

SOLECTRON CORP  
Form S-4/A  
October 19, 2001

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As filed with the Securities and Exchange Commission on October 19, 2001

Registration No. 333-69182

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**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

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AMENDMENT NO. 2 TO

**FORM S-4**

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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**SOLECTRON CORPORATION**

(Exact name of Registrant as specified in its charter)

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DELAWARE 3670 94-2447045 (State or  
other jurisdiction of  
incorporation or organization) (Primary  
Standard Industrial  
Classification Code Number) (I.R.S.  
Employer  
Identification Number)

777 Gibraltar Drive

Milpitas, California 95035  
(408) 957-8500

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

---

**Kiran Patel**  
Executive Vice President and  
Chief Financial Officer  
Solectron Corporation  
777 Gibraltar Drive  
Milpitas, California 95035  
(408) 957-8500

(Name, address, including zip code, and telephone number, including area code, of agent for service)

---

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(650) 493-9300 Winthrop B. Conrad, Jr., Esq.  
Davis Polk & Wardwell  
450 Lexington Avenue  
New York, NY 10017  
(212) 450-4000

**Approximate date of commencement of proposed sale to the public:** Upon consummation of the arrangement described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement number for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

**CALCULATION OF REGISTRATION FEE**

| <b>Title of Each Class of Securities to be Registered</b> | <b>Amount to be Registered</b> | <b>Proposed Maximum Offering Price Per Share</b> | <b>Proposed Maximum Aggregate Offering Price</b> | <b>Amount of Registration Fee</b> |
|---|--------------------------------|--|--|-----------------------------------|
| Common Stock, par value \$0.001 per share                 | 151,479,449                    | n/a  | \$3,025,044,597                                  | \$756,261(1)                      |
| Common Stock, par value \$0.001 per share                 | 1,673,721                      | n/a  | \$40,621,209(2)                                  | \$10,155                          |

(1) \$430,919 was previously paid with the Registrant's initial filing and \$325,342 is being paid with this filing.

(2) Estimated solely for purposes of calculating the registration fee required by the Securities Act of 1933, as amended, and computed pursuant to Rules 457(f) and (c) under the Securities Act based on the product of (i) \$24.27, the average of the high and low per share prices of C-MAC common shares as reported on the New York Stock Exchange on October 18, 2001 and (ii) the additional number of C-MAC common shares being registered.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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To the Stockholders of Solectron Corporation and Shareholders and Optionholders of C-MAC Industries Inc.:

After careful consideration, the boards of directors of Solectron and C-MAC have approved a combination between Solectron and C-MAC by way of a plan of arrangement under Section 192 of the *Canada Business Corporations Act*. If the arrangement is completed, C-MAC common shares will be exchanged for 1.755 shares of Solectron common stock, 1.755 shares of a Canadian subsidiary of Solectron that are exchangeable for shares of Solectron common stock or a combination of both. Only C-MAC shareholders who are Canadian residents or who hold C-MAC common shares on behalf of Canadian residents have the option to receive exchangeable shares. Solectron common stock is traded on the New York Stock Exchange under the trading symbol SLR, and on October 18, 2001, the closing price of Solectron common stock was \$14.00 per share. Up to 151,479,449 shares of Solectron common stock will be issued to C-MAC shareholders in connection with the combination.

The attached document serves as a (1) Solectron proxy statement, (2) prospectus under U.S. securities law relating to the issuance of shares of Solectron common stock in connection with the arrangement, and (3) C-MAC management information circular. It provides detailed information concerning Solectron, C-MAC, the arrangement, and the proposals related to the combination. Please give all of the information contained in the attached document your careful attention. **In particular, you should carefully consider the discussion in the section entitled Risk Factors beginning on page 26 of the attached document.**

Stockholders of Solectron are cordially invited to attend a special meeting to vote on the issuance of shares of Solectron common stock in connection with the combination. The Solectron special meeting will be held on November 28, 2001 at 10:00 a.m. local time at Solectron's corporate offices at 847 Gibraltar Drive, Milpitas, California 95035. Only stockholders who hold shares of Solectron common stock at the close of business on October 19, 2001 will be entitled to vote at the Solectron special meeting.

Shareholders and optionholders of C-MAC are cordially invited to attend a special meeting to vote on the arrangement. The special meeting of C-MAC securityholders will be held on November 28, 2001 at 11:00 a.m. local time at the Marriott Château Champlain, 1050 de la Gauchetière Street West, Montreal, Québec. Only holders of C-MAC common shares and C-MAC options who hold such shares or options at the close of business on October 19, 2001 will be entitled to vote at this special meeting.

**Your vote is very important.** Whether or not you plan to attend the Solectron or C-MAC special meeting, please complete, sign, date and return the accompanying proxy in the enclosed self-addressed stamped envelope. Returning the proxy does **not** deprive you of your right to attend the meeting and to vote your shares in person. Thank you for your consideration of this matter.

Ko Nishimura

*Chairman, President and Chief Executive Officer*  
Solectron Corporation

Dennis Wood

*Chairman, President and Chief Executive Officer*  
C-MAC Industries Inc.

**Neither the Securities and Exchange Commission nor any state or other securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offense.**

This document is dated October 19, 2001 and was first mailed to securityholders on or about October 24, 2001.

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**SOLECTRON CORPORATION**

777 Gibraltar Drive  
Milpitas, California 95035  
(408) 957-8500

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
TO BE HELD ON NOVEMBER 28, 2001**

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To the Stockholders of Solectron Corporation:

A special meeting of stockholders of Solectron Corporation will be held on November 28, 2001, at 10:00 a.m., local time, at Solectron's corporate offices at 847 Gibraltar Drive, Milpitas, California 95035, for the following purposes:

1. To consider and vote on a proposal to issue or reserve for issuance shares of Solectron common stock pursuant to the terms of a combination agreement dated as of August 8, 2001 as amended by an amendment dated as of September 7, 2001, which agreement and amendment are attached as Annexes A-1 and A-2 to this document, and the terms of a plan of arrangement providing for an arrangement involving C-MAC Industries Inc., Solectron and subsidiaries of Solectron under Section 192 of the *Canada Business Corporations Act*, a form of which as filed with the Superior Court of Justice (Québec) is attached as Annex B to this document.
2. To transact other business that may properly come before the special meeting and any adjournment or postponement of the special meeting.

All stockholders are invited to attend the special meeting. Stockholders of record at the close of business on October 19, 2001, the record date fixed by the board of directors, are entitled to notice of and to vote at the special meeting or any adjournment or postponement thereof. Holders of common stock as of the record date will have the right to vote on the above proposals. Approval of the issuance of shares of Solectron common stock requires the affirmative vote of a majority of the votes cast at a special meeting of Solectron stockholders at which a quorum is present.

**Your vote is important. Whether or not you plan to attend the special meeting, you are urged to complete, date, sign and return the enclosed proxy in the accompanying envelope or vote via telephone or the Internet in accordance with the instructions included with the proxy card. A prompt response will greatly facilitate arrangements for the special meeting and your cooperation will be appreciated. You may revoke your proxy in the manner described in this document before it has been voted at the special meeting. Stockholders who attend the special meeting may vote their stock personally even though they have sent their proxies.**

**BY ORDER OF THE BOARD OF DIRECTORS**

Susan S. Wang  
*Executive Vice President, Corporate Development and Corporate Secretary*

Milpitas, California  
October 19, 2001

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**C-MAC INDUSTRIES INC.**

**NOTICE OF SPECIAL MEETING OF SECURITYHOLDERS**

**to be held on November 28, 2001**

To the holders of common shares and options to purchase common shares of C-MAC Industries Inc.:

A special meeting of the holders of common shares and options of C-MAC Industries Inc. will be held at the Marriott Château Champlain, 1050 de la Gauchetière Street West, Montreal, Québec, on November 28, 2001 at 11:00 a.m. (Montreal time) for the following purposes:

1. to consider, pursuant to an interim order of the Superior Court of Justice (Québec) dated October 18, 2001, and, if deemed advisable, to pass, with or without variation, a special resolution to approve an arrangement under Section 192 of the *Canada Business Corporations Act* involving the acquisition by Solectron Corporation of all the issued and outstanding common shares of C-MAC; and
2. to transact such further or other business as may properly come before the meeting or any adjournment or postponement thereof.

