areas of importance to the Company's business objectives. In addition, director nominees should be committed to representing the long-term interests of all of the Company's stockholders.

Recommendation of Director Nominees

The Nominating and Governance Committee of the Board (the N&G Committee) will consider individuals recommended by the Company's independent directors, the Company's CEO and other executive officers, and external retained search firms engaged by the N&G Committee. The N&G Committee will also consider potential director nominees that are properly recommended by the Company's stockholders in accordance with the procedure set forth below under the heading *Stockholder Recommendations of Director Nominees*. The N&G Committee applies the same evaluation process and principles to all director candidates that are properly brought to its attention, regardless of the source of the recommendation for a candidate.

Identifying and Evaluating Director Nominees

The N&G Committee periodically assesses the appropriate size of the Board in light of the Company's objectives and strategy, and whether any vacancies on the Board are expected due to retirement, an expansion of the size of the Board, or otherwise. In the event that vacancies are anticipated or otherwise arise, the N&G Committee will initiate a process for identifying and evaluating director candidates. The N&G Committee typically retains an external professional search firm to screen, identify and contact potential candidates who meet the qualifications set forth above and other qualifications or criteria that may be determined by the N&G Committee. In determining particular search criteria or optimal candidate

qualifications, the N&G Committee solicits input from the full Board and the Company's executive management, and also takes into account the current membership of the Board with a view towards identifying opportunities to expand and balance the breadth of the Board's experience, expertise, and diversity. As noted above, stockholder nominees that are properly recommended to the N&G Committee, as well as recommendations from other sources, will also be evaluated for possible consideration. Information pertaining to potential candidates is then aggregated and reviewed at regular or special meetings of the N&G Committee. The N&G Committee provides periodic updates to the full Board on the search process.

In the course of its review and evaluation of potential nominees, the N&G Committee obtains and reviews applicable information regarding the individuals under consideration, conducts in-person and telephonic interviews and follow-up interviews and solicits input and feedback from the Chairman of the Board, the CEO and the Executive Vice President, Human Resources, as well as the external professional search firm's engagement manager. The professional search firm is charged with ensuring that prospective candidates would be available to join the Board when needed, and assists the N&G Committee in identifying any potential conflicts of interests or other disqualifying information about each candidate. The N&G Committee next discusses all of the qualified candidate prospects among the committee members and with the CEO and Chairman of the Board. The N&G Committee will ask the CEO to meet with finalist candidates to the extent that the CEO has not already done so. Efforts are made by the N&G Committee members to reach a consensus on the candidate or candidates most suited to fulfill the Company's selection criteria. In the event that the N&G Committee is unable to reach a consensus, it will make its determination by majority vote. When a determination is made, the N&G Committee formally makes its recommendation of the director nominee or nominees, as the case may be, to the full Board.

The Board will discuss the N&G Committee's recommendation and may request any additional information or interviews as the Board deems necessary. The Board will then decide whether to nominate such candidate or candidates, as the case may be, in the Company's proxy statement for election by the stockholders at the Company's Annual Meeting. In the rare case that a vacancy arises between Annual Meetings, the Board itself may elect a nominee to fill such vacancy in accordance with the bylaws of the Company.

Stockholder Recommendations of Director Nominees

Any stockholder wishing to recommend a candidate as a nominee for election at the Company's Annual Meeting of Stockholders should send a signed letter of recommendation stating the reasons for the recommendation and containing the full name and address of each proposed candidate as well as a brief biographical history setting forth past and present directorships, employment, occupations and civic activities, and any other supporting information, to be received by the Company at any time prior to the deadline set forth above under the heading "Deadline for Receipt of Stockholder Proposals for Fiscal 2006." As instructed under that heading, correspondence should be sent to ***Solectron Corporation, 847 Gibraltar Drive, Milpitas, California 95035, Attention: Corporate Secretary.***

Any stockholder recommendation should be accompanied by a written statement from the proposed director candidate consenting to be considered as a candidate and, if nominated, consenting to be named in the proxy statement and, if elected, consenting to serve as a director.

Stockholder Communications with the Board

Stockholders may communicate with the Board and/or individual Board members by sending correspondence to such Board member(s) at the address of the Company's headquarters which may be found at www.solectron.com/misc/contactus.htm. All such correspondence shall be forwarded to the addressees.

Corporate Governance Principles

Solectron has long upheld a set of basic beliefs to guide our actions. Among those beliefs is the responsibility to conduct ourselves with the highest standards of ethical behavior when relating to customers, suppliers, employees, investors and the communities where we work. We believe our corporate governance policies and practices, some of which are discussed above and summarized below, meet or exceed the standards set forth in applicable SEC and NYSE rules and regulations currently in effect and we intend to meet or exceed all requirements of new rules and regulations as they come into effect.

Independent Directors

Except for our CEO, all of our Board members are independent of the Company and its management as defined by the SEC and the listing standards of the NYSE.

The non-management directors regularly meet in executive session, without management, as part of the normal agenda of our Board meetings. William Hasler, who is the current Chairman of the Board, presides over these executive sessions.

Nominating and Governance Committee

The Nominating and Governance Committee has adopted a charter that meets NYSE listing standards.

Nominating and Governance Committee members all meet the applicable standards for independence as defined by the listing standards of the NYSE.

Executive Compensation and Management Resources Committee

Executive Compensation and Management Resources Committee (ECMRC) members all meet the applicable standards for independence as defined by the listing standards of the NYSE and by the Internal Revenue Service.

The ECMRC has adopted a charter that meets NYSE listing standards.

Incentive compensation plans are reviewed and approved by the ECMRC as part of its charter.

The compensation plans for the executive officers of the Company are annually reviewed and approved by the ECMRC, with the CEO's compensation subject to further approval by the independent members of the full Board.

Director compensation guidelines are reviewed annually by the ECMRC, and recommended to the full Board for approval.

Review of the management succession plan is the responsibility of the ECMRC pursuant to our Corporate Governance Guidelines.

