

FLEXTRONICS INTERNATIONAL LTD.
Form 10-K
May 28, 2013

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2013

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 000-23354

FLEXTRONICS INTERNATIONAL LTD.

(Exact name of registrant as specified in its charter)

Singapore
(State or other jurisdiction of
incorporation or organization)

Not Applicable
(I.R.S. Employer
Identification No.)

**2 Changi South Lane,
Singapore**
(Address of registrant's principal executive offices)

486123
(Zip Code)

Registrant's telephone number, including area code
(65) 6890 7188

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Ordinary Shares, No Par Value

Name of Each Exchange on Which Registered
The NASDAQ Stock Market LLC
(NASDAQ Global Select Market)

Securities registered pursuant to Section 12(g) of the Act **NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.
Yes No

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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of September 28, 2012, the aggregate market value of the Company's ordinary shares held by non-affiliates of the registrant was approximately \$4.0 billion based upon the closing sale price as reported on the NASDAQ Stock Market LLC (NASDAQ Global Select Market).

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 16, 2013
Ordinary Shares, No Par Value	625,659,713

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts into Which Incorporated
Proxy Statement to be delivered to shareholders in connection with the Registrant's 2013 Annual General Meeting of Shareholders	Part III

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PART I

FORWARD-LOOKING STATEMENTS

Unless otherwise specifically stated, references in this report to "Flextronics," "the Company," "we," "us," "our" and similar terms mean Flextronics International Ltd. and its subsidiaries.

Except for historical information contained herein, certain matters included in this annual report on Form 10-K are, or may be deemed to be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. The words "will," "may," "designed to," "believe," "should," "anticipate," "plan," "expect," "intend," "estimate" and similar expressions identify forward-looking statements, which speak only as of the date of this annual report. These forward-looking statements are contained principally under Item 1, "Business," and under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." Because these forward-looking statements are subject to risks and uncertainties, actual results could differ materially from the expectations expressed in the forward-looking statements. Important factors that could cause actual results to differ materially from the expectations reflected in the forward-looking statements include those described in Item 1A, "Risk Factors" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." In addition, new risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. We undertake no obligation to update or revise these forward-looking statements to reflect subsequent events or circumstances.

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ITEM 1. BUSINESS

OVERVIEW

We are a globally-recognized leading provider of end-to-end, global supply chain solutions through which we design, build, ship and service a complete packaged electronic product to original equipment manufacturers ("OEMs") in the following markets:

High Reliability Solutions ("HRS"), which is comprised of our medical, automotive, defense and aerospace businesses;

High Velocity Solutions ("HVS"), which includes our mobile devices business, including smart phones, and consumer electronics, including game consoles, high-volume computing business, including notebook personal computing ("PC"), tablets and printers;

Industrial and Emerging Industries ("IEI"), which is comprised of our large household appliances, equipment, and emerging industries businesses; and

Integrated Network Solutions ("INS"), which includes our telecommunications infrastructure, data networking, connected home, and server and storage businesses.

We provide our advanced design, manufacturing and services through a network of facilities in over 30 countries across four continents. We have established this extensive network of manufacturing facilities in the world's major electronics markets (Asia, the Americas and Europe) in order to serve the outsourcing needs of both multinational and regional OEMs. Our services increase customer competitiveness by delivering improved product quality, leading manufacturability, improved performance, faster time-to-market and reduced costs. Our OEM customers leverage our services to meet their requirements throughout their products' entire life cycles. For the fiscal year ended March 31, 2013, we had revenue of \$23.6 billion and net income of \$277.1 million.

We believe that the combination of our extensive design and engineering services, significant scale and global presence, end-to-end services, advanced supply chain management, industrial parks in low-cost geographic areas and operational track record provide us with a competitive advantage in the market for designing, manufacturing and servicing electronics products for leading multinational and regional OEMs. Through these services and facilities, we offer our OEM customers the ability to simplify their global product development, their manufacturing process, their after sales services and enable our OEM customers to achieve meaningful reductions to time-to-market and costs.

Our business has been subject to seasonality primarily due to our mobile devices market and our consumer devices market, which historically exhibit particular strength in the two quarters leading up to the end of the calendar year in connection with the holiday season.

INDUSTRY OVERVIEW

Our expertise is in the design, manufacturing and services for a broad range of products, and as such, the closest definition of our industry is the outsourcing Electronics Manufacturing Services ("EMS") industry. EMS has experienced significant change and growth as an increasing number of companies elected to outsource some or all of their design, manufacturing, and distribution requirements. We have seen an increase in global OEM manufacturing demand since the 2001 - 2002 technology downturn as more and more OEMs pursued the benefits of outsourcing rather than internal manufacturing. Due to the global economic crisis, which began in late calendar year 2007 and continued through the end of our fiscal year 2010, many of our OEM customers reduced their manufacturing and supply chain outsourcing which negatively impacted our business. In fiscal year 2011, we began seeing some positive signs that demand for our OEM customers' end products was improving, and this trend continued through the end of our 2012 fiscal year. However our revenue in fiscal year 2013 declined compared to that of the prior year, primarily due to our exit from the high

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volume and low margin Original Design and Manufacturing ("ODM") PC business last year. The EMS industry has not fully recovered from the last macro-economic downturn and as a result, during fiscal 2013 the Company initiated certain restructuring activities intended to improve operational efficiencies. The growth of the overall industry for calendar 2012 is estimated to have been greater than 4%.

We believe the total available market for outsourcing EMS continues to offer opportunities for growth with current penetration rates estimated to be less than 23%. The intensely competitive nature of the electronics industry, the continually increasing complexity and sophistication of electronics products, pressure on OEMs to reduce product costs and shorter product life cycles encourage OEMs to utilize broad manufacturing and service providers as part of their business and manufacturing strategies. Utilizing global manufacturing and service providers allows OEMs to take advantage of the global design, manufacturing and supply chain management expertise of such providers, and enables OEMs to concentrate on product research, development, marketing and sales. We believe that OEMs realize the following benefits through their strategic relationships with manufacturing and service providers:

Reduced production costs;

Reduced design and development costs and lead time;

Accelerated time-to-market and time-to-volume production;

Reduced capital investment requirements and fixed costs;

Improved inventory management and purchasing power;

Access to worldwide design, engineering, manufacturing, and after-market service capabilities; and

Ability to focus on core branding and R&D initiatives.

We believe that growth in the EMS industry will be driven largely by the needs of OEMs to respond to rapidly changing markets and technologies and to reduce product costs. Additionally, we believe that there are significant opportunities for global manufacturing and service providers to win additional business from OEMs in certain markets or industry segments that have yet to substantially utilize such providers.

SERVICE OFFERINGS

We offer a broad range of customer-tailored services to OEMs. We believe that Flextronics has the broadest worldwide capabilities in the industry, from design resources to end-to-end global supply chain services. We believe a key competitive advantage is our ability to provide more value and innovation to our customers because we offer both global economies of scale in procurement, manufacturing and after-market services, as well as market-focused expertise and capabilities in design and engineering. As a result of our focus on specific markets, we believe we are able to better understand complex market dynamics and anticipate trends that impact our OEM customers' businesses, and can help improve our OEM customers' market positioning by effectively adjusting product plans and roadmaps to deliver low-cost, high quality products and meet their time-to-market requirements. Our services allow us to design, build, ship and service a complete packaged electronics product for our OEM customers. These services include:

Design and Engineering Services. We offer a comprehensive range of value-added design and engineering services that are tailored to the various markets and needs of our customers. These services can be delivered by three primary business models:

Contract Design Services, where the customer purchases engineering and development services on a time and materials basis;

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Joint Development Manufacturing services, where Flextronics' engineering and development teams work jointly with our customers' teams to ensure product development integrity, seamless manufacturing handoffs, and faster time to market; and

Original Design and Manufacturing services, where the customer purchases a product that we design, develop and manufacture. ODM products are then sold by our OEM customers under the OEMs' brand names. We have provided ODM services in various markets including Industrial, Automotive, Medical, and Infrastructure and Power Supplies.

Our design and engineering services are provided by our global, market-based engineering teams and cover a broad range of technical competencies:

System Architecture, User Interface and Industrial Design. We help our customers design and develop innovative and cost-effective products that address the needs of the user and the market. These services include product definition, analysis and optimization of performance and functional requirements, 2-D sketch level drawings, 3-D mock-ups and proofs of concept, interaction and interface models, detailed hard models and product packaging.

Mechanical Engineering, Technology, Enclosure Systems, Thermal and Tooling Design. We offer detailed mechanical, structural, and thermal design solutions for enclosures that encompass a wide range of plastic, metal and other material technologies. These capabilities and technologies are increasingly important to our customers' product differentiation goals and are increasingly required to be successful in today's competitive marketplace. Additionally, we provide design and development services for prototype and production tooling equipment used in manufacturing.

Electronic System Design. We provide complete electrical and hardware design for products ranging in size from small handheld consumer devices to large high-speed, carrier-grade, telecommunications equipment, which includes embedded microprocessor, memory, digital signal processing design, high-speed digital interfaces, analog circuit design, power management solutions, wired and wireless communication protocols, display imaging, audio/video, and radio frequency system and antenna design.

Reliability and Failure Analysis. We provide comprehensive design for manufacturing, test and reliability services using robust tools and databases that have been developed internally. These services are important in achieving our customers' time to revenue goals and leverage our core manufacturing competencies.

Component Level Development Engineering. We have developed substantial engineering competencies for product development and lifecycle management in support of various component technologies. These components also form a key part of our strategy and currently include power supplies and power solutions, and Printed Circuit Board and Interconnection Technologies, both rigid and flexible.

We are exposed to different or greater potential liabilities from our various design services than those we face in our core assembly and manufacturing services. See "Risk Factors The success of certain of our activities depends on our ability to protect our intellectual property rights; intellectual property infringement claims against our customers or us could harm our business."

Systems Assembly and Manufacturing. Our assembly and manufacturing operations, which generate the majority of our revenues, include printed circuit board assembly and assembly of systems and subsystems that incorporate printed circuit boards and complex electromechanical components. We often assemble electronics products with our proprietary printed circuit boards and custom electronic enclosures on either a build-to-order or configure-to-order basis. In these operations, we employ just-in-time, ship-to-stock and ship-to-line programs, continuous flow

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manufacturing, demand flow processes, and statistical process controls. As OEMs seek to provide greater functionality in smaller products, they increasingly require more sophisticated manufacturing technologies and processes. Our investment in advanced manufacturing equipment and our experience and expertise in innovative miniaturization, packaging and interconnect technologies, enables us to offer a variety of advanced manufacturing solutions. We support a wide range of product demand profiles, from low volume, high-complexity programs to high-volume production. Continuous focus on lean manufacturing, a systematic approach to identifying and eliminating waste (non-value-added activities) through continuous improvement based on customer demand, allows us to increase our efficiency and flexibility to meet our customers' dynamic requirements. Our systems assembly and manufacturing expertise includes the following:

Enclosures. We offer a comprehensive set of custom electronics enclosures and related products and services worldwide. Our services include the design, manufacture and integration of electronics packaging systems, including custom enclosure systems, power and thermal subsystems, interconnect subsystems, cabling and cases. In addition to standard sheet metal and plastic fabrication services, we assist in the design of electronics packaging systems that protect sensitive electronics and enhance functionality. Our enclosure design services focus on functionality, manufacturability and testing. These services are integrated with our other assembly and manufacturing services to provide our customers with overall improved supply chain management.

Testing Services. We also offer computer-aided testing services for assembled printed circuit boards, systems and subsystems. These services significantly improve our ability to deliver high-quality products on a consistent basis. Our test services include management defect analysis, in-circuit testing and functional testing as well as environmental stress tests of board and system assemblies. We offer design for test, design for manufacturing and design for environment services to our customers to jointly improve customer product design and manufacturing.

Materials Procurement and Inventory Management. Our manufacturing and assembly operations capitalize on our materials inventory management expertise and volume procurement capabilities. As a result, we believe that we are able to achieve highly competitive cost reductions and reduce total manufacturing cycle time for our OEM customers. Materials procurement and management consist of the planning, purchasing, expediting and warehousing of components and materials used in the manufacturing process. In addition, our strategy includes having third-party suppliers of custom components located in our industrial parks to reduce material and transportation costs, simplify logistics and facilitate inventory management. We also use a sophisticated automated manufacturing resource planning system and enhanced electronic data interchange capabilities to ensure inventory control and optimization. Through our manufacturing resources planning system, we have real-time visibility of material availability and are able to track the work in process. We utilize electronic data interchange with our customers and suppliers to implement a variety of supply chain management programs. Electronic data interchange allows customers to share demand and product forecasts and deliver purchase orders and assists suppliers with satisfying just-in-time delivery and supplier-managed inventory requirements. This also enables us to implement vendor managed inventory solutions to increase flexibility and reduce overall capital allocation in the supply chain. We procure a wide assortment of materials, including electronic components, plastics and metals. There are a number of sources for these materials, including from customers for whom we are providing systems assembly and manufacturing services. On some occasions, there have been shortages in certain electronic components, most recently with regard to connectors, capacitors, LCD panels and memory (both DRAM

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and Flash). However, such shortages have not had a material impact on our operating results for any periods presented. See "Risk Factors We may be adversely affected by shortages of required electronic components."

Component businesses. The Company offers the following component product solutions:

Rigid and Flexible Printed Circuit Board ("PCB") Fabrication. Printed circuit boards are platforms composed of laminated materials that provide the interconnection for integrated circuits, passive and other electronic components and thus are at the heart of almost every electrical system. They are formed out of multi-layered epoxy resin and glass cloth systems with very fine traces and spaces and plated holes (called vias), which interconnect the different layers to an extremely dense circuitry network that carries the integrated circuits and electrical signals. As semiconductor designs become more and more complex and signal speeds increase, there is an increasing demand on printed circuit board integration density requiring higher layer counts, finer lines and spacings, smaller vias (microvias) and base materials with electrically very low loss characteristics. The manufacturing of these complex multilayer interconnect products often requires the use of sophisticated circuit interconnections between layers, and adherence to strict electrical characteristics to maintain consistent circuit transmission speeds and impedances. The global demand for wireless devices and the complexity of wireless products are driving the demand for more flexible printed circuits. Flexible circuit boards facilitate a reduction in the weight of a finished electronic product and allow the designer to use the third dimension in designing new products or product features. Flexible circuits have become a very attractive design alternative for many new and emerging application spaces such as automotive rear LED lighting, tablet computers, and miniaturized radio frequency identification tags or smart cards. We are an industry leader in high-density interconnect with the Every Layer Inter Connect ("ELIC") technology, which is used in smart phone designs, and multilayer constructions which are used in advanced routers and switches, telecom equipment, servers, storage, and flexible printed circuit boards and flexible printed circuit board assemblies. Our PCB business (Multek) manufactures printed circuit boards on a low-volume, quick-turn basis, as well as on a high-volume production basis. We provide quick-turn prototype services that allow us to provide small test quantities to meet the needs of customers' product development groups in as little as 48 hours. Our extensive range of services enables us to respond to our customers' demands for an accelerated transition from prototype to volume production. Multek offers a one stop solution from design to manufacturing of PCB, flexible circuits and rigid flex circuits and sub-assemblies. We have printed circuit board service capabilities in North America, South America, Europe and Asia, and flexible circuit fabrication service capabilities in North America and Asia. During fiscal year 2013 we began consolidating Multek's footprint and rationalizing its operations and expect to fully complete the closing of our Multek factories in Germany and Brazil during fiscal year 2014. We believe this will drive operational efficiencies, and result in an optimization of our system, which will lower the revenue level required to achieve better margins. Going forward our capabilities will be centered in Asia and North America.

Power Supplies. We have a full service power supply business ("Flex Power") that specializes in high efficiency and high density switching power supplies ranging from 1 to 3,000 watts. The product portfolio includes chargers for the mobile phones and the fast-growing tablet markets, adapters for notebooks and printers and boxed power supplies for the desktop markets along with networking, server and storage markets. We pride ourselves in our ability to service the needs of industry leaders in these markets through collaborative development and efficient program management execution. Our products are fully compliant with environmental and Energy Star industry requirements that drive

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efficiency specifications in the industry. Customers who engage with Flex Power get the advantage of our technological innovations in such areas as digital control or smart power, while still managing to offer competitive pricing. Our unique platform development approach enables our customers to get to their markets faster.

Logistics. Flextronics Global Services is a provider of after-market supply chain logistics services. Our comprehensive suite of services serve customers operating in the computing, consumer digital, infrastructure, industrial, mobile and medical markets. Our expansive global infrastructure consists of 25 sites and more than 12,000 employees strategically located throughout the Americas, Europe and Asia. By leveraging our operational infrastructure, supply chain network, and IT systems, we have the capability of offering globally consistent logistics solutions for our customers' brands. By linking the flow of information from the supply chains, we create supply chain efficiencies delivering value to our customers. We provide multiple logistics solutions including supplier managed inventory, inbound freight management, product postponement, build/configure to order, order fulfillment and distribution, and supply chain network design.

Reverse Logistics and Repair Services. We offer a suite of integrated reverse logistics and repair solutions that are operated on globally consistent processes, which help our customers protect their brand loyalty in the marketplace by improving turnaround times and end-customer satisfaction levels. Our objective is to maintain maximum asset value retention of our customers' products throughout their product life cycle while simultaneously minimizing non-value repair inventory levels and handling in the supply chain. With our suite of end-to-end solutions, we can effectively manage our customers' reverse logistics requirements while also providing critical feedback of data to their supply chain constituents and delivering continuous improvement and efficiencies for both existing and next generation products. Our reverse logistics and repair solutions include returns management, exchange programs, complex repair, asset recovery, recycling and e-waste management. We provide repair expertise to multiple product lines such as consumer and midrange products, printers, PDA's, mobile phones, consumer medical devices, notebooks, PC's, set-top boxes, game consoles and highly complex infrastructure products. With our service parts logistics business, we manage all of the logistics and restocking processes essential to the efficient operation of repair and refurbishment services.

STRATEGY

Our company's goal is to empower talented employees to develop global supply chain solutions that transforms industries and companies. At our core, we are a world-class global design, manufacturing and services company. Our strategy is to maintain our leadership in these core capabilities and to build on these through extended offerings in high-growth sectors.

Talent. To maintain our competitiveness and world-class capabilities, we are renewing our focus on hiring and retaining the world's best talent. We have taken steps to attract the best functional and operational leaders and accelerated efforts at developing the future leaders of the company.

Customer-Focus. We believe that serving aspiring leaders in dynamic industries pushes the development of our core skills and results in superior growth and profitability. Our customers come first, and we have a relentless focus on delivering distinctive products and services in a cost-effective manner with fast time-to-market.

Market-Focus. We apply a rigorous approach to managing our portfolio of opportunities by focusing on companies and industries that value our superior capabilities in design, manufacturing and service and that are leaders in their industry. We are focusing our energy and efforts on high-growth markets where we have distinctive competence and a compelling value proposition.

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Examples include our investments in clean-tech, healthcare, infrastructure, automotive, services and investments in a number of enabling components technologies. Our market focused approach to managing our business increases our customers' competitiveness by leveraging our global resources and responsiveness to changes in market dynamics.

Global Operations Capabilities. We continue to invest in maintaining the leadership of our world-class manufacturing and services capabilities. We constantly push the state of the art in manufacturing technology, process development and operations management. We believe these skills represent a significant competitive advantage. We continue to capitalize on our industrial park concept, where we co-locate our manufacturing, design, and service resources in low cost regions, to provide a competitive advantage by minimizing logistics, manufacturing costs and cycle times while increasing flexibility and responsiveness. Our ability to cost effectively manage a massive worldwide system, is itself a major competitive advantage.

Extended Value Propositions. We continue to extend our distinctiveness in manufacturing into new value propositions that leverage our core capabilities. We opportunistically invest in new capabilities and services to provide our customers with a broader value added suite of services and solutions to meet their product and market requirements. We continue to develop manufacturing process technologies that reduce cost and improve product performance.

COMPETITIVE STRENGTHS

We continue to enhance our business through the development and broadening of our product and service offerings. Our focus is to be a flexible organization with repeatable execution that adapts to macro-economic changes and creates value which increases our customers' competitiveness. We have concentrated our strategy on market-focused expertise, capabilities, services and our global supply chain services. We believe that the following capabilities differentiate us from our competitors and enable us to better serve our customers' requirements:

Significant Scale and Global Integrated System. We believe that scale is a significant competitive advantage, as our customers' solutions increasingly require cost structures and capabilities that can only be achieved through size and global reach. We are a leader in global procurement, purchasing approximately \$21.5 billion of materials during our fiscal year ended March 31, 2013. As a result, we are able to use our worldwide supplier relationships to achieve advantageous pricing and supply chain flexibility for our OEM customers.

We have established an extensive, integrated network of design, manufacturing and logistics facilities in the world's major electronics markets to serve the outsourcing needs of both multinational and regional OEMs. Our extensive global network of facilities in over 30 countries with approximately 149,000 employees gives us the ability to increase the competitiveness of our customers by simplifying their global product development processes while also delivering improved product quality with improved performance and accelerated time to market. Operating and executing this complex worldwide solutions system is a competitive advantage.

End-to-End Solution. We offer a comprehensive range of worldwide supply chain services that simplify and improve the global product development process and provide meaningful time and cost savings to our OEM customers. Our broad based, end-to-end services enable us to cost effectively design, build, ship and service a complete packaged product. We believe that our capabilities also help our customers improve product quality, manufacturability and performance, and reduce costs. We have expanded and enhanced our service offering by adding capabilities in machining, flexible printed circuit boards, and power supplies, as well as by introducing new capabilities in areas such as solar equipment, large format stamping and chargers.

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Long-Standing Customer Relationships. We believe that maintaining our long-term relationships with key customers is a critical requirement for maintaining our market position, growth and profitability. We believe that our ability to maintain and grow these customer relationships results from our ability to continuously create value that increases our customers' competitiveness. We achieve this through our broad range of service offerings and solutions, and our market-focused approach, which allows us to provide innovative thinking to all of the manufacturing and related services that we provide to our customers. We continue to receive numerous service and quality awards that further validate the success of these programs.

Extensive Design and Engineering Capabilities. We have an industry leading global design service offering with extensive product design engineering resources that provide global design services, products, and solutions to satisfy a wide array of customer requirements across all of our key markets. We combine our design and manufacturing services to provide end-to-end customized solutions that include services from design layout, through product industrialization and product development, including the manufacture of components and complete products (such as smart phones), which are then sold by our OEM customers under the OEMs' brand names.

Geographic, Customer and End Market Diversification. We believe that we have created a well-diversified and balanced company. We have diversified our business across multiple end markets, significantly expanding our available market. The world is undergoing change and macro-economic disruptions that has led to demand shifts and realignments. We believe that we are well positioned through our market diversification to grow in excess of the industry average and successfully navigate through difficult economic climates. Our broad geographic footprint and experience with multiple types and complexity levels of products provide us a significant competitive advantage. We continually look for new ways to diversify our offering within each market segment.

Industrial Parks; Low-Cost Manufacturing Services. We have developed self-contained campuses that co-locate our manufacturing and logistics operations with our suppliers at a single, low-cost location. These industrial parks enhance our total supply chain management, while providing a low-cost, multi-technology solution for our customers. This approach increases the competitiveness of our customers by reducing logistical barriers and costs, improving communications, increasing flexibility, lowering transportation costs and reducing turnaround times. We have strategically established our large industrial parks in Brazil, China, Hungary, Indonesia, Malaysia, Mexico, and Romania.

We have certain of our manufacturing operations situated in low-cost regions of the world to provide our customers with a wide array of manufacturing solutions and low manufacturing costs. As of March 31, 2013, approximately 76% of our manufacturing capacity was located in low-cost locations, such as Brazil, China, Hungary, India, Indonesia, Malaysia, Mexico, Romania, Singapore, and Ukraine. We believe we are a global industry leader in low-cost production capabilities.

CUSTOMERS

Our customers include many of the world's leading technology companies. We have focused on establishing long-term relationships with our customers and have been successful in expanding our relationships to incorporate additional product lines and services. In fiscal year 2013, our ten largest customers accounted for approximately 47% of net sales. No customer accounted for greater than 10% of the Company's net sales in fiscal 2013.

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The following table lists in alphabetical order a sample of our largest customers in fiscal year 2013 and the end products of those customers for which we provide design, manufacturing or after-market services:

Customer	End Products
Alcatel-Lucent	Business telecommunications systems and core routers and switches
Apple	Smartphones, notebooks and desktop computing, tablets and consumer entertainment devices
Cisco	Core routers and switches, wireless and enterprise telecommunications infrastructure
Ericsson	Radio base stations for Long Term Evolution and GSM infrastructure
Ford Motor Company	SYNC Modules, Lighting Products, Solenoids and Motion Control Electronics
Hewlett-Packard	Notebook and netbook computers, inkjet printers and storage devices
Huawei Technologies	Wireless and enterprise telecommunications infrastructure and smartphones
Lenovo	All-in-one desktop, desktop and notebook computers
Microsoft	Computer peripherals and consumer electronics products
Research In Motion	Smartphones and other mobile communication devices

BACKLOG

Although we obtain firm purchase orders from our customers, OEM customers typically do not make firm orders for delivery of products more than 30 to 90 days in advance. In addition, OEM customers may reschedule or cancel firm orders based upon contractual arrangements. Therefore, we do not believe that the backlog of expected product sales covered by firm purchase orders is a meaningful measure of future sales.

COMPETITION

Our market is extremely competitive and includes many companies, several of which have achieved substantial market share. We compete against numerous domestic and foreign manufacturing service providers, as well as our current and prospective customers, who evaluate our capabilities in light of their own capabilities and cost structures. We face particular competition from Asian based competitors, including Taiwanese ODM suppliers who compete in a variety of our end markets and have a substantial share of global information technology hardware production.

We compete with different companies depending on the type of service we are providing or the geographic area in which an activity takes place. We believe that the principal competitive factors in the manufacturing services market are: quality and range of services; design and technological capabilities; cost; location of facilities; responsiveness and flexibility.

SOCIAL RESPONSIBILITY

Our corporate social responsibility practices focus on global human rights, global environmental conditions, business ethics, and the health and safety of all stakeholders. We do this with controlled business processes, thus ensuring that our business is conducted in a manner that goes beyond compliance alone. We operate programs, including compliance audits and compliance capability building programs that focus on driving continuous improvements in social, ethical, and environmental compliance throughout all of our global operating units in accordance with our Code of Conduct. As a guide to achieve this end, Flextronics looks at principles, policies, and standards as prescribed by the

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Electronics Industry Citizenship Coalition ("EICC"), a worldwide association of electronics companies committed to promoting an industry code of conduct for global electronics supply chains to improve working and environmental conditions. Flextronics is a founding member of the EICC coalition.

Being a good corporate citizen does not mean that we should merely conform to the standards. We extend beyond meeting responsibilities by offering a wide range of programs and initiatives that engage our internal and external communities. At the heart of this endeavor lies our pragmatic goal of creating a difference to the people in the community in which we operate. We intend to continue to invest in these global communities through grant-making, financial contributions, volunteer work, support programs and by donating resources.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), Section 1502 introduces reporting requirements related to the verification of whether Flextronics directly (or indirectly through suppliers of materials) is purchasing the minerals or metals gold, columbite-tantalite, cassiterite, wolframite and their derivatives: tin, tungsten, and tantalum that are being provided by sources in the conflict region of the Democratic Republic of Congo (DRC) and the surrounding neighbor countries. Flextronics is working directly with suppliers, industry groups, and customers to comply with the due diligence reporting requirements necessary to comply with the new law. See "Risk Factor Compliance with government regulations regarding the use of "conflict minerals" may result in increased costs and risks to us."

ENVIRONMENTAL REGULATION

Our operations are regulated under various federal, state, local and international laws governing the environment, including laws governing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes and the cleanup of contaminated sites. We have fully implemented processes and procedures to ensure that our operations are in compliance with all applicable environmental regulations. We do not believe that costs of compliance with these laws and regulations will have a material adverse effect on our capital expenditures, operating results, or competitive position. In addition, we are responsible for cleanup of contamination at some of our current and former manufacturing facilities and at some third-party sites. We engage environmental consulting firms to assist us in the evaluation of environmental liabilities of our ongoing operations, historical disposal activities and closed sites in order to establish appropriate accruals in our financial statements. We determine the amount of our accruals for environmental matters by analyzing and estimating the probability of occurrence and the reasonable possibility of incurring costs in light of information currently available. The imposition of more stringent standards or requirements under environmental laws or regulations, the results of future testing and analysis undertaken by us at our operating facilities, or a determination that we are potentially responsible for the release of hazardous substances at other sites could result in expenditures in excess of amounts currently estimated to be required for such matters. While no material exposures have been identified to date that we are aware of, there can be no assurance that additional environmental matters will not arise in the future or that costs will not be incurred with respect to sites as to which no problem is currently known.