The arrangement is described in the accompanying C-MAC Management Information Circular and Solectron Proxy Statement/ Prospectus, including the supplement thereto, which serves as a circular in connection with C-MAC management's solicitation of proxies and as a proxy statement and prospectus under applicable U.S. securities laws for Solectron in connection with the issuance of shares of Solectron common stock pursuant to the arrangement. The full text of the C-MAC arrangement resolution is set out as Annex F to the attached document. C-MAC's notice of application for the interim order and for a final order approving the arrangement and the full text of the interim order is set out in Annex B to the attached document.

Pursuant to the interim order, registered holders of common shares of C-MAC may dissent in respect of the C-MAC arrangement resolution. If the arrangement becomes effective, dissenting C-MAC registered shareholders who comply with the dissent procedures (which are described in the circular under the heading "Dissenting Shareholder Rights") will be entitled to be paid the fair value of their common shares of C-MAC. Failure to comply strictly with such dissent procedures may result in the loss or unavailability of any right to dissent.

**C-MAC securityholders who do not expect to attend the meeting in person are requested to complete, sign, date and return the appropriate enclosed form of proxy in the enclosed envelope or by facsimile to C-MAC Industries Inc., c/o General Trust of Canada, Proxy Department, 1100 University Street, 9th Floor, Montreal, Québec, Canada, H3B 2G7, facsimile number (514) 871-3673. The appropriate form of proxy must be received by General Trust of Canada prior to 4:00 p.m. (Montreal time) on November 26, 2001 or, in the event that the meeting is adjourned or postponed, prior to 4:00 p.m. (Montreal time) on the second business day prior to the day fixed for the adjourned or postponed meeting.**

DATED at Montreal, Québec, the 20th day of October, 2001.

By order of the Board

Michel Megelas  
*Assistant Secretary*

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**QUESTIONS AND ANSWERS ABOUT THE TRANSACTION**

**General Questions and Answers**

**Q: What are Solectron and C-MAC proposing?**

A: Solectron and C-MAC are proposing to engage in a business combination pursuant to which Solectron will indirectly acquire all of C-MAC's outstanding shares and C-MAC will thereby become an indirect subsidiary of Solectron. The combination will be carried out pursuant to a combination agreement dated August 8, 2001, as amended September 7, 2001, (hereafter referred to in this document as the combination agreement) and plan of arrangement involving C-MAC and Solectron Global Services Canada Inc., a wholly-owned subsidiary of Solectron (referred to in this document as Exchangeco), whereby Exchangeco will acquire all the outstanding C-MAC common shares and all the outstanding shares of holding companies of certain Canadian C-MAC shareholders in exchange for (1) shares of Solectron common stock, or (2) at the option of C-MAC shareholders who either hold C-MAC common shares on their own behalf and are Canadian residents for Canadian income tax purposes, or hold C-MAC shares on behalf of persons who are Canadian residents for Canadian income tax purposes (collectively referred to in this document as Canadian residents) and who validly so elect, shares of Exchangeco (and certain ancillary rights) exchangeable for shares of Solectron common stock on a one-for-one basis or (3) at the option of Canadian residents who validly so elect, a combination of shares of Solectron common stock and exchangeable shares (and certain ancillary rights).

When the term *transaction* is used throughout this document, it means the transactions contemplated by the combination agreement and the plan of arrangement, whereby, among other things, Solectron will become, indirectly through its subsidiaries, the sole beneficial holder of the C-MAC common shares outstanding after giving effect to the arrangement.

**Q: Why are Solectron and C-MAC proposing to combine? (See page 58)**

A: Solectron and C-MAC are proposing to combine because Solectron and C-MAC each believe that a combination of the two companies will enable the combined company to create a diversified provider of integrated electronic manufacturing solutions that can benefit from complementary high-end technology capabilities, selected vertical integration and improved access to growth opportunities and meet the growing demand by customers for complete supply chain management solutions. Solectron and C-MAC each believe that greater stockholder value can be achieved through a combined company with additional resources, products, services, customer and supplier relationships and technology.

**Q: What will holders of C-MAC common shares receive in the transaction? (See pages 52 and 53)**

A: In the transaction, the holders of outstanding common shares of C-MAC (other than holders who properly exercise their dissent rights) will receive as consideration for each C-MAC common share, subject to certain conditions, (1) 1.755 shares of Solectron common stock, or (2) 1.755 shares of a class of shares of Exchangeco (and certain ancillary rights), which shares are exchangeable at any time on a one-for-one basis for shares of Solectron common stock, or (3) a combination thereof. Only C-MAC shareholders who are Canadian residents will be entitled to receive exchangeable shares. The exchangeable shares will entitle their holders to dividends and other rights that are substantially economically equivalent to those of holders of shares of Solectron common stock. Holders of exchangeable shares will also have the right, through a voting trust arrangement, to vote at meetings of Solectron stockholders. The exchangeable share structure is designed to provide an opportunity for shareholders of C-MAC who are Canadian residents and who validly make the required tax election to achieve a deferral of Canadian tax on any accrued capital gain on their C-MAC common shares in certain circumstances.

Neither Solectron nor Exchangeco will issue fractional shares in connection with the transaction. Rather than receiving a fractional share of Solectron common stock or a fraction of an Exchangeco exchangeable share, a C-MAC shareholder will receive cash, without interest, equal to the

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shareholder's pro rata portion of the net proceeds after expenses received by General Trust of Canada (the depositary) upon the sale of whole shares representing the accumulation of all fractional interests in shares of Solectron common stock or exchangeable shares, respectively, to which all C-MAC shareholders would otherwise be entitled.

**Q: How will the transaction affect options to acquire C-MAC common shares? (See pages 84 and 85)**

A: Options to purchase common shares of C-MAC will be exchanged for options to purchase shares of Solectron common stock pursuant to the arrangement. The number of shares issuable upon the exercise of these options, and their applicable exercise prices, will be adjusted using the 1.755 exchange ratio applicable in connection with the transaction.

**Q: Will C-MAC shareholders be able to trade the shares of Solectron common stock and Exchangeco exchangeable shares that they receive in the transaction? (See pages 80 and 82)**

A: Yes. The Solectron common stock will be listed on the New York Stock Exchange under the symbol SLR. Exchangeco has applied to The Toronto Stock Exchange, and has received conditional approval, to list the exchangeable shares, such listing to be effective prior to the effective date of the arrangement. It is a condition to completion of the transaction that the relevant Canadian securities regulatory authorities shall have granted relief to permit resale of the Solectron common stock and exchangeable shares issued in the transaction or issued upon exchange of exchangeable shares, without restriction by persons other than control persons, subject to customary qualifications for such orders, including that no unusual effort is made to prepare the market for any such resale or to create a demand for the securities which are the subject of any such resale and no extraordinary commission or consideration is paid in respect thereof. Persons who are deemed to be affiliates of C-MAC prior to the completion of the transaction, however, must comply with Rule 145 under the United States Securities Act of 1933 if they wish to sell or otherwise transfer the shares of Solectron common stock or exchangeable shares they receive in the transaction or shares of Solectron common stock they receive upon exchange of exchangeable shares or on the exercise of replacement options.

**Q: When do Solectron and C-MAC expect to complete the transaction?**

A: Solectron and C-MAC will complete the transaction when all of the conditions to completion of the arrangement contained in the combination agreement have been satisfied or waived. Solectron and C-MAC are working toward satisfying these conditions and completing the arrangement as quickly as possible. Solectron and C-MAC currently plan to complete the transaction during the fourth calendar quarter of 2001. Because the arrangement is subject to governmental and regulatory approvals and other conditions, some of which are beyond Solectron's and C-MAC's control, the exact timing cannot be predicted.

**Q: What happens if the transaction is not completed?**

A: If the transaction is not completed, C-MAC and Solectron will continue as independent companies.