Audit Committee

The Audit Committee has established policies that are consistent with current corporate reform laws and regulations for audit committees and auditor independence.

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Audit Committee members all meet the applicable tests for independence from Company management and requirements for financial literacy as set forth in the regulations of the SEC and the corporate governance rules of the NYSE.

The chair of the Audit Committee is an audit committee financial expert as defined in the applicable regulations of the SEC.

KPMG LLP, our registered independent public accounting firm, reports directly to the Audit Committee, and the Audit Committee has sole authority over the hiring and firing of KPMG, and all audit engagement fees and terms.

The Audit Committee meets in private session on a regular basis with the head of the Company's internal audit function, as well as with KPMG, outside of the presence of Company management.

The Company's Ethics Office maintains an independent ethics hotline (voicemail and email) to enable any employee, customer or supplier to confidentially and anonymously report questionable activities to the Audit Committee. Instructions for accessing the hotline can be found on the Company's website at www.solelectron.com/about/gov.shtml.

Stockholder Approval of Equity Compensation Plans

The Company requires stockholder approval of all Company equity compensation plans and any amendments thereto, including any repricing of options contemplated by the Company, whenever such approval is necessary under NYSE corporate governance rules.

Corporate Governance Guidelines

Solelectron has adopted a set of Corporate Governance Guidelines that meet NYSE listing standards, including specifications for director qualification and responsibility.

Continuing education for directors is specified in our Corporate Governance Guidelines as being a component of the annual agenda for our Board meetings.

Code of Business Conduct and Ethics Guide

Solelectron has adopted a Code of Business Conduct and Ethics Guide that includes a conflict of interest policy and applies to all directors, officers and employees.

New employees are trained in the Code of Business Conduct and Ethics Guide as part of new-employee orientation, and are required to affirm in writing their acceptance of the Code.

Management-level employees are required to annually reaffirm in writing their acceptance of the Code of Business Conduct and Ethics Guide, and are required to complete a conflict-of-interest questionnaire.

The Code of Business Conduct and Ethics Guide is available on the Company's website at www.solelectron.com/about/gov.shtml and is available in print to any stockholder who requests it. Such requests may be made at www.solelectron.com/misc/contactus.htm. We intend to satisfy the disclosure requirement under Item 5.05(c) of Form 8-K regarding certain amendments to, or waivers from, a provision of this code of ethics by posting such information on our website, at the address and location specified above, within four business days of such amendment or waiver.

Electronic Industry Code of Conduct

We were one of the original drafters of the Electronic Industry Code of Conduct (EICC), which was developed by a coalition of electronic industry companies including HP, IBM, Dell, Flextronics, Celestica, Sanmina-SCI and Jabil Circuit.

The EICC promotes socially responsible business practices with respect to labor, worker health and safety, environmental protection and ethics.

Soletron's adoption of the EICC is a further representation of the Company's commitment to corporate social responsibility and ethical business behavior. A copy of the EICC can be found on the Company's website at www.soletron.com/about/gov.shtml.

PROPOSAL ONE

ELECTION OF DIRECTORS

General

The Company's Board currently consists of 9 persons. All 9 positions on the Board are to be elected at this meeting. Unless otherwise instructed, the proxyholders will vote the proxies received by them for the Company's nominees named below. In the event that any nominee of the Company 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 to fill the vacancy. In the event additional persons are nominated for election as directors, the proxyholders intend to vote all proxies received by them in such a manner in accordance with cumulative voting as will ensure the election of as many of the nominees listed below as possible, and in such event, the specific nominees to be voted for will be determined by the proxyholders. The Company 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 his successor has been elected and qualified.

Director Nominees

The names of the nominees, and certain information about them, are set forth below.

Name of Nominee	Age	Principal Occupation	Director Since
William A. Hasler	63	Chairman of the Board of the Company; Corporate Director	1998
Michael R. Cannon	53	President and Chief Executive Officer of the Company	2003
Richard A. D'Amore	52	General Partner, North Bridge Venture Partners	1985
H. Paulett Eberhart	52	Corporate Director	2005
Heinz Fridrich	72	Corporate Director	1996
William R. Graber	62	Corporate Director	2004
Dr. Paul R. Low	72	President, PRL Associates	1993
C. Wesley M. Scott	58	Corporate Director	2001
Cyril Yansouni	63	Corporate Director	2004

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Except as set forth below, each of the nominees has been engaged in his or her principal occupation set forth above during the past five (5) years. There is no family relationship between any director or executive officer of the Company.

Mr. William A. Hasler has served as a director of the Company since May 1998 and as Chairman of the Board since January 2003. Mr. Hasler previously served as co-chief executive officer and Vice Chairman of Apton Corporation, an international biotechnology firm. Prior to joining Apton, Mr. Hasler was Dean and Department Chair of the Haas School of Business at the University of California, Berkeley. Mr. Hasler also serves as a director of Apton Corporation, Stratex Networks, DiTech Communications Corporation, Genitope Corporation, Technical Olympic USA, Inc., Mission West Properties (a REIT) and The Schwab Funds (a mutual fund). In addition, Mr. Hasler is a member of the Compensation Committee of Genitope Corporation and DiTech Corporation.

Mr. Michael R. Cannon joined the Company in January 2003 as President and CEO and as a member of the Board of Directors and has more than 25 years of manufacturing and technology experience. Prior to joining the Company, Mr. Cannon was President, CEO and a director of Maxtor Corporation, a provider of hard disk drives and storage systems. Previously, Mr. Cannon was with IBM's Storage Systems Division, where he held several senior leadership positions, including Vice President of the Personal Storage Systems Division, Vice President of Product Design and Vice President of Worldwide Manufacturing. Prior to IBM, Mr. Cannon worked at several companies in the disk drive industry, including Control Data Corporation's Imprimis Technology spin-off. Mr. Cannon began his career at The Boeing Company, where he held engineering and management positions in the Manufacturing Research and Development Group. Mr. Cannon studied mechanical engineering at Michigan State University and completed the Advanced Management Program at Harvard Business School. Mr. Cannon also serves as a director of Adobe Systems Inc. and Maxtor Corporation.