We are also required to comply with an increasing number of product environmental compliance regulations focused on the restriction of certain hazardous substances. For example, the electronics industry is subject to the European Union's ("EU") Restrictions on Hazardous Substances ("RoHS") 2011/65/EU, Waste Electrical and Electronic Equipment ("WEEE") 2012/19/EU directives, the regulation EC 1907/2006 EU Directive REACH ("Registration, Evaluation, Authorization, and Restriction of Chemicals"), and China RoHS entitled, Management Methods for Controlling Pollution for Electronic Information Products ("EIPs"). Similar legislation has been or may be enacted in other jurisdictions, including in the United States. Our business requires close collaboration with our customers and suppliers to mitigate risk of non-compliance. We have developed rigorous risk mitigating compliance programs designed to meet the needs of our customers as well as the regulations. These

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programs vary from collecting compliance or material data from our Flextronics owned suppliers to full laboratory testing, and we require our supply chain to comply. Non-compliance could potentially result in significant costs and/or penalties. RoHS and other similar legislation bans or restricts the use of lead, mercury and certain other specified substances in electronics products and WEEE requires EU importers and/or producers to assume responsibility for the collection, recycling and management of waste electronic products and components. In the case of WEEE, although the compliance responsibility rests primarily with the EU importers and/or producers rather than with EMS companies, OEMs may turn to EMS companies for assistance in meeting their WEEE obligations. New technical classifications of e-Waste being discussed in the Basel Convention technical working group could affect both Flextronics and Flextronics' customers abilities and obligations in electronics repair and refurbishment. Flextronics continues to monitor these discussions and is working with our customers and other technical organizations to minimize the impact to legal and responsibly managed repair operations.

EMPLOYEES

As of March 31, 2013, our global workforce totaled approximately 149,000 employees. In certain international locations, our employees are represented by labor unions and by work councils. We have never experienced a significant work stoppage or strike, and we believe that our employee relations are good.

Our success depends to a large extent upon the continued services of key managerial and technical employees. The loss of such personnel could seriously harm our business, results of operations and business prospects. To date, we have not experienced significant difficulties in attracting or retaining such personnel.

INTELLECTUAL PROPERTY

We own or license various United States and foreign patents relating to a variety of technologies. For certain of our proprietary processes, we rely on trade secret protection. We also have registered our corporate name and several other trademarks and service marks that we use in our business in the United States and other countries throughout the world. As of March 31, 2013 and 2012, the carrying value of our intellectual property was not material.

Although we believe that our intellectual property assets and licenses are sufficient for the operation of our business as we currently conduct it, from time to time third parties do assert patent infringement claims against us or our customers. In addition, we provide design and engineering services to our customers and designing and making our own products. As a consequence of these activities, our customers are requiring us to take responsibility for intellectual property to a greater extent than in our manufacturing and assembly businesses. If and when third parties make assertions regarding the ownership or right to use intellectual property, we could be required to either enter into licensing arrangements or to resolve the issue through litigation. Such license rights might not be available to us on commercially acceptable terms, if at all, and any such litigation might not be resolved in our favor. Additionally, litigation could be lengthy and costly and could materially harm our financial condition regardless of the outcome. We also could be required to incur substantial costs to redesign a product or re-perform design services.

FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

Refer to note 17 to our consolidated financial statements included under Item 8 for financial information about our geographic areas.

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ADDITIONAL INFORMATION

Our internet address is <http://www.flextronics.com>. We make available through our Internet website the Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

We were incorporated in the Republic of Singapore in May 1990. Our principal corporate office is located at 2 Changi South Lane, Singapore 486123. Our U.S. corporate headquarters is located at 6201 America Center Drive, San Jose, CA, 95002.

ITEM 1A. RISK FACTORS

We depend on industries that continually produce technologically advanced products with short life cycles and our business would be adversely affected if our customers' products are not successful or if our customers lose market share.

We derive our revenues from customers in the following markets:

HRS, which is comprised of our medical, automotive, defense and aerospace businesses;

HVS, which includes our mobile devices business, including smart phones, and consumer electronics, including game consoles, high-volume computing business, including notebook personal computing ("PC"), tablets and printers;

IEI, which is comprised of our large household appliances, equipment, and emerging industries businesses; and

INS, which includes our telecommunications infrastructure, data networking, connected home, and server and storage businesses.

Factors affecting any of these industries in general or our customers in particular, could adversely impact us. These factors include:

rapid changes in technology, evolving industry standards and requirements for continuous improvement in products and services result in short product life cycles;

demand for our customers' products may be seasonal;

our customers may fail to successfully market their products, and our customers' products may fail to gain widespread commercial acceptance;

our customers may experience dramatic market share shifts in demand which may cause them to exit the business; and

there may be recessionary periods in our customers' markets, such as the recent global economic downturn.

Our customers may cancel their orders, change production quantities or locations, or delay production, and the inherent difficulties involved in responding to these demands could harm our business.

Cancellations, reductions or delays by a significant customer or by a group of customers have harmed, and may continue to harm, our results of operations by reducing the volumes of products we manufacture and deliver for these customers, by causing a delay in the repayment of our expenditures for inventory in preparation for customer orders and by lowering our asset utilization resulting in lower gross margins.

Additionally, current and prospective customers continuously evaluate our capabilities against other providers as well as against the merits of manufacturing products themselves. Our

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business would be adversely affected if OEMs decide to perform these functions internally or transfer their business to another provider.

As a provider of electronics design and manufacturing services and components, we must provide increasingly rapid product turnaround time for our customers. We generally do not obtain firm, long-term purchase commitments from our customers, and we often experience reduced lead times in customer orders which may be less than the lead time we require to procure necessary components and materials.

The short-term nature of our customers' commitments and the rapid changes in demand for their products reduces our ability to accurately estimate the future requirements of our customers. This makes it difficult to schedule production and maximize utilization of our manufacturing capacity. In that regard, we must make significant decisions, including determining the levels of business that we will seek and accept, setting production schedules, making component procurement commitments, and allocating personnel and other resources, based on our estimates of our customers' requirements.

On occasion, customers require rapid increases in production or require that manufacturing of their products be transitioned from one facility to another to reduce costs or achieve other objectives. These demands stress our resources and reduce our margins. We may not have sufficient capacity at any given time to meet our customers' demands, and transfers from one facility to another can result in inefficiencies and costs due to excess capacity in one facility and corresponding capacity constraints at another. Due to many of our costs and operating expenses being relatively fixed, customer order fluctuations, deferrals and transfers of demand from one facility to another, as described above, have had a material adverse effect on our operating results in the past and we may experience such effects in the future.

Our industry is extremely competitive; if we are not able to continue to provide competitive services, we may lose business.

We compete with a number of different companies, depending on the type of service we provide or the location of our operations. For example, we compete with major global EMS providers, other smaller EMS companies that have a regional or product-specific focus and ODMs with respect to some of the services that we provide. We also compete with our current and prospective customers, who evaluate our capabilities in light of their own capabilities and cost structures. Our industry is extremely competitive, many of our competitors have achieved substantial market share, and some may have lower cost structures or greater design, manufacturing, financial or other resources than we do. We face particular competition from Asian-based competitors, including Taiwanese ODM suppliers who compete in a variety of our end markets and have a substantial share of global information technology hardware production. If we are unable to provide comparable manufacturing services and improved products at lower cost than the other companies in our market, our net sales could decline.

The majority of our sales come from a small number of customers and a decline in sales to any of these customers could adversely affect our business.

Sales to our ten largest customers represent a significant percentage of our net sales. Our ten largest customers accounted for approximately 47%, 55% and 52% of net sales in fiscal years 2013, 2012 and 2011, respectively. No customer accounted for greater than 10% of the Company's net sales in fiscal 2013. Our largest customers during fiscal year 2012 were Hewlett-Packard (HP) and Research In Motion (RIM), which each accounted for more than 10% of net sales. No other customer accounted for more than 10% of net sales in fiscal year 2012. Our largest customer during fiscal year 2011 was Research In Motion which accounted for more than 10% of net sales in 2011. No other customer accounted for more than 10% of net sales in fiscal year 2011. Our principal customers have varied from year to year. These customers may experience dramatic declines in their market shares or competitive

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position, due to economic or other forces, that may cause them to reduce their purchases from us or, in some cases, result in the termination of their relationship with us. Significant reductions in sales to any of these customers, or the loss of major customers, would materially harm our business. If we are not able to timely replace expired, canceled or reduced contracts with new business, our revenues and profitability could be harmed.

Our components business is dependent on our ability to quickly launch world-class components products, and our investment in the development of our component capabilities, together with the start-up and integration costs necessary to achieve quick launches of world-class components products, may adversely affect our margins and profitability.

Our components business, which includes rigid and flexible printed circuit board fabrication, and power supplies manufacturing, is part of our strategy to improve our competitive position and to grow our future margins, profitability and shareholder returns by expanding our capabilities. The success of our components business is dependent on our ability to design and introduce world-class components that have performance characteristics which are suitable for a broad market and that offer significant price and/or performance advantages over competitive products.

To create these world class components offerings, we must continue to make substantial investments in the development of our components capabilities, in resources such as research and development, technology licensing, test and tooling equipment, facility expansions and personnel requirements. We may not be able to achieve or maintain market acceptance for any of our components offerings in any of our current or target markets. The success of our components business will also depend upon the level of market acceptance of our customers' end products, which incorporate our components, and over which we have no control.

In addition, OEMs often require unique configurations or custom designs which must be developed and integrated in the OEM's product well before the product is launched by the OEM. Thus, there is often substantial lead time between the commencement of design efforts for a customized component and the commencement of volume shipments of the component to the OEM. As a result, we may make substantial investments in the development and customization of products for our customers, and no revenue may be generated from these efforts if our customers do not accept the customized component. Even if our customers accept the customized component, if our customers do not purchase anticipated levels of products, we may not realize any profits.

Our achievement of anticipated levels of profitability in our components business is also dependent on our ability to achieve efficiencies in our manufacturing as well as to manufacture components in commercial quantities to the performance specifications demanded by our OEM customers. As a result of these and other risks, we have been, and in the future may be, unable to achieve anticipated levels of profitability in our components business.

Our exposure to financially troubled customers or suppliers may adversely affect our financial results.

We provide manufacturing services to companies and industries that have in the past, and may in the future, experience financial difficulty. If our customers experience financial difficulty, we could have difficulty recovering amounts owed to us from these customers, or demand for our products from these customers could decline. Additionally, if our suppliers experience financial difficulty we could have difficulty sourcing supply necessary to fulfil production requirements and meet scheduled shipments. If one or more of our customers were to become insolvent or otherwise were unable to pay for the services provided by us on a timely basis, or at all, our operating results and financial condition could be adversely affected. Such adverse effects could include one or more of the following: an increase in our provision for doubtful accounts, a charge for inventory write-offs, a reduction in revenue, and an

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increase in our working capital requirements due to higher inventory levels and increases in days our accounts receivable are outstanding.

We may be adversely affected by shortages of required electronic components.

From time to time, we have experienced shortages of some of the electronic components that we use. These shortages can result from strong demand for those components or from problems experienced by suppliers, such as shortages of raw materials. These unanticipated component shortages could result in curtailed production or delays in production, which may prevent us from making scheduled shipments to customers. Our inability to make scheduled shipments could cause us to experience a reduction in sales, increase in inventory levels and costs, and could adversely affect relationships with existing and prospective customers. Component shortages may also increase our cost of goods sold because we may be required to pay higher prices for components in short supply and redesign or reconfigure products to accommodate substitute components. As a result, component shortages could adversely affect our operating results. Our performance depends, in part, on our ability to incorporate changes in component costs into the selling prices for our products.

Our supply chain may also be impacted by other events outside our control, including macro-economic events, political crises or natural or environmental occurrences. Component shortages impacted our results during the second half of fiscal year 2010, during the first quarter of fiscal year 2011 and during fiscal year 2012. The supply constraints were broad based, but the impact was most evident with respect to connectors, capacitors, LCD panels and memory (both DRAM and Flash). These shortages began to abate during the second quarter of fiscal year 2011, and supplies had normalized by the end of the third quarter. In addition, the March 2011 earthquake and tsunami in Japan resulted in disruptions to our supply chain, as a large number of our suppliers of semiconductors and other electronic components are located in Japan. These disruptions had a negative impact on our revenue in the first and second quarters of fiscal year 2012. We also continue to evaluate the extent of the disruption to our supply chain and the impact on our business caused by the flooding in Thailand during the second half of 2011, which had a negative impact on our revenue in the third quarter of fiscal year 2012, as a number of our suppliers of hard disk drives and other electronic components maintain facilities in Thailand.

Our margins and profitability may be adversely affected due to substantial investments, start-up and production ramping costs in our design services.

As part of our strategy to enhance our end-to-end service offerings, we have expanded and continue to expand our design and engineering capabilities. Providing these services can expose us to different or greater potential risks than those we face when providing our manufacturing services.

Although we enter into contracts with our design services customers, we may design and develop products for these customers prior to receiving a purchase order or other firm commitment from them. We are required to make substantial investments in the resources necessary to design and develop these products, and no revenue may be generated from these efforts if our customers do not approve the designs in a timely manner or at all. Even if our customers accept our designs, if they do not then purchase anticipated levels of products, we may not realize any profits. Our design activities often require that we purchase inventory for initial production runs before we have a purchase commitment from a customer. Even after we have a contract with a customer with respect to a product, these contracts may allow the customer to delay or cancel deliveries and may not obligate the customer to any particular volume of purchases. These contracts can generally be terminated on short notice. In addition, some of the products we design and develop must satisfy safety and regulatory standards and some must receive government certifications. If we fail to obtain these approvals or certifications on a timely basis, we would be unable to sell these products, which would harm our sales, profitability and reputation.

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Due to the increased risks associated with our design services offerings, we may not be able to achieve a high enough level of sales for this business, and the significant investments in research and development, technology licensing, test and tooling equipment, patent applications, facility expansion and recruitment that it requires, to be profitable. The initial costs of investing in the resources necessary to expand our design and engineering capabilities, and in particular to support our design services offerings, have historically adversely affected our profitability, and may continue to do so as we continue to make investments in these capabilities.

In addition, we agree to certain product price limitations and cost reduction targets in connection with these services. Inflationary and other increases in the costs of the raw materials and labor required to produce the products have occurred and may recur from time to time. Also, the production ramps for these programs are typically significant and negatively impact our margin in early stages as the manufacturing volumes are lower and result in inefficiencies and unabsorbed manufacturing overhead costs. We may not be able to reduce costs, incorporate changes in costs into the selling prices of our products, or increase operating efficiencies as we ramp production of our products, which would adversely affect our margins and our results of operations.

We may not meet regulatory quality standards applicable to our manufacturing and quality processes for medical devices, which could have an adverse effect on our business, financial condition or results of operations.

As a medical device manufacturer, we have additional compliance requirements. We are required to register with the U.S. Food and Drug Administration ("FDA") and are subject to periodic inspection by the FDA for compliance with the FDA's Quality System Regulation ("QSR") requirements, which require manufacturers of medical devices to adhere to certain regulations, including testing, quality control and documentation procedures. Compliance with applicable regulatory requirements is subject to continual review and is rigorously monitored through periodic inspections and product field monitoring by the FDA. If any FDA inspection reveals noncompliance with QSR or other FDA regulations, and the Company does not address the observation adequately to the satisfaction of the FDA, the FDA may take action against us. FDA actions may include issuing a letter of inspectional observations, issuing a warning letter, imposing fines, bringing an action against the Company and its officers, requiring a recall of the products we manufactured for our customers, refusing requests for clearance or approval of new products or withdrawal of clearance or approval previously granted, issuing an import detention on products entering the U.S. from an offshore facility, or shutting down a manufacturing facility. If any of these actions were to occur, it would harm our reputation and cause our business to suffer.

In the European Union ("EU"), we are required to maintain certain standardized certifications in order to sell our products and must undergo periodic inspections to obtain and maintain these certifications. Continued noncompliance to the EU regulations could stop the flow of products into the EU from us or from our customers. In China, the Safe Food and Drug Administration controls and regulates the manufacture and commerce of healthcare products. We must comply with the regulatory laws applicable to medical device manufactures or our ability to manufacture products in China could be impacted. In Japan, the Pharmaceutical Affairs Laws regulate the manufacture and commerce of healthcare products. These regulations also require that subcontractors manufacturing products intended for sale in Japan register with authorities and submit to regulatory audits. Other Asian countries where we operate have similar laws regarding the regulation of medical device manufacturing.

We conduct operations in a number of countries and are subject to risks of international operations.

The distances between the Americas, Asia and Europe create a number of logistical and communications challenges for us. These challenges include managing operations across multiple time zones, directing the manufacture and delivery of products across distances, coordinating procurement of

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components and raw materials and their delivery to multiple locations, and coordinating the activities and decisions of the core management team, which is based in a number of different countries. Facilities in several different locations may be involved at different stages of the production of a single product, leading to additional logistical difficulties.

Because our manufacturing operations are located in a number of countries throughout the Americas, Asia and Europe, we are subject to the risks of changes in economic and political conditions in those countries, including:

fluctuations in the value of local currencies;

labor unrest, difficulties in staffing and geographic labor shortages;

longer payment cycles;

cultural differences;

increases in duties and taxation levied on our products;

imposition of restrictions on currency conversion or the transfer of funds;

limitations on imports or exports of components or assembled products, or other travel restrictions;

expropriation of private enterprises;

exposure to infectious disease and epidemics; and

a potential reversal of current favorable policies encouraging foreign investment or foreign trade by our host countries.

The attractiveness of our services to U.S. customers can be affected by changes in U.S. trade policies, such as most favored nation status and trade preferences for some Asian countries. In addition, some countries in which we operate, such as Brazil, Hungary, India, Mexico, Malaysia and Poland, have experienced periods of slow or negative growth, high inflation, significant currency devaluations or limited availability of foreign exchange. Furthermore, in countries such as China and Mexico, governmental authorities exercise significant influence over many aspects of the economy, and their actions could have a significant effect on us. We could be seriously harmed by inadequate infrastructure, including lack of adequate power and water supplies, transportation, raw materials and parts in countries in which we operate. In addition, we may encounter labor disruptions and rising labor costs, in particular within the lower-cost regions in which we operate. Any increase in labor costs that we are unable to recover in our pricing to our customers could adversely impact our operating results.

Operations in foreign countries also present risks associated with currency exchange and convertibility, inflation and repatriation of earnings. In some countries, economic and monetary conditions and other factors could affect our ability to convert our cash distributions to U.S. dollars or other freely convertible currencies, or to move funds from our accounts in these countries. Furthermore, the central bank of any of these countries may have the authority to suspend, restrict or otherwise impose conditions on foreign exchange transactions or to approve distributions to foreign investors.

Another significant legal risk resulting from our international operations is compliance with the U.S. Foreign Corrupt Practices Act or similar local laws of the countries in which we do business, including the UK Anti-Bribery Act, which prohibits covered companies from making payments to foreign government officials to assist in obtaining or retaining business. Our Code of Business Conduct prohibits corrupt payments on a global basis and precludes us from offering or giving anything of value to a government official for the purpose of obtaining or retaining business, to win a business advantage

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or to improperly influence a decision regarding Flextronics. Nevertheless, there can be no assurance that all of our employees and agents will refrain from taking actions in violation of this and our related anti-corruption policies and procedures. Any such violation could have a material adverse effect on our business.

If our security systems and governance policies are breached, we may incur significant legal and financial exposure.

We have implemented security systems and governance policies with the intent of maintaining the physical security of our facilities and inventory and protecting our customers' and our suppliers' confidential information. Despite such efforts, we are subject to, and at times have suffered from, breach of these security systems and governance policies which have in the past and may in the future result in unauthorized access to our facilities and/or unauthorized use or theft of the inventory or information we are trying to protect. If unauthorized parties gain physical access to our inventory or if they gain electronic access to our information systems or if such information or inventory is used in an unauthorized manner, misdirected, lost or stolen during transmission or transport, any theft or misuse of such information or inventory could result in, among other things, unfavorable publicity, governmental inquiry and oversight, difficulty in marketing our services, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties including our customers and possible financial obligations for damages related to the theft or misuse of such information or inventory, any of which could have a material adverse effect on our profitability and cash flow. We believe that we have adopted appropriate measures to mitigate potential risks to our technology and our operations from the breach of our security systems.

Compliance with government regulations regarding the use of "conflict minerals" may result in increased costs and risks to us.

As part of the Dodd-Frank Act, the SEC has promulgated disclosure requirements regarding the use of certain minerals, which are mined from the Democratic Republic of Congo and adjoining countries, known as conflict minerals. The disclosure rules will take effect for the Company in May 2014. We may have to publicly disclose whether the products we sell contain conflict minerals and could incur significant costs related to implementing a process that will meet the mandates of the Act. Additionally, customers rely on us to provide critical data regarding the products they purchase and will likely request conflict mineral information. Our materials sourcing is broad-based and multi-tiered, and we may not be able to easily verify the origins of the minerals used in the products we sell. We have many suppliers and each may provide conflict mineral information in a different manner, if at all. Accordingly, because the supply chain is complex, our reputation may suffer if we are unable to sufficiently verify the origins of conflict minerals, if any, used in its products. Additionally, customers may demand that the products they purchase be free of conflict minerals. The implementation of this requirement could affect the sourcing and availability of products we purchase from our suppliers. This may reduce the number of suppliers that may be able to provide conflict free products and may affect our ability to obtain products in sufficient quantities to meet customer demand or at competitive prices.

We are subject to the risk of increased income taxes.

The Company is subject to taxes in numerous jurisdictions. The Company's future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory rates and changes in tax laws or their interpretation including changes related to tax holidays or tax incentives. Our taxes could increase if certain tax holidays or incentives are not renewed upon expiration, or if tax rates applicable to us in such jurisdictions are otherwise increased. For example, on March 16, 2007, the Chinese government passed a new unified enterprise income tax law which became effective on January 1, 2008. Among other things, the new law canceled many income tax incentives previously

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applicable to our subsidiaries in China. Under the new law, the tax rates applicable to the operations of most of our subsidiaries in China have been increased to 25%. The new law provided a transition rule which increased the tax rate to 25% over a 5-year period, which ended in 2012. The new law also increased the standard withholding rate on earnings distributions to between 5% and 10% depending on the residence of the shareholder. The ultimate effect of these and other changes in Chinese tax laws on our overall tax rate will be affected by, among other things, our China income, the manner in which China interprets, implements and applies the new tax provisions, and our ability to qualify for any exceptions or new incentives. Similarly, we recently renewed a Malaysian tax holiday that expired on January 31, 2012 for another ten year period. Our continued ability to qualify for specific tax holiday extensions will depend on, among other things, our anticipated investment and expansion in these countries and the manner in which the local governments interpret the requirements for extensions or new incentives.

In addition, the Company and its subsidiaries are regularly subject to tax return audits and examinations by various taxing jurisdictions around the world. In determining the adequacy of our provision for income taxes, we regularly assess the likelihood of adverse outcomes resulting from tax examinations. While it is often difficult to predict the final outcome or the timing of the resolution of a tax examination, we believe that our reserves for uncertain tax benefits reflect the outcome of tax positions that are more likely than not to occur. However, we cannot assure you that the final determination of any tax examinations will not be materially different than that which is reflected in our income tax provisions and accruals. Should additional taxes be assessed as a result of a current or future examination, there could be a material adverse effect on our tax provision, operating results, financial position and cash flows in the period or periods for which that determination is made.

If our products or components contain defects, demand for our services may decline and we may be exposed to product liability and product warranty liability.

Defects in the products we manufacture or design, whether caused by a design, engineering, manufacturing or component failure or deficiencies in our manufacturing processes, could result in product or component failures, which may damage our business reputation and expose us to product liability or product warranty claims.

Product liability claims may include liability for personal injury or property damage. Product warranty claims may include liability to pay for the recall, repair or replacement of a product or component. Although we generally allocate liability for these claims in our contracts with our customers, increasingly we are unsuccessful in allocating such liability, and even where we have allocated liability to our customers, our customers may not have the resources to satisfy claims for costs or liabilities arising from a defective product or component for which they have assumed responsibility.

If we design, engineer or manufacture a product or component that is found to cause any personal injury or property damage or is otherwise found to be defective, we could spend a significant amount of money to resolve the claim. In addition, product liability and product recall insurance coverage are expensive and may not be available with respect to all of our services offerings on acceptable terms, in sufficient amounts, or at all. A successful product liability or product warranty claim in excess of our insurance coverage or any material claim for which insurance coverage is denied, limited or is not available could have a material adverse effect on our business, results of operations and financial condition.

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If we do not effectively manage changes in our operations, our business may be harmed; we have taken substantial restructuring charges in the past and we may need to take material restructuring charges in the future.

In recent years, we have experienced growth in our business through a combination of internal growth and acquisitions. However, our business also has been negatively impacted by the recent adverse global economic conditions. The expansion of our business, as well as business contractions and other changes in our customers' requirements, have in the past, and may in the future, require that we adjust our business and cost structures by incurring restructuring charges. Restructuring activities involve reductions in our workforce at some locations and closure of certain facilities. All of these changes have in the past placed, and may in the future place, considerable strain on our management control systems and resources, including decision support, accounting management, information systems and facilities. If we do not properly manage our financial and management controls, reporting systems and procedures to manage our employees, our business could be harmed.

In recent years, including during fiscal 2013, we undertook initiatives to restructure our business operations through a series of restructuring activities, which were intended to realign our global capacity and infrastructure with demand by our OEM customers and thereby improve our operational efficiency. These activities included reducing excess workforce and capacity, transitioning manufacturing to lower-cost locations and eliminating redundant facilities, and consolidating and eliminating certain administrative facilities.

While we incur severance, asset impairment charges and other facilities charges as a result of changes in our customer mix on an ongoing basis, such individual actions were not considered material to be separately disclosed as restructuring charges in fiscal year 2012 and 2011, and are included in either cost of sales or selling, general and administrative expenses, as appropriate. Our restructuring activities undertaken during fiscal 2013 have been disclosed separately on our statement of operations due to the significant nature of such activities. We may be required to take additional charges in the future to align our operations and cost structures with global economic conditions, market demands, cost competitiveness, and our geographic footprint as it relates to our customers' production requirements. We may consolidate certain manufacturing facilities or transfer certain of our operations to lower cost geographies. If we are required to take additional restructuring charges in the future, our operating results, financial condition, and cash flows could be adversely impacted. Additionally, there are other potential risks associated with our restructurings that could adversely affect us, such as delays encountered with the finalization and implementation of the restructuring activities, work stoppages, and the failure to achieve targeted cost savings.

The success of certain of our activities depends on our ability to protect our intellectual property rights; intellectual property infringement claims against our customers or us could harm our business.

We retain certain intellectual property rights to some of the technologies that we develop as part of our engineering, design and manufacturing services and components offerings. The measures we have taken to prevent unauthorized use of our technology may not be successful. If we are unable to protect our intellectual property rights, this could reduce or eliminate the competitive advantages of our proprietary technology, which would harm our business.

Our engineering, design and manufacturing services and components offerings involve the creation and use of intellectual property rights, which subject us to the risk of claims of intellectual property infringement from third parties, as well as claims arising from the allocation of intellectual property rights among us and our customers. In addition, our customers are increasingly requiring us to indemnify them against the risk of intellectual property infringement. If any claims are brought against us or our customers for such infringement, whether or not these have merit, we could be required to expend significant resources in defense of such claims. In the event of such an infringement claim, we

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may be required to spend a significant amount of money to develop non-infringing alternatives or obtain licenses. We may not be successful in developing such alternatives or obtaining such licenses on reasonable terms or at all.

Fluctuations in foreign currency exchange rates could increase our operating costs.

Our manufacturing operations and industrial parks are located in lower cost regions of the world, such as Asia, Eastern Europe and Mexico; however, most of our purchase and sale transactions are denominated in United States dollars, Japanese yen or Euros. As a result, we are exposed to fluctuations in the functional currencies of our fixed cost overhead or our supply base relative to the currencies in which we conduct transactions.

Currency exchange rates fluctuate on a daily basis as a result of a number of factors, including changes in a country's political and economic policies. Volatility in the functional and non-functional currencies of our entities and the United States dollar could seriously harm our business, operating results and financial condition. The primary impact of currency exchange fluctuations is on the cash, receivables, and payables of our operating entities. As part of our currency hedging strategy, we use financial instruments, primarily forward exchange and swap contracts, to hedge our United States dollar and other currency commitments in order to reduce the short-term impact of foreign currency fluctuations on current assets and liabilities. If our hedging activities are not successful or if we change or reduce these hedging activities in the future, we may experience significant unexpected expenses from fluctuations in exchange rates.