**Solectron Stockholder Questions and Answers**

**Q: On what am I being asked to vote? (See page 44)**

A: Solectron stockholders are being asked to approve a proposal to issue or reserve for issuance shares of Solectron common stock in connection with the transaction (including the shares of Solectron common stock which will be issued upon exchange of Exchangeco exchangeable shares). As of October 19, 2001 there were 86,322,376 common shares of C-MAC issued and outstanding. This issuance of Solectron common stock is referred to in this document as the Solectron share issuance. These shares will be issued as consideration for the C-MAC common shares to be acquired by Solectron at the exchange ratio of 1.755 shares of Solectron common stock or 1.755 exchangeable shares (or a combination thereof) for each C-MAC common share. Stockholder approval of the Solectron share issuance is not required by Delaware law or Solectron's certificate of incorporation or bylaws, but is required by the rules of the New York Stock Exchange.

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**Q: What vote is required to approve the Solectron share issuance? (See pages 44 and 45)**

A: A majority of the votes cast by Solectron stockholders at the Solectron special meeting at which a quorum is present is required to approve the Solectron share issuance. Each share of Solectron common stock is entitled to one vote on all matters to come before the special meeting. Only stockholders who hold shares of Solectron common stock at the close of business on October 19, 2001 will be entitled to vote at the special meeting. The Solectron common stock constitutes the only class of Solectron's capital stock entitled to vote at the Solectron special meeting. Solectron stockholders are not required to vote on the combination agreement or the plan of arrangement.

**Q: How do I vote on the proposed issuance of shares of Solectron common stock? (See page 46)**

A: First, please review the information contained in this document, including the annexes. It contains important information about C-MAC and Solectron. It also contains important information about what the boards of directors of C-MAC and Solectron considered in evaluating the transaction. Next, complete and sign the enclosed proxy card, and then mail it in the enclosed return envelope as soon as possible so that your shares can be voted at the special meeting of Solectron stockholders at which the Solectron share issuance will be presented and voted upon. You may also attend the special meeting in person and vote at the special meeting.

**Q: What happens if I don't indicate how to vote my proxy? (See page 46)**

A: If you sign and send in your proxy, but do not include instructions on how to vote your properly signed proxy card, your shares will be voted **FOR** approval of the Solectron share issuance.

**Q: What happens if I don't return a proxy card? (See page 45)**

A: Not returning your proxy card will have the effect of reducing the number of votes cast at the special meeting, thereby also reducing the number of votes needed to approve the Solectron share issuance. It may also contribute to a failure to obtain a quorum at the special meeting. Under Solectron's bylaws, a majority of the total issued and outstanding shares entitled to vote thereat, present in person or represented by proxy, constitutes a quorum at a special meeting.

**Q: Can I change my vote after I have mailed my signed proxy card? (See page 46)**

A: Yes. You can change your vote at any time before your proxy is voted at the special meeting of Solectron stockholders at which the Solectron share issuance will be presented and voted upon. You can do this in one of three ways:

first, you can send a written notice to the Secretary of Solectron at the address specified below stating that you would like to revoke your proxy;

second, you can complete and submit a later-dated proxy card; or

third, you can attend the special meeting and vote in person. Your attendance at the special meeting alone will not revoke your proxy. You must also vote at the special meeting in order to revoke your previously submitted proxy.

You should send any notice of revocation or your completed new proxy card, as the case may be, to Solectron at the following address:

Solectron Corporation  
c/o Morrow & Co.  
445 Park Avenue  
New York, New York 10022

**Q: Can I vote by telephone or electronically? (See page 46)**

A: If you are a registered stockholder of Solectron (that is, if you hold your stock in certificate form), you may vote by telephone, or electronically through the Internet, by following the instructions included with your proxy card.

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If your shares are held in street name, please check your proxy card or contact your broker or nominee to determine whether you will be able to vote by telephone or electronically.

The deadline for voting by telephone or electronically is 11:59 p.m. on November 27, 2001.

**Q: If my broker holds my shares in street name, will my broker vote my shares for me? (See page 45)**

A: No. Your broker will not be able to vote your shares without instructions from you. If you do not provide your broker with voting instructions, your shares may be considered present at the special meeting for purposes of determining a quorum, but will not be considered to have been voted in favor of approval of the Solectron share issuance. If you have instructed a broker to vote your shares and wish to change your vote, you must follow directions received from your broker to change those instructions.

**Q: Am I entitled to dissenters or appraisal rights? (See page 46)**

A: No. Holders of Solectron common stock do not have dissenters or appraisal rights in connection with the transaction. See Dissenting Shareholder Rights.

**Q: Are there risks I should consider in deciding whether to vote for the issuance of Solectron common stock pursuant to the combination agreement and the plan of arrangement? (See page 26)**

A: Yes. A number of risk factors that you should consider in connection with the transaction are described in the section of this document entitled Risk Factors.

**Q: Who can help answer my questions about the transaction?**

A: You may call Morrow & Co., Inc. at (800) 607-0088, with any questions you may have about the transaction.

**C-MAC Securityholder Questions and Answers**

**Q: On what am I being asked to vote? (See page 48)**

A: C-MAC shareholders and optionholders are being asked to consider, pursuant to an order of the Superior Court of Justice (Québec) rendered on October 18, 2001, and if deemed advisable, to pass a special resolution to approve the arrangement under Section 192 of the *Canada Business Corporations Act* involving the indirect acquisition by Solectron of all the issued and outstanding common shares of C-MAC. This special resolution is referred to in this document as the C-MAC arrangement resolution.

**Q: What vote is required to approve the C-MAC arrangement resolution? (See pages 48 and 49)**

A: The affirmative vote of not less than two-thirds of the votes cast at the special meeting by holders of C-MAC common shares and C-MAC options, voting together as a class, is required to approve the C-MAC arrangement resolution. Each C-MAC common share is entitled to one vote on all matters to come before the special meeting and each holder of options to purchase C-MAC common shares will be entitled to one vote for each C-MAC common share that would be received on a valid exercise of that holder's C-MAC options regardless of whether they are currently exercisable. Only holders of C-MAC common shares and options at the close of business on October 19, 2001 will be entitled to vote at the special meeting. The C-MAC common shares and the options to purchase C-MAC common shares constitute the only securities of C-MAC's capital stock entitled to vote at the C-MAC special meeting.

**Q: How do I vote on the transaction and what do I do now? (See pages 49 and 50)**

A: After carefully reading and considering the information contained in this document, including the annexes, please respond by completing, signing and dating your proxy form and returning it in the enclosed postage paid envelope or to C-MAC at the address specified in the enclosed envelope as soon as possible so that your securities can be voted at the special meeting of C-MAC's securityholders at

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which the C-MAC arrangement resolution will be presented and voted upon. You may also attend the special meeting in person and vote at the special meeting instead of submitting a proxy.

There are two forms of proxy, a yellow proxy applicable to C-MAC shareholders and a grey proxy applicable to C-MAC optionholders.

In addition, if you are a Canadian resident and wish to elect to receive exchangeable shares, you must submit a properly completed and duly executed letter of transmittal and election form to General Trust of Canada, the depository for the C-MAC common shares, in the enclosed envelope at one of the addresses indicated in the letter of transmittal and election form before 4:00 p.m. (Montreal time) on November 26, 2001. If you submit these materials after November 26, 2001, the election deadline, and the arrangement is successfully completed, you will be entitled to receive only shares of Solectron common stock.

Holders of C-MAC options who wish to exercise such options to acquire C-MAC common shares in order to receive exchangeable shares and/or shares of Solectron common stock pursuant to the arrangement should deliver to General Trust of Canada, in the enclosed envelope at one of the addresses indicated in the letter of transmittal and election form for C-MAC optionholders, before 4:00 p.m. (Montreal time) on November 26, 2001, a properly completed and signed letter of transmittal and election form for C-MAC optionholders. C-MAC optionholders are under no obligation to exercise their C-MAC options before the effective time. C-MAC options which have not been exercised prior to the effective time will be exchanged pursuant to the arrangement for replacement options to acquire shares of Solectron common stock.