Mr. Richard A. D. Amore has served as a director of the Company since 1985. Mr. D. Amore has been a general partner of North Bridge Venture Partners since 1994. Mr. D. Amore also serves as a director of Veeco Instruments, Inc., Phase Forward Incorporated and a number of private companies.

Mr. Heinz Fridrich has served as a director of the Company since April 1996. He has been associated with the faculty of the University of Florida since 1993 and is now Industry Professor Emeritus. From 1950 to 1993, Mr. Fridrich held a number of manufacturing and operation management positions with IBM in Europe and the United States. Mr. Fridrich also serves as a director of CH Energy Group Inc. and Veeco Instruments Inc.

Mr. William R. Graber has served as a director of the Company since January 2004. From February 2000 until his retirement in April 2004, Mr. Graber served as Senior Vice President and Chief Financial Officer of McKesson Corporation, a healthcare services and information technology company. From 1991 to 1999, Mr. Graber was with Mead Corporation where, prior to becoming Chief Financial Officer, he served as Controller and Treasurer. From 1965 to 1991, Mr. Graber held a wide range of financial management positions at General Electric Company. Mr. Graber holds a bachelor's degree in mathematics from Washington State University. Mr. Graber is a member of the Financial Executives Institute and is a trustee of the Washington State University Foundation. Mr. Graber also serves as a director of Kaiser Foundation Health Plan and Kaiser Foundation Hospitals and the Mosaic Company.

Dr. Paul R. Low has served as a director of the Company since 1993. He is currently President of PRL Associates, a position he has held since 1992. Dr. Low worked for IBM from 1957 to 1992. During his tenure at IBM, Dr. Low held senior management and executive positions with successively increasing responsibility, including President, General Technology Division and Corporate Vice President; President of General Products Division; and General Manager, Technology Products business line. Dr. Low also served on IBM's corporate management board. Dr. Low also serves as a director of Applied Materials, Inc., and Veeco Instruments, Inc.

Mr. C. Wesley M. Scott has served as a director of the Company since 2001. In May 2001, he was appointed a director of C-MAC Industries Inc., whose combination with the Company was completed in December 2001. From February 2000 until March 2001, Mr. Scott was Chief Corporate Officer of BCE Inc. From February 1999 until January 2000, Mr. Scott was Vice Chairman of Bell Canada. From July 1995 until January 1999, Mr. Scott was Executive Vice President (Corporate) and, from April 1997 until January 1999, also Chief Financial Officer, of Nortel Networks. Mr. Scott also serves as a trustee and chairman of Legacy Hotels Real Estate Investment Trust, and as a director of Sears Canada Ltd., CGI Group Inc. and certain subsidiary companies of Aviva plc.

Ms. H. Paulett Eberhart has served as a director of the Company since January 2005. Until her retirement in March 2004, she served as President, Americas at EDS. An employee of EDS since 1978, Ms. Eberhart previously served in a number of senior executive roles, including Senior Vice President and President, Solutions Consulting; member, EDS Executive Operations Team and Investment Committee; Senior Vice President, Information Solutions, U.S.; and Senior Vice President, Finance. Ms. Eberhart holds a bachelor of science degree from Bowling Green State University. Ms. Eberhart previously served on the board of directors of AT Kearney, a subsidiary of EDS, and as the chair of the political action committee at EDS. Ms. Eberhart is a member of the Financial Executives Institute and American Institute of Certified Public Accountants, and currently serves as a director of Advanced Micro Devices, Inc. and Anadarko Petroleum Corporation.

Mr. Cyril Yansouni has served as a director of the Company since January 2004. From 1991 to 2003, Mr. Yansouni was the Chairman of the Board of Directors of Read-Rite Corporation, a supplier of magnetic recording heads for data storage drives, and served as both Chairman of the Board and Chief Executive Officer from 1991 to 2000. From 1988 to 1991, Mr. Yansouni was with Unisys Corporation, a manufacturer of computer systems, where he served in various senior management positions, most recently as an Executive Vice President. From 1986 to 1988, Mr. Yansouni was President of Convergent Technologies, a manufacturer of computer systems which was acquired by Unisys Corporation in December 1988. From 1967 to 1986, Mr. Yansouni served in a variety of technical and management positions at Hewlett-Packard Company, most recently as Vice President and General Manager of the Personal Computer Group. Mr. Yansouni received his M.S. degree in electrical engineering from Stanford University and his B.S. degree in electrical engineering and mechanical engineering from the University of Louvain, Belgium. Mr. Yansouni also serves as a director of Tektronix Inc.

Required Vote

Each stockholder voting in the election of directors is entitled to cumulate such stockholder's votes. Each stockholder who elects to cumulate votes shall be entitled to as many votes as equals the number of directors to be elected multiplied by the number of shares held by such stockholder, and the stockholder may cast all such votes for a single director or distribute such votes among as many candidates as the stockholder may see fit. However, no stockholder shall be entitled to cumulate votes unless the candidate's name has been placed in nomination prior to the voting and the stockholder, or any other stockholder, has given notice at the meeting to the Company's Secretary prior to the voting of the intention to cumulate the votes. The 9 nominees receiving the highest number of affirmative votes of the shares entitled to be voted for them shall be elected as directors. Votes withheld from any director are counted for purposes of determining the presence or absence of a quorum for the transaction of business, but have no other legal effect under Delaware law. Abstentions and shares held by brokers that are present but not voted, because the brokers were prohibited from exercising discretionary authority (Broker Non-Votes), will be counted as present for purposes of determining the presence or absence of a quorum.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE NOMINEES LISTED ABOVE.