We are also exposed to risks related to the valuation of the Chinese currency relative to other foreign currencies. The Chinese currency is the renminbi ("RMB"). A significant increase in the value of the RMB could adversely affect our financial results and cash flows by increasing both our manufacturing costs and the costs of our local supply base.

We depend on our executive officers and skilled management personnel.

Our success depends to a large extent upon the continued services of our executive officers. Generally our employees are not bound by employment or non-competition agreements, and we cannot assure you that we will retain our executive officers and other key employees. We could be seriously harmed by the loss of any of our executive officers or other key employees. We will need to recruit and retain skilled management personnel, and if we are not able to do so, our business could be harmed. In addition, in connection with expanding our design services offerings, we must attract and retain experienced design engineers. There is substantial competition in our industry for highly skilled employees. Our failure to recruit and retain experienced design engineers could limit the growth of our design services offerings, which could adversely affect our business.

Our failure to comply with environmental laws could adversely affect our business.

We are subject to various federal, state, local and foreign environmental laws and regulations, including regulations governing the use, storage, discharge and disposal of hazardous substances used in our manufacturing processes. We are also subject to laws and regulations governing the recyclability of products, the materials that may be included in products, and our obligations to dispose of these products after end users have finished with them. Additionally, we may be exposed to liability to our customers relating to the materials that may be included in the components that we procure for our customers' products. Any violation or alleged violation by us of environmental laws could subject us to significant costs, fines or other penalties.

We are also required to comply with an increasing number of global and local product environmental compliance regulations focused on the restriction of certain hazardous substances. We are subject to the EU directives, including the Restrictions on RoHS, the WEEE as well as the EU's

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REACH regulation. In addition, new technical classifications of e-Waste being discussed in the Basel Convention technical working group could affect both our customers abilities and obligations in electronics repair and refurbishment. Also of note is China's Management Methods for Controlling Pollution Caused by EIPs regulation, commonly referred to as "China RoHS", which restricts the importation into and production within China of electrical equipment containing certain hazardous materials. Similar legislation has been or may be enacted in other jurisdictions, including in the United States. RoHS and other similar legislation bans or restricts the use of lead, mercury and certain other specified substances in electronics products and WEEE requires EU importers and/or producers to assume responsibility for the collection, recycling and management of waste electronic products and components. We have developed rigorous risk mitigating compliance programs designed to meet the needs of our customers as well as applicable regulations. These programs may include collecting compliance data from our suppliers, full laboratory testing and public reporting of other environmental metrics such as carbon emissions, electronic waste and water, and we also require our supply chain to comply. Non-compliance could potentially result in significant costs and/or penalties. In the case of WEEE, the compliance responsibility rests primarily with the EU importers and/or producers rather than with EMS companies. However, OEMs may turn to EMS companies for assistance in meeting their obligations under WEEE.

In addition, we are responsible for cleanup of contamination at some of our current and former manufacturing facilities and at some third party sites. If more stringent compliance or cleanup standards under environmental laws or regulations are imposed, or the results of future testing and analyses at our current or former operating facilities indicate that we are responsible for the release of hazardous substances into the air, ground and/or water, we may be subject to additional liability. Additional environmental matters may arise in the future at sites where no problem is currently known or at sites that we may acquire in the future. Our failure to comply with environmental laws and regulations or adequately address contaminated sites could limit our ability to expand our facilities or could require us to incur significant expenses, which would harm our business.

We may encounter difficulties with acquisitions, which could harm our business.

We have completed numerous acquisitions of businesses and we may acquire additional businesses in the future. Any future acquisitions may require additional equity financing, which could be dilutive to our existing shareholders, or additional debt financing, which could increase our leverage and potentially affect our credit ratings. Any downgrades in our credit ratings associated with an acquisition could adversely affect our ability to borrow by resulting in more restrictive borrowing terms. As a result of the foregoing, we also may not be able to complete acquisitions or strategic customer transactions in the future to the same extent as in the past, or at all.

To integrate acquired businesses, we must implement our management information systems, operating systems and internal controls, and assimilate and manage the personnel of the acquired operations. The difficulties of this integration may be further complicated by geographic distances. The integration of acquired businesses may not be successful and could result in disruption to other parts of our business. In addition, the integration of acquired businesses may require that we incur significant restructuring charges.

In addition, acquisitions involve numerous risks and challenges, including:

diversion of management's attention from the normal operation of our business;

potential loss of key employees and customers of the acquired companies;

difficulties managing and integrating operations in geographically dispersed locations;

the potential for deficiencies in internal controls at acquired companies;

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increases in our expenses and working capital requirements, which reduce our return on invested capital;

lack of experience operating in the geographic market or industry sector of the acquired business; and

exposure to unanticipated liabilities of acquired companies.

These and other factors have harmed, and in the future could harm, our ability to achieve anticipated levels of profitability at acquired operations or realize other anticipated benefits of an acquisition, and could adversely affect our business and operating results.

Our strategic relationships with major customers create risks.

In the past, we have completed numerous strategic transactions with OEM customers. Under these arrangements, we generally acquire inventory, equipment and other assets from the OEM, and lease or acquire their manufacturing facilities, while simultaneously entering into multi-year manufacturing and supply agreements for the production of their products. We may pursue these OEM divestiture transactions in the future. These arrangements entered into with divesting OEMs typically involve many risks, including the following:

we may need to pay a purchase price to the divesting OEMs that exceeds the value we ultimately may realize from the future business of the OEM;

the integration of the acquired assets and facilities into our business may be time-consuming and costly, including the incurrence of restructuring charges;

we, rather than the divesting OEM, bear the risk of excess capacity at the facility;

we may not achieve anticipated cost reductions and efficiencies at the facility;

we may be unable to meet the expectations of the OEM as to volume, product quality, timeliness and cost reductions;

our supply agreements with the OEMs generally do not require any minimum volumes of purchase by the OEMs, and the actual volume of purchases may be less than anticipated; and

if demand for the OEMs' products declines, the OEM may reduce its volume of purchases, and we may not be able to sufficiently reduce the expenses of operating the facility or use the facility to provide services to other OEMs.

As a result of these and other risks, we have been, and in the future may be, unable to achieve anticipated levels of profitability under these arrangements. In addition, these strategic arrangements have not, and in the future may not, result in any material revenues or contribute positively to our earnings per share.

Our business and operations could be adversely impacted by climate change initiatives.

Concern over climate change has led to international legislative and regulatory initiatives directed at limiting carbon dioxide and other greenhouse gas emissions. Proposed and existing efforts to address climate change by reducing greenhouse gas emissions could directly or indirectly affect our costs of energy, materials, manufacturing, distribution, packaging and other operating costs, which could impact our business and financial results.

Our operating results may fluctuate significantly due to seasonal demand.

Two of our significant end markets are the mobile devices market and the consumer devices market. These markets exhibit particular strength in the two quarters leading up to the end of the

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calendar year in connection with the holiday season. As a result, we have historically experienced stronger revenues in our second and third fiscal quarters as compared to our other fiscal quarters. Economic or other factors leading to diminished orders in the end of the calendar year could harm our business.

Our debt level may create limitations.

As of March 31, 2013, our total debt was approximately \$2.1 billion. This level of indebtedness could limit our flexibility as a result of debt service requirements and restrictive covenants, and may limit our ability to access additional capital or execute our business strategy.

Changes in our credit rating may make it more expensive for us to raise additional capital or to borrow additional funds.

Our credit is rated by credit rating agencies. Our 4.625% Notes and our 5.000% Notes are currently rated BB+ by Standard and Poor's ("S&P") and Ba1 by Moody's, and are considered to be below "investment grade" debt by Moody's and S&P. Any further decline in our credit rating may make it more expensive for us to raise additional capital in the future on terms that are acceptable to us, if at all; negatively impact the price of our common stock; increase our interest payments under some of our existing debt agreements; and have other negative implications on our business, many of which are beyond our control. In addition, the interest rate payable on some of our credit facilities is subject to adjustment from time to time if our credit ratings change. Thus, any potential future negative change in our credit rating may increase the interest rate payable on these credit facilities.

Weak global economic conditions and instability in financial markets may adversely affect our business, results of operations, financial condition and access to capital markets.

Our revenue and gross margin depend significantly on general economic conditions and the demand for products in the markets in which our customers compete. Recent adverse worldwide economic conditions, including the European sovereign debt crisis, have created challenging conditions in the electronics industry. These conditions have resulted in reduced consumer and business confidence and spending in many countries, a tightening in the credit markets, a low level of liquidity in many financial markets and high volatility in credit, fixed income and equity markets. A continuation or worsening of the European sovereign debt crisis will likely have a negative effect on certain of our European customers and suppliers, which could harm our business. In addition, longer term disruptions in the capital and credit markets could adversely affect our access to liquidity needed for our business. If financial institutions that have extended credit commitments to us are adversely affected by the conditions of the U.S. and international capital markets, they may become unable to fund borrowings under their credit commitments to us, which could have an adverse impact on our financial condition and our ability to borrow additional funds, if needed, for working capital, capital expenditures, acquisitions, research and development and other corporate purposes.

The market price of our ordinary shares is volatile.

The stock market in recent years has experienced significant price and volume fluctuations that have affected the market prices of companies, including technology companies. These fluctuations have often been unrelated to or disproportionately impacted by the operating performance of these companies. The market for our ordinary shares has been and may in the future be subject to similar volatility. Factors such as fluctuations in our operating results, announcements of technological innovations or events affecting other companies in the electronics industry, currency fluctuations, general market fluctuations, and macro-economic conditions may cause the market price of our ordinary shares to decline.

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The Company's goodwill and identifiable intangible assets could become impaired, which could reduce the value of its assets and reduce its net income in the year in which the write-off occurs.

Goodwill represents the excess of the cost of an acquisition over the fair value of the assets acquired. The Company also ascribes value to certain identifiable intangible assets, which consist primarily of customer relationships and trade names, among others, as a result of acquisitions. The Company may incur impairment charges on goodwill or identifiable intangible assets if it determines that the fair values of goodwill or identifiable intangible assets are less than their current carrying values. The Company evaluates, on a regular basis, whether events or circumstances have occurred that indicate all, or a portion, of the carrying amount of goodwill may no longer be recoverable, in which case an impairment charge to earnings would become necessary.

Refer to Notes 1 and 2 of the notes to the consolidated financial statements and 'critical accounting policies' in management's discussion and analysis of financial condition and results of operations for further discussion of the impairment testing of goodwill and identifiable intangible assets.

A decline in general economic conditions or global equity valuations could impact the judgments and assumptions about the fair value of the Company's businesses and the Company could be required to record impairment charges on its goodwill or other identifiable intangible assets in the future, which could impact the Company's consolidated balance sheet, as well as the Company's consolidated statement of operations. If the Company was required to recognize an impairment charge in the future, the charge would not impact the Company's consolidated cash flows, current liquidity, capital resources, and covenants under its existing credit facilities, asset securitization program, and other outstanding borrowings.

Failure to comply with domestic or international employment and related laws could result in the payment of significant damages, which would reduce our net income.

We are subject to a variety of domestic and foreign employment laws, including those related to safety, wages and overtime, discrimination, whistle-blowing, classification of employees and severance payments. Enforcement activity relating to these laws, particularly outside of the United States, can increase as a result of increased media attention due to violations by other companies, changes in law, political and other factors. There can be no assurance that we won't be found to have violated such laws in the future, due to a more aggressive enforcement posture by governmental authorities or for any other reason. Any such violations could lead to the assessment of fines against us by federal, state or foreign regulatory authorities or damages payable to employees, which fines could be substantial and which would reduce our net income.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our facilities consist of a global network of industrial parks, regional manufacturing operations, and design, engineering and product introduction centers, providing over 27.6 million square feet of productive capacity as of March 31, 2013. We own facilities with approximately 8.7 million square feet in Asia, 4.4 million square feet in the Americas and 2.4 million square feet in Europe. We lease facilities with approximately 6.6 million square feet in Asia, 3.3 million square feet in the Americas and 2.2 million square feet in Europe.

Our facilities include large industrial parks, ranging in size from under 100,000 to 4.1 million square feet in Brazil, China, Hungary, Indonesia, Israel, Malaysia, Mexico, Poland, Romania, Slovakia,

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and Ukraine. We also have regional manufacturing operations, generally ranging in size from under 100,000 to approximately 2.7 million square feet in Austria, Brazil, Canada, China, Denmark, France, Germany, Hong Kong, Hungary, India, Ireland, Italy, Japan, Malaysia, Mexico, Norway, Singapore, Sweden, Ukraine and the United States. We also have smaller design and engineering centers and product introduction centers at a number of locations in the world's major electronics markets.

Our facilities are well maintained and suitable for the operations conducted. The productive capacity of our plants is adequate for current needs.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are subject to legal proceedings, claims, and litigation arising in the ordinary course of business. We defend ourselves vigorously against any such claims. Although the outcome of these matters is currently not determinable, management expects that any losses that are probable or reasonably possible of being incurred as a result of these matters, which are in excess of amounts already accrued in its consolidated balance sheets would not be material to the financial statements as a whole.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

Table of Contents**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****PRICE RANGE OF ORDINARY SHARES**

Our ordinary shares are quoted on the NASDAQ Global Select Market under the symbol "FLEX." The following table sets forth the high and low per share sales prices for our ordinary shares since the beginning of fiscal year 2012 as reported on the NASDAQ Global Select Market.

	High	Low
Fiscal Year Ended March 31, 2013		
Fourth Quarter	\$ 6.93	\$ 6.18
Third Quarter	6.31	5.54
Second Quarter	6.81	5.96
First Quarter	7.30	6.11
Fiscal Year Ended March 31, 2012		
Fourth Quarter	\$ 7.42	\$ 5.75
Third Quarter	6.75	5.42
Second Quarter	7.01	5.10
First Quarter	7.51	6.27

As of May 16, 2013 there were 3,528 holders of record of our ordinary shares and the closing sales price of our ordinary shares as reported on the NASDAQ Global Select Market was \$7.22 per share.

DIVIDENDS

Since inception, we have not declared or paid any cash dividends on our ordinary shares. We presently do not have plans to pay any dividends in the near future.

STOCK PRICE PERFORMANCE GRAPH

The following stock price performance graph and accompanying information is not deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A under the Securities Exchange Act of 1934 or to the liabilities of Section 18 of the Securities Exchange Act of 1934, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, regardless of any general incorporation language in any such filing.

The graph below compares the cumulative total shareholder return on our ordinary shares, the Standard & Poor's 500 Stock Index and a peer group comprised of Benchmark Electronics, Inc., Celestica, Inc., Jabil Circuit, Inc., and Sanmina-SCI Corporation.

The graph below assumes that \$100 was invested in our ordinary shares, in the Standard & Poor's 500 Stock Index and in the peer group described above on March 31, 2008 and reflects the annual return through March 31, 2013, assuming dividend reinvestment.

The comparisons in the graph below are based on historical data and are not indicative of, or intended to forecast, the possible future performances of our ordinary shares.

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Flextronics, the S&P 500 Index, and Peer Group

	3/08	3/09	3/10	3/11	3/12	3/13
Flextronics	100.00	30.78	83.49	79.55	76.89	71.99
S&P 500 Index	100.00	61.91	92.72	107.23	116.39	132.64
Peer Group	100.00	52.62	160.36	168.61	183.13	151.96

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Issuer Purchases of Equity Securities

The following table provides information regarding purchases of our ordinary shares made by us for the period from January 1, 2013 through March 31, 2013.

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Be Purchased Under the Plans or Programs(2)
January 1 - January 25, 2013		\$		\$ 319,306,175
January 26 - February 22, 2013	5,064,392	6.62	5,064,392	324,771,920
February 23 - March 31, 2013	13,720,700	6.72	13,720,700	237,553,032
Total	18,785,092		18,785,092	

(1)

During the period from January 1, 2013 through March 31, 2013 all purchases were made pursuant to the program discussed below in open market transactions. All purchases were made in accordance with Rule 10b-18 under the Securities Exchange Act of 1934.

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(2)

On September 13, 2012, our Board of Directors authorized the repurchase of up to 10% of our outstanding ordinary shares, which was approved by the Company's shareholders at the 2012 Extraordinary General Meeting held on August 30, 2012. As of March 31, 2013, we had 35.3 million shares available to be repurchased under the plan with an approximate dollar value of \$237.6 million at an assumed average price of \$6.72 per share.

RECENT SALES OF UNREGISTERED SECURITIES

None.

INCOME TAXATION UNDER SINGAPORE LAW

Dividends. Singapore does not impose a withholding tax on dividends. All dividends are tax exempt to shareholders.

Gains on Disposal. Under current Singapore tax law there is no tax on capital gains, thus any profits from the disposal of shares are not taxable in Singapore unless the gains arising from the disposal of shares are income in nature and subject to tax, especially if they arise from activities which the Inland Revenue Authority of Singapore regards as the carrying on of a trade or business in Singapore (in which case, the profits on the sale would be taxable as trade profits rather than capital gains).

Shareholders who apply, or who are required to apply, the Singapore Financial Reporting Standard 39 Financial Instruments Recognition and Measurement ("FRS 39") for the purposes of Singapore income tax may be required to recognize gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of shares is made.

Stamp Duty. There is no stamp duty payable for holding shares, and no duty is payable on the acquisition of newly-issued shares. When existing shares are acquired in Singapore, a stamp duty is payable on the instrument of transfer of the shares at the rate of two Singapore dollars ("S\$") for every S\$1,000 of the market value of the shares. The stamp duty is borne by the purchaser unless there is an agreement to the contrary. If the instrument of transfer is executed outside of Singapore, the stamp duty must be paid only if the instrument of transfer is received in Singapore.

Estate Taxation. The estate duty was abolished for deaths occurring on or after February 15, 2008. For deaths prior to February 15, 2008 the following rules apply:

If an individual who is not domiciled in Singapore dies on or after January 1, 2002, no estate tax is payable in Singapore on any of our shares held by the individual.

If property passing upon the death of an individual domiciled in Singapore includes our shares, Singapore estate duty is payable to the extent that the value of the shares aggregated with any other assets subject to Singapore estate duty exceeds S\$600,000. Unless other exemptions apply to the other assets, for example, the separate exemption limit for residential properties, any excess beyond S\$600,000 will be taxed at 5% on the first S\$12,000,000 of the individual's chargeable assets and thereafter at 10%.

An individual shareholder who is a U.S. citizen or resident (for U.S. estate tax purposes) will have the value of the shares included in the individual's gross estate for U.S. estate tax purposes. An individual shareholder generally will be entitled to a tax credit against the shareholder's U.S. estate tax to the extent the individual shareholder actually pays Singapore estate tax on the value of the shares; however, such tax credit is generally limited to the percentage of the U.S. estate tax attributable to the inclusion of the value of the shares included in the shareholder's gross estate for U.S. estate tax purposes, adjusted further by a pro rata apportionment of available exemptions. Individuals who are domiciled in Singapore should consult their own tax advisors regarding the Singapore estate tax consequences of their investment.

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Tax Treaties Regarding Withholding. There is no reciprocal income tax treaty between the U.S. and Singapore regarding withholding taxes on dividends and capital gains.

ITEM 6. SELECTED FINANCIAL DATA

These historical results are not necessarily indicative of the results to be expected in the future. The following selected consolidated financial data set forth below was derived from our historical audited consolidated financial statements and is qualified by reference to and should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data."

	Fiscal Year Ended March 31,				
	2013	2012(5)	2011(5)	2010(5)	2009(5)
	(In thousands, except per share amounts)				
CONSOLIDATED STATEMENT OF OPERATIONS DATA(1):					
Net sales	\$ 23,569,475	\$ 29,343,029	\$ 28,442,633	\$ 23,962,135	\$ 30,795,367
Cost of sales	22,187,393	27,825,079	26,859,288	22,668,077	29,378,653
Restructuring charges(2)	215,834			87,442	153,398
Gross profit	1,166,248	1,517,950	1,583,345	1,206,616	1,263,316
Selling, general and administrative expenses	805,235	877,564	801,772	750,213	939,534
Intangible amortization	29,529	49,572	66,188	84,890	129,997
Goodwill impairment charge(3)					5,771,766
Restructuring charges(2)	11,600			14,572	24,651
Other charges (income), net(4)	(65,190)	(19,935)	6,127	206,604	90,767
Interest and other expense, net	56,259	36,019	74,948	155,498	230,446
Income (loss) from continuing operations before income taxes	328,815	574,730	634,310	(5,161)	(5,923,845)
Provision for (benefit from) income taxes	26,313	53,960	22,049	(37,059)	5,364
Income (loss) from continuing operations	302,502	520,770	612,261	31,898	(5,929,209)
Loss from discontinued operations, net of tax	(25,451)	(32,005)	(16,042)	(13,304)	(206,309)
Net income (loss)	\$ 277,051	\$ 488,765	\$ 596,219	\$ 18,594	\$ (6,135,518)
Diluted earnings (loss) per share:					
Continuing operations	\$ 0.45	\$ 0.72	\$ 0.77	\$ 0.04	\$ (7.22)
Discontinued operations	\$ (0.04)	\$ (0.04)	\$ (0.02)	\$ (0.02)	\$ (0.25)
Total	\$ 0.41	\$ 0.67	\$ 0.75	\$ 0.02	\$ (7.47)

	As of March 31,				
	2013	2012	2011	2010	2009
	(In thousands)				
CONSOLIDATED BALANCE SHEET DATA(1):					
Working capital	\$ 1,598,616	\$ 2,246,365	\$ 2,225,268	\$ 1,642,790	\$ 1,526,235
Total assets	10,591,555	11,033,804	11,633,152	10,642,552	11,316,940
Total long-term debt, excluding current portion	1,650,973	2,149,333	2,198,942	1,988,876	2,733,543
Shareholders' equity	2,246,758	2,283,979	2,294,696	1,984,567	1,861,168

(1)

In fiscal year 2013, the Company finalized the sales of two non-core businesses. These non-core businesses represent separate asset groups and the divestitures qualify as discontinued operations, and accordingly, the

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Company has reported the results of operations and financial position of these businesses in discontinued operations within the consolidated statements of operations and the consolidated balance sheets for all periods presented.

- (2) Restructuring charges incurred during fiscal years 2013, 2010 and 2009 were primarily intended to rationalize the Company's global manufacturing capacity and infrastructure in response to weakened macro-economic conditions and decline in demand from our OEM customers.
- (3) The Company recognized a charge to impair goodwill as a result of a significant decline in its share value driven by weakened macro-economic conditions that contributed to a decrease in market multiples and estimated discounted cash flows. Total goodwill impairment charges was \$5.9 billion, of which \$0.1 billion is included in loss from discontinued operations.
- (4) The net other income in the fiscal year 2013 includes the fair value change in warrants to purchase common shares of a certain supplier and loss on sale of two investments.
- The net other income in the fiscal year 2012, relates to the gain on sale of certain international entities.
- During fiscal year 2011, the Company recognized a \$13.2 million loss associated with the early redemption of the 6.25% Senior Subordinated Notes and an \$11.7 million loss in connection with the divestiture of certain international entities. Additionally, the Company recognized a gain of \$18.6 million associated with a sale of an equity investment that was previously fully impaired.
- The Company recognized charges of \$199.4 million and \$111.5 million in fiscal years 2010 and 2009, respectively, for the loss on disposition, other-than-temporary impairment and other related charges on its investments in, and notes receivable from, certain non-publicly traded companies. In fiscal year 2009, the Company recognized a net gain of \$22.3 million upon the partial extinguishment of debt.
- (5) During the fourth quarter of fiscal year 2012, the Company identified certain accounting errors in the statutory-to-U.S. GAAP adjustments at one of its foreign sites that originated in prior annual periods. Management conducted additional procedures and concluded that these errors were isolated to that location. These errors, which primarily understated cost of sales, totaled \$10.4 million, \$8.0 million and \$6.5 million for the fiscal years ended March 31, 2011, 2010 and 2009 respectively, and were corrected by the Company as an out-of-period adjustment in the fourth quarter of fiscal year 2012. Management believes the impact of this item, to the fiscal year ended March 31, 2012 and to prior fiscal years presented was not material. As a result of recording these adjustments in the fourth quarter of fiscal year 2012, net income for the year ended March 31, 2012 was reduced by \$24.9 million (\$0.03 per share).

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report on Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. The words "expects," "anticipates," "believes," "intends," "plans" and similar expressions identify forward-looking statements. In addition, any statements which refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. We undertake no obligation to publicly disclose any revisions to these forward-looking statements to reflect events or circumstances occurring subsequent to filing this Form 10-K with the Securities and Exchange Commission. These forward-looking statements are subject to risks and uncertainties, including, without limitation, those discussed in this section and in Item 1A, "Risk Factors." In addition, new risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. Accordingly, our future results may differ materially from historical results or from those discussed or implied by these forward-looking statements. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements.

OVERVIEW

We are a leading global supply chain solutions provider, offering advanced design, manufacturing and logistics and after-sales services to OEMs of a broad range of electronics products in the following markets: High Reliability Solutions ("HRS"), which is comprised of our medical, automotive, and defense and aerospace businesses; High Velocity Solutions ("HVS"), which includes our mobile devices business, including smart phones, and consumer electronics, including game consoles, high-volume computing business, including notebook personal computing ("PC"), tablets and printers; Industrial and Emerging Industries ("IEI"), which is comprised of large household appliances, equipment, and our emerging industries businesses; and Integrated Network Solutions ("INS"), which includes our telecommunications infrastructure, data networking, connected home, and server and storage businesses.

Our strategy is to provide customers with a full range of cost competitive, vertically-integrated global supply chain services through which we can design, build, ship and service a complete packaged product for our OEM customers. This enables our OEM customers to leverage our services to meet their product requirements throughout the entire product life cycle.

Historically, our industry experienced significant change and growth as an increasing number of companies elected to outsource some or all of their design and manufacturing requirements. We have seen an increase in the penetration of the global OEM manufacturing requirements since the 2001 - 2002 technology downturn as more and more OEMs pursued the benefits of outsourcing rather than internal manufacturing. Due to the global economic crisis, which began in late calendar year 2007 and continued through the end of our fiscal year 2010, many of our OEM customers reduced their manufacturing and supply chain outsourcing which negatively impacted our business. During our fiscal year 2011, we began seeing some positive signs that demand for our OEM customers' end products was improving, and this trend continued through the end of our 2013 fiscal year. However, our revenues in fiscal 2013 declined primarily as a result of our exit from the high volume and low margin ("ODM") PC business, which we fully exited by the end of fiscal 2012, and from a reduction of concentration of business with a well known smart phone OEM.

We use a portfolio management approach to manage our extensive service offerings. As our OEM customers change in the way they go to market, we reorganize and rebalance our business portfolio in order to align with our customers' needs and requirements and to optimize our operating results. As part of our portfolio management strategy, we have decreased the percentage of our revenue from our

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lower margin HVS businesses by exiting our ODM PC business in fiscal 2012 and assembly disengagement with a well known smart phone OEM in fiscal 2013. Over the past few years, we have experienced increased revenue in our more complex and higher margin business groups (HRS, IEI, and INS) together with new business opportunities. Although our recent acquisition of certain manufacturing operations from Google's Motorola Mobility LLC is expected to increase the percentage of our revenues from the HVS market in fiscal year 2014 and beyond, we do not expect the percentage of revenues from our HVS business to approach the concentration experienced in fiscal year 2011 and prior. The objective of our operating model is to allow us to redeploy and reposition our assets and resources to meet specific customer needs across all of the markets we serve, and we have been able to successfully reposition HVS assets and capacity to serve our customers in other business groups as required which illustrates the overall flexibility of our model.