You do not need to submit a letter of transmittal and election form before the election deadline unless you are a Canadian resident electing to receive exchangeable shares, you are an optionholder wishing to exercise your options or you wish to participate in the transaction using the holding company alternative. Whether or not you are submitting a letter of transmittal and election form, you should vote by returning your proxy card.

**Q: What happens if I don't indicate how to vote my proxy? (See page 49)**

A: If a proxy given to management is completed, signed and returned, the securities represented by the proxy will be voted FOR or AGAINST the C-MAC arrangement resolution, in accordance with the instructions marked on the proxy. If no instructions are marked, the securities represented by a proxy given to management will be voted FOR the C-MAC arrangement resolution and in accordance with management's recommendation with respect to amendments or variations of the matters set out in the notice of special meeting or any other matters which may properly come before the C-MAC meeting.

**Q: What happens if I don't return a proxy card? (See page 49)**

A: Not returning your proxy card or not voting will have the effect of reducing the number of votes cast at the special meeting of securityholders of C-MAC, thereby also reducing the number of votes needed to approve the C-MAC arrangement resolution being voted on by the securityholders of C-MAC. It may also contribute to a failure to obtain a quorum at the special meeting. Under C-MAC's by-laws, two persons holding or representing by proxy at least 10% of the common shares constitute a quorum.

**Q: Can I change my vote after I have mailed my signed proxy card? (See page 50)**

A: Yes. You can change your vote by submitting a new proxy to C-MAC's secretary no later than 4:00 p.m. (Montreal time) on November 26, 2001 or if you are a holder of record, by attending the meeting and voting your securities in person. You may also revoke your proxy by delivering a written notice signed by you or your attorney authorized in writing to C-MAC's secretary on or before November 27, 2001 or to the chairman of the special meeting of securityholders of C-MAC at the meeting.

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You should send your completed notice of revocation of proxies or new proxy card, as the case may be, to C-MAC at the following address:

C-MAC Industries Inc.  
c/o General Trust of Canada  
1100 University Street, 9th Floor  
Montreal, Québec  
Canada H3B 2G7

**Q: Can I vote by telephone or electronically?**

A: No.

**Q: If my broker holds my shares in street name, will my broker vote my shares for me? (See page 49)**

A: After carefully reading and considering the information contained in this document, including the annexes, please follow the directions provided by your broker with respect to voting procedures and, if you are a Canadian resident electing to receive exchangeable shares, with respect to procedures for making that election. Please ensure that your instructions are submitted to your broker in sufficient time to ensure that your votes are received by C-MAC on or before 4:00 p.m., Montreal time, on November 26, 2001.

**Q: When should I send my share certificates?**

A: While you are not required to do so now, you must send in your share certificates in addition to the letter of transmittal and election form in order to receive certificates representing shares of Solectron common stock and/or exchangeable shares of Exchangeco. The letter of transmittal and election form, when properly completed, duly executed and returned together with a certificate or certificates representing common shares of C-MAC, or a notice of guaranteed delivery, and all other required documents, will entitle a C-MAC shareholder to receive a certificate or certificates representing the appropriate number of exchangeable shares and/or shares of Solectron common stock, as the case may be. Certificates representing the appropriate number of exchangeable shares and/or shares of Solectron common stock issuable to a C-MAC shareholder who has delivered certificates representing the shareholder's C-MAC common shares, together with a cheque in the amount, if any, payable with respect to fractional exchangeable shares and/or shares of Solectron common stock will, as soon as practicable after the effective date of the transaction, be forwarded to the C-MAC shareholder at the address specified in the letter of transmittal and election form by insured first class mail or will be made available at the offices of General Trust of Canada, 1100 University Street, 9th Floor, Montreal, Québec, Canada H3B 2G7 or 121 King Street West, Suite 600, Toronto, Ontario, Canada M5H 3T9 for pick up by the holder as requested in the letter of transmittal and election form.

Where a certificate for C-MAC common shares has been destroyed, lost or misplaced, the registered C-MAC shareholder of that certificate should immediately complete the letter of transmittal and election form for the C-MAC shares as fully as possible and return it, together with a letter describing the loss, to General Trust of Canada in accordance with the instructions in the letter of transmittal and election form for the C-MAC shareholders. General Trust of Canada will respond with replacement requirements.

**Q: Am I entitled to dissent or appraisal rights? (See page 50)**

A: Registered C-MAC shareholders who properly exercise their dissent rights pursuant to the interim order issued by the Superior Court of Justice (Québec) will be entitled to be paid the fair value of their C-MAC common shares. The dissent procedures require that a registered C-MAC shareholder who wishes to dissent must provide to C-MAC a dissent notice prior to 4:00 p.m. (Montreal time) on the business day preceding the C-MAC meeting. It is important that C-MAC shareholders strictly comply with this requirement, which is different from the statutory dissent provisions of the *Canada Business Corporations Act* that would otherwise permit a dissent notice to be provided at or at any time prior to the C-MAC meeting.

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**Q: Are there risks I should consider in deciding whether to vote for the C-MAC arrangement resolution? (See page 26)**

A: Yes. A number of risk factors that you should consider in connection with the transaction are described in the section of this document entitled Risk Factors .

**Q: Who can help answer my questions about the transaction?**

A: You may call Claude Michaud, Vice President and Chief Financial Officer of C-MAC, at (514) 282-3581, with any questions you may have about the transaction.



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**SUMMARY**

The following is a summary of the information contained in this document. This summary may not contain all of the information that is important to you. You should carefully read this entire document and the other documents referred to for a more complete understanding of the arrangement and related transactions. In particular, you should read the annexes attached to this document, including the combination agreement and related amendment and the form of plan of arrangement, which are attached to this document as Annexes A-1, A-2 and C, respectively.

Unless otherwise noted, all dollar amounts in this document are expressed in U.S. dollars.

**Parties to the Transaction**

**Solectron Corporation**

777 Gibraltar Drive  
Milpitas, California 95035  
(408) 957-8500

Solectron provides electronics manufacturing services, or EMS, to original equipment manufacturers, or OEMs, who design and sell networking equipment, mobile and land based telecommunications equipment, computing equipment, including workstations, notebooks, desktops and peripherals, and other electronic equipment. These companies contract with Solectron to build their products for them or to obtain other related services from Solectron. Solectron furnishes integrated supply-chain solutions that span the entire product life-cycle from technology solutions, to manufacturing and operations, to global services. Solectron's range of services includes advanced building block design solutions, product design and manufacturing, new product introduction management, materials purchasing and management, prototyping, printed circuit board assembly (the process of placing components on an electrical printed circuit board that controls the processing functions of a personal computer or other electronic equipment), system assembly (for example, building complete systems such as mobile telephones and testing them to ensure functionality), distribution, product repair and warranty services.

Solectron has manufacturing facilities in the Americas, Europe and Asia/ Pacific. Solectron was originally incorporated in California in August 1977. In February 1997, Solectron was reincorporated in Delaware.

**Solectron Global Services Canada Inc.**

P.O. Box 7289, Station A  
44 Chipman Hill, 10th Floor  
Saint John, New Brunswick  
E2L 4S6

Solectron Global Services Canada Inc. is referred to as Exchangeco throughout this document and all of the annexes to this document, including the combination agreement, as amended, and the form of plan of arrangement. Exchangeco is a corporation organized and existing under the laws of the province of New Brunswick and is a direct wholly-owned Canadian subsidiary of Solectron. Exchangeco resulted from an amalgamation effective December 25, 1999. It is intended that Exchangeco will be continued under the *Canada Business Corporations Act* prior to the effective date of the arrangement. After the transaction is completed, Exchangeco will be an indirect subsidiary of Solectron. A predecessor company to Exchangeco was established as a result of the acquisition in November 1999 of the repair operations of IBM's NULOGIX Technical Services in Vaughn, Ontario, Canada. Exchangeco provides a complete range of technology repair, remanufacturing and refurbishment services for a large variety of electronic products.

