

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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SOLECTRON CORP

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) January 29, 1996

SOLECTRON CORPORATION

(Exact name of registrant as specified in charter)

CALIFORNIA

2-33228-40

94-2447045

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

777 GIBRALTAR DRIVE, MILPITAS, CALIFORNIA

95035

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (408) 957-8500

NOT APPLICABLE

(Former name or former address, if changed since last report.)

ITEM 5. OTHER EVENTS

SIGNING OF AGREEMENT BETWEEN THE REGISTRANT AND TEXAS INSTRUMENTS INCORPORATED ("TI") WHEREBY THE REGISTRANT WILL ACQUIRE TI'S CUSTOM MANUFACTURING BUSINESS IN AUSTIN, TEXAS AND KUALA LUMPUR, MALAYSIA

On January 30, 1996, the Company announced that it had signed an Asset Purchase Agreement (the "Agreement") with Texas Instruments Incorporated ("TI") whereby the Company will purchase TI's custom manufacturing service ("CMS") business located in Austin, Texas and Kuala Lumpur, Malaysia (the "TI Transaction"). As reflected in the audited financial statements of CMS, CMS had revenues of approximately \$461 million for the year ended December 31, 1995. CMS provides manufacturing services to OEM customers in the communications and computing industries. The acquisition price will be approximately \$130 million in cash, subject to adjustment based upon the net book value of the operations to be acquired as of the closing of the transaction. Under the terms of the Agreement, Solectron will offer employment to all TI CMS employees at both sites and will lease space and continue production at TI's Austin and Malaysia facilities. The acquisition, which is expected to be completed by April 1996, is subject to various closing conditions, including obtaining regulatory and corporate approvals. The Company will be recognized by TI as a strategic supplier of electronics manufacturing services. However, there are no guarantees, either from TI or customers of the CMS business to be acquired, of future volumes of business. The Company believes that the proposed acquisition will provide Solectron customers with additional manufacturing capacity in strategic locations. There can be no assurance that the TI Transaction will close or that if closed, the Company will successfully integrate the CMS operations or achieve similar operating results to those achieved by TI for the CMS operations.

The TI Transaction entails a number of risks, including successfully managing the transition of employees and customers from TI to Solectron, integrating purchasing operations and information systems and managing a larger and more geographically disparate business. In addition, the proposed transaction is subject to various conditions to closing, including successfully negotiating manufacturing services and semiconductor component supply agreements. There can be no assurance that the transaction will be completed on a timely basis or at all. The proposed transaction involves the acquisition of manufacturing assets and inventory, the assumption of associated liabilities, the hiring of employees and the leasing of space in Austin, Texas and Kuala Lumpur, Malaysia, but does not include any guarantees, either from TI or customers of the CMS business to be acquired, of future volumes of business. The CMS business to be acquired will increase the Company's expenses and working capital requirements, and place burdens on the Company's management resources. As a result, the success of the acquisition is dependent upon the Company's ability to successfully manage

the integration of the CMS operations and retain customers of the CMS business. In the event the Company is unsuccessful in these efforts, the Company's results of operations could be materially adversely affected.

The information which is set forth in the Registrant's News Release dated January 30, 1996 is incorporated herein by reference.

CONVERTIBLE SUBORDINATED NOTES OFFERING

The information which is set forth in the Registrant's News Release dated February 8, 1996 is incorporated herein by reference.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

99.1 Text of Press Release dated January 30, 1996.

99.2 Text of Press Release dated February 8, 1996.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 7, 1996

SOLECTRON CORPORATION

/s/ Susan S. Wang

Susan S. Wang
Senior Vice President, Chief
Financial Officer and Secretary

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[SOLECTRON LETTERHEAD]

NEWS
RELEASE-----
Contacts:

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Texas Instruments Incorporated
Neil McGlone/Austin, TX
(512)250-4105

Buddy Price/Dallas, TX
(214)995-2355

For Immediate Release:

SOLECTRON TO ACQUIRE TI'S
CUSTOM MANUFACTURING BUSINESS

Milpitas, CA - January 30, 1996 - Texas Instruments Incorporated (NYSE:TXN) and Solectrom Corporation (NYSE: SLR) today announced that they have reached agreement for Solectron to purchase TI's custom manufacturing services (CMS) business. This business, with headquarters in Austin, Texas, will be acquired for approximately \$130 million subject to adjustments at closing. Solectron, an increasingly important semiconductor customer of TI, will be recognized by TI as a strategic supplier of electronics manufacturing services.

Under terms of the agreement, Solectron will purchase the assets of TI's CMS business in Austin, Texas and Kuala Lumpur, Malaysia and will offer employment to all TI-CMS employees at both sites. Solectron will lease space in TI's Austin and Malaysia facilities and will continue production at these sites.

TI'S CMS operations located in Aversa, Italy are not included in the sale and will remain under TI ownership and management. This facility will provide manufacturing services for Solectron on a turnkey or sub-contract basis.

"TI is one of the premier electronics manufacturers and we are very excited about the relationship we are developing," said Dr. Koichi Nishimura, Solectron President and CEO. "This transaction is expected to provide our customers with additional regional manufacturing capacity and improved execution when their product designs utilize TI semiconductor components."

"Custom manufacturing is Solectron's only business and they have been

highly successful in expanding their operations worldwide," said David D. Martin, TI Executive Vice President. "This transaction will enable us to better focus our resources on TI's strategic businesses while providing excellent growth opportunities for the people who have made TI's CMS business a world-class operation. We also expect this transaction to be the first step in a longer-term partnership with Solectron."

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[SOLECTRON LOGO]

SOLECTRON TO ACQUIRE TI'S CUSTOM MANUFACTURING BUSINESS

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TI's other operations in Austin and Kuala Lumpur will not be affected by this transaction and will continue to operate at their present locations.

Solectron's purchase of TI's CMS business is expected to be completed by April 1996. No other terms of the transaction were disclosed. Completion of the purchase of TI's CMS business is subject to appropriate regulatory and corporate approvals.

Texas Instruments Incorporated, headquartered in Dallas, Texas, is a high-technology company with sales or manufacturing operations in more than 30 countries. TI products and services include semiconductors; defense electronics and communications systems; software productivity tools; printers, notebook computers and consumer electronics products; electrical controls and metallurgical materials.

Founded in 1977, Solectron is a global supplier of pre-manufacturing, manufacturing, and post-manufacturing services to electronics original equipment manufacturers. The company received the 1991 Malcolm Baldrige National Quality award and has received more than 80 other quality and service awards from its customers. Solectron had revenue of \$2.1 billion in fiscal 1995 and has US manufacturing operations in California, North Carolina, and Washington state; European manufacturing operations in France, Germany, and Scotland; and an Asian manufacturing operation in Malaysia, as well as a program office in Japan. Solectron's worldwide headquarters are located at 777 Gibraltar Drive, Milpitas, California 95035.

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CONTACT

Jeffrey F. Cox
Tel: (408) 956-6688

EXHIBIT 99.2

SOLECTRON ANNOUNCES OFFERING OF
CONVERTIBLE SUBORDINATED NOTES

Milpitas, California, February 8, 1996 - Solectron Corporation (NYSE-SLR) today announced that it intends, subject to market and other conditions, to raise approximately \$200,000,000 through the sale of convertible subordinated notes to institutional investors and non-U.S. investors (up to \$230,000,000 if an over-allotment option to be granted is exercised in full). The notes will be convertible into Solectron Common Stock.

The securities to be offered will not be registered under the Securities Act of 1933, as amended, or applicable state securities laws, and may not be offered or sold absent registration under the Securities Act of 1933 and applicable state securities laws or available exemptions from registrations.

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