We are one of the world's largest manufacturing service providers, with revenues of \$23.6 billion in fiscal year 2013. We have established an extensive network of manufacturing facilities in the world's major electronics markets (Asia, the Americas and Europe) in order to serve the growing outsourcing needs of both multinational and regional OEMs. We design, build, ship, and service electronics products for our customers through a network of facilities in over 30 countries across four continents. As of March 31, 2013, our total manufacturing capacity was approximately 27.6 million square feet. In fiscal year 2013, our net sales in Asia, the Americas and Europe represented approximately 50%, 31% and 19%, respectively, of our total net sales, based on the location of the manufacturing site. The following tables set forth net sales and net property and equipment, by country, based on the location of our manufacturing sites and the relative percentages:

Net sales:	Fiscal Year Ended March 31,					
	2013		2012		2011	
	(In thousands)					
China	\$ 8,132,776	35%	\$ 11,212,310	38%	\$ 10,754,250	38%
Mexico	3,534,067	15%	4,005,653	14%	4,241,222	15%
U.S	2,539,460	11%	2,971,757	10%	2,903,419	10%
Malaysia	2,440,902	10%	2,868,990	10%	2,595,174	9%
Hungary	1,312,159	6%	2,123,768	7%	2,343,066	8%
Other	5,610,111	23%	6,160,551	21%	5,605,502	20%
	\$ 23,569,475		\$ 29,343,029		\$ 28,442,633	

Property and equipment, net:	Fiscal Year Ended March 31,			
	2013		2012	
	(In thousands)			
China	\$ 855,032	39%	\$ 840,032	40%
Mexico	286,026	13%	309,325	15%
U.S	245,590	11%	132,944	6%
Malaysia	152,594	7%	170,990	8%
Hungary	113,173	5%	130,458	6%
Other	522,173	25%	492,693	25%
	\$ 2,174,588		\$ 2,076,442	

We believe that the combination of our extensive design and engineering services, significant scale and global presence, end-to-end services, advanced supply chain management, industrial campuses in low-cost geographic areas and operational track record provide us with a competitive advantage in the market for designing, manufacturing and servicing electronics products for leading multinational and regional OEMs. Through these services and facilities, we offer our OEM customers the ability to

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simplify their global product development, manufacturing process, and after sales services, and enable them to achieve meaningful time to market and cost savings.

Our operating results are affected by a number of factors, including the following:

changes in the macro-economic environment and related changes in consumer demand;

the mix of the manufacturing services we are providing, the number and size of new manufacturing programs, the degree to which we utilize our manufacturing capacity, seasonal demand, shortages of components and other factors;

the effects on our business when our customers are not successful in marketing their products, or when their products do not gain widespread commercial acceptance;

our ability to achieve commercially viable production yields and to manufacture components in commercial quantities to the performance specifications demanded by our OEM customers;

the effects on our business due to our customers' products having short product life cycles;

our customers' ability to cancel or delay orders or change production quantities;

our customers' decision to choose internal manufacturing instead of outsourcing for their product requirements;

our exposure to financially troubled customers; and

integration of acquired businesses and facilities.

We also are subject to other risks as outlined in Item 1A, "Risk Factors."

Net revenues for fiscal year 2013 decreased 19.7% or \$5.8 billion to \$23.6 billion. This decline was primarily attributable to the disengagement of our assembly activities with a well known smart phone OEM and the exit of our ODM PC business, which resulted in decreases of approximately \$2.2 billion and \$1.6 billion, respectively. Our revenue deteriorated in all the major markets we serve except for HRS. By the end of fiscal year 2013, we continued to strive to maintain a competitive position driven in part by the success in our diversified business model. Our fiscal year 2013 gross profit totaled \$1.2 billion, representing a decrease of \$351.7 million, or 23.2%, compared to fiscal year 2012 primarily due to restructuring charges amounting to \$215.8 million included in cost of sales in fiscal year 2013. Our income from continuing operations of \$302.5 million was lower than the \$520.8 million realized in fiscal year 2012 primarily due to restructuring charges incurred in fiscal 2013.

Cash provided by operations increased approximately \$311.2 million to \$1.1 billion for fiscal year 2013 compared with \$804.3 million for fiscal year 2012 primarily due to changes in operating assets and liabilities, net of acquisitions which decreased \$315.9 million in fiscal year 2013 primarily as a result of a decrease in accounts receivable and inventory, offset by a decrease in accounts payable and other current and noncurrent liabilities. Our average net working capital, defined as accounts receivable plus the deferred purchase price receivable from our asset-backed securitization programs plus inventory less accounts payable, as a percentage of annual sales was approximately 7.8%, 6.2% and 4.5% for the years ended March 31, 2013, 2012 and 2011, respectively. The increase in the percentage for the year ended March 31, 2013 is primarily attributable to lower revenue from our HVS business as a result of our exit of our ODM PC business, which historically carries significantly higher inventory turns and customers with contractually faster payment terms, offset by lower accounts receivable, deferred purchase price receivables and inventories in fiscal year 2013. Our free cash flow, which we define as cash from operating activities less net purchases of property and equipment, was \$680.1 million for fiscal year 2013 compared to \$416.3 million for fiscal year 2012, primarily due to higher cash flows from operations partially off-set by higher capital expenditures. Refer to the Liquidity and Capital Resources section for the

free cash flows reconciliation to our most direct comparable GAAP financial measure of

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cash flows from operations. Cash used in financing activities amounted to \$339.6 million during fiscal year 2013 and included repurchases of approximately 49.9 million ordinary shares at an aggregate purchase value of \$322.0 million. As of March 31, 2013, \$12.0 million was included in accrued expenses for approximately 1.8 million ordinary shares that were not settled in fiscal year 2013.

Throughout fiscal year 2013, we continued to further transform our business as we exited certain non-core businesses and executed certain restructuring activities to consolidate and rationalize our global manufacturing capacity and infrastructure. During fiscal year 2013, we finalized the sale of two of our non-core businesses and received proceeds from these sales amounting to \$22.6 million, net of \$1.0 million of cash sold. The results of operations and financial position of the divested businesses are reported as discontinued operations for all periods presented and include a \$17.0 million charge in fiscal 2012 for the impairment of fixed assets and \$10.0 million charge for impairment of customer-related intangible assets in fiscal 2013.

Additionally, in response to a challenging macroeconomic environment, we initiated certain restructuring activities in fiscal 2013 intended to improve our operational efficiencies by reducing excess workforce and capacity. The restructuring activities are intended to rationalize our global manufacturing capacity and infrastructure and will result in a further shift of manufacturing capacity to locations with higher efficiencies. During the year ended March 31, 2013, we recognized \$227.4 million of pre-tax restructuring charges comprised of \$123.0 million of cash charges predominantly related to employee severance costs and \$104.4 million of non-cash charges primarily related to asset impairment and other exit charges. We expect to recognize an additional \$40.0 million in pre-tax restructuring charges in our first quarter of fiscal 2014, comprised primarily of cash charges associated with employee termination costs to be classified as a component of cost of sales.

We believe that our business transformation has strategically positioned us very well to take advantage of the long-term, future growth prospects for outsourcing of advanced manufacturing capabilities, design and engineering services and after-market services, which remain strong.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP" or "GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and assumptions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements. For further discussion of our significant accounting policies, refer to note 2 of the notes to consolidated financial statements in Item 8, "Financial Statements and Supplementary Data."

Revenue Recognition

We recognize manufacturing revenue when we ship goods or the goods are received by our customer, title and risk of ownership have passed, the price to the buyer is fixed or determinable and recoverability is reasonably assured. Generally, there are no substantive customer acceptance requirements or further obligations related to manufacturing services. If such requirements or obligations exist, then we recognize the related revenues at the time when such requirements are completed and the obligations are fulfilled. We make provisions for estimated sales returns and other adjustments at the time revenue is recognized based upon contractual terms and an analysis of historical returns. These provisions were not material to our consolidated financial statements for any of the periods presented.

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We provide a comprehensive suite of services for our customers that range from contract design services to manufacturing and logistics to repair services. We recognize service revenue when the services have been performed, and the related costs are expensed as incurred. Our net sales for services were less than 10% of our total sales for all periods presented, and accordingly, are included in net sales in the consolidated statements of operations.

Customer Credit Risk

We have an established customer credit policy through which we manage customer credit exposures through credit evaluations, credit limit setting, monitoring, and enforcement of credit limits for new and existing customers. We perform ongoing credit evaluations of our customers' financial condition and make provisions for doubtful accounts based on the outcome of those credit evaluations. We evaluate the collectability of accounts receivable based on specific customer circumstances, current economic trends, and the age of past due receivables. To the extent we identify exposures as a result of credit or customer evaluations, we also review other customer related exposures, including but not limited to inventory and related contractual obligations. For example, subsequent to fiscal year 2012 and prior to issuance of our financial statements, the Company became aware that one of its customers in the concentrated solar photovoltaic market was experiencing significant financial and liquidity difficulties. Based on an evaluation of this customer's specific circumstances, the Company determined that its best estimate was that all accounts receivable and inventory related to this customer were unrecoverable and recorded a charge of \$32.0 million as of March 31, 2012.

Restructuring Charges

We recognize restructuring charges related to our plans to close or consolidate duplicate manufacturing and administrative facilities. In connection with these activities, we recognize restructuring charges for employee termination costs, long-lived asset impairment and other exit-related costs.

The recognition of these restructuring charges requires that we make certain judgments and estimates regarding the nature, timing and amount of costs associated with the planned exit activity. To the extent our actual results in exiting these facilities differ from our estimates and assumptions, we may be required to revise the estimates of future liabilities, requiring the recognition of additional restructuring charges or the reduction of liabilities already recognized. At the end of each reporting period, we evaluate the remaining accrued balances to ensure that no excess accruals are retained and the utilization of the provisions are for their intended purpose in accordance with developed exit plans.

Refer to note 12 of the notes to consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion of our restructuring activities.

Carrying Value of Long-Lived Assets

We review property and equipment and acquired amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized when the carrying amount of these long-lived assets exceeds their fair value. Recoverability of property and equipment and acquired amortizable intangible assets are measured by comparing their carrying amount to the projected cash flows the assets are expected to generate. If such assets are considered to be impaired, the impairment loss recognized, if any, is the amount by which the carrying amount of the property and equipment and acquired amortizable intangible assets exceeds fair value.

Goodwill is tested for impairment on an annual basis, and whenever events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. Recoverability of goodwill is measured at the reporting unit level by comparing the reporting unit's carrying amount,

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including goodwill, to the fair value of the reporting unit, which is measured based upon, among other factors, market multiples for comparable companies as well as a discounted cash flow analysis. We have one reporting unit: EMS. If the recorded value of the assets, including goodwill, and liabilities ("net book value") of the reporting unit exceeds its fair value, an impairment loss may be required to be recognized. Further, to the extent the net book value of the Company as a whole is greater than its fair value in the aggregate, all, or a significant portion of its goodwill may be considered impaired.

Inventory Valuation

Our inventories are stated at the lower of cost (on a first-in, first-out basis) or market value. Our industry is characterized by rapid technological change, short-term customer commitments and rapid changes in demand. We purchase our inventory based on forecasted demand, and we estimate write downs for excess and obsolete inventory based on our regular reviews of inventory quantities on hand, and the latest forecasts of product demand and production requirements from our customers. If actual market conditions or our customers' product demands are less favorable than those projected, additional provisions may be required. In addition, unanticipated changes in the liquidity or financial position of our customers and/or changes in economic conditions may require additional write downs for inventories due to our customers' inability to fulfill their contractual obligations with regard to inventory procured to fulfill customer demand.

Income Taxes

Our deferred income tax assets represent temporary differences between the carrying amount and the tax basis of existing assets and liabilities which will result in deductible amounts in future years, including net operating loss carry forwards. Based on estimates, the carrying value of our net deferred tax assets assumes that it is more likely than not that we will be able to generate sufficient future taxable income in certain tax jurisdictions to realize these deferred income tax assets. Our judgments regarding future profitability may change due to future market conditions, changes in U.S. or international tax laws and other factors. If these estimates and related assumptions change in the future, we may be required to increase or decrease our valuation allowance against deferred tax assets previously recognized, resulting in additional or lesser income tax expense.

We are regularly subject to tax return audits and examinations by various taxing jurisdictions and around the world, and there can be no assurance that the final determination of any tax examinations will not be materially different than that which is reflected in our income tax provisions and accruals. Should additional taxes be assessed as a result of a current or future examination, there could be a material adverse effect on our tax position, operating results, financial position and cash flows. Refer to note 11 of the notes to consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion of our tax position.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain statements of operations data expressed as a percentage of net sales. The financial information and the discussion below should be read in conjunction with the consolidated financial statements and notes thereto included in Item 8, "Financial Statements and Supplementary Data." The data below, and discussion that follows, represents our results from operations.

During fiscal year 2013, the Company finalized the sale of two of its non-core businesses. Total proceeds received from these sales amounted to \$22.6 million, net of \$1.0 million of cash sold. The

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Company recognized a loss on sale of \$12.1 million, which is included in interest and other expenses (income), net within the results from discontinued operations.

	Fiscal Year Ended March 31,		
	2013	2012	2011
Net sales	100.0%	100.0%	100.0%
Cost of sales	94.2	94.8	94.4
Restructuring charges	0.9		
Gross profit	4.9	5.2	5.6
Selling, general and administrative expenses	3.4	3.0	2.8
Intangible amortization	0.1	0.2	0.2
Restructuring charges	0.1		
Other charges (income), net	(0.2)		0.1
Interest and other expense, net	0.2	0.1	0.3
Income from continuing operations before income taxes	1.3	1.9	2.2
Provision from income taxes	0.1	0.2	0.1
Income from continuing operations	1.2	1.7	2.1
Loss from discontinued operations, net of tax	(0.1)	(0.1)	(0.1)
Net income	1.1%	1.6%	2.0%

Net sales

Net sales during fiscal year 2013 totaled \$23.6 billion, representing a decrease of \$5.8 billion, or 19.7%, from \$29.3 billion during fiscal year 2012. Sales during fiscal year 2013 decreased across all of the markets we serve except for HRS consisting of decreases of: (i) \$5.3 billion or 46.2% in the HVS market, (ii) \$0.7 billion or 6.5% in the INS market and (iii) \$0.2 billion or 3.9% in the IEI market. The decline in sales was primarily due to a decrease in the HVS market as a result of reduction in revenues due to our disengagement from our assembly business with a well known smart phone OEM customers, which resulted in an approximately \$2.2 billion reduction of sales and our exit from the ODM PC business during fiscal 2012, which resulted in an approximately \$1.6 billion reduction of sales. The remainder of the decrease across the other markets was attributable to reduced demand during fiscal year 2013. The decrease in these markets was partially offset by increase in sales from our HRS market group amounting to \$0.5 billion or 19.5%, primarily due to increased demand for our customer products in the automotive market and to a lesser extent from our acquisition of Saturn Electronics and Engineering, Inc. in December 2012. Net sales decreased across all of the geographical regions we serve, consisting of decreases of \$3.7 billion in Asia, \$1.2 billion in the Americas and \$0.9 billion in Europe.

Net sales during fiscal year 2012 totaled \$29.3 billion, representing an increase of \$0.9 billion, or 3.2%, from \$28.4 billion during fiscal year 2011. Sales during fiscal year 2012 increased across all of the markets we serve except for HVS, consisting of increases of: (i) \$0.7 billion or 6.2% in the INS market, (ii) \$0.5 billion or 24.2% in the HRS market, and (iii) \$0.1 billion or 3.3% in the IEI market. The increase in sales for our INS market was driven by new program wins with existing customers with products in enterprise data networking and telecommunications infrastructure markets, offset by declining demand from certain customer programs in the server market due to the end of the product life cycles or which transitioned to another supplier. The increase in sales for our HRS market was driven primarily from new wins and programs with our larger customers in the automotive, medical equipment and drug delivery markets. The increase in sales for our IEI market was due to new customer wins and new programs with existing customers across this business group, primarily with

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customers serving the clean tech markets, offset by reduced demand from our customers serving the capital equipment markets. The increase in net sales for these markets was offset by a \$0.4 billion or 3.0% decrease in sales in the HVS market due to a decrease in sales of mobile handsets to one of our significant customers, partially offset by an increase in sales through the first nine months of fiscal year 2012 to another significant customer in the ODM personal computing business which we exited in the third quarter of fiscal year 2012. Net sales increased across all of the geographical regions we serve, consisting of increases of \$0.8 billion in Asia, \$0.1 billion in the Americas and an insignificant increase in Europe.

The following table sets forth net sales by market and their relative percentages:

Market:	Fiscal Year Ended March 31,					
	2013		2012		2011	
	(In thousands)					
Integrated Network Solutions	\$ 10,706,431	45%	\$ 11,451,863	39%	\$ 10,781,846	38%
High Velocity Solutions	6,222,024	26%	11,553,858	39%	11,908,971	42%
Industrial & Emerging Industries	3,823,278	16%	3,979,788	14%	3,852,990	14%
High Reliability Solutions	2,817,742	13%	2,357,520	8%	1,898,826	6%
	\$ 23,569,475		\$ 29,343,029		\$ 28,442,633	

Our ten largest customers during fiscal years 2013, 2012 and 2011 accounted for approximately 47%, 55% and 52% of net sales, respectively. No customer accounted for greater than 10% of our net sales during fiscal year 2013. During fiscal year 2012 Hewlett-Packard (HP) and Research In Motion (RIM) each accounted for greater than 10% of net sales and during fiscal year 2011, RIM accounted for greater than 10% of net sales.

Gross profit

Gross profit is affected by a number of factors, including the number and size of new manufacturing programs, product mix, component costs and availability, product life cycles, unit volumes, pricing, competition, new product introductions, capacity utilization and the expansion and consolidation of manufacturing facilities. The flexible design of our manufacturing processes allows us to build a broad range of products in our facilities and better utilize our manufacturing capacity. In the cases of new programs, profitability normally lags revenue growth due to product start-up costs, lower manufacturing program volumes in the start-up phase, operational inefficiencies, and under-absorbed overhead. Gross margin for these programs often improves over time as manufacturing volumes increase, as our utilization rates and overhead absorption improve, and as we increase the level of manufacturing services content. As a result of these various factors, our gross margin varies from period to period.

Gross profit during fiscal year 2013 decreased \$351.7 million to \$1.2 billion from \$1.5 billion during fiscal year 2012. Gross margin decreased to 4.9% of net sales in fiscal year 2013 as compared with 5.2% of net sales in fiscal year 2012. Gross margins deteriorated 30 basis points in fiscal year 2013 compared to that of fiscal year 2012 primarily due to restructuring charges amounting to \$215.8 million, or 90 basis points, included in cost of sales. The impact of the restructuring charges was partially offset by lower sales from our HVS market which generally carry lower margins than the overall margins on our other complex business groups, and the \$23.9 million accounting correction recognized in fiscal 2012 as discussed below.

Gross profit during fiscal year 2012 decreased \$65.4 million to \$1.5 billion from \$1.6 billion during fiscal year 2011. Gross margin decreased to 5.2% of net sales in fiscal year 2012 as compared with 5.6% of net sales in fiscal year 2011. The decreases in gross profit and gross margin were primarily attributable to a higher mix of low-margin products principally associated with the increase in sales of

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products in the ODM personal computing business during the first nine months of fiscal year 2012, which are included in the HVS market which we exited in the third quarter of fiscal year 2012. These businesses sustained gross losses of approximately \$38.2 million in fiscal year 2012. Fiscal year 2012 cost of sales also includes the impact of adjustments made to correct certain accounting errors identified and recorded as out of period adjustments during the fourth quarter of fiscal year. These out-of period adjustments amounted to approximately \$23.9 million and resulted in increased cost of sales in the fourth quarter of fiscal year 2012. In addition, gross margins were negatively impacted by unfavorable manufacturing costs associated with the exit of our ODM related businesses and costs incurred for right-sizing activities at various locations.

Restructuring charges

In response to a challenging macroeconomic environment, we initiated certain restructuring activities to improve our operational efficiencies by reducing excess workforce and capacity. The restructuring activities are intended to rationalize our global manufacturing capacity and infrastructure and further shift manufacturing capacity to locations with higher efficiencies. During fiscal year 2013, we recognized \$227.4 million of pre-tax restructuring charges comprised of \$123.0 million of cash charges predominantly related to employee severance costs and \$104.4 million of non-cash charges primarily related asset impairment and other exit charges. The restructuring charges by geographic region amounted to \$108.4 million in Asia, \$91.8 million in Europe and \$27.2 million in the Americas. We classified \$215.8 million of these charges as a component of cost of sales and \$11.6 million of these charges as a component of selling, general and administrative expenses during fiscal year 2013. As of March 31, 2013, accrued costs related to restructuring charges incurred were \$97.9 million, of which \$87.8 million was classified as a current obligation. We do not anticipate a significant change to our previously announced restructuring plan and expect to recognize an additional \$40.0 million in pre-tax restructuring charges in our first quarter of fiscal 2014, comprised primarily of cash charges associated with employee termination costs to be classified as a component of cost of sales. We expect these restructuring activities will allow for potential savings through reduced employee expenses and lower operating costs and to yield annualized cost reductions of approximately \$150.0 million.

Refer to note 12 of the notes to consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion of our restructuring activities.

Selling, general and administrative expenses

Selling, general and administrative expenses ("SG&A") totaled \$805.2 million or 3.4% of net sales, during fiscal year 2013, compared to \$877.6 million, or 3.0% of net sales, during fiscal year 2012. The decrease in SG&A in dollars was primarily attributable to the elimination of costs relating to our ODM PC business which we fully exited during fiscal year 2012 and a \$28 million provision for doubtful accounts recorded in fiscal 2012 related to a customer concentrated in the solar photovoltaic market that incurred significant financial and liquidity difficulties. The increase of SG&A expenses as a percentage of net sales is primarily attributable to lower revenues.

Selling, general and administrative expenses, or SG&A, totaled \$877.6 million or 3.0% of net sales, during fiscal year 2012, compared to \$801.8 million, or 2.8% of net sales, during fiscal year 2011. The increases in SG&A in dollars and as a percentage of net sales were primarily attributable to the \$28.0 million provision for doubtful accounts we recognized in connection with the financially distressed customer discussed above and certain other costs associated with the exit of our ODM related businesses during the third quarter of fiscal year 2012.

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Intangible amortization

Amortization of intangible assets in fiscal year 2013 decreased by \$20.1 million to \$29.5 million from \$49.6 million in fiscal year 2012 and decreased by \$16.6 million in fiscal 2012 from \$66.2 million in fiscal 2011. The decrease for both periods was primarily due to the use of the accelerated method of amortization for certain customer-related intangibles, which results in decreasing expense over time.

Other charges (income), net

During fiscal year 2013, we recognized other income of \$65.2 million primarily due to a gain from the fair value adjustment of \$74.4 million of our warrants to purchase common shares of a supplier. These fully-vested warrants, which are derivative instruments, are to be fair valued at each reporting date with gains or losses from changes in fair value recognized in the statements of operations. The gain is offset by various losses from sale, or direct impairments of certain non-core equity investments and notes receivable, and losses from sales of international entities that are individually immaterial.

During fiscal year 2012, we recognized a net gain of \$20.0 million, in connection with the sale of certain international entities.

During fiscal year 2011, we recognized charges totaling \$6.3 million, consisting of a \$13.2 million loss associated with the early redemption of our 6.25% Senior Subordinated Notes, and an \$11.7 million loss in connection with the divestiture of certain international entities, offset by a gain of \$18.6 million associated with the sale of an equity investment that was previously fully impaired.

Interest and other expense, net

Interest and other expense, net was \$56.3 million during fiscal year 2013, compared to \$36.0 million during fiscal year 2012, an increase of \$20.3 million that was primarily due to a decrease in gains on foreign exchange transactions. The decrease in gains on foreign exchange transactions is attributable to our cross-border foreign currency transactions and the revaluation of RMB denominated net asset positions of our U.S. dollar functional currency sites based in China. There can be no assurance that further gains from various arbitrage opportunities related to foreign exchange settlements in China will be available in the future.

Interest and other expense, net was \$36.0 million during fiscal year 2012, compared to \$74.9 million during fiscal year 2011, a decrease of \$38.9 million. The decrease in net expense was primarily due to a \$39.2 million reduction in net interest expense principally from the expiration of interest rate swaps in January 2011, which had fixed rates greater than the floating rates underlying our borrowing arrangements and to a lesser extent to the refinancing of \$542.1 million of certain subordinated notes during fiscal year 2011 with our lower rate revolving credit facility and Asia term loans. Gains on foreign exchange transactions increased \$6.6 million during fiscal year 2012 as we continue to benefit from certain arbitrage opportunities related to foreign currency transactions and the revaluation of RMB denominated net asset positions for our U.S. functional currency sites based in China.

We expect interest expense to increase during fiscal year 2014 as a result of our \$1.0 billion of fixed rate debt issued in February 2013, which comprises \$500 million of 4.625% notes and \$500 million of 5.000% notes. Although these interest rates are fixed, such interest rates are higher than the interest rate of the variable rate debt that was repaid in February 2013, which bore a base rate plus a margin of 1.25% or LIBOR plus a margin of 2.25%.

Income taxes

Certain of our subsidiaries have, at various times, been granted tax relief in their respective countries, resulting in lower income taxes than would otherwise be the case under ordinary tax rates.

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The consolidated effective tax rates were 8.0%, 9.4% and 3.5% for the fiscal years 2013, 2012 and 2011. The effective rate varies from the Singapore statutory rate of 17.0% as a result of recognition of earnings in different jurisdictions, operating loss carry forwards, income tax credits, previously established valuation allowances for deferred tax assets, liabilities for uncertain tax positions, as well as because of the effect of certain tax holidays and incentives granted to our subsidiaries primarily in China, Malaysia, Israel, and Singapore. We generate most of our revenues and profits from operations outside of Singapore. The effective tax rate for fiscal year 2013 varies from the effective rates for fiscal years 2012 and 2011 primarily as a result of changes in valuation allowances and liabilities for uncertain tax positions.

We are regularly subject to tax return audits and examinations by various taxing jurisdictions and around the world, and there can be no assurance that the final determination of any tax examinations will not be materially different than that which is reflected in our income tax provisions and accruals. Should additional taxes be assessed as a result of a current or future examination, there could be a material adverse effect on our tax position, operating results, financial position and cash flows.

See note 11, "Income Taxes," of the notes to consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data" for further discussion.

Discontinued Operations

Consistent with our strategy to evaluate the strategic and financial contributions of each of our operations and to focus on the primary growth objectives in our core manufacturing business activities, in fiscal year 2013, we finalized the sale of two of our non-core businesses. These non-core businesses represent separate asset groups and the divestitures qualify as discontinued operations, and accordingly, we have reported the results of operations and financial position of these businesses in discontinued operations within the consolidated statements of operations and the consolidated balance sheets for all periods presented.

The results from discontinued operations were as follows:

	Fiscal Year Ended March 31,		
	2013	2012	2011
	(In thousands)		
Net sales	\$ 40,593	\$ 127,258	\$ 237,292
Cost of sales	42,793	145,403	235,710
Gross profit (loss)	(2,200)	(18,145)	1,582
Selling, general and administrative expenses	1,930	8,932	14,577
Intangibles amortization and impairment	11,000	6,325	4,725
Interest and other expense (income), net	11,280	(7)	992
Loss before income taxes	(26,410)	(33,395)	(18,712)
Benefit from income taxes	(959)	(1,390)	(2,670)
Net loss of discontinued operations	\$ (25,451)	\$ (32,005)	\$ (16,042)

Net sales in fiscal year 2013 and fiscal year 2012 decreased \$86.7 million and \$110.0 million, respectively, as we decelerated operations while evaluating strategic alternatives for the businesses and due to the end of certain product life cycles. The increase in net loss during fiscal year 2012 is primarily attributable to a \$17.0 million charge for impairment of fixed assets that were sold in the transaction. The impairment charge is included in cost of sales in the results of discontinued operations. We recognized a loss of \$12.1 million as a result of the disposition of these non-core businesses in fiscal 2013 which is included in interest and other expense (income), net in the results from discontinued operations.

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LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2013, we had cash and cash equivalents of \$1.6 billion and bank and other borrowings of \$2.1 billion. We have a \$1.5 billion revolving credit facility, under which we had no borrowings outstanding as of March 31, 2013 and \$140 million outstanding as of March 31, 2012.

Our cash balances are held in numerous locations throughout the world. As of March 31, 2013, approximately half of our cash and cash equivalents were held by foreign subsidiaries outside of Singapore. Although substantially all of the amounts held outside of Singapore could be repatriated, under current laws, a significant amount could be subject to income tax withholdings. We provide for tax liabilities on these amounts for financial statement purposes, except for certain of our foreign earnings that are considered indefinitely reinvested outside of Singapore (approximately \$457.7 million as of March 31, 2013). Repatriation could result in an additional income tax payment, however, our intent is to permanently reinvest these funds outside of Singapore and our current plans do not demonstrate a need to repatriate them to fund our operations in jurisdictions outside of where they are held. Where local restrictions prevent an efficient intercompany transfer of funds, our intent is that cash balances would remain outside of Singapore and we would meet our liquidity needs through ongoing cash flows, external borrowings, or both.