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**3942163 Canada Inc.**

100 King Street West  
1 First Canadian Place, Suite 6600  
Toronto, Ontario  
M5X 1B8

3942163 Canada Inc. is referred to as Callco throughout this document and all of the annexes to this document. Callco is a newly incorporated corporation organized and existing under the *Canada Business Corporations Act* and is an indirect wholly-owned subsidiary of Solectron. Callco was formed solely to effect the transaction and has not conducted any business during any period of its existence. After the transaction is completed, Callco will continue to be an indirect wholly-owned subsidiary of Solectron. Callco was created in order to hold certain rights with respect to the exchangeable shares. In certain circumstances, it may be preferable to Solectron's Canadian subsidiaries for Canadian tax reasons for Callco to acquire the exchangeable shares by way of a purchase rather than have Exchangeco redeem the exchangeable shares.

**Solectron Canada ULC**

1959 Upper Water Street, Suite 800  
Halifax, Nova Scotia  
B3J 2X2

Solectron Canada ULC is referred to as Nova Scotia Company throughout this document and all of the annexes to this document. Nova Scotia Company is a newly formed unlimited liability company organized under the laws of Nova Scotia and is a direct wholly-owned subsidiary of Solectron. Nova Scotia Company was formed solely to effect the transaction and has not conducted any business during any period of its existence. After the transaction is completed, Nova Scotia Company will continue to be a direct wholly-owned subsidiary of Solectron.

**C-MAC Industries Inc.**

1010 Sherbrooke Street West, Suite 1610  
Montreal, Québec  
H3A 2R7  
(514) 282-7629

C-MAC provides a comprehensive portfolio of electronic manufacturing services and solutions to over 500 customers worldwide. C-MAC focuses on complex, high-margin products and services ranging from components to full systems in addition to design, test, supply chain management, order fulfillment and aftermarket support services. C-MAC primarily serves the global communications equipment market. In addition, C-MAC provides integrated systems solutions for the transportation electronics, aerospace, military and industrial markets. C-MAC is a leading provider of a broad array of products, including optical, switching, transmission and other solutions to communications equipment customers, including Nortel, Alcatel, Lucent, Marconi and Motorola. C-MAC's major transportation electronics customers include Daimler-Chrysler, Delphi, Ford, General Motors, Hella and Siemens Automotive.

C-MAC was incorporated under the *Canada Business Corporations Act* on October 7, 1985.

**Joint Reasons for the Transaction**

The boards of directors of Solectron and C-MAC approved the combination agreement and the transactions contemplated by the combination agreement, including the arrangement and the issuance of shares of Solectron common stock, because they determined that the combined company would have the potential to realize a stronger competitive position and improve long-term operating and financial results. Among other benefits, the boards of directors believe that the transaction should allow the combined company the opportunity to:

selectively vertically integrate a variety of services across the supply chain, and thereby provide existing and new customers a more complete range of manufacturing capabilities and related products and services;

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complement Solectron's diversified contract manufacturing business through the addition of C-MAC's specialized design and engineering, network systems, microtechnology capabilities and components, and electro-mechanical components (i.e., printed circuit board (PCB), backplane, and enclosures);

capitalize on the strength of some industries served by C-MAC;

benefit from combining established customer and supplier relationships of both companies;

leverage manufacturing and production resources and technology; and

reduce costs through broader-based manufacturing activities and vertical integration.

See The Transaction Joint Reasons for the Transaction .

## **Recommendation of Solectron's Board of Directors**

**After careful consideration, Solectron's board of directors approved the combination agreement and the transactions contemplated by the combination agreement, including the arrangement and the issuance of shares of Solectron common stock. Solectron's board of directors recommends that Solectron's stockholders vote FOR the Solectron share issuance.**

Solectron's board of directors considered a number of factors, including those set forth below, in reaching its decision to approve the combination agreement and the transactions contemplated by the combination agreement, and to recommend that Solectron stockholders vote **FOR** the Solectron share issuance. Among the factors considered by Solectron's board of directors were:

the historical trading prices of the C-MAC common shares and Solectron common stock;

the possible effect of the transaction on Solectron's employees, customers and current facilities;

the opportunity afforded by the transaction for Solectron to combine its operations with those of C-MAC;

the structure of the transaction;

the terms and conditions of the combination agreement generally, including the circumstances in which a termination fee is payable to Solectron, and the provisions relating to the ability of C-MAC to solicit or enter into a competing acquisition transaction; and

the fairness opinion of Solectron's financial advisor, Merrill Lynch, Pierce, Fenner & Smith Incorporated.

See The Transaction Joint Reasons for the Transaction and The Transaction Recommendation of Solectron's Board of Directors .

## **Opinion of Solectron's Financial Advisor**

In deciding to approve the combination agreement and the transactions contemplated by the combination agreement, the Solectron board of directors considered an opinion from its financial advisor, Merrill Lynch. On August 8, 2001, Merrill Lynch delivered its oral opinion to the board of directors of Solectron, subsequently confirmed in writing, that, as of the date of such opinion, the exchange ratio was fair, from a financial point of view, to Solectron.

The full text of the Merrill Lynch written opinion is attached to this document as Annex G. You are encouraged to read the opinion carefully. The opinion of Merrill Lynch does not constitute a recommendation as to how any holder of Solectron common stock should vote with respect to the Solectron share issuance.

See The Transaction Opinion of Solectron's Financial Advisor .

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### **Recommendation of C-MAC's Board of Directors**

**The C-MAC board of directors believes that the terms of the arrangement are fair to C-MAC's securityholders and in the best interest of C-MAC and its shareholders. Accordingly, the C-MAC board of directors has unanimously approved the combination agreement and recommends that C-MAC's securityholders vote FOR the C-MAC arrangement resolution.**

In approving the combination agreement, the C-MAC board of directors considered a number of factors, including:

the opportunity afforded by the transaction for C-MAC to combine its operations with those of Solectron;

the current industry and market trends affecting C-MAC;

the risks and the potential rewards associated with, as an alternative to the transaction, continuing to execute C-MAC's strategic plan as an independent entity operating in a highly competitive environment;

the historical trading prices of the Solectron common stock and the C-MAC common shares;

the structure of the transaction, which effectively permits Canadian resident C-MAC shareholders to receive exchangeable shares (and certain ancillary rights), generally without realizing a gain for Canadian federal income tax purposes at the time of the arrangement (upon filing the required tax election) and permits C-MAC shareholders that are registered pension plans or trusts governed by registered retirement savings plans, registered retirement income funds or deferred profit sharing plans governed by Canadian law to hold exchangeable shares without regard to limitations on holding foreign property;

the terms and conditions of the combination agreement generally, including the amount of and the circumstances in which a termination fee is payable by C-MAC, and the fact that the terms of the combination agreement do not prohibit C-MAC from accepting a superior proposal;

the fairness opinion of C-MAC's financial advisor, Banc of America Securities LLC; and

other factors that the C-MAC board of directors deemed relevant in order to make its decision.

See [The Transaction Joint Reasons for the Transaction](#) and [The Transaction Recommendation of C-MAC's Board of Directors](#).

### **Opinion of C-MAC's Financial Advisor**

In deciding to approve the combination agreement and the transactions contemplated by the combination agreement, C-MAC's board of directors considered an opinion from its financial advisor, Banc of America Securities. On August 8, 2001, Banc of America Securities delivered its opinion to the board of directors of C-MAC that, as of the date of such opinion, the exchange ratio set forth in the original combination agreement was fair, from a financial point of view, to the shareholders of C-MAC.

The full text of the Banc of America Securities opinion, which sets forth the assumptions made, matters considered and limits on review undertaken, is attached to this document as Annex H. C-MAC securityholders are encouraged to read the opinion carefully. The opinion of Banc of America Securities is addressed to the board of directors of C-MAC and relates only to the fairness, from a financial point of view, of the exchange ratio to the holders of C-MAC common shares. The opinion does not address any other aspects of the proposed arrangement and does not constitute an opinion or recommendation to any securityholder of C-MAC as to how such securityholder should vote with respect to the C-MAC arrangement resolution.

See [The Transaction Opinion of C-MAC's Financial Advisor](#).