PROPOSAL TWO

**AMEND AND RESTATE THE CERTIFICATE OF INCORPORATION
TO EFFECT A REVERSE STOCK SPLIT AT ONE OF THREE RATIOS**

General

We are requesting stockholder approval to grant the Board of Directors the authority to effect a reverse stock split at one of three ratios: 1-for-3; 1-for-4; or 1-for-5. The Board of Directors has unanimously adopted a resolution seeking stockholder approval to amend and restate Solectron's Certificate of Incorporation to effect a reverse stock split of Solectron's common stock. If the reverse stock split is approved by the stockholders, the Board of Directors may subsequently effect, in its sole discretion, a reverse stock split based upon any of the three ratios stated above. Approval of this proposal by our stockholders would give the Board of Directors authority to implement the reverse stock split at any time prior to January 10, 2007. In addition, notwithstanding approval of this proposal by the stockholders, the Board of Directors may, in its sole discretion, determine not to effect, and abandon, the reverse stock split without further action by our stockholders.

Background

We have been a public company and have been a listed company on the New York Stock Exchange since April 21, 1992. Since November 2000, we have had no fewer than approximately 642 million shares of common stock outstanding and currently we have approximately 914 million shares outstanding. In order to reduce the number of shares of Solectron common stock outstanding and thereby attempt to proportionally raise the per share price of Solectron common stock, the Board of Directors believes that it is in the best interests of our stockholders for the Board of Directors to have authority to implement a reverse stock split.

The Board of Directors believes that it is in the interest of our stockholders and Solectron for the Board to have the authority to effect the reverse stock split in an effort to return our share price and outstanding share count to a price level and share count typical of other widely owned public companies in our industry. The Board of Directors believes that a higher share price resulting from a reverse stock split of Solectron common stock may meet investing guidelines for certain institutional investors and investment funds. The Board of Directors also believes that our stockholders will benefit from relatively lower trading costs for a higher priced stock. Furthermore, the Board of Directors believes we will benefit from reduced costs associated with stockholder communications.

The Board would implement a reverse stock split only when the Board believes that it would optimize the long-term value of our common stock and would have the least impact on the short-term value of the stock. The Board believes it can best have the opportunity to achieve this objective if the stockholders give the Board authority to effect a reverse stock split prior to January, 10, 2007.

The Board of Directors believes that stockholder approval of three potential exchange ratios (rather than a single exchange ratio) provides the Board of Directors with the flexibility to achieve the desired results of the reverse stock split. If the stockholders approve this proposal, the Board of Directors would effect a reverse stock split only upon the Board's determination that a reverse stock split would be in the best interests of the stockholders at that time. To effect a reverse stock split, the Board would set the timing for such a split and select the specific ratio from among the three ratios described in this proposal. No further action on the part of stockholders will be required to either implement or abandon the reverse stock split. If the proposal is approved by stockholders, and the Board of Directors determines to implement any of the reverse stock split ratios, Solelectron would communicate to the public, prior to the effective date of the reverse split, additional details regarding the reverse split, including the specific ratio the Board selects. If the Board of Directors does not implement the reverse stock split prior to January 10, 2007, the authority granted in this proposal to implement the reverse stock split will terminate. The Board of Directors reserves its right to elect not to proceed, and abandon, the reverse stock split if it determines, in its sole discretion, that this proposal is no longer in the best interests of our stockholders.

Certain Risk Factors Associated with the Reverse Stock Split

There can be no assurance that the total market capitalization of Solelectron common stock (the aggregate value of all Solelectron common stock at the then market price) after the proposed reverse stock split will be equal to or greater than the total market capitalization before the proposed reverse stock split or that the per share market price of Solelectron common stock following the reverse stock split will either equal or exceed the current per share market price.

There can be no assurance that the market price per share of Solelectron common stock after the reverse stock split will increase in proportion to the reduction in the number of old shares of Solelectron common stock outstanding before the reverse stock split. For example, based on the closing price on the NYSE of Solelectron common stock on November 17, 2005 of \$3.58 per share, if the Board of Directors decided to implement the reverse stock split and selects a reverse stock split ratio of one-for-three, there can be no assurance that the post-split market price of Solelectron common stock would be \$10.74 per share or greater. The market price of Solelectron's common stock will be based on Solelectron's performance and other factors, some of which are unrelated to the number of shares outstanding. If the reverse stock split is effected and the market price of Solelectron's common stock declines, the percentage decline as an absolute number and as a percentage of Solelectron's overall market capitalization may be greater than would occur in the absence of a reverse stock split. In some cases, both the total market capitalization of a company and the market price of a share of such company's common stock following a reverse stock split are lower than they were before the reverse stock split. Accordingly, the total market capitalization of Solelectron common stock after the proposed reverse stock split may be lower than the total market capitalization before the proposed reverse stock split and, in the future, the market price of Solelectron common stock following the reverse stock split may not equal or exceed the market price prior to the proposed reverse stock split. Furthermore, the liquidity of Solelectron's common stock could be adversely affected by the reduced number of shares that would be outstanding after the reverse stock split.

If the reverse stock split is effected, the resulting per-share stock price may not attract institutional investors or investment funds and may not satisfy the investing guidelines of such investors.

While the Board of Directors believes that a higher stock price may help generate investor interest, there can be no assurance that the reverse stock split will result in a per-share price that will attract institutional investors or investment funds or that such share price will satisfy the investing guidelines of institutional investors or investment funds.

Impact of the Proposed Reverse Stock Split if Implemented

If approved and effected, the reverse stock split will be realized simultaneously for all shares of Solectron common stock and the ratio will be the same for all shares of Solectron common stock. The reverse stock split will affect all of Solectron's stockholders uniformly and will not affect any stockholder's percentage ownership interests in Solectron, except to the extent that the reverse stock split would otherwise result in any of Solectron's stockholders owning a fractional share. As described below, stockholders otherwise entitled to fractional shares as a result of the reverse stock split will receive cash payments in lieu of such fractional shares. These cash payments will reduce the number of post-reverse stock split stockholders to the extent there are presently stockholders who would otherwise receive less than one share of Solectron common stock after the reverse stock split. In addition, the reverse stock split will not affect any stockholder's proportionate voting power (subject to the treatment of fractional shares).