Fiscal Year 2013

Cash provided by operating activities was \$1.1 billion during fiscal year 2013, which resulted primarily from \$277.1 million of net income for the period and \$522.5 million of non-cash earnings adjustment items such as depreciation, amortization, impairment charges and stock-based compensation expense. We generated \$315.9 million in cash as a result of decreases in operating assets and liabilities, net of acquisitions. Our changes in operating assets and liabilities, net of acquisitions is primarily due to a decrease of \$519.1 million in accounts receivable and decrease of \$596.1 million in inventory, which was partially offset by a decrease in accounts payable of \$671.4 million and a decrease in other current and noncurrent liabilities of \$189.5 million. The decreases in accounts receivable and inventory are primarily as a result of the decrease in sales in our HVS business, which generally carry higher volumes than our other complex business groups. The decrease in accounts payable is principally related to the decrease in inventory and timing of supplier payments.

Cash used in investing activities during fiscal year 2013 was \$697.2 million. This resulted primarily from \$435.3 million in capital expenditures for equipment, net of proceeds on sales, and \$184.1 million paid for the acquisition of four businesses during the fiscal year. We also spent approximately \$115.3 million included in other investing cash flows, offset by the receipt of cash included in other financing activities further discussed below to purchase assets financed by a third party banking institution on behalf of a customer.

Cash used in financing activities amounted to \$339.6 million during fiscal year 2013, which was primarily attributable to the repurchase of approximately 49.9 million shares for an aggregate purchase value of approximately \$322.0 million and repayment of the outstanding balance under our revolving line of credit of \$140.0 million. These cash outflows were offset by the receipt of \$101.9 million included in other financing activities to purchase assets financed by a third party banking institution on behalf of a customer.

Fiscal Year 2012

Cash provided by operating activities was \$804.3 million during fiscal year 2012, which resulted primarily from \$488.8 million of net income for the period and \$566.1 million of non-cash earnings adjustment items such as depreciation, amortization, impairment charges and stock-based compensation expense. We used \$250.6 million in cash as a result of an increase in operating assets and liabilities, net of acquisitions. Our working capital accounts increased primarily due to a decrease of \$750.2 million in

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accounts payable and an increase of \$30.2 million in accounts receivable, which was partially offset by a decrease in inventory of \$301.1 million principally due to the deceleration of sales in our HVS market, and an increase in deferred revenue and customer working capital advances of \$249.8 million. The decrease in accounts payable is principally related to the decrease in inventory and timing of supplier payments.

Cash used in investing activities during fiscal year 2012 was \$481.4 million. This resulted primarily from \$388.0 million in capital expenditures for equipment, net of proceeds on sales, and \$92.3 million paid for three acquisitions completed during the year.

Cash used in financing activities amounted to \$522.2 million during fiscal year 2012, which was primarily attributable to the repurchase of approximately 81.7 million shares for an aggregate purchase value of approximately \$509.8 million. During fiscal year 2012 we also repaid \$20.0 million of debt outstanding on our \$2.0 billion revolving credit facility.

Fiscal Year 2011

Cash provided by operating activities was \$857.3 million during fiscal year 2011, which resulted primarily from \$596.2 million of net income for the period and \$482.6 million of non-cash earnings adjustment items such as depreciation, amortization, impairment charges, and stock-based compensation expense. We used \$221.5 million in cash as a result of an increase in operating assets and liabilities, net of acquisitions. Our working capital accounts increased primarily due to an increase of \$664.7 million in inventories as a result of our increased production and anticipated growth, and an increase of \$337.1 million in other current and non-current assets primarily attributable to \$324.6 million in our deferred purchase price receivable associated with our receivables sales, which were partially offset by increases in accounts payable of \$609.9 million and other current liabilities of \$144.0 million, primarily driven by the timing of purchases and cash payments.

Cash used in investing activities during fiscal year 2011 was \$413.2 million. This resulted primarily from \$393.9 million in capital expenditures for equipment, net of proceeds on sales, and \$17.0 million, net of cash acquired, for contingent consideration and deferred purchase price payments related to four acquisitions, and payments related to two completed acquisitions. Cash used was partially offset by proceeds related to the sale of an equity investment for \$18.6 million.

Cash used in financing activities amounted to \$641.7 million during fiscal year 2011. During the 2011 fiscal year, we repurchased approximately 65.4 million shares at an aggregate purchase value of \$400.4 million, including accrued expenses. In August 2010, we paid \$240.0 million to redeem the entire principal amount of the 1% Convertible Subordinated Notes at par plus accrued interest. In December 2010, we paid approximately \$308.5 million to redeem the aggregate principal balance and redemption premium of our 6.25% Senior Subordinated Notes ("6.25% Notes") plus accrued interest. In addition, we made repayments of approximately \$217.1 million related to our Global Asset-Backed Securitization program effective with the adoption of new accounting standards on April 1, 2010.

The cash used in financing activities was partially offset by \$379.0 million of additional borrowings under new Asia term loan agreements and \$160.0 million of borrowings under our revolving line of credit. During September 2010, we entered into two new three-year term loan agreements with certain financial institutions based in Asia and borrowed \$180.0 million in the aggregate. During February 2011, we entered into a new three-year term loan agreement with a financial institution based in Asia and borrowed \$200.0 million in the aggregate.

Table of Contents**Key Liquidity Metrics***Free Cash flow*

We believe free cash flow is an important liquidity metric because it measures, during a given period, the amount of cash generated that is available to repay debt obligations, make investments, fund acquisitions, repurchase company shares and for certain other activities. Our free cash flow, which is calculated as cash provided by operations less net purchases of property and equipment, was \$680.1 million, \$416.3 million and \$463.5 million for fiscal years 2013, 2012 and 2011, respectively. Free cash flow is not a measure of liquidity under generally accepted accounting principles in the United States, and may not be defined and calculated by other companies in the same manner. Free cash flow should not be considered in isolation or as an alternative to net cash provided by operating activities. Free cash flows reconcile to the most directly comparable GAAP financial measure of cash flows from operations as follows:

	Fiscal Year Ended March 31,		
	2013	2012	2011
	(In thousands)		
Net cash provided by operating activities	\$ 1,115,430	\$ 804,268	\$ 857,344
Purchases of property and equipment	(488,993)	(437,191)	(470,702)
Proceeds from the disposition of property and equipment	53,665	49,187	76,833
Free cash flow	\$ 680,102	\$ 416,264	\$ 463,475

Cash Conversion Cycle

	Fiscal Year Ended March 31,		
	2013	2012	2011
Days in trade accounts receivable	46 days	45 days	42 days
Days in inventory	52 days	52 days	50 days
Days in accounts payable	72 days	70 days	72 days
Cash conversion cycle	26 days	27 days	20 days

Days in trade accounts receivable was calculated as the average accounts receivable for the current and prior quarter, excluding the reduction in accounts receivable resulting from non-cash accounts receivable sales, divided by annualized sales for the current quarter by day. During the fiscal year ended March 31, 2013, days in trade accounts receivable increased by 1 day to 46 days compared to the fiscal year ended March 31, 2012 primarily as a result of the decline in sales in the HVS market that contained shorter payment terms. Non-cash accounts receivable sales or deferred purchase price receivables included for the purposes of the calculation were \$412.4 million, \$514.9 million and \$460.0 million for the years ended March 31, 2013, 2012 and 2011, respectively. Deferred purchase price receivables were recorded in other current assets in the consolidated balance sheets.

Days in inventory was calculated as the average inventory for the current and prior quarter divided by annualized cost of sales for the current quarter by day. During the fiscal year ended March 31, 2013, days in inventory remained consistent at 52 days as compared to the fiscal year ended March 31, 2012. Our inventory turns were over the past two years negatively impacted by the decline in sales in the HVS market which carry significantly higher inventory turns than our corporate average inventory turns.

Days in accounts payable was calculated as the average accounts payable for the current and prior quarter divided by annualized cost of sales for the current quarter by day. During the fiscal year ended

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March 31, 2013, days in accounts payable improved 2 days to 72 days compared to the fiscal year ended March 31, 2012 primarily due to timing of supplier payments.

Our cash conversion cycle was calculated as days in trade receivables plus days in inventory, minus days in accounts payable and is a measure of how efficient we are at managing our working capital. For the fiscal year ended March 31, 2013, our cash conversion cycle improved 1 day to 26 days as compared with the fiscal year ended March 31, 2012 due to the factors affecting each of the components in the calculation discussed above.

Liquidity is affected by many factors, some of which are based on normal ongoing operations of the business and some of which arise from fluctuations related to global economics and markets. Cash balances are generated and held in many locations throughout the world. Local government regulations may restrict our ability to move cash balances to meet cash needs under certain circumstances; however, any current restrictions are not material. We do not currently expect such regulations and restrictions to impact our ability to pay vendors and conduct operations throughout the global organization. We believe that our existing cash balances, together with anticipated cash flows from operations and borrowings available under our credit facilities, will be sufficient to fund our operations through at least the next twelve months.

Future liquidity needs will depend on fluctuations in levels of inventory, accounts receivable and accounts payable, the timing of capital expenditures for new equipment, the extent to which we utilize operating leases for new facilities and equipment, and the levels of shipments and changes in the volumes of customer orders.

Historically, we have funded operations from cash and cash equivalents generated from operations, proceeds from public offerings of equity and debt securities, bank debt and lease financings. We also sell designated pools of trade receivables under asset-backed securitization ("ABS") programs and sell certain trade receivables, which are in addition to the trade receivables sold in connection with these securitization agreements. During fiscal years 2013, 2012 and 2011 we received approximately \$3.5 billion, \$4.7 billion and \$2.4 billion, respectively from sales of receivables under our ABS programs, and \$1.1 billion, \$2.0 billion and \$2.5 billion, respectively from other sales of receivables. As of March 31, 2013 and 2012, the outstanding balance on receivables sold for cash was \$720.5 million and \$667.3 million, respectively, under all our accounts receivable sales programs, which are not included in our consolidated balance sheets.

On February 20, 2013, the Company issued \$500.0 million of 4.625% Notes due February 15, 2020 and \$500.0 million of 5.000% Notes due February 15, 2023 (collectively the "Notes") in a private offering pursuant to Rule 144A and Regulation S under the Securities Act. The Company received net proceeds of approximately \$990.6 million from the issuance and used those proceeds together with \$9.4 million of cash on hand, to repay \$1.0 billion of outstanding borrowings under its 2007 term loan facility. This refinancing extended the maturity and effectively converted \$1.0 billion of the Company's floating rate debt to a fixed rate.

We anticipate that we will enter into debt and equity financings, sales of accounts receivable and lease transactions to fund acquisitions and anticipated growth. The sale or issuance of equity or convertible debt securities could result in dilution to current shareholders. Further, we may issue debt securities that have rights and privileges senior to those of holders of ordinary shares, and the terms of this debt could impose restrictions on operations and could increase debt service obligations. This increased indebtedness could limit our flexibility as a result of debt service requirements and restrictive covenants, potentially affect our credit ratings, and may limit our ability to access additional capital or execute our business strategy. Any downgrades in credit ratings could adversely affect our ability to borrow as a result of more restrictive borrowing terms. We continue to assess our capital structure and evaluate the merits of redeploying available cash to reduce existing debt or repurchase ordinary shares.

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On September 13, 2012, our Board of Directors authorized the repurchase of up to 10% of our outstanding ordinary shares which was approved by our shareholders at the 2012 Extraordinary General Meeting held on August 30, 2012. Share repurchases by us under the share repurchase plans are subject to an aggregate limit of 10% of our ordinary shares outstanding as of the date of the 2012 Extraordinary General Meeting. During fiscal year 2013, we repurchased approximately 31.3 million shares for an aggregate purchase value of approximately \$200.0 million under this plan, including accrued expenses, and retired all of these shares. During the first fiscal quarter of 2013, we repurchased the entire remaining amount under the plan that was approved by our Board of Directors on December 7, 2011, or approximately 20.4 million shares for an aggregate purchase value of approximately \$134.0 million, and retired all of these shares.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As discussed above, during fiscal 2013, the Company issued an aggregate amount of \$1.0 billion in Notes which are senior unsecured obligations of the Company, rank equally with all of the Company's other existing and future senior and unsecured debt obligations, and are guaranteed, jointly and severally, fully and unconditionally on an unsecured basis, by each of the Company's 100% owned subsidiaries that guarantees indebtedness under, or is a borrower under, the Company's Term Loan Agreement and Revolving Line of Credit. These notes carry registration rights and we have an obligation to register these securities by November 17, 2013. As of March 31, 2013, we were in compliance with the covenants under these credit facilities. Interest on the Notes is payable semi-annually, commencing on August 15, 2013.

The Company also has a five-year \$2.0 billion credit facility consisting of a \$1.5 billion revolving credit facility and a \$500 million term loan, which expires in October 2016. As of March 31, 2013, there were no borrowings outstanding under the revolving credit facility. The credit facility requires that we maintain a maximum ratio of total indebtedness to EBITDA (earnings before interest expense, taxes, depreciation and amortization), and a minimum interest coverage ratio, as defined. As of March 31, 2013, we were in compliance with the covenants under the credit facility.

We have approximately \$687.8 million of borrowings outstanding under two term loan facilities as of March 31, 2013, including the Term Loan discussed above. Of these amounts, approximately \$170.3 million matures in October 2014, and the remainder matures in October 2016. We do not need to make any payments on the term loan facility that matures in October 2014 and any payments thereafter through maturity are not significant. The term loan which matures in October 2016 is repayable in quarterly installments of \$6.9 million through September 2013 and \$10.3 million per quarter thereafter, with the remaining amount due at maturity. Both of these term loan facilities require that we maintain a maximum ratio of total indebtedness to EBITDA, and as of March 31, 2013, we were in compliance with the covenant.

We also have approximately \$375 million of borrowings outstanding under our Asia term loans as of March 31, 2013 which mature in September 2013 and February 2014. Quarterly repayments for these loans are not significant. These loans also require the Company maintain a maximum ratio of total indebtedness to EBITDA during the terms of the agreements. As of March 31, 2013, the Company was in compliance with the covenant.

We and certain of our subsidiaries also have various uncommitted revolving credit facilities, lines of credit and other loans in the amount of \$274.2 million in the aggregate under which there were no borrowings outstanding as of March 31, 2013.

Refer to the discussion in note 6, "Bank Borrowings and Long-Term Debt" of the notes to consolidated financial statements for further details of the Company's debt obligations.

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We have purchase obligations that arise in the normal course of business, primarily consisting of binding purchase orders for inventory related items and capital expenditures. Additionally, we have leased certain of our property and equipment under capital lease commitments, and certain of our facilities and equipment under operating lease commitments.

Future payments due under our purchase obligations, debt including capital leases and related interest obligations and operating lease contracts are as follows:

	Total	Less Than 1 Year	1 - 3 Years	4 - 5 Years	Greater Than 5 Years
(In thousands)					
Contractual Obligations:					
Purchase obligations	\$ 2,219,657	\$ 2,219,657	\$	\$	\$
Long-term debt and capital lease obligations					
Long-term debt	2,067,627	416,654	252,386	393,750	1,004,837
Capital lease	9,092	3,215	4,412	1,465	
Interest on long-term debt obligations	502,079	72,992	143,999	118,969	166,119
Operating leases, net of subleases	556,957	140,599	189,311	113,154	113,893
Restructuring costs	97,900	87,836	10,064		
Total contractual obligations	\$ 5,453,312	\$ 2,940,953	\$ 600,172	\$ 627,338	\$ 1,284,849

Interest on the credit facility that matures in October 2016, under which, as of March 31, 2013, we had \$517.5 million outstanding under our term loan and no borrowings outstanding under the revolving credit facility, is based at our option on, either at (i) LIBOR plus the applicable margin for LIBOR loans ranging between 1.25% and 2.25%, based on the Company's credit ratings or (ii) the base rate (the greatest of the agent's prime rate, the federal funds rate plus 0.50% and LIBOR for a one-month interest period plus 1.00%) plus an applicable margin ranging between 0.25% and 1.25%, based on the Company's credit rating. Interest on the \$375 million outstanding under our Asia term loans accrues at LIBOR plus 2.15% to 2.30%. Interest on the \$170.3 million outstanding under our term loan facility that matures in October 2014 is based at our option on either (i) the base rate (the greater of the agent's prime rate or the federal funds rate plus 0.50%) plus a margin of 1.25%; or (ii) LIBOR plus a margin of 2.25%. Finally, our variable rate debt also includes demand notes and certain variable lines of credit. These credit lines are located throughout the world and variable interest is generally based on a spread over that country's inter-bank offering rate. Interest expense in the table above is estimated based on LIBOR for the applicable tenor as of March 31, 2013.

We have excluded \$230.0 million of liabilities for unrecognized tax benefits from the contractual obligations table as we cannot make a reasonably reliable estimate of the periodic settlements with the respective taxing authorities. See note 11, "Income Taxes" of the notes to consolidated financial statements for further details.

Our purchase obligations can fluctuate significantly from period-to-period and can materially impact our future operating asset and liability balances, and our future working capital requirements. We intend to use our existing cash balances, together with anticipated cash flows from operations to fund our existing and future contractual obligations.

OFF-BALANCE SHEET ARRANGEMENTS

We sell designated pools of trade receivables to unaffiliated financial institutions under our ABS programs, and in addition to cash, we receive a deferred purchase price receivable for each pool of the receivables sold. Each of these deferred purchase price receivables serves as additional credit support to the financial institutions and is recorded at its estimated fair value. As of March 31, 2013 and 2012,

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the fair value of our deferred purchase price receivable was approximately \$412.4 million and \$514.9 million, respectively. As of March 31, 2013 and 2012, the outstanding balance on receivables sold for cash was \$720.5 million and \$667.3 million, respectively, under all our accounts receivable sales programs, which are not included in our consolidated balance sheets. For further information see note 8 of our notes to the consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

Refer to note 2 of the notes to the consolidated financial statements for recent accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have warrants to purchase common shares of a certain supplier, which create exposures for us related to market price volatility. We value these warrants using the Black-Scholes option-valuation model. For the three-months ended March 31, 2013, we used the following assumptions to value these warrants:

	As of March 31, 2013
Remaining life	5 years
Volatility	58%
Dividend yield	0%
Risk-free rate	0.80%

These warrants were exercised and the underlying shares were sold subsequent to year end for total proceeds of \$67.3 million resulting in a \$7.1 million realized loss from the recorded value of \$74.4 million as of March 31, 2013, that will be recognized during the Company's fiscal quarter ending June 28, 2013.

INTEREST RATE RISK

A portion of our exposure to market risk for changes in interest rates relates to our investment portfolio, which consists of highly liquid investments with maturities of three months or less from original dates of purchase. We do not use derivative financial instruments in our investment portfolio. We place cash and cash equivalents with various major financial institutions and limit the amount of credit exposure to 20% of the issuer's or fund's total assets measured at the time of purchase or \$10.0 million, whichever is greater. We protect our invested principal by limiting default risk, market risk and reinvestment risk. We mitigate default risk by investing in investment grade securities and by constantly positioning the portfolio to respond appropriately to a reduction in credit rating of any investment issuer, guarantor or depository to levels below the credit ratings dictated by our investment policy. The portfolio includes only marketable securities with active secondary or resale markets to ensure portfolio liquidity. Maturities of short-term investments are timed, whenever possible, to correspond with debt payments and capital investments. As of March 31, 2013, the outstanding amount in the investment portfolio was \$0.5 billion, comprised mainly of money market funds with an average return of 3.1%. A hypothetical 10% change in interest rates would not be expected to have a material effect on our financial position, results of operations and cash flows over the next fiscal year.

We had variable rate debt outstanding of approximately \$1.1 billion as of March 31, 2013. Variable rate debt obligations consisted of borrowings under our term loan. Interest on these obligations is discussed above.

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Our variable rate debt instruments create exposures for us related to interest rate risk. Primarily due to the current low interest rates a hypothetical 10% change in interest rates would not be expected to have a material effect on our financial position, results of operations and cash flows over the next fiscal year primarily due to the current low interest rates.

As of March 31, 2013, the approximate fair value of our debt outstanding under our term loan facility that matures in October 2014 was 100.1% of the face value of the debt obligation, and the fair value of debt outstanding under our term loan that matures in October 2016 was 100.3% of the face value of the debt obligation, based on broker trading prices. Our Asia term loans are not traded publicly; however, as the pricing, maturity and other pertinent terms of these loans closely approximate those of the term loan facilities described above, we estimate the respective fair values would be approximately the same as the carrying values of the respective term loan facilities.

FOREIGN CURRENCY EXCHANGE RISK

We transact business in various foreign countries and are, therefore, subject to risk of foreign currency exchange rate fluctuations. We have established a foreign currency risk management policy to manage this risk. To the extent possible, we manage our foreign currency exposure by evaluating and using non-financial techniques, such as currency of invoice, leading and lagging payments and receivables management. In addition, we borrow in various foreign currencies and enter into short-term foreign currency forward and swap contracts to hedge only those currency exposures associated with certain assets and liabilities, mainly accounts receivable and accounts payable, and cash flows denominated in non-functional currencies.

We endeavor to maintain a partial or fully hedged position for certain transaction exposures. These exposures are primarily, but not limited to, revenues, customer and vendor payments and inter-company balances in currencies other than the functional currency unit of the operating entity. The credit risk of our foreign currency forward and swap contracts is minimized since all contracts are with large financial institutions and accordingly, fair value adjustments related to the credit risk of the counter-party financial institution were not material. The gains and losses on forward and swap contracts generally offset the losses and gains on the assets, liabilities and transactions hedged. The fair value of currency forward and swap contracts is reported on the balance sheet. The aggregate notional amount of outstanding contracts as of March 31, 2013 amounted to \$4.8 billion and the recorded fair values of the associated asset and/or liability were not material. The majority of these foreign exchange contracts expire in less than three months and all expire within one year. They will settle primarily in Brazilian real, British pound, Canadian dollar, China renminbi, Danish kroner, Euro, Hungarian forint, Israeli shekel, Japanese yen, Malaysian ringgit, Mexican peso, Singapore dollar, and U.S. dollar.

Based on our overall currency rate exposures as of March 31, 2013, including the derivative financial instruments intended to hedge the nonfunctional currency-denominated monetary assets, liabilities and cash flows, a near-term 10% appreciation or depreciation of the U.S. dollar from its cross-functional rates would not be expected to have a material effect on our financial position, results of operations and cash flows over the next fiscal year.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Flextronics International Ltd.
Singapore

We have audited the accompanying consolidated balance sheets of Flextronics International Ltd. and subsidiaries (the "Company") as of March 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Flextronics International Ltd. and subsidiaries as of March 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of March 31, 2013, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 28, 2013 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

San Jose, California
May 28, 2013

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****CONSOLIDATED BALANCE SHEETS**

	As of March 31,	
	2013	2012
	(In thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,587,087	\$ 1,518,329
Accounts receivable, net of allowance for doubtful accounts of \$10,877 and \$38,905 as of March 31, 2013 and 2012, respectively	2,111,996	2,593,829
Inventories	2,722,500	3,300,791
Current assets of discontinued operations		21,642
Other current assets	1,349,818	1,099,959
Total current assets	7,771,401	8,534,550
Property and equipment, net	2,174,588	2,076,442
Goodwill and other intangible assets, net	343,552	159,924
Long-term assets of discontinued operations		41,417
Other assets	302,014	221,471
Total assets	\$ 10,591,555	\$ 11,033,804
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank borrowings and current portion of long-term debt	\$ 416,654	\$ 39,340
Accounts payable	3,705,297	4,294,873
Accrued payroll	351,683	345,337
Current liabilities of discontinued operations		24,854
Other current liabilities	1,699,151	1,583,781
Total current liabilities	6,172,785	6,288,185
Long-term debt, net of current portion	1,650,973	2,149,333
Other liabilities	521,039	312,307
Commitments and contingencies (Note 10)		
Shareholders' equity		
Ordinary shares, no par value; 689,159,139 and 733,979,527 issued, and 638,919,784 and 683,740,173 outstanding as of March 31, 2013 and 2012, respectively	8,015,142	8,292,370
Treasury stock, at cost; 50,239,355 shares as of March 31, 2013 and 2012	(388,215)	(388,215)
Accumulated deficit	(5,302,688)	(5,579,739)
Accumulated other comprehensive loss	(77,481)	(40,437)
Total shareholders' equity	2,246,758	2,283,979
Total liabilities and shareholders' equity	\$ 10,591,555	\$ 11,033,804

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****CONSOLIDATED STATEMENTS OF OPERATIONS**

	Fiscal Year Ended March 31,		
	2013	2012	2011
(In thousands, except per share amounts)			
Net sales	\$ 23,569,475	\$ 29,343,029	\$ 28,442,633
Cost of sales	22,187,393	27,825,079	26,859,288
Restructuring charges	215,834		
Gross profit	1,166,248	1,517,950	1,583,345
Selling, general and administrative expenses	805,235	877,564	801,772
Intangible amortization	29,529	49,572	66,188
Restructuring charges	11,600		
Other charges (income), net	(65,190)	(19,935)	6,127
Interest and other expense, net	56,259	36,019	74,948
Income from continuing operations before income taxes	328,815	574,730	634,310
Provision for income taxes	26,313	53,960	22,049
Income from continuing operations	302,502	520,770	612,261
Loss from discontinued operations, net of tax	(25,451)	(32,005)	(16,042)
Net income	\$ 277,051	\$ 488,765	\$ 596,219
Earnings per share:			
Income from continuing operations:			
Basic	\$ 0.46	\$ 0.73	\$ 0.79
Diluted	\$ 0.45	\$ 0.72	\$ 0.77
Loss from discontinued operations:			
Basic	\$ (0.04)	\$ (0.04)	\$ (0.02)
Diluted	\$ (0.04)	\$ (0.04)	\$ (0.02)
Net income:			
Basic	\$ 0.42	\$ 0.68	\$ 0.77
Diluted	\$ 0.41	\$ 0.67	\$ 0.75
Weighted-average shares used in computing per share amounts:			
Basic	662,874	716,247	777,315
Diluted	675,033	727,807	790,192

The accompanying notes are an integral part of these consolidated financial statements.

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FLEXTRONICS INTERNATIONAL LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Fiscal Year Ended March 31,		
	2013	2012	2011
	(In thousands)		
Net income	\$ 277,051	\$ 488,765	\$ 596,219
Other comprehensive income (loss):			
Foreign currency translation adjustments, net of zero tax	(16,289)	(53,616)	12,883
Unrealized gain (loss) on derivative instruments and other, net of zero tax	(20,755)	(7,575)	23,276
Comprehensive income	\$ 240,007	\$ 427,574	\$ 632,378

The accompanying notes are an integral part of these consolidated financial statements.

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FLEXTRONICS INTERNATIONAL LTD.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Ordinary Shares		Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)			Total Shareholders' Equity
	Shares Outstanding	Amount		Unrealized gain (loss) on derivative instruments and other	Foreign currency translation adjustments	Total accumulated other comprehensive income (loss)	
BALANCE AT MARCH 31, 2010	813,429	8,664,695	(6,664,723)	(13,803)	(1,602)	(15,405)	1,984,567
Repurchase of ordinary shares at cost	(65,411)	(400,400)					(400,400)
Exercise of stock options	6,217	23,299					23,299
Issuance of vested shares under share bonus awards	2,759						
Net income			596,219				596,219
Stock-based compensation, net of tax		54,852					54,852
Total other comprehensive income				23,276	12,883	36,159	36,159
BALANCE AT MARCH 31, 2011	756,994	8,342,446	(6,068,504)	9,473	11,281	20,754	2,294,696
Repurchase of ordinary shares at cost	(81,688)	(509,800)					(509,800)
Exercise of stock options	5,879	23,055					23,055
Issuance of vested shares under share bonus awards	2,555						
Net income			488,765				488,765
Stock-based compensation, net of tax		48,454					48,454
Total other comprehensive loss				(7,575)	(53,616)	(61,191)	(61,191)
BALANCE AT MARCH 31, 2012	683,740	7,904,155	(5,579,739)	1,898	(42,335)	(40,437)	2,283,979
Repurchase of ordinary shares at cost	(51,725)	(334,014)					(334,014)
Exercise of stock options	5,398	22,257					22,257
Issuance of vested shares under share bonus awards	1,507						
Net income			277,051				277,051
Stock-based compensation, net of tax		34,529					34,529
Total other comprehensive loss				(20,755)	(16,289)	(37,044)	(37,044)
BALANCE AT MARCH 31, 2013	638,920	\$ 7,626,927	\$ (5,302,688)	\$ (18,857)	\$ (58,624)	\$ (77,481)	\$ 2,246,758

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Fiscal Year Ended March 31,		
	2013	2012	2011
	(In thousands)		
Cash flows from operating activities:			
Net income	\$ 277,051	\$ 488,765	\$ 596,219
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and other impairment charges	566,357	521,923	471,668
Provision for doubtful accounts	6,643	30,330	4,043
Non-cash other expense (income)	(52,408)	(33,563)	2,831
Stock-based compensation	34,529	48,454	55,237
Deferred income taxes and other non-cash income taxes	(32,647)	(1,022)	(51,198)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	519,140	(30,249)	26,519
Inventories	596,131	301,053	(664,738)
Other current and noncurrent assets	61,567	29,683	(337,057)
Accounts payable	(671,424)	(750,169)	609,868
Other current and noncurrent liabilities	(189,509)	199,063	143,952
Net cash provided by operating activities	1,115,430	804,268	857,344
Cash flows from investing activities:			
Purchases of property and equipment	(488,993)	(437,191)	(470,702)
Proceeds from the disposition of property and equipment	53,665	49,187	76,833
Acquisition of businesses, net of cash acquired	(184,097)	(92,257)	(16,966)
Proceeds from divestitures of operations, net	22,585	1,398	625
Other investing activities, net	(100,359)	(2,501)	(3,031)
Net cash used in investing activities	(697,199)	(481,364)	(413,241)
Cash flows from financing activities:			
Proceeds from bank borrowings and long-term debt	1,250,213	2,833,704	3,471,494
Repayments of bank borrowings and long-term debt	(391,859)	(2,389,121)	(3,420,594)
Payments for early repurchase of long-term debt	(1,000,000)	(480,000)	(315,495)
Payments for repurchases of ordinary shares	(322,040)	(509,800)	(400,400)
Proceeds from exercise of stock options	22,257	23,055	23,299
Other financing activities, net	101,851		
Net cash used in financing activities	(339,578)	(522,162)	(641,696)
Effect of exchange rates on cash	(9,895)	(30,884)	18,508
Net change in cash and cash equivalents	68,758	(230,142)	(179,085)
Cash and cash equivalents, beginning of year	1,518,329	1,748,471	1,927,556
Cash and cash equivalents, end of year	\$ 1,587,087	\$ 1,518,329	\$ 1,748,471

The accompanying notes are an integral part of these consolidated financial statements.