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### **Interests of Certain Persons in the Transaction**

In considering the recommendation of the C-MAC board of directors with respect to the transaction, you should be aware that certain members of the management and board of directors of C-MAC have certain interests in the transaction that may present them with actual or potential conflicts of interest in connection with the transaction. The C-MAC board of directors was aware of these interests and considered them along with the other matters summarized above. Those interests include:

the receipt of options to purchase Solectron common stock in exchange for options to purchase C-MAC common shares;

ownership of options to purchase C-MAC common shares and the potential acceleration of the vesting schedule of such options held by certain senior employees of C-MAC in certain limited circumstances;

offers of directorships at Solectron;

change of control benefits in employment agreements of certain senior employees of C-MAC; and

a promise by Solectron to provide indemnification insurance.

Furthermore, the combination agreement provides executive officers and directors of C-MAC with continuing indemnification rights.

As of the close of business on October 19, 2001, directors and executive officers of C-MAC (and their respective affiliates) collectively owned or exercised direction or control over approximately 10.78% of the C-MAC securities entitled to vote at the C-MAC special meeting. This includes 1,579,000 C-MAC common shares underlying options which these directors and officers beneficially own. The vote required for approval of the C-MAC arrangement resolution at the C-MAC special meeting is not less than two-thirds of the votes cast at the special meeting by holders of C-MAC common shares and options to purchase C-MAC common shares, voting together as a class.

See The Transaction Interests of Certain Persons in the Transaction .

### **Share Ownership of Solectron Directors and Officers**

As of the close of business on October 18, directors and executive officers of Solectron (and their respective affiliates) collectively owned approximately 1.89% of the outstanding shares of Solectron common stock entitled to vote at the special meeting on the issuance. This does not include 2,980,084 shares of Solectron common stock underlying presently exercisable options which these directors and officers beneficially own. If all of these stock options had been exercised prior to the record date for the special meeting, the directors and executive officers of Solectron (and their respective affiliates) would collectively own approximately 2.33% of the outstanding shares of Solectron common stock entitled to vote at the special meeting. The vote required for approval of the Solectron share issuance is a majority of the votes cast at a special meeting of Solectron stockholders at which a quorum is present.

### **Structure and Effects of the Transaction**

The original combination agreement between Solectron and C-MAC dated as of August 8, 2001, including the form of plan of arrangement, was amended on September 7, 2001. The combination agreement, the amendment to the combination agreement, (referred together in this document as the combination agreement ) and the form of plan of arrangement are attached to this document as Annexes A-1, A-2 and C, respectively. Please read the combination agreement, the form of plan of arrangement and the other transaction agreements as they are the principal legal documents that govern the transaction.

The combination agreement and plan of arrangement provide for the combination of Solectron and C-MAC in a transaction in which each holder of C-MAC common shares who is a Canadian resident other than Solectron and its affiliates will effectively have the choice of receiving, for each C-MAC

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common share held, (1) 1.755 shares of Solectron common stock, (2) 1.755 exchangeable shares of Exchangeco (and certain ancillary rights) which are exchangeable into shares of Solectron common stock on a one-for-one basis at the option of the holder or (3) a combination of shares of Solectron common stock and exchangeable shares (and certain ancillary rights). Any C-MAC shareholder who is not a Canadian resident will not be entitled to receive exchangeable shares and will receive 1.755 shares of Solectron common stock for each C-MAC common share held. A C-MAC shareholder (other than dissenting C-MAC shareholders who ultimately receive the fair value of their C-MAC common shares from C-MAC and other than Solectron or its affiliates) who is a Canadian resident and who does not make a valid election to receive exchangeable shares will receive 1.755 shares of Solectron common stock for each C-MAC common share held. C-MAC shareholders who properly exercise dissent rights will not be entitled to exchangeable shares or shares of Solectron common stock but will be entitled to receive payment in cash from C-MAC representing the fair value of their C-MAC common shares.

The mechanics of the transaction will involve Exchangeco acquiring all of the outstanding common shares of C-MAC (other than those of dissenting C-MAC shareholders who ultimately receive the fair value of their C-MAC common shares and those held by Solectron or its affiliates), in exchange for shares of Solectron common stock and/or, at the option of validly-electing Canadian resident C-MAC shareholders, exchangeable shares and certain ancillary rights. The exchangeable shares will be securities issued by Exchangeco. Holders of the exchangeable shares will be entitled to dividend and other rights that are substantially economically equivalent to those of holders of Solectron common stock. Through a voting trust arrangement, holders of the exchangeable shares will be entitled to vote at meetings of Solectron stockholders. Exchangeable shares will be exchangeable at the option of the holder at any time on a one-for-one basis for shares of Solectron common stock.

Persons owning C-MAC common shares through a holding company at the time of the transaction and meeting certain conditions may participate in the transaction by having Exchangeco acquire all of the shares of their holding company instead of the C-MAC common shares held by such holding company, in exchange for the same consideration otherwise receivable for such C-MAC common shares. This holding company alternative involves a complex series of transactions and is described in greater detail in Transaction Mechanics Holding Company Alternative .

Each C-MAC option not exercised prior to the effective time will be exchanged for an option to purchase a number of shares of Solectron common stock equal to 1.755 multiplied by the number of C-MAC common shares subject to such C-MAC option, with the total number of shares subject to the replacement option rounded down to the nearest whole number. The exercise price per share of Solectron common stock shall be equal to the exercise price per C-MAC common share of such C-MAC option immediately prior to the consummation of the arrangement divided by 1.755.

Solectron and its affiliates do not currently own any C-MAC common shares. Prior to the effective time of the arrangement, Exchangeco has agreed in contemplation of the arrangement to purchase at least Cdn.\$1 million, but not more than Cdn.\$3 million, of C-MAC common shares on the open market.

Based on the number of C-MAC common shares outstanding on October 19, 2001, immediately following the completion of the transaction, former holders of C-MAC common shares will hold an aggregate of approximately 151,495,770 million exchangeable shares and shares of Solectron common stock. Assuming that all C-MAC common shares are exchanged for shares of Solectron common stock and based upon the number of C-MAC common shares and shares of Solectron common stock outstanding as of October 19, immediately following completion of the transaction, existing C-MAC shareholders would hold approximately 23% of the outstanding shares of Solectron common stock.

See The Transaction , Transaction Mechanics , Description of Exchangeable Shares , Exchangeco Share Capital and Pro Forma Capitalization of Solectron .

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### **The Companies After the Transaction**

Following completion of the transaction, Solectron will operate the business of C-MAC in combination with the existing business of Solectron.

See The Companies after the Transaction .

### **Completion and Effectiveness of the Transaction**

Solectron and C-MAC are working toward satisfying the conditions to the consummation of the arrangement and completing the transaction as quickly as possible. The transaction will be completed as soon as practicable after the requisite shareholder, regulatory and court approvals have been obtained and are final and all other conditions to the transaction have been satisfied or waived. Solectron and C-MAC currently plan to complete the transaction during the fourth calendar quarter of 2001. Because the arrangement is subject to regulatory approvals and other conditions, some of which are beyond Solectron's and C-MAC's control, the exact timing cannot be predicted.

See The Transaction Court Approval of the Arrangement and Completion of the Transaction .

### **The Combination Agreement**

#### *No Solicitation*

C-MAC has agreed that, while the transaction is pending, it will not initiate or engage in discussions with any third parties regarding an alternative transaction, such as a merger, business combination or sale of a material amount of assets or capital stock, provided that C-MAC may enter into such discussions and enter into an agreement with a third party with respect to such a transaction if C-MAC's board of directors determines, subject to the satisfaction of certain conditions, that such a transaction is superior from a financial point of view to C-MAC's shareholders to the transaction with Solectron.

See The Combination Agreement Material Covenants .