The principal effect of the reverse stock split will be that:

the number of shares of Solectron common stock issued and outstanding will be reduced proportionately, depending on the reverse stock split ratio determined by the Board of Directors. For example, if the Board of Directors selects a reverse stock split ratio of one-for-three, the number of shares of Solectron common stock issued and outstanding as of November 18, 2005 would be reduced from approximately 914 million shares to approximately 305 million shares

the number of shares that may be issued upon the exercise of conversion rights by holders of securities convertible into Solectron common stock will be reduced proportionately based upon the reverse stock split ratio selected by the Board of Directors;

based on the reverse stock split ratio selected by the Board of Directors, proportionate adjustments will be made to the per-share exercise price and the number of shares issuable upon the exercise of all outstanding options entitling the holders to purchase shares of Solectron common stock, which will result in approximately the same aggregate amount being required to be paid for such options upon exercise immediately preceding the reverse stock split;

the number of shares reserved for issuance under the 2002 Stock Plan and 2003 Employee Stock Purchase Plan will be reduced proportionately based on the reverse stock split ratio selected by the Board of Directors; and

the reverse stock split will increase the number of stockholders who own odd lots (less than 100 shares). Stockholders who hold odd lots may experience an increase in the cost of selling their shares and may have greater difficulty in effecting sales.

In addition, the total number of authorized shares of Solectron common stock will be reduced proportionately, depending on the reverse stock split ratio determined by the Board of Directors. For example, if the Board of Directors selects a reverse stock split ratio of one-for-three, the total number of authorized shares of Solectron common stock would be reduced from 1.6 billion shares to approximately 533.7 million shares

Effect on Fractional Stockholders

You will not receive fractional post-reverse stock split shares in connection with the reverse stock split. Instead, the transfer agent will aggregate all fractional shares and sell them as soon as practicable after the effective date at the then prevailing prices on the open market, on behalf of those holders who would otherwise be entitled to receive a fractional share. We expect that the transfer agent will conduct the sale in an orderly fashion at a reasonable pace and that it may take several days to sell all of the aggregated fractional shares of common stock. After completing the sale, you will receive a cash payment from the transfer agent in an amount equal to your pro rata share of the total net proceeds of that sale. No transaction costs will be assessed on this sale. However, the sale of your fractional shares will be treated as a taxable sale for federal income tax purposes. In addition, you will not be entitled to receive interest for the period of time between the effective date of the reverse stock split and the date you receive your payment for the cashed-out shares. The payment amount will be paid to the holder in the form of a check in accordance with the procedures outlined below. After the reverse stock split, you will have no further interest in Solectron with respect to your cashed-out shares. A person otherwise entitled to a fractional interest will not have any voting, dividend or other rights except to receive payment as described above.

NOTE: If you do not hold sufficient Solectron shares to receive at least one share in the reverse stock split and you want to continue to hold Solectron common stock after the reverse stock split, you may do so by taking either of the following actions far enough in advance so that it is completed by the effective date:

purchase a sufficient number of shares of Solectron common stock so that you hold at least an amount of shares of Solectron common stock in your account prior to the reverse stock split that would entitle you to receive at least one share of Solectron common stock on a post-reverse stock split basis; or

if you have Solectron common stock in more than one account, consolidate your accounts so that you hold at least an amount of shares of Solectron common stock in one account prior to the reverse stock split that would entitle you to receive at least one share of Solectron common stock on a post-reverse stock split basis. Shares held in registered form (that is, shares held by you in your own name in Solectron's stock records maintained by our transfer agent) and shares held in street name (that is, shares held by you through a bank, broker or other nominee) for the same investor will be considered held in separate accounts and will not be aggregated when effecting the reverse stock split.

You should be aware that, under the escheat laws of the various jurisdictions where you reside, where Solectron is domiciled and where the funds will be deposited, sums due for fractional interests that are not timely claimed after the funds are made available may be required to be paid to the designated agent for each such jurisdiction. Thereafter, stockholders otherwise entitled to receive such funds may have to obtain the funds directly from the state to which they were paid.

Effect on Solectron Employees

If you are a Solectron employee, the number of shares reserved for issuance under Solectron's existing stock option plans and the employee stock purchase plan will be reduced proportionately based on the reverse stock split ratio selected by the Board of Directors. In addition, the number of shares issuable upon the exercise of options and the exercise price for such options will be adjusted based on the reverse stock split ratio selected by the Board of Directors.

Effect on Registered and Beneficial Stockholders

Upon a reverse stock split, we intend to treat stockholders holding Solectron common stock in street name, through a bank, broker or other nominee, in the same manner as registered stockholders whose shares are registered in their names. Banks, brokers or other nominees will be instructed to effect the reverse stock split for their beneficial holders holding Solectron common stock in street name. However, these banks, brokers or other nominees may apply their own specific procedures for processing the reverse stock split. If you hold your shares with a bank, broker or other nominee, and if you have any questions in this regard, we encourage you to contact your nominee.

Effect on Owners of Our Convertible Securities

If you are a holder of our 0.5% Convertible Senior Notes, 3.25% Liquid Yield Option Notes or 2.75% Liquid Yield Option Notes, the number of shares of Solectron common stock into which each convertible security may be converted will be adjusted proportionately based on the reverse stock split ratio determined by the Board of Directors.

Effect on Registered Book-entry Stockholder

Our registered stockholders may hold some or all of their shares electronically in book-entry form under the direct registration system for securities. These stockholders will not have stock certificates evidencing their ownership of Solectron common stock. They are, however, provided with a statement reflecting the number of shares registered in their accounts.

If you hold registered shares in a book-entry form, you do not need to take any action to receive your post-reverse stock split shares or your cash payment in lieu of any fractional share interest, if applicable. If you are entitled to post-reverse stock split shares, a transaction statement will automatically be sent to your address of record indicating the number of shares you hold.