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FLEXTRONICS INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION OF THE COMPANY

Flextronics International Ltd. ("Flextronics" or the "Company") was incorporated in the Republic of Singapore in May 1990. The Company's operations have expanded over the years through a combination of organic growth and acquisitions. The Company is a leading global provider of advanced design, manufacturing and services to original equipment manufacturers ("OEMs") of a broad range of electronic products in the following markets: High Reliability Solutions ("HRS"), which is comprised of our medical, automotive, and defense and aerospace businesses; High Velocity Solutions ("HVS"), which includes our mobile devices business, including smart phones, and consumer electronics, including game consoles, high-volume computing business, including notebook personal computing ("PC"), tablets, and printers; Industrial and Emerging Industries ("IEI"), which is comprised of large household appliances, equipment, and our emerging industries businesses; and Integrated Network Solutions ("INS"), which includes our telecommunications infrastructure, data networking, connected home, and server and storage businesses. The Company's strategy is to provide customers with a full range of cost competitive, global supply chain services through which the Company can design, build, ship and service a complete packaged product for its OEM customers. OEM customers leverage the Company's services to meet their product requirements throughout the entire product life cycle.

The Company's service offerings include rigid and flexible printed circuit board fabrication, systems assembly and manufacturing (including enclosures, testing services, materials procurement and inventory management), logistics, after-sales services (including product repair, warranty services, re-manufacturing and maintenance), supply chain management software solutions and component product offerings. Additionally, the Company provides a comprehensive range of value-added design and engineering services that are tailored to the various markets and needs of its customers.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The Company's third fiscal quarter ends on December 31, and the fourth fiscal quarter and year ends on March 31 of each year. The first fiscal quarter ended on June 29, 2012, July 1, 2011 and July 2, 2010, respectively, and the second fiscal quarter ended on September 28, 2012, September 30, 2011 and October 1, 2010, respectively. Amounts included in the consolidated financial statements are expressed in U.S. dollars unless otherwise designated.

The accompanying consolidated financial statements include the accounts of Flextronics and its majority-owned subsidiaries, after elimination of intercompany accounts and transactions. The Company consolidates all majority-owned subsidiaries and investments in entities in which the Company has a controlling interest. For consolidated majority-owned subsidiaries in which the Company owns less than 100%, the Company recognizes a noncontrolling interest for the ownership of the noncontrolling owners. As of March 31, 2013 and 2012, the noncontrolling interest was not material. The associated noncontrolling owners' interest in the income or losses of these companies has not been material to the Company's results of operations for any of the periods presented, and has been classified within interest and other expense, net, in the consolidated statements of operations.

In fiscal year 2013, the Company finalized the sale of certain assets of a non-core business, including intellectual property. In addition, the Company completed the sale of another non-core business during fiscal year 2013. In accordance with the accounting guidance, these non-core businesses represent separate asset groups and the divestitures qualify as discontinued operations, and accordingly, the Company has reported the results of operations and financial position of these businesses in

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FLEXTRONICS INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

discontinued operations within the consolidated statements of operation and consolidated balance sheets for all periods presented as applicable.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP" or "GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used in accounting for, among other things: allowances for doubtful accounts; inventory write-downs; valuation allowances for deferred tax assets; uncertain tax positions; valuation and useful lives of long-lived assets including property, equipment, intangible assets and goodwill; asset impairments; fair values of financial instruments including investments, notes receivable and derivative instruments; restructuring charges; contingencies; fair values of assets and liabilities obtained in business combinations and the fair values of stock options and share bonus awards granted under the Company's stock-based compensation plans. Actual results may differ from previously estimated amounts, and such differences may be material to the consolidated financial statements. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the period they occur.

Translation of Foreign Currencies

The financial position and results of operations for certain of the Company's subsidiaries are measured using a currency other than the U.S. dollar as their functional currency. Accordingly, all assets and liabilities for these subsidiaries are translated into U.S. dollars at the current exchange rates as of the respective balance sheet dates. Revenue and expense items are translated at the average exchange rates prevailing during the period. Cumulative gains and losses from the translation of these subsidiaries' financial statements are reported as a separate component of shareholders' equity. Foreign exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved, and re-measurement adjustments for foreign operations where the U.S. dollar is the functional currency, are included in operating results. Non-functional currency transaction gains and losses, and re-measurement adjustments were not material to the Company's consolidated results of operations for any of the periods presented, and have been classified as a component of interest and other expense, net in the consolidated statements of operations.

Revenue Recognition

The Company recognizes manufacturing revenue when it ships goods or the goods are received by its customer, title and risk of ownership have passed, the price to the buyer is fixed or determinable and recoverability is reasonably assured. Generally, there are no formal substantive customer acceptance requirements or further obligations related to manufacturing services. If such requirements or obligations exist, then the Company recognizes the related revenues at the time when such requirements are completed and the obligations are fulfilled. The Company makes provisions for estimated sales returns and other adjustments at the time revenue is recognized based upon contractual terms and an analysis of historical returns. These provisions were not material to the consolidated financial statements for any of the periods presented.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SUMMARY OF ACCOUNTING POLICIES (Continued)**

The Company provides services for its customers that range from contract design to manufacturing and logistics to repair services. For contract design services the customer purchases engineering and development services on a time and materials basis. For original product design services the Company develops products to be offered for sale by OEM customers under the OEM's brand name. The Company recognizes service revenue when the services have been performed, and the related costs are expensed as incurred. Net sales for services were less than 10% of the Company's total sales for all periods presented, and accordingly, are included in net sales in the consolidated statements of operations. The Company recognized research and development costs related to its ODM personal computing business of \$78.9 million and \$46.5 million for the fiscal years ended March 31, 2012 and 2011, respectively. Research and development activities related to ODM personal computing had ceased by the end of fiscal year 2012.

Customer Credit Risk

The Company has an established customer credit policy, through which it manages customer credit exposures through credit evaluations, credit limit setting, monitoring, and enforcement of credit limits for new and existing customers. The Company performs ongoing credit evaluations of its customers' financial condition and makes provisions for doubtful accounts based on the outcome of those credit evaluations. The Company evaluates the collectability of its accounts receivable based on specific customer circumstances, current economic trends, historical experience with collections and the age of past due receivables. To the extent the Company identifies exposures as a result of credit or customer evaluations, the Company also reviews other customer related exposures, including but not limited to inventory and related contractual obligations.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk are primarily accounts receivable, cash and cash equivalents, and derivative instruments.

The following table summarizes the activity in the Company's allowance for doubtful accounts during fiscal years 2013, 2012 and 2011:

	Balance at Beginning of Year	Charged to Costs and Expenses	Deductions/ Write-Offs	Balance at End of Year
	(In thousands)			
Allowance for doubtful accounts:				
Year ended March 31, 2011(4)	\$ 13,163	\$ 3,877	\$ (3,818)	\$ 13,222
Year ended March 31, 2012(1)(2)(4)	\$ 13,222	\$ 30,122	\$ (4,439)	\$ 38,905
Year ended March 31, 2013(2)(3)	\$ 38,905	\$ 6,643	\$ (34,671)	\$ 10,877

- (1) Deductions/write-offs amount for fiscal year 2012 includes \$3.9 million, which was previously reserved and the underlying accounts receivable balance was reclassified to non-current assets in fiscal year 2012, and carried net of its specific reserve.
- (2) Included in amounts charged to costs and expenses in fiscal year 2012 is \$28.0 million related to a distressed customer, which was written off in fiscal year 2013.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SUMMARY OF ACCOUNTING POLICIES (Continued)**

- (3) Deductions/write-offs amount for fiscal year 2013 also includes \$5.8 million, which was previously reserved and the underlying accounts receivable balance was reclassified to non-current assets in fiscal year 2013 and is carried net of its specific reserve.
- (4) Included in amounts charged to costs and expense in fiscal year 2012 and fiscal year 2011 is \$0.2 million, respectively, related to discontinued operations.

No customer accounted for greater than 10% of the Company's net sales in fiscal 2013. Two customers accounted for approximately 11% and 10%, respectively of the Company's net sales in fiscal 2012. One of these customers accounted for approximately 11% of the Company's net sales in fiscal years 2011. The Company's ten largest customers accounted for approximately 47%, 55% and 52% of its net sales, in fiscal years 2013, 2012 and 2011, respectively. As of March 31, 2013 and 2012, no single customer accounted for greater than 10% of the Company's total accounts receivable.

The Company maintains cash and cash equivalents with various financial institutions that management believes to be of high credit quality. These financial institutions are located in many different locations throughout the world. The Company's cash equivalents are primarily comprised of cash deposited in checking and money market accounts. The Company's investment policy limits the amount of credit exposure to 20% of the issuer's or the fund's total assets measured at the time of purchase or \$10.0 million, whichever is greater.

The amount subject to credit risk related to derivative instruments is generally limited to the amount, if any, by which a counterparty's obligations exceed the obligations of the Company with that counterparty. To manage counterparty risk, the Company limits its derivative transactions to those with recognized financial institutions. See additional discussion of derivatives at note 7 to the consolidated financial statements.

Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less from original dates of purchase are carried at cost, which approximates fair market value, and are considered to be cash equivalents. Cash and cash equivalents consist of cash deposited in checking accounts, money market funds and time deposits.

Cash and cash equivalents consisted of the following:

	As of March 31,	
	2013	2012
	(In thousands)	
Cash and bank balances	\$ 1,089,697	\$ 1,174,423
Money market funds and time deposits	497,390	343,906
	\$ 1,587,087	\$ 1,518,329

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SUMMARY OF ACCOUNTING POLICIES (Continued)***Inventories*

Inventories are stated at the lower of cost (on a first-in, first-out basis) or market value. The stated cost is comprised of direct materials, labor and overhead. The components of inventories, net of applicable lower of cost or market write-downs, were as follows:

	As of March 31,	
	2013	2012
	(In thousands)	
Raw materials	\$ 1,683,098	\$ 1,952,358
Work-in-progress	421,706	537,753
Finished goods	617,696	810,680
	\$ 2,722,500	\$ 3,300,791

Property and Equipment, Net

Property and equipment are stated at cost. Depreciation and amortization is recognized on a straight-line basis over the estimated useful lives of the related assets, with the exception of building leasehold improvements, which are amortized over the term of the lease, if shorter. Repairs and maintenance costs are expensed as incurred. Property and equipment was comprised of the following:

	Depreciable Life (In Years)	As of March 31,	
		2013	2012
		(In thousands)	
Machinery and equipment	3 - 10	\$ 2,668,996	\$ 2,677,387
Buildings	30	1,032,595	1,024,247
Leasehold improvements	up to 30	384,519	283,340
Furniture, fixtures, computer equipment and software	3 - 7	399,368	373,174
Land		127,241	126,314
Construction-in-progress		139,032	87,461
		4,751,751	4,571,923
Accumulated depreciation and amortization		(2,577,163)	(2,495,481)
Property and equipment, net		\$ 2,174,588	\$ 2,076,442

Total depreciation expense associated with property and equipment amounted to approximately \$412.3 million, \$407.5 million and \$384.3 million in fiscal years 2013, 2012 and 2011, respectively. Property and equipment excludes assets no longer in use and held for sale as a result of restructuring activities, as discussed in note 9 and discontinued operations as discussed in note 18 to the consolidated financial statements.

The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of property and equipment is measured by comparing its carrying amount to the projected undiscounted

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FLEXTRONICS INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

cash flows the property and equipment are expected to generate. An impairment loss is recognized when the carrying amount of a long-lived asset exceeds its fair value. Refer to note 12 for a discussion of impairment charges recorded in fiscal year 2013.

Deferred Income Taxes

The Company provides for income taxes in accordance with the asset and liability method of accounting for income taxes. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences between the carrying amount and the tax basis of existing assets and liabilities by applying the applicable statutory tax rate to such differences.

Accounting for Business and Asset Acquisitions

The Company has actively pursued business and asset acquisitions, which are accounted for using the acquisition method of accounting. The fair value of the net assets acquired and the results of the acquired businesses are included in the Company's consolidated financial statements from the acquisition dates forward. The Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and results of operations during the reporting period. Estimates are used in accounting for, among other things, the fair value of acquired net operating assets, property and equipment, intangible assets and related deferred tax liabilities, useful lives of plant and equipment and amortizable lives for acquired intangible assets. Any excess of the purchase consideration over the identified fair value of the assets and liabilities acquired is recognized as goodwill.

The Company estimates the preliminary fair value of acquired assets and liabilities as of the date of acquisition based on information available at that time. Contingent consideration is recorded at fair value as of the date of the acquisition with subsequent adjustments recorded in earnings. Changes to valuation allowances on acquired deferred tax assets are recognized in the provision for, or benefit from, income taxes. The valuation of these tangible and identifiable intangible assets and liabilities is subject to further management review and may change materially between the preliminary allocation and end of the purchase price allocation period. Any changes in these estimates may have a material effect on the Company's consolidated operating results or financial position.

Goodwill and Other Intangible Assets

Goodwill is tested for impairment on an annual basis and whenever events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. Recoverability of goodwill is measured at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit, which is measured based upon, among other factors, market multiples for comparable companies as well as a discounted cash flow analysis. The Company has one reporting unit: Electronics Manufacturing Services ("EMS"). If the recorded value of the assets, including goodwill, and liabilities ("net book value") of the reporting unit exceeds its fair value, an impairment loss may be required to be recognized. Further, to the extent the net book value of the Company as a whole is greater than its fair value in the aggregate, all, or a significant portion of its goodwill may be considered impaired. The Company performed its goodwill impairment assessment on January 31, 2013 and did not elect to perform the qualitative "Step Zero" assessment. Instead the Company performed a quantitative assessment of its goodwill at the afore-mentioned date. Based on

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SUMMARY OF ACCOUNTING POLICIES (Continued)**

this assessment the Company determined that no impairment existed as of the date of the impairment test. The fair value of the reporting unit exceeded the carrying value.

The following table summarizes the activity in the Company's goodwill account during fiscal years 2013 and 2012:

	As of March 31,	
	2013	2012
	(In thousands)	
Balance, beginning of the year, net of accumulated impairment of \$5,949,977	\$ 101,670	\$ 93,207
Additions(1)	160,609	8,607
Purchase accounting adjustments and reclassification to other intangibles(2)		601
Foreign currency translation adjustments	(274)	(745)
Balance, end of period, net of accumulated impairment of \$5,949,977	\$ 262,005	\$ 101,670

- (1) For fiscal year 2013, additions to goodwill were primarily related to \$98.7 million added from the acquisition of Saturn Electronics and Engineering, Inc ("Saturn"). The remainder of the additions were attributable to certain acquisitions that were not individually, nor in the aggregate, significant to the Company. For fiscal year 2012, additions were attributable to certain acquisitions that were not individually, nor in the aggregate, significant to the Company. Refer to the discussion of the Company's acquisitions in note 15.
- (2) Includes adjustments and reclassifications based on management's estimates resulting from their review and finalization of the valuation of assets and liabilities acquired through certain business combinations completed in a period subsequent to the respective acquisition. These adjustments, reclassifications and acquisitions were not individually, nor in the aggregate, significant to the Company.

The Company's acquired intangible assets are subject to amortization over their estimated useful lives and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an intangible asset may not be recoverable. An impairment loss is recognized when the carrying amount of an intangible asset exceeds its fair value. The Company reviewed the carrying value of its intangible assets as of the year ended March 31, 2013 and concluded that such amounts continued to be recoverable.

Intangible assets are comprised of customer-related intangible assets, which primarily include contractual agreements and customer relationships; and licenses and other intangible assets, which is primarily comprised of licenses and also includes patents and trademarks, and developed technologies. Other intangible assets as of March 31, 2013 were primarily comprised of \$10.3 million of developed technology related to the acquisition of Saturn Electronics and Engineering, Inc ("Saturn"). Generally customer-related intangible assets are amortized on an accelerated method based on expected cash flows, primarily over a period of up to eight years. Licenses and other intangible assets are generally

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SUMMARY OF ACCOUNTING POLICIES (Continued)**

amortized on a straight line basis over a period of up to seven years. No residual value is estimated for any intangible assets. During fiscal year 2013, the gross carrying amount of customer-related intangibles increased by \$50.7 million in connection with business acquisitions as described in detail at note 15 to the consolidated financial statements. The fair value of the Company's intangible assets purchased through business combinations is principally determined based on management's estimates of cash flow and recoverability. The components of acquired intangible assets are as follows:

	As of March 31, 2013			As of March 31, 2012		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(In thousands)					
Intangible assets:						
Customer-related intangibles	\$ 294,310	\$ (224,517)	\$ 69,793	\$ 243,681	\$ (199,238)	\$ 44,443
Licenses and other intangibles	21,040	(9,286)	11,754	22,740	(8,929)	13,811
Total	\$ 315,350	\$ (233,803)	\$ 81,547	\$ 266,421	\$ (208,167)	\$ 58,254

The gross carrying amounts of intangible assets are removed when the recorded amounts have been fully amortized. During the year ended March 31, 2013, the Company sold certain patents with a net carrying amount of \$8.6 million. The Company also recognized a charge for impairment of customer-related intangible assets with a net carrying amount of \$10.0 million, which is included in the results from discontinued operations, in connection with the sale of a non-core business based on the carrying value of net assets and the sale proceeds. Total intangible asset amortization expense recognized in continuing operations during fiscal years 2013, 2012 and 2011 was \$29.5 million, \$49.6 million and \$66.2 million, respectively. As of March 31, 2013, the weighted-average remaining useful lives of the Company's intangible assets were approximately 2.3 years and 3.3 years for customer-related intangibles, and licenses and other intangible assets, respectively. The estimated future annual amortization expense for acquired intangible assets is as follows:

Fiscal Year Ending March 31,	Amount
	(In thousands)
2014	\$ 26,383
2015	21,436
2016	16,778
2017	10,069
2018	5,179
Thereafter	1,702
Total amortization expense	\$ 81,547

Derivative Instruments and Hedging Activities

All derivative instruments are recognized on the consolidated balance sheets at fair value. If the derivative instrument is designated as a cash flow hedge, effectiveness is tested monthly using a regression analysis of the change in the spot currency rates and the change in the present value of the spot currency rates. The spot currency rates are discounted to present value using functional currency LIBOR rates over the maximum length of the hedge period. The effective portion of changes in the

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FLEXTRONICS INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

fair value of the derivative instrument (excluding time value) is recognized in shareholders' equity as a separate component of accumulated other comprehensive income (loss), and recognized in the consolidated statements of operations when the hedged item affects earnings. Ineffective and excluded portions of changes in the fair value of cash flow hedges are recognized in earnings immediately. If the derivative instrument is designated as a fair value hedge, the changes in the fair value of the derivative instrument and of the hedged item attributable to the hedged risk are recognized in earnings in the current period. Additional information is included in note 7 to the consolidated financial statements.

Other Current Assets / Other Assets

Other current assets includes approximately \$412.4 million and \$514.9 million as of March 31, 2013 and 2012, respectively for the deferred purchase price receivable from our Global and North American Asset-Backed Securitization programs. See note 8 to the consolidated financial statements for additional information regarding the Company's participation in its trade receivables securitization programs. Additionally, the balance as of March 31, 2013 includes \$74.4 million relating to the fair value of certain fully vested warrants to purchase common stock of a supplier. These warrants were exercised and the underlying shares were sold subsequent to year end for total proceeds of \$67.3 million resulting in a \$7.1 million realized loss that will be recognized during the Company's fiscal quarter ending June 28, 2013. Also included in other current assets as of March 31, 2013 is an amount of \$251.3 million relating to certain assets purchased on behalf of a customer and financed by a third party banking institution as further described in note 15 to the consolidated financial statements.

The Company has certain equity investments in, and notes receivable from, non-publicly traded companies and an equity investment in a publicly traded company, which are included within other assets in the Company's consolidated balance sheets. Non-majority-owned investments are accounted for using the equity method when the Company has an ownership percentage equal to or greater than 20% but less than 50%, or has the ability to significantly influence the operating decisions of the issuer; otherwise the cost method is used. The Company monitors these investments for impairment indicators and makes appropriate reductions in carrying values as required. Fair values of these investments, when required, are estimated using unobservable inputs, primarily discounted cash flow projections.

As of March 31, 2013 and 2012, the Company's equity investments in non-majority owned companies totaled \$26.8 million and \$38.6 million, respectively. The equity in the earnings or losses of the Company's equity method investments was not material to the consolidated results of operations for any period presented in these consolidated financial statements.

Other Current Liabilities

Other current liabilities includes deferred revenue amounting to \$227.0 million and \$329.6 million and customer working capital advances amounting to \$214.1 million and \$326.6 million as of March 31, 2013 and 2012, respectively. Also included in other current liabilities as of March 31, 2013 is an amount of \$272.8 million relating to amounts financed by a third party banking institution for the purchase of assets on behalf of a customer as further described in note 15 to the consolidated financial statements.

Restructuring Charges

The Company recognizes restructuring charges related to its plans to close or consolidate excess manufacturing and administrative facilities. In connection with these activities, the Company records

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FLEXTRONICS INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

restructuring charges for employee termination costs, long-lived asset impairment and other exit-related costs.

The recognition of restructuring charges requires the Company to make certain judgments and estimates regarding the nature, timing and amount of costs associated with the planned exit activity. To the extent the Company's actual results differ from its estimates and assumptions, the Company may be required to revise the estimates of future liabilities, requiring the recognition of additional restructuring charges or the reduction of liabilities already recognized. Such changes to previously estimated amounts may be material to the consolidated financial statements. At the end of each reporting period, the Company evaluates the remaining accrued balances to ensure that no excess accruals are retained and the utilization of the provisions are for their intended purpose in accordance with developed exit plans. See note 12 to the consolidated financial statements for additional information regarding restructuring charges.

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board ("FASB") issued guidance which requires an entity to measure obligations resulting from joint and several liability arrangements, including the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors, as well as discussion of the nature of such obligations.

In February 2013, the FASB issued guidance which requires an entity to disclose amounts reclassified out of accumulated other comprehensive income by component for each period an income statement is presented to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income. This disclosure is effective for the Company beginning in fiscal year 2014.

In December 2011, the FASB issued guidance which requires an entity to disclose information about offsetting and related arrangements to enable financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of setoff associated with the entity's recognized financial assets and liabilities, on the entity's financial position. The new disclosures will enable financial statement users to compare balance sheets prepared under U.S. GAAP and International Financial Reporting Standards (IFRS), which are subject to different offsetting models. The disclosures will be limited to financial instruments (and derivatives) subject to enforceable master netting arrangements or similar agreements. Similar agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Financial instruments and transactions that will be subject to the disclosure requirements may include derivatives, repurchase and reverse repurchase agreements, and securities lending and borrowing arrangements. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. The guidance is effective for the Company beginning in fiscal year 2014. The adoption of this guidance will not have a significant impact to the Company's consolidated financial statements.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****3. SHARE-BASED COMPENSATION***Equity Compensation Plans*

During fiscal year 2013, the Company granted equity compensation awards under the 2010 Equity Incentive Plan (the "2010 Plan"). As of March 31, 2013, the Company had approximately 43.4 million shares available for grants under the 2010 Plan. Options issued to employees under the 2010 Plan generally vest over four years and expire seven years from the date of grant. Options granted to non-employee directors expire five years from the date of grant.

The exercise price of options granted to employees is determined by the Company's Board of Directors or the Compensation Committee and may not be less than the closing price of the Company's ordinary shares on the date of grant.

The Company also grants share bonus awards under its equity compensation plan. Share bonus awards are rights to acquire a specified number of ordinary shares for no cash consideration in exchange for continued service with the Company. Share bonus awards generally vest in installments over a three to five year period and unvested share bonus awards are forfeited upon termination of employment. Vesting for certain share bonus awards is contingent upon both service and market conditions.

Share-Based Compensation Expense

The following table summarizes the Company's share-based compensation expense:

	Fiscal Year Ended March 31,		
	2013	2012	2011
	(In thousands)		
Cost of sales	\$ 5,163	\$ 7,446	\$ 10,249
Selling, general and administrative expenses	29,366	41,008	44,988
Total share-based compensation expense	\$ 34,529	\$ 48,454	\$ 55,237

As required by the authoritative guidance for stock-based compensation, management made an estimate of expected forfeitures and is recognizing compensation costs only for those equity awards expected to vest. When estimating forfeitures, the Company considers voluntary termination behavior as well as an analysis of actual forfeitures.

As of March 31, 2013, the total unrecognized compensation cost related to unvested share options granted to employees under the Company's equity compensation plans was approximately \$1.9 million, net of estimated forfeitures. This cost will be amortized on a straight-line basis over a weighted-average period of approximately 1.9 years and will be adjusted for estimated forfeitures. As of March 31, 2013, the total unrecognized compensation cost related to unvested share bonus awards granted to employees was approximately \$71.4 million, net of estimated forfeitures. This cost will be amortized generally on a straight-line basis over a weighted-average period of approximately 2.5 years and will be adjusted for estimated forfeitures. Approximately \$8.0 million of the unrecognized compensation cost, net of forfeitures, is related to share bonus awards granted to certain key employees whereby vesting is contingent on meeting a certain market condition.

Cash flows resulting from excess tax benefits (tax benefits related to the excess of proceeds from employee exercises of share options over the share-based compensation cost recognized for those

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****3. SHARE-BASED COMPENSATION (Continued)**

options) are classified as financing cash flows. During fiscal years 2013, 2012 and 2011, the Company did not recognize any excess tax benefits as a financing cash inflow.

Determining Fair Value

Valuation and Amortization Method The Company estimates the fair value of share options granted using the Black-Scholes valuation method and a single option award approach. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. The fair market value of share bonus awards granted, other than those awards with a market condition, is the closing price of the Company's ordinary shares on the date of grant and is generally recognized as compensation expense on a straight-line basis over the respective vesting period. For share bonus awards whereby vesting is contingent on meeting certain market conditions, the fair value is determined using a Monte Carlo simulation.

Expected Term The Company's expected term used in the Black-Scholes valuation method represents the period that the Company's share options are expected to be outstanding and is determined based on historical experience of similar awards, giving consideration to the contractual terms of the share options, vesting schedules and expectations of future employee behavior as influenced by changes to the terms of its share options.

Expected Volatility The Company's expected volatility used in the Black-Scholes valuation method is derived from a combination of implied volatility related to publicly traded options to purchase Flextronics ordinary shares and historical variability in the Company's periodic share price.

Expected Dividend The Company has never paid dividends on its ordinary shares and currently does not intend to do so in the near term, and accordingly, the dividend yield percentage is zero for all periods.

Risk-Free Interest Rate The Company bases the risk-free interest rate used in the Black-Scholes valuation method on the implied yield currently available on U.S. Treasury constant maturities issued with a term equivalent to the expected term of the option.