#### *Conditions to Completion of the Arrangement*

Completion of the arrangement is subject to the satisfaction of a number of conditions, including:

the issuance of an interim order and a final order of the Superior Court of Justice (Québec);

the approval of the C-MAC arrangement resolution by at least two-thirds of the votes cast by the holders of C-MAC common shares and the holders of options to purchase C-MAC common shares who are represented at the C-MAC special meeting, voting together as a single class, and in accordance with any other conditions imposed by the interim order attached as Annex B to this document;

the approval of the Solectron share issuance by at least a majority of the votes cast by holders of Solectron common stock voting at the Solectron special meeting;

the expiration or termination of applicable waiting periods under U.S. and certain other foreign antitrust laws;

receipt of the necessary approvals under the *Competition Act* (Canada) and the *Investment Canada Act*;

the absence of any law, decree or order preventing the consummation of the arrangement;

the accuracy of the representations and warranties of Solectron and C-MAC contained in the combination agreement (except to the extent that any inaccuracies would not constitute a material adverse effect on the applicable company); and

holders of no more than 10% of the issued and outstanding C-MAC common shares having exercised and not withdrawn their dissent rights.





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Some of the conditions to completion of the arrangement may be waived by the party entitled to assert the benefit of the condition.

See The Combination Agreement Conditions to Completion of the Arrangement .

*Termination of the Combination Agreement*

C-MAC and Solectron may mutually agree to terminate the combination agreement without completing the transaction. In addition, either C-MAC or Solectron may terminate the combination agreement under any of the following circumstances:

if the arrangement has not occurred by February 8, 2002 (or April 8, 2002 if the failure to consummate the arrangement prior to that date was due to the failure to obtain any governmental approval, waiver or consent);

if a law is passed or a final non-appealable court or other governmental order is issued prohibiting the arrangement;

if the requisite approval of the holders of C-MAC common shares and options to purchase C-MAC common shares is not obtained;

if the requisite approval of the holders of Solectron common stock is not obtained; or

if the conditions to completion of the arrangement would not be satisfied because of a breach by the other party of any of its covenants or other agreements contained in the combination agreement or if any of the other party's representations or warranties becomes untrue (although the breaching company will have 30 days to cure any such breach).

Solectron may also terminate the combination agreement under any of the following circumstances:

if C-MAC's board of directors withdraws or changes, in a manner adverse to Solectron, its recommendation in favor of the adoption and approval of the combination agreement and the transactions contemplated by the combination agreement;

if C-MAC's board of directors approves or recommends any acquisition proposal from a third party;

if C-MAC enters into a letter of intent or other agreement accepting any acquisition proposal from a third party;

if C-MAC intentionally breaches the provisions of the combination agreement that prohibit C-MAC from soliciting acquisition proposals from third parties and restricts (subject to limited exceptions) C-MAC's ability to participate in negotiations with third parties regarding an acquisition transaction and to enter into a superior acquisition transaction; or

if a third party unaffiliated with Solectron undertakes a tender or exchange offer relating to the securities of C-MAC, and C-MAC does not recommend that its shareholders reject the offer within ten business days after the offer is first made.

C-MAC may also terminate the combination agreement in connection with its execution of an agreement with a third party with respect to an unsolicited proposal for a merger or other business combination, or a sale of a majority of its assets, that C-MAC's board of directors has determined, subject to some conditions, is superior from a financial point of view to the transaction with Solectron and has also determined that the failure to engage in negotiations and enter into such agreement would be inconsistent with its fiduciary duties to C-MAC shareholders.

See The Combination Agreement Termination of the Combination Agreement .

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*Payment of Termination Fee*

Under some circumstances, C-MAC may have to pay Solectron a termination fee of \$75 million if the combination agreement is terminated.

See The Combination Agreement Payment of Termination Fees .

**The Exchangeable Shares**

The exchangeable shares will be securities of Exchangeco that, together with certain ancillary rights, are substantially economically equivalent to shares of Solectron common stock. Pursuant to the plan of arrangement, the terms of the exchangeable shares and the voting and exchange trust agreement, the holders of exchangeable shares will have the following rights:

the right to exchange such shares for shares of Solectron common stock on a one-for-one basis;

the right to receive dividends, on a per share basis, in amounts (or property in the case of non-cash dividends) which are the same as or economically equivalent to, and which are payable at the same time as, dividends declared on the shares of Solectron common stock;

the right to vote at all shareholder meetings at which Solectron common stockholders are entitled to vote; and

the right to participate on a pro rata basis with the holders of Solectron common stock in the distribution of assets of Solectron, upon certain specified events relating to the voluntary or involuntary liquidation, dissolution, winding-up or other distribution of the assets of Solectron among its stockholders for the purpose of winding-up its affairs, through the mandatory exchange of exchangeable shares for shares of Solectron common stock.

The exchangeable shares have no rights to dividends, rights on liquidation, dissolution or winding-up and no voting rights in Exchangeco, except as required by law or under the exchangeable share provisions and the voting and exchange trust agreement.

Holders of exchangeable shares will be entitled generally to require Exchangeco to redeem any or all of their exchangeable shares for shares of Solectron common stock for a purchase price per share of one share of Solectron common stock and an amount equal to all declared and unpaid dividends on one exchangeable share. However, in the event that a holder of exchangeable shares delivers notice of its exercise of such redemption right, Callco will have the overriding right to purchase, in lieu of Exchangeco, all of such holder's exchangeable shares in respect of which the right to require redemption shall have been exercised.

Subject to applicable law and Callco's call right (described immediately below), on a date on or after the seventh anniversary of the effective date of the arrangement, as established by Exchangeco's board of directors, all of the outstanding exchangeable shares (other than those held by Solectron or its affiliates) will be redeemed by Exchangeco for a redemption price per share of one share of Solectron common stock and an amount equal to all declared and unpaid dividends on one exchangeable share. Callco will have the overriding right to purchase on such redemption date the outstanding exchangeable shares for a purchase price per share of one share of Solectron common stock and an amount equal to all declared and unpaid dividends on one exchangeable share.

In certain circumstances, Exchangeco will have the right to require a redemption of the exchangeable shares prior to such redemption date, which right of early redemption is also subject to Callco's overriding right to purchase on such early redemption date the outstanding exchangeable shares, for a purchase price per share of one share of Solectron common stock and an amount equal to all declared and unpaid dividends on one exchangeable share. An early redemption may occur, among certain other circumstances, if:

there are fewer than 30% of the number of exchangeable shares issuable as determined at the election deadline in respect of the arrangement outstanding (other than exchangeable shares held

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by Solectron and its affiliates) at any time after the fifth anniversary of the effective date of the arrangement;

there are fewer than 10% of the number of exchangeable shares issuable as determined at the election deadline in respect of the arrangement outstanding (other than exchangeable shares held by Solectron and its affiliates) at any time; and

any merger, amalgamation, arrangement, tender offer, material sale of shares or rights or similar transaction involving Solectron occurs or any proposal related to any such transaction exists; provided that, among other things, the board of directors of Exchangeco determines that it is not reasonably practical to substantially replicate the terms and conditions of the exchangeable shares in connection with such a transaction and the redemption of exchangeable shares is necessary to enable the completion of the transaction.

Solectron will also have the right to purchase (or cause Callco to purchase) all of the exchangeable shares for consideration per share consisting of one share of Solectron common stock and an amount equal to all declared and unpaid dividends on one exchangeable share in the event of a change in Canadian and Québec tax laws that allows Canadian resident holders of exchangeable shares to exchange such shares on a tax-deferred basis.

See Description of Exchangeable Shares .

Prior to the effective time of the arrangement, Exchangeco will adopt an exchangeable share rights plan substantially equivalent to the Solectron rights agreement. Pursuant thereto, each exchangeable share issued on the arrangement will have an associated exchangeable share right entitling the holder of such exchangeable share right to acquire additional exchangeable shares on terms and conditions substantially the same as the terms and conditions upon which a holder of Solectron common stock is entitled to acquire Solectron Series A preferred stock. The exchangeable share rights are intended to have characteristics essentially equivalent in economic effect to the Solectron rights.

See Description of Exchangeable Shares Exchangeable Share Rights and Solectron Capital Stock Series A Participating Preferred Stock and Rights Agreement .