If you are entitled to a payment in lieu of any fractional share interest, a check will be mailed to you at your registered address as soon as practicable after the effective date. By signing and cashing this check, you will warrant that you owned the shares for which you received a cash payment. This cash payment is subject to applicable federal and state income tax and state abandoned property laws. In addition, you will not be entitled to receive interest for the period of time between the effective date of the reverse stock split and the date you receive your payment.

Effect on Registered Certificated Shares

Some of our registered stockholders hold all of their shares in certificate form or a combination of certificate and book-entry form. If any of your shares are held in certificate form, you will receive a transmittal letter from our transfer agent as soon as practicable after the effective date of the reverse stock split. The letter of transmittal will contain instructions on how to surrender your certificate(s) representing your pre-reverse stock split shares to the transfer agent. Upon receipt of your stock certificate, you will be issued the appropriate number of shares electronically in book-entry form under the direct registration system.

No new shares in book-entry form will be issued to you until you surrender your outstanding certificate(s), together with the properly completed and executed letter of transmittal, to the transfer agent.

If you are entitled to a payment in lieu of any fractional share interest, payment will be made as described above under Effect on Fractional Stockholders.

At any time after receipt of your direct registration system statement, you may request a stock certificate representing your ownership interest.

STOCKHOLDERS SHOULD NOT DESTROY ANY STOCK CERTIFICATE(S) AND SHOULD NOT SUBMIT ANY CERTIFICATE(S) UNTIL REQUESTED TO DO SO.

Authorized Shares

Upon the effectiveness of the reverse stock split, the total number of authorized shares of Solectron common will be reduced proportionately, depending on the reverse stock split ratio selected by the Board of Directors. For example, if the Board of Directors selects a reverse stock split ratio of one-for-three, as of November 18, 2005, the total number of authorized shares of Solectron common stock would be reduced from 1.6 billion shares to approximately 533.7 million shares, and the number of shares of Solectron common stock issued and outstanding would be reduced from approximately 914 million shares to approximately 305 million.

Accounting Matters

The reverse stock split will not affect the par value of Solectron common stock. As a result, as of the effective time of the reverse stock split, the stated capital attributable to Solectron common stock on its balance sheet will be reduced proportionately based on the reverse stock split ratio selected by the Board of Directors, and the additional paid-in capital account will be credited with the amount by which the stated capital is reduced. The per-share net income or loss and net book value of Solectron common stock will be restated because there will be fewer shares of Solectron's common stock outstanding.

Procedure for Effecting Reverse Stock Split

If the stockholders approve the proposal to authorize the reverse stock split and the Board of Directors decides to implement the reverse stock split at any time prior to January 10, 2007, we will promptly file an Amended and Restated Certificate of Incorporation (the Restated Certificate) with the Secretary of State of the State of Delaware to amend and restate our existing Certificate of Incorporation. The reverse stock split will become effective on the date of filing of the Restated Certificate, which is referred to as the effective date. Beginning on the effective date, each certificate representing pre-reverse stock split shares will be deemed for all corporate purposes to evidence ownership of post-reverse stock split shares. The text of the Restated Certificate is set forth in [Exhibit A](#) to this proxy statement. The text of the Restated Certificate is subject to modification to include such changes as may be required by the office of the Secretary of State of the State of Delaware and as the Board of Directors deems necessary and advisable to effect the reverse stock split, including the applicable ratio for the reverse stock split.

No Appraisal Rights

Under the General Corporation Law of the State of Delaware, our stockholders are not entitled to appraisal rights with respect to the reverse stock split, and we will not independently provide stockholders with any such right.

Federal Income Tax Consequences of the Reverse Stock Split

The following is a summary of certain material United States federal income tax consequences of the reverse stock split. It does not purport to be a complete discussion of all of the possible federal income tax consequences of the reverse stock split and is included for general information only. Further, it does not address any state, local or foreign income or other tax consequences. Also, it does not address the tax consequences to holders that are subject to special tax rules, such as banks, insurance companies, regulated

investment companies, personal holding companies, foreign entities, nonresident alien individuals, broker-dealers and tax-exempt entities. The discussion is based on the provisions of the United States federal income tax law as of the date hereof, which is subject to change retroactively as well as prospectively. This summary also assumes that the pre-reverse stock split shares were, and the post-reverse stock split shares will be, held as a capital asset, as defined in the Internal Revenue Code of 1986, as amended (i.e., generally, property held for investment). The tax treatment of a stockholder may vary depending upon the particular facts and circumstances of such stockholder. Each stockholder is urged to consult with such stockholder's own tax advisor with respect to the tax consequences of the reverse stock split. As used herein, the term United States holder means a stockholder that is, for federal income tax purposes: a citizen or resident of the United States; a corporation or other entity taxed as a corporation created or organized in or under the laws of the United States, any State of the United States or the District of Columbia; an estate the income of which is subject to federal income tax regardless of its source; or a trust if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

Other than the cash payments for fractional shares discussed below, no gain or loss should be recognized by a stockholder upon such stockholder's exchange of pre-reverse stock split shares for post-reverse stock split shares pursuant to the reverse stock split. The aggregate tax basis of the post-reverse stock split shares received in the reverse stock split (including any fraction of a post-reverse stock split share deemed to have been received) will be the same as the stockholder's aggregate tax basis in the pre-reverse stock split shares exchanged therefor. In general, stockholders who receive cash in exchange for their fractional share interests in the post-reverse stock split shares as a result of the reverse stock split will recognize gain or loss based on their adjusted basis in the fractional share interests sold. The stockholder's holding period for the post-reverse stock split shares will include the period during which the stockholder held the pre-reverse stock split shares surrendered in the reverse stock split. The receipt of cash instead of a fractional share of Solectron common stock by a United States holder of Solectron common stock will result in a taxable gain or loss to such holder for federal income tax purposes based upon the difference between the amount of cash received by such holder and the adjusted tax basis in the fractional shares as set forth above. The gain or loss will constitute a capital gain or loss and will constitute long-term capital gain or loss if the holder's holding period is greater than one year as of the effective date.