The fair value of the Company's share options granted to employees for fiscal years 2013, 2012 and 2011 other than those with market criteria discussed below, was estimated using the following weighted-average assumptions:

	Fiscal Year Ended March 31,		
	2013	2012	2011
Expected term	4.1 years	4.1 years	4.1 years
Expected volatility	46.9%	46.9%	46.9%
Expected dividends	0.0%	0.0%	0.0%
Risk-free interest rate	0.9%	1.1%	1.6%
Weighted-average fair value	\$ 2.48	\$ 2.57	\$ 2.80

Options granted during the 2013, 2012 and 2011 fiscal years had contractual lives of seven years.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****3. SHARE-BASED COMPENSATION (Continued)***Share-Based Awards Activity*

The following is a summary of option activity for the Company's equity compensation plans, ("Price" reflects the weighted-average exercise price):

	Fiscal Year Ended March 31,					
	2013		2012		2011	
	Options	Price	Options	Price	Options	Price
Outstanding, beginning of fiscal year	43,933,660	\$ 7.78	53,942,458	\$ 7.61	62,868,569	\$ 7.16
Granted	19,000	6.57	599,800	6.80	2,063,748	7.21
Exercised	(5,398,331)	4.12	(5,879,405)	3.92	(6,215,867)	7.44
Forfeited	(4,148,765)	8.32	(4,729,193)	10.45	(4,773,992)	6.55
Outstanding, end of fiscal year	34,405,564	\$ 8.29	43,933,660	\$ 7.78	53,942,458	\$ 7.61
Options exercisable, end of fiscal year	33,662,480	\$ 8.31	37,021,049	\$ 8.44	34,237,404	\$ 9.23

The aggregate intrinsic value of options exercised (calculated as the difference between the exercise price of the underlying award and the price of the Company's ordinary shares determined as of the time of option exercise for options exercised in-the-money) under the Company's equity compensation plans was \$13.0 million, \$17.1 million and \$22.9 million during fiscal years 2013, 2012 and 2011, respectively.

Cash received from option exercises was \$22.3 million, \$23.1 million and \$23.3 million for fiscal years 2013, 2012 and 2011, respectively.

The following table presents the composition of options outstanding and exercisable as of March 31, 2013:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number of Shares Outstanding	Weighted Average Remaining Contractual Life (In Years)	Weighted Average Exercise Price	Number of Shares Exercisable	Weighted Average Exercise Price	
\$1.94 - \$2.26	8,271,934	2.74	\$ 2.18	8,271,934	\$ 2.18	
\$3.39 - \$5.75	6,736,382	3.35	5.55	6,670,480	5.55	
\$5.87 - \$7.07	552,685	4.27	6.53	350,536	6.58	
\$7.08 - \$10.59	8,041,703	2.50	10.10	7,566,670	10.25	
\$10.67 - \$11.41	1,171,246	3.02	11.21	1,171,246	11.21	
\$11.53 - \$13.98	6,965,166	1.87	12.24	6,965,166	12.24	
\$14.34 - \$23.02	2,666,448	0.94	17.44	2,666,448	17.44	
\$1.94 - \$23.02	34,405,564	2.52	\$ 8.29	33,662,480	\$ 8.31	
Options vested and expected to vest	34,350,265	2.53	\$ 8.31			

As of March 31, 2013, the aggregate intrinsic value for options outstanding, options vested and expected to vest (which includes adjustments for expected forfeitures), and options exercisable were

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****3. SHARE-BASED COMPENSATION (Continued)**

\$46.2 million, \$46.2 million and \$46.1 million, respectively. The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the quoted price of the Company's ordinary shares as of March 31, 2013 for the approximately 15.2 million options that were in-the-money at March 31, 2013. As of March 31, 2013, the weighted average remaining contractual life for options exercisable was 2.47 years.

The following table summarizes the Company's share bonus award activity ("Price" reflects the weighted-average grant-date fair value):

	Fiscal Year Ended March 31,					
	2013		2012		2011	
	Shares	Price	Shares	Price	Shares	Price
Unvested share bonus awards outstanding, beginning of fiscal year	15,965,268	\$ 6.91	13,801,942	\$ 8.04	8,801,609	\$ 10.31
Granted	9,582,867	6.74	9,213,456	6.78	9,739,375	7.01
Vested	(1,506,234)	7.51	(2,555,165)	9.34	(2,758,593)	10.37
Forfeited	(2,234,832)	6.86	(4,494,965)	8.60	(1,980,449)	9.74
Unvested share bonus awards outstanding, end of fiscal year	21,807,069	\$ 6.80	15,965,268	\$ 6.91	13,801,942	\$ 8.04

Of the 21.8 million unvested share bonus awards outstanding as of the year ended March 31, 2013, approximately 3.9 million represents the target amount of grants made to certain key employees whereby vesting is contingent on meeting a certain market condition. The number of shares that ultimately will vest are based on a measurement of Flextronics' total shareholder return against the Standard and Poor's ("S&P") 500 Composite Index and will vest over a period of three years. Of the 3.9 million awards that were outstanding as of the year ended March 31, 2013, 2.1 million were granted in fiscal year 2013 at an estimated average grant-date fair value of \$7.63 per share, 1.0 million were granted in fiscal year 2012 at an average grant-date fair value of \$7.78 per share, and 0.8 million were granted in fiscal year 2011 at an average grant-date fair value of \$7.32 per share. In accordance with accounting guidance, the Company will continue to recognize share-based compensation expense for these awards with market conditions regardless of whether such awards will ultimately vest. The actual number of shares to be issued can range from zero to 4.1 million for the 2013 grants, zero to 1.6 million for the 2012 grants, and zero to 1.2 million for the 2011 grants. The awards granted during fiscal year 2011 will expire in June 2013, and are not expected to vest.

The total intrinsic value of share bonus awards vested under the Company's equity compensation plans was \$9.7 million, \$17.7 million and \$19.6 million during fiscal years 2013, 2012 and 2011, respectively, based on the closing price of the Company's ordinary shares on the date vested.

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FLEXTRONICS INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. EARNINGS PER SHARE

Basic earnings per share for both continuing and discontinued operations exclude dilution and are computed by dividing net income by the weighted-average number of ordinary shares outstanding during the applicable periods.

Diluted earnings per share for both continuing and discontinued operations reflect the potential dilution from stock options, share bonus awards and convertible securities. The potential dilution from stock options exercisable into ordinary share equivalents and share bonus awards was computed using the treasury stock method based on the average fair market value of the Company's ordinary shares for the period. The potential dilution from the conversion spread (excess of conversion value over face value) of the Subordinated Notes convertible into ordinary share equivalents was calculated as the quotient of the conversion spread and the average fair market value of the Company's ordinary shares for the period.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****4. EARNINGS PER SHARE (Continued)**

The following table reflects the basic weighted-average ordinary shares outstanding and diluted weighted-average ordinary share equivalents used to calculate basic and diluted income from continuing and discontinued operations per share:

	Fiscal Year Ended March 31,		
	2013	2012	2011
(In thousands, except per share amounts)			
Basic earnings from continuing and discontinued operations per share:			
Income from continuing operations	\$ 302,502	\$ 520,770	\$ 612,261
Loss from discontinued operations	\$ (25,451)	\$ (32,005)	\$ (16,042)
Net income	\$ 277,051	\$ 488,765	\$ 596,219
Shares used in computation:			
Weighted-average ordinary shares outstanding	662,874	716,247	777,315
Basic earnings from continuing operations per share	\$ 0.46	\$ 0.73	\$ 0.79
Basic loss from discontinued operations per share	\$ (0.04)	\$ (0.04)	\$ (0.02)
Basic earnings per share	\$ 0.42	\$ 0.68	\$ 0.77
Diluted earnings from continuing and discontinued operations per share:			
Income from continuing operations	\$ 302,502	\$ 520,770	\$ 612,261
Loss from discontinued operations	\$ (25,451)	\$ (32,005)	\$ (16,042)
Net income	\$ 277,051	\$ 488,765	\$ 596,219
Shares used in computation:			
Weighted-average ordinary shares outstanding	662,874	716,247	777,315
Weighted-average ordinary share equivalents from stock options and awards(1)	12,159	11,560	12,877
Weighted-average ordinary shares and ordinary share equivalents outstanding(2)	675,033	727,807	790,192
Diluted earnings from continuing operations per share	\$ 0.45	\$ 0.72	\$ 0.77
Diluted loss from discontinued operations per share	\$ (0.04)	\$ (0.04)	\$ (0.02)
Diluted earnings per share	\$ 0.41	\$ 0.67	\$ 0.75

(1) Options to purchase ordinary shares of 20.6 million, 24.2 million and 25.5 million during fiscal years 2013, 2012 and 2011, respectively, were excluded from the computation of diluted earnings per share primarily because the exercise price of these options was greater than the average market price of the Company's ordinary shares during the respective periods.

(2)

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On August 2, 2010 the Company paid approximately \$240.0 million to redeem its 1% Convertible Subordinated Notes upon maturity. The notes carried conversion provisions to issue shares to settle any conversion spread (excess of the conversion value over the conversion price) in stock. The conversion price was \$15.525 per share (subject to certain adjustments). On the maturity date, the Company's stock price was less than the conversion spread, and therefore no shares were issued. For the year ended March 31, 2011, the conversion obligation was less than the principal portion of these notes and accordingly, no additional shares were included as ordinary share equivalents.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****5. SUPPLEMENTAL CASH FLOW DISCLOSURES**

The following table represents supplemental cash flow disclosures and non-cash investing and financing activities:

	Fiscal Year Ended March 31,		
	2013	2012	2011
	(In thousands)		
Net cash paid for:			
Interest	\$ 66,071	\$ 42,067	\$ 83,133
Income taxes	\$ 52,306	\$ 66,013	\$ 77,690
Non-cash investing activity:			
Accounts payable for fixed assets purchases	\$ 89,718	\$ 63,671	\$ 73,036

6. BANK BORROWINGS AND LONG-TERM DEBT

Bank borrowings and long-term debt are as follows:

	As of March 31,	
	2013	2012
	(In thousands)	
4.625% Notes due February 2020	\$ 500,000	\$
5.000% Notes due February 2023	500,000	
Term Loan, including current portion, due in October 2014	170,340	1,179,595
Term Loan, including current portion, due in installments through October 2016	517,500	487,500
Asia Term Loans	375,000	377,000
Outstanding under revolving line of credit		140,000
Other	4,787	4,578
	2,067,627	2,188,673
Current portion	(416,654)	(39,340)
Non-current portion	\$ 1,650,973	\$ 2,149,333

The weighted average interest rate for the Company's long-term debt was 3.5% as of March 31, 2013.

Repayments of the Company's long-term debt are as follows:

Fiscal Year Ending March 31,	Amount
	(In thousands)
2014	\$ 416,654
2015	211,136
2016	41,250
2017	393,750
2018	
Thereafter	1,004,837
Total	\$ 2,067,627

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FLEXTRONICS INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. BANK BORROWINGS AND LONG-TERM DEBT (Continued)

Capital lease obligations of \$9.1 million and \$11.6 million, consisting of short-term obligations of \$2.8 million and \$3.1 million and long term obligations of \$6.3 million and \$8.5 million are included in current and non-current liabilities on the Company's balance sheets as of March 31, 2013 and 2012, respectively.

Notes due February 2020 and February 2023

On February 20, 2013, the Company issued \$500.0 million of 4.625% Notes due February 15, 2020 and \$500.0 million of 5.000% Notes due February 15, 2023 (collectively the "Notes") in a private offering pursuant to Rule 144A and Regulation S under the Securities Act. The Company received net proceeds of approximately \$990.6 million from the issuance and used those proceeds, together with \$9.4 million of cash on hand, to repay \$1.0 billion of outstanding borrowings under its 2007 term loan facility.

Interest on the Notes is payable semi-annually, commencing on August 15, 2013. The Notes are senior unsecured obligations of the Company, rank equally with all of the Company's other existing and future senior and unsecured debt obligations, and are guaranteed, jointly and severally, fully and unconditionally on an unsecured basis, by each of the Company's 100% owned subsidiaries that guarantees indebtedness under, or is a borrower under, the Company's Term Loan Agreement and Revolving Line of Credit.

At any time prior to maturity, the Company may redeem some or all of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus an applicable premium and accrued and unpaid interest, if any, to the applicable redemption date. Upon the occurrence of a change of control repurchase event (as defined in the Notes indenture), the Company must offer to repurchase the Notes at a repurchase price equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest, if any, to the applicable repurchase date.

The indenture governing the Notes contains covenants that, among other things, restrict the ability of the Company and certain of the Company's subsidiaries to create liens; enter into sale-leaseback transactions; create, incur, issue, assume or guarantee any funded debt; and consolidate or merge with, or convey, transfer or lease all or substantially all of the Company's assets to, another person. These covenants are subject to a number of significant limitations and exceptions set forth in the indenture. The indenture also provides for customary events of default, including, but not limited to, cross defaults to certain specified other debt of the Company and its subsidiaries. In the case of an event of default arising from specified events of bankruptcy or insolvency, all outstanding Notes will become due and payable immediately without further action or notice. If any other event of default under the agreement occurs or is continuing, the applicable trustee or holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all of the Notes to be due and payable immediately. As of March 31, 2013, the Company was in compliance with the covenants in the indenture governing the Notes.

In connection with the issuance of the Notes, the Company entered into a registration rights agreement under which it has agreed to consummate an offer registered with the Securities and Exchange Commission to issue new notes having terms substantially identical to the Notes (except that the new notes will not be subject to restrictions on transfer) in exchange for outstanding Notes. In some circumstances, the Company may be required to file a shelf registration statement to cover

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FLEXTRONICS INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. BANK BORROWINGS AND LONG-TERM DEBT (Continued)

resales of the Notes. If the Company fails to satisfy these obligations, the Company may be required to pay additional interest to holders of the Notes under certain circumstances.

Term Loan Agreement and Revolving Line of Credit

On October 19, 2011, the Company entered into a five-year \$2.0 billion Credit Facility consisting of a \$1.5 billion Revolving Credit Facility and a \$500.0 million term loan, which expires in October 2016. The Revolving Credit Facility due 2016 replaced the Company's \$2.0 billion revolving credit facility, which was due to mature in May 2012 and the \$500.0 million term loan refinanced the outstanding amount of its \$500.0 million tranche under the Company's \$1.7 billion term loan, which was due to mature in October 2012. During fiscal year 2013, the Company increased the limit on the term loan by \$50 million and borrowed the entire incremental amount. Additionally, the Company repaid a total principal amount of \$20 million on the term loan during fiscal year 2013. Borrowings under the Credit Facility bear interest, at the Company's option, either at (i) LIBOR plus the applicable margin for LIBOR loans ranging between 1.25% and 2.25%, based on the Company's credit ratings or (ii) the base rate (the greatest of the agent's prime rate, the federal funds rate plus 0.50% and LIBOR for a one-month interest period plus 1.00%) plus an applicable margin ranging between 0.25% and 1.25%, based on the Company's credit rating. The Company is required to pay a quarterly commitment fee ranging between 0.20% and 0.45% per annum on the daily unused amount of the \$1.5 billion Revolving Credit Facility based on the Company's credit rating.

This Credit Facility is unsecured, and contains customary restrictions on the Company's and its subsidiaries' ability to (i) incur certain debt, (ii) make certain investments, (iii) make certain acquisitions of other entities, (iv) incur liens, (v) dispose of assets, (vi) make non-cash distributions to shareholders, and (vii) engage in transactions with affiliates. These covenants are subject to a number of exceptions and limitations. This Credit Facility also requires that the Company maintain a maximum ratio of total indebtedness to EBITDA (earnings before interest expense, taxes, depreciation and amortization), and a minimum interest coverage ratio, as defined therein, during its term. As of March 31, 2013, the Company was in compliance with the covenants under this Credit Facility.

Term Loan Agreement

The Company entered into a \$1.8 billion term loan facility, dated as of October 1, 2007, and subsequently amended as of December 28, 2007.

During the fiscal year ended March 31, 2008, the Company borrowed \$1.7 billion under this term loan agreement. Of this amount, \$500.0 million was scheduled to mature in October 2012 and the remainder was scheduled to mature in October 2014. The Company may prepay the loans at any time at 100% of par plus accrued and unpaid interest and reimbursement of the lender's redeployment costs. On October 19, 2011, the Company repaid \$480 million, which was the outstanding portion of the \$500.0 million due to mature in October 2012. On February 20, 2013, the Company repaid \$1.0 billion of the \$1.2 billion outstanding that is scheduled to mature in October 2014.

Borrowings under this term loan agreement bear interest, at the Company's option, either at (i) the base rate (the greater of the agent's prime rate or the federal funds rate plus 0.50%) plus a margin of 1.25%; or (ii) LIBOR plus a margin of 2.25%.

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FLEXTRONICS INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. BANK BORROWINGS AND LONG-TERM DEBT (Continued)

This term loan agreement is unsecured, and contains customary restrictions on the ability of the Company and its subsidiaries to, among other things, (i) incur certain debt, (ii) make certain investments, (iii) make certain acquisitions of other entities, (iv) incur liens, (v) dispose of assets, (vi) make non-cash distributions to shareholders, and (vii) engage in transactions with affiliates. These covenants are subject to a number of exceptions and limitations. This term loan agreement also requires that the Company maintain a maximum ratio of total indebtedness to EBITDA (as defined by the loan agreement), during the term of the agreement. Borrowings under this term loan agreement are guaranteed by the Company and certain of its subsidiaries. As of March 31, 2013, the Company was in compliance with the covenants under this term loan agreement.

Asia Term Loans

On September 27, 2010, the Company entered into a \$50.0 million term loan agreement with a bank based in Asia, which matures on September 27, 2013. Borrowings under the term loan bear interest at LIBOR plus 2.30%. The Company, at its election, may convert the loan (in whole or in part) to bear interest at the higher of the Federal Funds rate plus 0.50% or the prime rate plus, in each case 1.00%. Principal payments of \$500,000 are due quarterly with the balance due on the maturity date. The Company has the right to prepay any part of the loan without penalty. Borrowings under the term loan agreement are guaranteed by certain subsidiaries of the Company.

On September 28, 2010, the Company entered into a \$130.0 million term loan facility with a bank in Asia, which matures on September 28, 2013. Borrowings under the facility bear interest at LIBOR plus a margin of 2.15%, and the Company paid a non-refundable fee of \$1.4 million at the inception of the loan. The Company has the right to prepay any part of the loan without penalty.

On February 17, 2011, the Company entered into a \$200.0 million term loan facility with a bank in Asia, which matures on February 17, 2014. Borrowings under the facility bear interest at LIBOR plus a margin of 2.28%, and the Company paid a non-refundable fee of \$1.0 million at the inception of the loan. The Company has the right to prepay any part of the loan without penalty.

The Asia Term Loans are unsecured, and contain customary restrictions on the ability of the Company and its subsidiaries to, among other things, (i) incur certain debt, (ii) make certain investments, (iii) make certain acquisitions of other entities, (iv) incur liens, (v) dispose of assets, (vi) make non-cash distributions to shareholders, and (vii) engage in transactions with affiliates. These covenants are subject to a number of exceptions and limitations. The Asia Term Loans also require the Company maintain a maximum ratio of total indebtedness to EBITDA (as defined by the loan agreement) during the terms of the agreements. As of March 31, 2013, the Company was in compliance with the covenants under these facilities.

Other Credit Lines

The Company and certain of its subsidiaries also have various uncommitted revolving credit facilities, lines of credit and other loans in the amount of \$274.2 million in the aggregate. There were no borrowings outstanding under these facilities as of March 31, 2013 and 2012. These facilities, lines of credit and other loans bear annual interest at the respective country's inter-bank offering rate, plus an applicable margin, and generally have maturities that expire on various dates in future fiscal years. The credit facilities are unsecured and the lines of credit and other loans are primarily secured by accounts receivable.

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FLEXTRONICS INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. BANK BORROWINGS AND LONG-TERM DEBT (Continued)

Redemption of 1% Convertible Subordinated Notes

During August 2010, the Company paid \$240.0 million to redeem its 1% Convertible Subordinated Notes at par upon maturity plus accrued interest. These notes carried conversion provisions to issue shares to settle any conversion spread (excess of conversion value over the conversion price) in stock. On the maturity date, the Company's stock price was less than the conversion price, and therefore no ordinary shares were issued.

Tender and Redemption of 6.25% Senior Subordinated Notes

During December 2010, the Company paid approximately \$308.5 million to redeem the remaining aggregate principal balance of \$302.2 million of these notes at a redemption price of 102.083% of the principal amount. The Company recognized a loss associated with the early redemption of the notes of approximately \$13.2 million during the fiscal year ended March 31, 2011, consisting of the redemption price premium of approximately \$6.3 million, and approximately \$6.9 million primarily for the write-off of the unamortized debt issuance costs. The loss is recorded in other charges (income), net in the consolidated statement of operations.

7. FINANCIAL INSTRUMENTS

Foreign Currency Contracts

The Company transacts business in various foreign countries and is therefore, exposed to foreign currency exchange rate risk inherent in forecasted sales, cost of sales, and monetary assets and liabilities denominated in non-functional currencies. The Company has established risk management programs to protect against volatility in the value of non-functional currency denominated monetary assets and liabilities, and of future cash flows caused by changes in foreign currency exchange rates. The Company tries to maintain a partial or fully hedged position for certain transaction exposures, which are primarily, but not limited to, revenues, customer and vendor payments and inter-company balances in currencies other than the functional currency unit of the operating entity. The Company enters into short-term foreign currency forward and swap contracts to hedge only those currency exposures associated with certain assets and liabilities, primarily accounts receivable and accounts payable, and cash flows denominated in non-functional currencies. Gains and losses on the Company's forward and swap contracts are designed to offset losses and gains on the assets, liabilities and transactions hedged, and accordingly, generally do not subject the Company to risk of significant accounting losses. The Company hedges committed exposures and does not engage in speculative transactions. The credit risk of these forward and swap contracts is minimized since the contracts are with large financial institutions and accordingly, fair value adjustments related to the credit risk of the counter-party financial institution were not material.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****7. FINANCIAL INSTRUMENTS (Continued)**

As of March 31, 2013, the aggregate notional amount of the Company's outstanding foreign currency forward and swap contracts was \$4.8 billion as summarized below:

Currency	Foreign Currency Amount		Notional Contract Value in USD	
	Buy	Sell	Buy	Sell
(In thousands)				
Cash Flow Hedges				
CNY	3,000,150		\$ 482,766	\$
HUF	12,088,000		50,873	
MXN	1,336,500		108,211	
MYR	336,600		108,633	
SGD	51,400		41,392	
Other	N/A	N/A	74,656	19,274
			866,531	19,274
Other Forward/Swap Contracts				
BRL	246,600	357,600	122,461	177,584
CAD	96,882	110,148	95,217	108,227
CNY	2,859,783	2,761,232	457,942	444,296
EUR	429,846	507,592	552,066	651,993
GBP	37,697	53,424	57,085	80,774
HUF	15,445,300	15,731,600	65,003	66,208
JPY	9,228,849	6,257,347	97,870	66,686
MXN	1,474,585	1,193,310	119,391	96,617
MYR	168,093	23,037	54,250	7,435
SEK	1,186,018	1,285,135	181,993	197,289
Other	N/A	N/A	176,996	77,142
			1,980,274	1,974,251
Total Notional Contract Value in USD			\$ 2,846,805	\$ 1,993,525

[Table of Contents](#)**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****7. FINANCIAL INSTRUMENTS (Continued)**

As of March 31, 2013 and 2012, the fair value of the Company's short-term foreign currency contracts was not material and included in other current assets or other current liabilities, as applicable, in the consolidated balance sheets. Certain of these contracts are designed to economically hedge the Company's exposure to monetary assets and liabilities denominated in non-functional currencies and are not accounted for as hedges under the accounting standards. Accordingly, changes in fair value of these instruments are recognized in earnings during the period of change as a component of interest and other expense, net in the consolidated statements of operations. As of March 31, 2013 and 2012, the Company also has included net deferred gains and losses, respectively, in accumulated other comprehensive income (loss), a component of shareholders' equity in the consolidated balance sheets, relating to changes in fair value of its foreign currency contracts that are accounted for as cash flow hedges. These deferred gains and losses were not material, and any deferred losses as of March 31, 2013 are expected to be recognized as a component of cost of sales in the consolidated statement of operations primarily over the next twelve month period. The gains and losses recognized in earnings due to hedge ineffectiveness were not material for all fiscal years presented and are included as a component of interest and other expense, net in the consolidated statements of operations.

The following table presents the fair value of the Company's derivative instruments located on the consolidated balance sheets utilized for foreign currency risk management purposes at March 31, 2013 and 2012:

	Fair Values of Derivative Instruments					
	Asset Derivatives			Liability Derivatives		
	Balance Sheet Location	Fair Value		Balance Sheet Location	Fair Value	
	March 31, 2013	March 31, 2012		March 31, 2013	March 31, 2012	
(In thousands)						
Derivatives designated as hedging instruments						
Foreign currency contracts	Other current assets	\$ 11,032	\$ 10,075	Other current liabilities	\$ 3,999	\$ 1,905
Derivatives not designated as hedging instruments						
Foreign currency contracts	Other current assets	\$ 16,531	\$ 10,894	Other current liabilities	\$ 11,291	\$ 6,200

8. TRADE RECEIVABLES SECURITIZATION

The Company sells trade receivables under two asset-backed securitization programs and an accounts receivable factoring program.

Asset-Backed Securitization Programs

The Company continuously sells designated pools of trade receivables under its Global Asset-Backed Securitization Agreement (the "Global Program") and its North American Asset-Backed Securitization Agreement (the "North American Program," collectively, the "ABS Programs") to

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FLEXTRONICS INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. TRADE RECEIVABLES SECURITIZATION (Continued)

affiliated special purpose entities, each of which in turn sells 100% of the receivables to unaffiliated financial institutions. These programs allow the operating subsidiaries to receive a cash payment and a deferred purchase price receivable for sold receivables. Following the transfer of the receivables to the special purpose entities, the transferred receivables are isolated from the Company and its affiliates, and upon the sale of the receivables from the special purpose entity to the unaffiliated financial institutions effective control of the transferred receivables is passed to the unaffiliated financial institutions, which has the right to pledge or sell the receivables. Although the special purpose entities are consolidated by the Company, they are separate corporate entities and their assets are available first to satisfy the claims of their creditors. The investment limits by the financial institutions are \$500.0 million for the Global Program and \$300.0 million for the North American Program and require a minimum level of deferred purchase price receivable to be retained by the Company in connection with the sales.

The Company services, administers and collects the receivables on behalf of the special purpose entities and receives a servicing fee of 0.5% to 1.00% of serviced receivables per annum. Servicing fees recognized during the fiscal years ended March 31, 2013, 2012 and 2011 were not material and are included in interest and other expense, net within the consolidated statements of operations. As the Company estimates the fee it receives in return for its obligation to service these receivables is at fair value, no servicing assets and liabilities are recognized.

Effective April 1, 2010, the Company adopted two new accounting standards, the first of which removed the concept of a qualifying special purpose entity and created more stringent conditions for reporting the transfer of a financial asset as a sale. The second standard amended the consolidation guidance for determining the primary beneficiary of a variable interest entity. As a result of the adoption of the second standard, the Company was deemed to be the primary beneficiary of the special purpose entity to which the pool of trade receivables was sold under the Global Program and, as such, was required to consolidate the special purpose entity; the Company had previously been consolidating the special purpose entity under the North American Program. The North American Program was amended effective April 1, 2010 and the Global Program was amended effective September 29, 2010 in each case to provide for the sale by the special purpose entities of 100% of the eligible receivables to the unaffiliated financial institutions; previously the special purpose entities had retained a partial interest in the sold receivables. Upon adoption of these standards, the balance of receivables sold for cash under the Global Program as of April 1, 2010, totaling \$217.1 million, was recorded as accounts receivable and short-term bank borrowings in the opening balance sheet of fiscal year 2011. Upon collection of these receivables the Company recorded cash from operations offset by repayments of bank borrowings from financing activities in the consolidated statements of cash flows during the year ended March 31, 2011. As of March 31, 2013 and 2012, the accounts receivable balances that were sold under the ABS Programs were removed from the consolidated balance sheets and the net cash proceeds received by the Company were included as cash provided by operating activities in the consolidated statements of cash flows.

Although the Company still consolidates the special purpose entities, as a result of the amendments to the North American Program effective April 1, 2010 and the Global Program on September 29, 2010, all of the receivables sold to the unaffiliated financial institutions for cash are removed from the consolidated balance sheet and the cash received is no longer accounted for as a secured borrowing. The portion of the purchase price for the receivables which is not paid by the unaffiliated financial institutions in cash is a deferred purchase price receivable, which is paid to the

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****8. TRADE RECEIVABLES SECURITIZATION (Continued)**

special purpose entity as payments on the receivables are collected from account debtors. The deferred purchase price receivable represents a beneficial interest in the transferred financial assets and is recognized at fair value as part of the sale transaction.