**Tax Considerations for C-MAC Securityholders**

**C-MAC securityholders should read carefully the information under Tax Considerations for C-MAC Securityholders, which qualifies the information set forth below, and should consult their tax advisors. No advance income tax rulings have been sought or obtained with respect to any of the transactions described herein.**

*Canada*

Canadian resident C-MAC shareholders validly electing to receive exchangeable shares may generally elect to defer recognition of all or part of any accrued gain on their C-MAC common shares for Canadian federal income tax purposes by making a valid tax election with Exchangeco as described herein. Canadian resident C-MAC shareholders receiving shares of Solectron common stock upon the arrangement will generally recognize any accrued gain or loss on their C-MAC common shares for Canadian federal income tax purposes. Exchangeable shares received by C-MAC shareholders that are Canadian deferred income plans will be qualified investments that are not foreign property for Canadian federal income tax purposes. Shares of Solectron common stock received by C-MAC shareholders that are Canadian deferred income plans will be qualified investments but will be foreign property for Canadian federal income tax purposes. Canadian resident C-MAC optionholders will not be subject to Canadian federal income tax on the exchange of their C-MAC options for options to purchase shares of Solectron common stock. C-MAC shareholders who are not Canadian residents will not generally be subject to Canadian federal income tax on the exchange of C-MAC common shares for shares of Solectron common stock.

See Tax Considerations for C-MAC Securityholders Canadian Tax Considerations for C-MAC Shareholders .

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### *United States*

The exchange of C-MAC common shares for Solectron common stock pursuant to the arrangement will be a taxable exchange for United States federal income tax purposes.

See Tax Considerations for C-MAC Securityholders United States Federal Income Tax Considerations for C-MAC Shareholders .

### **Accounting Treatment of the Transaction**

The transaction will be accounted for by Solectron under the purchase method of accounting. See The Transaction Accounting Treatment .

### **Approvals Required to Complete the Transaction**

#### *Solectron Stockholder Approval*

The Solectron special meeting will be held on November 28, 2001. At the Solectron special meeting, the Solectron stockholders will be asked to approve the Solectron share issuance. A majority of the votes cast at the Solectron special meeting is required to approve the issuance of Solectron common stock pursuant to the combination agreement and the plan of arrangement. Solectron stockholders are not required to vote on the combination agreement or the plan of arrangement.

See The Special Meeting of Solectron Stockholders Vote Required .

#### *C-MAC Securityholder Approval*

The C-MAC special meeting will also be held on November 28, 2001. At the C-MAC special meeting, the holders of C-MAC common shares and the holders of C-MAC options will be asked to approve the C-MAC arrangement resolution. The C-MAC arrangement resolution must be approved by the affirmative vote of not less than two-thirds of the votes cast on the special resolution by the holders of C-MAC common shares and the holders of C-MAC options, voting together as a class, present in person or by proxy at the C-MAC special meeting.

See The Special Meeting of C-MAC Securityholders Vote Required .

#### *Court Approval*

An arrangement under the *Canada Business Corporations Act* requires court approval. Prior to the mailing of this document in connection with the C-MAC special meeting, C-MAC obtained an interim order from the Superior Court of Justice (Québec) providing for the calling and holding of the C-MAC special meeting and other procedural matters. Subject to the approval of the C-MAC arrangement resolution at the C-MAC special meeting and the approval of the Solectron share issuance at the Solectron special meeting, the hearing to obtain a final order of the Court is scheduled to take place on or about November 29, 2001 at 9:00 a.m. (Montreal time) in room 16.10 at the Montreal courthouse located at 1 Notre Dame Street East in Montreal, Québec.

See The Transaction Court Approval of the Arrangement and Completion of the Transaction .

#### *Regulatory Approvals*

The arrangement is subject to United States, Canadian and certain other antitrust laws. Solectron and C-MAC are not permitted to complete the arrangement until the waiting periods under all applicable U.S. and foreign antitrust laws have expired or been terminated, and Solectron and C-MAC have obtained all other regulatory approvals without which the arrangement would be prohibited. A governmental authority or any private person may challenge the transaction in the United States on antitrust grounds at any time before or after completion.

See The Transaction Regulatory Matters .

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**Restrictions on the Ability of C-MAC Shareholders to Sell Solectron Common Stock and Exchangeable Shares**

All shares of Solectron common stock and exchangeable shares received by C-MAC shareholders in connection with the transaction and all shares of Solectron common stock received upon exchange of exchangeable shares will be freely transferable under U.S. securities laws unless a C-MAC shareholder is deemed to be an affiliate of C-MAC prior to the completion of the transaction under the United States Securities Act of 1933. Shares of Solectron common stock held by C-MAC's affiliates may only be sold in compliance with Rule 145 under the United States Securities Act of 1933.

It is a condition to completion of the transaction that the relevant Canadian securities regulatory authorities shall have granted relief to permit resale of the Solectron common stock and exchangeable shares issued in the transaction or issued upon exchange of exchangeable shares or upon the exercise of the replacement options, without restriction by persons other than control persons, subject to other customary qualifications for such relief orders, including that no unusual effort is made to prepare the market for any such resale or to create a demand for the securities which are the subject of any such resale and no extraordinary commission or consideration is paid in respect thereof.

See The Transaction Resale of Exchangeable Shares and Shares of Solectron Common Stock .

**Stock Exchange Listings**

The shares of Solectron common stock issued in connection with the transaction will be listed on the New York Stock Exchange. Exchangeco has applied to The Toronto Stock Exchange, and has received conditional approval, to list the exchangeable shares, such listing to be effective prior to the effective date of the arrangement. There is no current intention to list the exchangeable shares on any stock exchange other than The Toronto Stock Exchange.

See The Transaction Stock Exchange Listings .

**Dissenters and Appraisal Rights**

*Solectron*

Holders of Solectron common stock do not have dissenters' appraisal rights in connection with the transaction.

*C-MAC*

Registered C-MAC shareholders who properly exercise their dissent rights pursuant to the interim order issued by the Superior Court of Justice (Québec) will be entitled to be paid the fair value of their C-MAC common shares. The dissent procedures require that a registered C-MAC shareholder who wishes to dissent must provide C-MAC a dissent notice prior to 4:00 p.m. (Montreal time) on the business day preceding the C-MAC meeting. It is important that C-MAC shareholders strictly comply with this requirement, which is different from the statutory dissent provisions of the *Canada Business Corporations Act* which would permit a dissent notice to be provided at or prior to the C-MAC meeting.

See Dissenting Shareholder Rights .

**Table of Contents****COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA**

The following tables set forth certain historical per share data of Solectron and C-MAC and combined per share data on an unaudited pro forma basis after giving effect to the transaction using the purchase method of accounting. The following data should be read in conjunction with the separate historical consolidated financial statements of Solectron attached to this document as Annex J and the historical consolidated financial statements of C-MAC attached to this document as Annex K. The unaudited pro forma combined per share data does not necessarily indicate the operating results that would have been achieved had the transaction been completed as of the beginning of the earliest period presented and should not be taken as representative of future operations. The results may have been different if the companies had always been consolidated. All per share information has been restated, as applicable, for stock splits, as discussed in each entity's respective consolidated financial statements and notes thereto. No cash dividends have ever been declared or paid on Solectron common stock or C-MAC common shares.

|  | <b>Solectron<br/>Year Ended<br/>August 31, 2000</b> | <b>C-MAC<br/>Twelve Months<br/>Ended<br/>September 30, 2000</b> |
|--|---|---|
|  | <b>(in U.S. dollars    unaudited)(1)</b>            |   |
| <b>Net income per share<br/>(basic):</b>   |   |   |
| Canadian GAAP:                             |   |   |
| n/a \$0.94                                 |   |   |
| U.S. GAAP:                                 |   |   |
| \$0.83 \$0.94                              |   |   |
| <b>Net income per share<br/>(diluted):</b> |   |   |
| Canadian GAAP:                             |   |   |
| n/a \$0.92                                 |   |   |
| U.S. GAAP:                                 |   |   |
| \$0.80 \$0.91                              |   |   |
| <b>Book value per share(2):</b>            |   |   |
| Canadian GAAP:                             |   |   |
| n/a \$                                     |   |   |