Our view regarding the tax consequences of the reverse stock split is not binding on the Internal Revenue Service or the courts. ACCORDINGLY, EACH STOCKHOLDER SHOULD CONSULT WITH HIS OR HER OWN TAX ADVISOR WITH RESPECT TO ALL OF THE POTENTIAL TAX CONSEQUENCES TO HIM OR HER OF THE REVERSE STOCK SPLIT.

Vote Required and Recommendation of Board of Directors

The affirmative vote of a majority of all outstanding shares of Solectron common stock entitled to vote on this proposal will be required for approval of this proposal. An abstention will have the effect of a vote against the proposal. Since the NYSE considers this to be a routine proposal, a nominee holding shares in street name may vote for the proposal without voting instructions from the owner.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE PROPOSAL TO AMEND AND RESTATE THE CERTIFICATE OF INCORPORATION OF SOLECTRON TO EFFECT A REVERSE STOCK SPLIT AT ONE OF THE FOLLOWING THREE RATIOS: 1-FOR-3; 1-FOR-4; OR 1-FOR-5.

PROPOSAL THREE**RATIFICATION OF APPOINTMENT OF REGISTERED
INDEPENDENT PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors has appointed KPMG LLP, a registered independent public accounting firm, to audit the financial statements of the Company for Fiscal 2006. KPMG has audited the Company's financial statements since the Company's 1985 fiscal year. Representatives of KPMG are expected to be present at the Annual Meeting with the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions. The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the meeting is required to ratify the appointment of KPMG.

Fees and Services

The following table sets forth the fees for audit and other services provided by KPMG to the Company for Fiscal 2005 and Fiscal 2004:

	<u>Fiscal 2005</u>	<u>Fiscal 2004</u>
Audit fees	\$ 13,072,000	\$ 6,800,000
Audit-related fees	26,000	5,518,000
Tax fees	1,349,000	1,369,000
All other fees		26,000
	<u> </u>	<u> </u>
Total	\$ 14,447,000	\$ 13,713,000

Audit fees represent fees for the audit of the Company's consolidated financial statements included in the Company's annual report on Form 10-K, review of financial statements included in the Company's quarterly reports on Form 10-Q, services normally provided in connection with statutory audits of certain of the Company's foreign subsidiaries and services normally provided in connection with regulatory filings made during the fiscal year. For Fiscal 2005, the audit fees also reflect the required audit of management's assessment of the effectiveness of the Company's internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002 and the KPMG independent audit of the Company's internal control over financial reporting.

The audit-related fees for Fiscal 2005 primarily represent fees for employee benefit audits for certain of the Company's foreign locations. For Fiscal 2004, the audit-related fees primarily represent stand-alone audits of the financial statements of certain business operations divested by the Company in Fiscal 2004, a vendor due diligence report for one of the divested business operations and extending the scope of testing of internal controls over certain key processes at five of the Company's operating sites.

Tax fees represent fees for the preparation and review of the Company's income tax returns, and general tax planning and advice for the Company. For Fiscal 2005, fees for the preparation and review of income tax returns were \$280,000 and fees for tax planning and advice were \$1,069,000. For Fiscal 2004, fees for the preparation and review of income tax returns were \$656,000 and fees for tax planning and advice were \$713,000, of which \$200,000 were for services that were rendered by KPMG in fiscal year 2003 relating to a re-determination of commission paid to the Company's foreign sales corporation in fiscal year 2000.

All other fees relate to fees for any services not included in the above categories. In Fiscal 2004, the amount was for a Sarbanes-Oxley Section 404 software tool which the Company licensed from KPMG.

Audit Committee Pre-Approval of Audit and Non-Audit Services

The Audit Committee pre-approves all audit and audit-related services and all non-audit services that the Company's registered independent public accounting firm is permitted to perform for the Company under applicable laws and regulations. The Audit Committee's pre-approval policy provides for both specific pre-approval on a case-by-case basis of individual engagements of the registered independent public accounting firm and general pre-approval of certain categories of engagements up to predetermined dollar thresholds. Specific pre-approval is mandatory for the annual financial statement audit engagement, among others. The Audit Committee has also delegated pre-approval authority to the Chair of the Audit Committee. All services and fees authorized under the general pre-approval policy or by the Chair, as the case may be, are reported to the full Audit Committee for ratification at the Committee's next regular meeting.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR RATIFICATION OF THE APPOINTMENT OF KPMG AS THE COMPANY'S REGISTERED INDEPENDENT PUBLIC ACCOUNTING FIRM.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of November 18, 2005 relating to the beneficial ownership of the Company's Common Stock or shares exchangeable into the Company's Common Stock by (i) each person known by the Company to be the beneficial owner of more than five percent (5%) of the outstanding shares of Common Stock, (ii) each director (or nominee), (iii) each of the current executive officers named in the Summary Compensation Table, and (iv) all directors and executive officers as a group.

Name	Number of Shares Owned (1)	Right to Acquire (2)	Total	Approximate Percentage of Outstanding Shares (%) (3)
Entities associated with AXA Financial, Inc. 1290 Avenue of the Americas New York, NY 10104	134,701,073		134,701,073(4)	14.7
Entities associated with FMR Corp. 82 Devonshire St. Boston, MA 02109	117,993,819		117,993,819(5)	12.9
Entities associated with Capital Research and Management Company 333 South Hope Street, 55 th Floor Los Angeles, CA 90071	67,560,600		67,560,600(6)	7.4
Michael R. Cannon	869,106	4,025,000	4,894,106	*
Marc Onetto	913,000	1,260,000	2,173,000	*
Craig London	558,000	612,916	1,170,916	*
Kiran M. Patel (7)	264,512	375,000	639,512	*
David Purvis	648,000	510,000	1,158,000	*
Richard A. D'Amore	295,000	68,300	363,300	*
Dr. Paul R. Low	87,000	68,300	155,300	*
C. Wesley M. Scott	48,645	75,040	123,685	*
William A. Hasler	18,363	68,300	86,663	*
Paulett Eberhart	6,363	20,000	26,363	*
Heinz Fridrich	13,363	68,300	81,663	*
William R. Graber	31,363	40,000	71,363	*
Cyril Yansouni	6,363	40,000	46,363	*
All directors and executive officers as a group (19 persons) (7)	5,250,723	9,137,554	14,388,277	1.6

* Less than one percent (1%).

- (1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to the securities. For each of Marc Onetto, Craig London and David Purvis, the number of shares owned includes restricted stock granted subsequent to Fiscal 2005.
- (2) Shares that may be acquired through stock option exercises up to 60 days after November 18, 2005.
- (3) Calculation based on outstanding shares as of November 18, 2005.
- (4) Reflects shares held as of September 30, 2005 pursuant to a Form 13F filed by AXA Financial, Inc. on November 14 2005.
- (5) Reflects shares held as of September 30, 2005 pursuant to a Form 13F filed by FMR Corp. on November 14, 2005.
- (6) Reflects shares held as of September 30, 2005 pursuant to a Form 13F filed by Capital Research and Management Company on November 14, 2005.
- (7) Mr. Patel resigned from the Company following the end of Fiscal 2005.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act and regulations of the SEC thereunder require the Company's executive officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of initial ownership and changes in ownership with the SEC. Based solely on its review of copies of such forms received by the Company, the Company believes that, during Fiscal 2005, the Section 16(a) filing requirements applicable to its executive officers, directors and 10% stockholders were complied with.

Certain Relationships and Related Transactions

The Company has previously entered into indemnification agreements with its executive officers, directors and certain key employees containing provisions which are in some respects broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These agreements provide, among other things, for indemnification of the executive officers, directors and certain key employees in proceedings brought by third parties and in stockholder derivative suits. Each agreement also provides for advancement of expenses to the indemnified party. See also descriptions of arrangements between the Company and certain current executive officers as set forth below under EXECUTIVE OFFICER COMPENSATION Employment Agreements .

EXECUTIVE OFFICER COMPENSATION

Summary Compensation Table

The following table shows, as to the Chief Executive Officer and each of the four other most highly compensated executive officers, information concerning compensation for services to the Company in all capacities for the fiscal years presented.

Name and Principal Position	Fiscal Year	Annual Compensation (1)		Long Term Compensation (2)		All Other Compensation \$(3)
		Salary (\$)	Bonus (\$)	Restricted Stock (\$)	Options (#)	
Michael R. Cannon	2005	989,904	593,943			17,304
President and Chief Executive Officer	2004	925,002	2,769,360	509,000	650,000	39,168
	2003	604,809	2,000,000	4,412,689	4,500,000	5,120
Craig London	2005	420,000	151,200			20,125
Executive Vice President, Strategy, Marketing, Services and Corporate Development	2004	397,658	380,460	152,700	190,000	23,141
	2003	350,012	395,204	365,000	500,000	13,176
Marc Onetto	2005	620,769	186,231			80,290
Executive Vice President, Operations	2004	600,000	563,013	229,050	260,000	30,440
	2003	110,769	1,123,288	1,976,000	1,600,000	1,420
Kiran Patel (4)	2005	643,270				19,667
Executive Vice President and Chief Financial Officer	2004	600,002	600,002	330,850	505,000	29,745
	2003	595,032	316,089	547,500	750,000	13,680
David Purvis	2005	420,000	254,908			75,484
Executive Vice President, Design and Engineering	2004	298,846	355,846	1,554,300	510,000	210,491
	2003					

- (1) Perquisites are not included since the aggregate amount is less than the lesser of \$50,000 or 10% of salary and bonus, in accordance with regulations promulgated by the SEC; therefore, the Other Annual Compensation has not been included in this table. Bonus compensation reported for fiscal years 2005, 2004, and 2003 was earned in that fiscal year, but may have been paid in the subsequent fiscal year or placed all or in part into the Company's Executive Deferred Compensation Plan.

With regards to Mr. Purvis' \$254,908 bonus, \$148,154 is the remaining balance of the guaranteed bonus for his first full year of employment pursuant to the terms of his original Employment Agreement dated December 15, 2003.

- (2) The Company does not have any Long-Term Incentive Plans (LTIP) as that term is defined in regulations promulgated by the SEC. While the Company acknowledges that it may, under applicable SEC regulations, report restricted stock awards as LTIP awards, it has elected not to do so.
- (3) Amounts primarily include the Company's contributions to a 401(k) plan, premiums under executive group term life and disability insurance policies and car allowances. With respect to Mr. Onetto, the amount includes a \$53,634 payment relating to relocation assistance. With respect to Mr. Purvis, the amount includes a \$58,797 payment relating to relocation assistance.

As previously disclosed, Mr. Cannon was granted a \$3 million credit in the Company's Executive Deferred Compensation Plan in fiscal year 2003 pursuant to the terms of his original employment agreement. In Fiscal 2005, this principal vested and Mr. Cannon received a distribution of \$3,461,070, which is inclusive of principal and associated investment returns under the plan.

- (4) Mr. Patel resigned from the Company following the end of Fiscal 2005.

Stock Option Grants and Exercises

The following tables set forth, for the executive officers named in the Summary Compensation Table, the stock options granted under the Company's stock option plans and the options exercised by such executive officers during Fiscal 2005.

Stock Option Grants in Fiscal 2005

Name	Individual Grants			Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option Term		
	Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Share)	Expiration Date	5% (\$)	10% (\$)
Michael R. Cannon						
Craig London						
Marc Onetto						
Kiran Patel						
David Purvis						

Aggregated Option Exercises in Fiscal 2005 and Year-End Values

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Total Number of Unexercised Options Held at Fiscal Year End (#)	Value of Unexercised, In-the-Money Options Held at Fiscal Year End \$(1)