As of March 31, 2013, approximately \$1.0 billion of accounts receivable had been sold to the special purpose entities under the ABS Programs for which the Company had received net cash proceeds of \$556.9 million and deferred purchase price receivables of \$412.4 million. As of March 31, 2012, approximately \$1.1 billion of accounts receivable had been sold to the special purpose entities for which the Company had received net cash proceeds of \$556.8 million and deferred purchase price receivables of \$514.9 million. The deferred purchase price receivables are included in other current assets as of March 31, 2013 and 2012, and were carried at the expected recovery amount of the related receivables. The difference between the carrying amount of the receivables sold under these programs and the sum of the cash and fair value of the deferred purchase price receivables received at time of transfer is recognized as a loss on sale of the related receivables and recorded in interest and other expense, net in the consolidated statements of operations; such amounts were \$7.2 million, \$10.9 million and \$8.0 million for the fiscal years ended March 31, 2013, 2012 and 2011, respectively.

For the fiscal years ended March 31, 2013, 2012 and 2011, cash flows from sales of receivables under the ABS Programs consisted of approximately \$3.5 billion, \$4.7 billion and \$2.4 billion, respectively for transfers of receivables (of which approximately \$0.7 billion, \$0.6 billion and \$0.6 billion, respectively represented new transfers and the remainder proceeds from collections reinvested in revolving-period transfers).

The following table summarizes the activity in the deferred purchase price receivables account during the fiscal years ended March 31, 2013 and 2012:

	As of March 31,	
	2013	2012
	(In thousands)	
Beginning balance	\$ 514,895	\$ 459,994
Transfers of receivables	3,896,495	4,922,541
Collections	(3,999,033)	(4,867,640)
Ending balance	\$ 412,357	\$ 514,895

Trade Accounts Receivable Sale Programs

The Company also sold accounts receivables to certain third-party banking institutions. The outstanding balance of receivables sold and not yet collected was approximately \$163.6 million and \$110.5 million as of March 31, 2013 and 2012, respectively. For the years ended March 31, 2013, 2012 and 2011, total accounts receivables sold to certain third party banking institutions was approximately \$1.1 billion, \$2.0 billion and \$2.5 billion, respectively. The receivables that were sold were removed from the consolidated balance sheets and were reflected as cash provided by operating activities in the consolidated statements of cash flows.

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FLEXTRONICS INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact, and it considers assumptions that market participants would use when pricing the asset or liability. The accounting guidance for fair value establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

Level 1 Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

The Company has deferred compensation plans for its officers and certain other employees. Deferred amounts under the plans are invested in hypothetical investments selected by the participant or the participant's investment manager. The Company's deferred compensation plan assets are included in other noncurrent assets on the consolidated balance sheets and include investments in equity securities and mutual funds that are valued using active market prices.

The Company values available for sale investments using level 1 inputs which are active market trading prices.

Level 2 Applies to assets or liabilities for which there are inputs other than quoted prices included within level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets) such as cash and cash equivalent and money market funds; or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

The Company values foreign exchange forward contracts using level 2 observable inputs which primarily consist of an income approach based on the present value of the forward rate less the contract rate multiplied by the notional amount.

The Company's cash equivalents are comprised of bank deposits and money market funds, which are valued using level 2 inputs, such as interest rates and maturity periods. Due to their short-term nature, their carrying amount approximates fair value.

The Company's deferred compensation plan assets also include money market funds, mutual funds, corporate and government bonds and certain convertible securities that are valued using prices obtained from various pricing sources. These sources price these investments using certain market indices and the performance of these investments in relation to these indices. As a result, the Company has classified these investments as level 2 in the fair value hierarchy.

Level 3 Applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****9. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES (Continued)**

The Company has accrued for contingent consideration in connection with its business acquisitions, which is measured at fair value based on certain internal models and inputs. The following table summarizes the activities related to contingent consideration:

	As of March 31,	
	2013	2012
	(In thousands)	
Beginning balance	\$ 1,151	\$ 1,293
Additions to accrual	25,000	513
Payments	(1,151)	(655)
Ending balance	\$ 25,000	\$ 1,151

The Company values deferred purchase price receivables relating to its Asset-Backed Securitization Program based on a discounted cash flow analysis using unobservable inputs (i.e. level 3 inputs), which are primarily risk free interest rates adjusted for the credit quality of the underlying creditor. Due to its high credit quality and short term maturity, their fair value approximates carrying value. Significant increases in either of the significant unobservable inputs (credit spread or risk free interest rate) in isolation would result in lower fair value estimates, however is insignificant. The interrelationship between these inputs is also insignificant. Refer to note 8 to the notes of consolidated financial statements for a reconciliation of the change in the deferred purchase price receivable.

The Company has warrants to purchase up to 1.35 million shares of the common stock of a certain supplier at a weighted-average price of \$7.33 per share. The warrants expire on May 18, 2018. These fully vested warrants, which are derivative instruments, are fair valued at each reporting date with gains or losses from changes in fair value recognized in the consolidated statements of operations. The Company values these warrants based on the Black-Scholes option-valuation model using unobservable inputs classified as level 3 in the fair value hierarchy. Significant changes in any of the significant unobservable inputs in isolation would result in a change in the fair value estimate, but in each case, the amount would be insignificant. The interrelationship between these inputs is also insignificant. As of March 31, 2013, the Company used the following assumptions to fair value these warrants:

	As of March 31, 2013
Remaining life	5 years
Volatility	58%
Dividend yield	0%
Risk-free rate	0.80%

The following table summarizes the changes in the fair value adjustment of these warrants:

	Amount (In thousands)
Balance, March 31, 2012	\$
Fair value adjustment	74,437
Balance, March 31, 2013	\$ 74,437

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****9. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES (Continued)**

There were no transfers between levels in the fair value hierarchy during fiscal years 2013 and 2012.

Financial Instruments Measured at Fair Value on a Recurring Basis

The following table presents the Company's assets and liabilities measured at fair value on a recurring basis as of March 31, 2013 and 2012:

	Fair Value Measurements as of March 31, 2013			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Assets:				
Money market funds and time deposits (Note 2)	\$	\$ 497,390	\$	\$ 497,390
Deferred purchase price receivable (Note 8)			412,357	412,357
Foreign exchange forward contracts (Note 7)		27,563		27,563
Warrants to purchase common shares (Note 2)			74,437	74,437
Deferred compensation plan assets:				
Mutual funds, money market accounts and equity securities	6,931	40,972		47,903
Liabilities:				
Foreign exchange forward contracts (Note 7)	\$	\$ (15,290)	\$	\$ (15,290)
Contingent consideration in connection with acquisitions			(25,000)	(25,000)

	Fair Value Measurements as of March 31, 2012			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Assets:				
Money market funds and time deposits (Note 2)	\$	\$ 343,906	\$	\$ 343,906
Deferred purchase price receivable (Note 8)			514,895	514,895
Foreign exchange forward contracts (Note 7)		20,969		20,969
Available for sale investments (Note 2)	5,994			5,994
Deferred compensation plan assets:				
Mutual funds, money market accounts and equity securities	3,411	54,241		57,652
Liabilities:				
Foreign exchange forward contracts (Note 7)	\$	\$ (8,105)	\$	\$ (8,105)
Contingent consideration in connection with acquisitions			(1,151)	(1,151)

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****9. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES (Continued)***Assets Measured at Fair Value on a Nonrecurring Basis*

The Company has certain long-lived assets that are measured at fair value on a nonrecurring basis, and are as follows:

Fair Value Measurements as of March 31, 2013

	Level 1	Level 2	Level 3	Total
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(In thousands)

Assets:				
Assets held for sale	\$	\$ 11,089	\$	\$ 11,089
Property and equipment		25,331		25,331

Fair Value Measurements as of March 31, 2012

	Level 1	Level 2	Level 3	Total
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(In thousands)

Assets:				
Assets held for sale	\$	\$ 16,701	\$	\$ 16,701

Assets held for sale

Assets held for sale are recorded at the lesser of the carrying value or fair value, which is based on comparable sales from prevailing market data (level 2 inputs). As of March 31, 2013 and March 31, 2012, no impairment charges were recorded for assets that were no longer in use and held for sale which exclude those assets that have been identified as relating to discontinued operations as discussed further in note 18 to the consolidated financial statements. The assets held for sale primarily represent manufacturing facilities that have been closed as part of the Company's historical facility consolidations.

Property and equipment

During the fiscal year 2013, the Company recognized impairment charges relating to certain long-lived assets classified as 'held-for-use' since the carrying value of such assets exceeded the fair value, based on the sales of comparable assets, as a result of its restructuring activities as further discussed in note 12 to the consolidated financial statements.

There were no material fair value adjustments or other transfers between levels in the fair value hierarchy for these long-lived assets during the fiscal years 2013 and 2012.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****9. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES (Continued)***Other financial instruments*

The following table presents the Company's liabilities not carried at fair value as at March 31, 2013 and 2012:

	As of March 31, 2013		As of March 31, 2012		Fair Value Hierarchy
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
	(In thousands)		(In thousands)		
Revolving credit facility	\$	\$	\$ 140,000	\$ 140,000	Level 2
Term loan dated October 1, 2007	170,340	170,496	1,179,595	1,171,959	Level 1
Term loan dated October 19, 2011	517,500	518,794	487,500	482,625	Level 1
4.625% Notes dated February 20, 2013 (due 2020)	500,000	507,190			Level 1
5.000% Notes dated February 20, 2013 (due 2023)	500,000	500,000			Level 1
Asia term loans	375,000	375,343	377,000	374,394	Level 2
Total	\$ 2,062,840	\$ 2,071,823	\$ 2,184,095	\$ 2,168,978	

Revolving credit facility The carrying amount approximates fair value due to the short term nature of the interest rates underlying any borrowings under this facility, though the facility itself is available to the Company on a long term basis.

Term loans dated October 1, 2007 and October 19, 2011 The term loans are valued based on broker trading prices in active markets.

Notes dated February 20, 2013 The notes are valued based on broker trading prices in active markets.

Asia term loans The Company's Asia Term Loans are not traded publicly; however, as the pricing, maturity and other pertinent terms of these loans closely approximate those of the Term Loan Agreements dated October 1, 2007, and October 19, 2011, management estimates the respective trading prices would be approximately the same.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****10. COMMITMENTS AND CONTINGENCIES***Commitments*

As of March 31, 2013 and 2012, the gross carrying amount and associated accumulated depreciation of the Company's property and equipment financed under capital leases, and the related obligations was not material. The Company also leases certain of its facilities and equipment under non-cancelable operating leases. These operating leases expire in various years through 2028 and require the following minimum lease payments:

Fiscal Year Ending March 31,	Operating Lease (In thousands)
2014	\$ 140,599
2015	106,084
2016	83,227
2017	65,807
2018	47,347
Thereafter	113,893
Total minimum lease payments	\$ 556,957

Total rent expense amounted to \$138.8 million, \$160.5 million and \$153.2 million in fiscal years 2013, 2012 and 2011, respectively.

Litigation and other legal matters

From time to time, we are subject to legal proceedings, claims, and litigation arising in the ordinary course of business. We defend ourselves vigorously against any such claims. Although the outcome of these matters is currently not determinable, management expects that any losses that are probable or reasonably possible of being incurred as a result of these matters, which are in excess of amounts already accrued in its consolidated balance sheet, would not be material to the financial statements as a whole.

11. INCOME TAXES

The domestic (Singapore) and foreign components of income from continuing operations before income taxes were comprised of the following:

	Fiscal Year Ended March 31,		
	2013	2012	2011
	(In thousands)		
Domestic	\$ 170,071	\$ 186,855	\$ 231,209
Foreign	158,744	387,875	403,101
Total	\$ 328,815	\$ 574,730	\$ 634,310

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****11. INCOME TAXES (Continued)**

The provision for income taxes consisted of the following:

	Fiscal Year Ended March 31,		
	2013	2012	2011
	(In thousands)		
Current:			
Domestic	\$ 680	\$ 303	\$ (972)
Foreign	60,466	56,100	26,671
	61,146	56,403	25,699
Deferred:			
Domestic	(1,187)	386	(319)
Foreign	(33,646)	(2,829)	(3,331)
	(34,833)	(2,443)	(3,650)
Provision for income taxes	\$ 26,313	\$ 53,960	\$ 22,049

The domestic statutory income tax rate was approximately 17.0% in fiscal years 2013, 2012 and 2011. The reconciliation of the income tax expense expected based on domestic statutory income tax rates to the expense for income taxes included in the consolidated statements of operations is as follows:

	Fiscal Year Ended March 31,		
	2013	2012	2011
	(In thousands)		
Income taxes based on domestic statutory rates	\$ 55,899	\$ 95,858	\$ 106,725
Effect of tax rate differential	(120,785)	(177,540)	26,459
Intangible amortization	4,881	9,502	12,055
Change in liability for uncertain tax positions	15,268	34,517	(29,205)
Change in valuation allowance	68,596	93,336	(90,033)
Other	2,454	(1,713)	(3,952)
Provision for income taxes	\$ 26,313	\$ 53,960	\$ 22,049

A number of countries in which the Company is located allow for tax holidays or provide other tax incentives to attract and retain business. In general, these holidays were secured based on the nature, size and location of the Company's operations. The aggregate dollar effect on the Company's income resulting from tax holidays and tax incentives to attract and retain business for the fiscal years ended March 31, 2013, 2012 and 2011 was \$22.6 million, \$41.8 million and \$66.5 million, respectively. For the fiscal year ended March 31, 2013, the effect on basic and diluted earnings per share was \$0.03 and \$0.03, respectively, and the effect on basic and diluted earnings per share during fiscal years 2012 and 2011 were \$0.06 and \$0.06, and \$0.09 and \$0.08, respectively. Unless extended or otherwise renegotiated, the Company's existing holidays will expire in the fiscal years ending March 31, 2014 through fiscal year 2022.

Under its territorial tax system, Singapore generally does not tax foreign sourced income until repatriated to Singapore. The Company has included the effects of Singapore's territorial tax system in the rate differential line above. The tax effect of foreign income not repatriated to Singapore for the

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****11. INCOME TAXES (Continued)**

fiscal years ended March 31, 2013, 2012 and 2011 were \$26.7 million, \$17.7 million and \$32.6 million, respectively.

The components of deferred income taxes are as follows:

	As of March 31,	
	2013	2012
	(In thousands)	
Deferred tax liabilities:		
Fixed assets	\$ (36,542)	\$ (30,159)
Others	(61,621)	(30,032)
Total deferred tax liabilities	(98,163)	(60,191)
Deferred tax assets:		
Fixed assets	66,959	73,588
Intangible assets	112,327	178,910
Deferred compensation	10,341	11,088
Inventory valuation	12,514	12,265
Provision for doubtful accounts	13,807	3,340
Net operating loss and other carryforwards	2,600,895	2,753,940
Others	167,085	176,547
	2,983,928	3,209,678
Valuation allowances	(2,825,579)	(3,099,561)
Net deferred tax assets, net of valuation allowance	158,349	110,117
Net deferred tax asset	\$ 60,186	\$ 49,926
The net deferred tax asset is classified as follows:		
Current asset (classified as other current assets)	\$ 7,881	\$ 815
Long-term asset	52,305	49,111
Total	\$ 60,186	\$ 49,926

Utilization of the Company's deferred tax assets is limited by the future earnings of the Company in the tax jurisdictions in which such deferred assets arose. As a result, management is uncertain as to when or whether these operations will generate sufficient profit to realize any benefit from the deferred tax assets. The valuation allowance provides a reserve against deferred tax assets that are not more likely than not to be realized by the Company. However, management has determined that it is more likely than not that the Company will realize certain of these benefits and, accordingly, has recognized a deferred tax asset from these benefits. The change in valuation allowance is net of certain increases and decreases to prior year losses and other carryforwards that have no current impact on the tax provision. Approximately \$34.0 million of the valuation allowance relates to income tax benefits arising from the exercise of stock options, which if realized will be credited directly to shareholders' equity and will not be available to benefit the income tax provision in any future period.

The Company has recorded a deferred tax asset of approximately \$43.7 million associated with its tax loss and tax credit carryforwards. Approximately \$21.1 million of this deferred tax asset is of

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****11. INCOME TAXES (Continued)**

indefinite duration. The amount of the remaining deferred tax asset expires over the period from 2014 to 2032, of which the amount expiring in 2014 is insignificant.

The amount of deferred tax assets considered realizable, however, could be reduced or increased in the near-term if facts, including the amount of taxable income or the mix of taxable income between subsidiaries, differ from management's estimates.

The Company does not provide for income taxes on approximately \$457.7 million of undistributed earnings of its foreign subsidiaries, as such earnings are not intended by management to be repatriated in the foreseeable future. Determination of the amount of the unrecognized deferred tax liability on these undistributed earnings is not practicable.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Fiscal Year Ended March 31,	
	2013	2012
	(In thousands)	
Balance, beginning of fiscal year	\$ 166,432	\$ 134,627
Additions based on tax position related to the current year	22,185	25,113
Additions for tax positions of prior years	62,610	25,719
Reductions for tax positions of prior years	(15,001)	(18,257)
Reductions related to lapse of applicable statute of limitations	(5,444)	(788)
Settlements	(1,220)	(1,386)
Other	456	1,404
Balance, end of fiscal year	\$ 230,018	\$ 166,432

The Company's unrecognized tax benefits are subject to change over the next twelve months primarily as a result of the expiration of certain statutes of limitations and as audits are settled. During the first quarter of fiscal year 2014, the liability for unrecognized tax benefits will decrease by approximately \$13.2 million due to the settlement of a tax audit subsequent to the balance sheet date. The Company also believes it is reasonably possible that the total amount of unrecognized tax benefits could decrease by an estimated range of \$18.0 to \$30.8 million within the next twelve months primarily due to potential settlements of various audits and the expiration of certain statutes of limitations.

The Company and its subsidiaries file federal, state, and local income tax returns in multiple jurisdictions around the world. With few exceptions, the Company is no longer subject to income tax examinations by tax authorities for years before 2001.

Of the \$230 million of unrecognized tax benefits at March 31, 2013, \$172.8 million will affect the annual effective tax rate if the benefits are eventually recognized. The amount that does not impact the effective tax rate relates to positions that would be settled with a tax loss carryforward previously subject to a valuation allowance.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits within the Company's tax expense. During the fiscal years ended March 31, 2013 and 2012, the Company recognized interest of approximately \$5.1 million and \$5.4 million, respectively, and no penalties. The

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FLEXTRONICS INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. INCOME TAXES (Continued)

Company had approximately \$11.9 million and \$10.6 million accrued for the payment of interest as of the fiscal years ended March 31, 2013 and 2012, respectively. The Company has not accrued for the payment of penalties for the fiscal years ended March 31, 2013 and 2012, respectively.

12. RESTRUCTURING CHARGES

During fiscal year 2013 the Company initiated certain restructuring activities intended to improve its operational efficiencies by reducing excess workforce and capacity. Restructuring charges are recorded based upon employee termination dates, site closure and consolidation plans.

During the fiscal year ended March 31, 2013, the Company recognized restructuring charges of approximately \$227.4 million, of which \$110.1 million was associated with the terminations of 9,138 identified employees in connection with the charges described above. The identified employee terminations by reportable geographic region amounted to approximately 4,467, 2,282, and 2,389 for Asia, the Americas and Europe, respectively. The costs associated with these restructuring activities include employee severance, other personnel costs, non-cash impairment charges on facilities and equipment that are not recoverable through future cash flows or are no longer in use and are to be disposed of, and other exit related costs due to facility closures or rationalizations. Pre-tax restructuring charges comprised of \$123.0 million of cash charges predominantly related to employee severance costs and \$104.4 million of non-cash charges primarily related asset impairment and other exit charges. The Company classified approximately \$215.8 million of these charges as a component of cost of sales and approximately \$11.6 million of these charges as a component of selling, general and administrative expenses during the fiscal year ended March 31, 2013.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****12. RESTRUCTURING CHARGES (Continued)**

The components of the restructuring charges by geographic region incurred during fiscal year 2013:

	Third Quarter	Fourth Quarter	Total
	(In thousands)		
Americas:			
Severance	\$ 863	\$ 13,156	\$ 14,019
Long-lived asset impairment		6,302	6,302
Other exit costs	322	6,533	6,855
Total restructuring charges	1,185	25,991	27,176
Asia:			
Severance	8,572	18,076	26,648
Long-lived asset impairment	46,250	5,268	51,518
Other exit costs	28,818	1,443	30,261
Total restructuring charges	83,640	24,787	108,427
Europe:			
Severance	6,142	63,301	69,443
Long-lived asset impairment	9,851	1,782	11,633
Other exit costs	1,873	8,882	10,755
Total restructuring charges	17,866	73,965	91,831
Total			
Severance	15,577	94,533	110,110
Long-lived asset impairment	56,101	13,352	69,453
Other exit costs	31,013	16,858	47,871
Total restructuring charges	\$ 102,691	\$ 124,743	\$ 227,434

During the fiscal year ended March 31, 2013 the Company recognized approximately \$110.1 million of severance costs related to employee terminations. Approximately \$98.5 million of this was classified as a component of cost of sales.

During the fiscal year ended March 31, 2013 the Company recognized approximately \$69.5 million for the write-down of property and equipment and other manufacturing assets, which are continuing to be held and used by the Company. The majority of this amount was classified as a component of cost of sales.

During the fiscal year ended March 31, 2013, the Company recognized approximately \$47.9 million of other exit costs, which primarily comprised of \$22.8 million for the write-down of certain customer specific assets that were determined to be unrecoverable based on a specific product exit and resulting declining customer volumes. Additionally, other exit costs include \$24.7 million of customer disengagement costs primarily related to inventory that resulted from a product exit as well as contractual obligations from facility closures and \$0.4 million of other miscellaneous items.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****12. RESTRUCTURING CHARGES (Continued)**

The following table summarizes the provisions, respective payments, and remaining accrued balance as of March 31, 2013 for charges incurred in fiscal year 2013 and prior periods:

	Severance	Long-Lived Asset Impairment	Other Exit Costs	Total
	(In thousands)			
Balance as of March 31, 2011	7,596		21,726	29,322
Activities during the fiscal year 2012:				
Cash payments for charges incurred in fiscal year 2010 and prior	(2,976)		(13,659)	(16,635)
Balance as of March 31, 2012	4,620		8,067	12,687
Provision for charges incurred in fiscal year 2013	110,110	69,453	47,871	227,434
Cash payments for charges incurred in fiscal year 2013	(28,586)		(3,832)	(32,418)
Cash payments for charges incurred in fiscal year 2010 and prior	(2,455)		(2,902)	(5,357)
Non-cash charges incurred in fiscal year 2013		(69,453)	(34,993)	(104,446)
Balance as of March 31, 2013	83,689		14,211	97,900
Less: Current portion (classified as other current liabilities)	80,439		7,397	87,836
Accrued restructuring costs, net of current portion (classified as other liabilities)	\$ 3,250	\$	\$ 6,814	\$ 10,064

13. OTHER CHARGES (INCOME), NET

During fiscal year 2013, the Company recognized a net gain of \$74.4 million for the fair value adjustment of the Company's warrants to purchase common shares of a certain supplier. The fair value adjustment gain was partially off-set by a loss on the sales of two investments of \$1.3 million.

During fiscal year 2012, the Company recognized a net gain of \$20.0 million in connection with the sale of certain international entities.

During fiscal year 2011, the Company recognized charges totaling \$6.3 million, consisting of the \$13.2 million loss associated with the early redemption of the 6.25% Senior Subordinated Notes and an \$11.7 million loss in connection with the divestiture of certain international entities. Refer to note 6 and note 15, respectively, for further discussion. These charges were partially offset by a gain of \$18.6 million associated with the sale of an equity investment that was previously fully impaired.

14. INTEREST AND OTHER EXPENSE, NET

For the fiscal years ended March 31, 2013, 2012 and 2011, the Company recognized interest income of \$20.0 million, \$21.7 million and \$14.0 million.

For the fiscal years ended March 31, 2013, 2012 and 2011, the Company recognized interest expense of \$68.9 million, \$67.8 million and \$88.7 million, respectively, on its debt obligations outstanding during the period.

For the fiscal years ended March 31, 2013, 2012 and 2011, the Company recognized gains on foreign exchange transactions of \$19.9 million, \$39.7 million and \$33.1 million, respectively.

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FLEXTRONICS INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. BUSINESS AND ASSET ACQUISITIONS

Business Acquisitions

The business and asset acquisitions described below were accounted for using the purchase method of accounting, and accordingly, the fair value of the net assets acquired and the results of the acquired businesses were included in the Company's consolidated financial statements from the acquisition dates forward. The Company has not finalized the allocation of the consideration for certain of its recently completed acquisitions and expects to complete these allocations within one year of the respective acquisition dates.

Fiscal 2013 business acquisitions

Acquisition of Saturn Electronics and Engineering Inc.

During fiscal year 2013, the Company completed its acquisition of all outstanding common stock of Saturn Electronics and Engineering, Inc. ("Saturn"), a supplier of electronics manufacturing services, solenoids and wiring for the automotive, appliance, consumer, energy and industrial markets. The acquisition of Saturn broadened the Company's service offering and strengthened its capabilities in the automotive and consumer electronics businesses. The results of operations were included in the Company's consolidated financial results beginning on the date of acquisition which amounted to approximately \$100.9 million in revenue for the year ended March 31, 2013. Net income during fiscal year ended March 31, 2013 was not significant to the consolidated operating results of the Company.

The initial cash consideration for this acquisition amounted to \$193.7 million with up to an additional \$15.0 million of estimated potential contingent consideration, for a total purchase consideration of \$208.7 million.

The allocation of the purchase price to Saturn's tangible and identifiable intangible assets acquired and liabilities assumed was based on their estimated fair values as of the date of acquisition. Management determined the value of acquired intangible assets with the assistance of a third-party appraisal firm. Management is in the process of determining the fair value amounts for certain other assets and liabilities that were acquired. The excess of the purchase price over the tangible and identifiable intangible assets acquired and liabilities assumed has been allocated to goodwill.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****15. BUSINESS AND ASSET ACQUISITIONS (Continued)**

The following represents the Company's allocation of the total purchase price to the acquired assets and liabilities assumed of Saturn (in thousands):

Current assets:	
Cash and cash equivalents	\$ 2,191
Accounts receivable	44,879
Inventories	23,350
Other current assets	619
Total current assets	71,039
Property and equipment	43,227
Goodwill	98,746
Other intangible assets	57,200
Other assets	925
Total assets	\$ 271,137
Current liabilities:	
Accounts payable	\$ 29,616
Other current liabilities	9,429
Total current liabilities	39,045
Other liabilities	23,401
Total aggregate purchase price	\$ 208,691

Intangible assets of \$57.2 million in connection with the Saturn acquisition is comprised of customer-related intangible assets of \$46.4 million and other intangible assets consisting of developed technology amounting to \$10.8 million. Customer relationships are amortized over an estimated useful life of 5 years and developed technology is amortized over an estimated useful life of 7 years.

The above purchase price allocation includes certain purchase accounting adjustments recorded in the fourth quarter of fiscal 2013, which resulted in a net decrease of \$7.5 million to goodwill with corresponding increases to intangible assets amounting to \$32.5 million and other liabilities amounting to \$23.0 million. The increase in intangible assets was as a result of the finalization of the valuation for acquired intangible assets and the increase to other liabilities is primarily as a result of deferred tax liabilities recorded relating to intangible assets. As a result of this deferred tax liability, the Company released an amount of \$22.3 million relating to valuation allowances for deferred tax assets in the fourth quarter of fiscal 2013, and this amount is included in the provision for income taxes for the year ended March 31, 2013. In accordance with the accounting guidance applicable to business combinations, the Company has re-casted the operating results for the quarter ended December 31, 2012 to reflect the release of the valuation allowance for deferred tax assets. Refer to note 20 to the consolidated financial statements for further details.

Other business acquisitions

Additionally, during the fiscal year ended March 31, 2013, the Company completed three other acquisitions that were not individually, nor in the aggregate, significant to the Company's consolidated financial position, results of operations and cash flows. The total consideration, which was paid in cash

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FLEXTRONICS INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. BUSINESS AND ASSET ACQUISITIONS (Continued)

for these acquisitions, and earn outs related to certain prior period acquisitions amounted to \$72.7 million. The total amount of cash acquired from these acquisitions amounted to \$80.1 million, resulting in net cash of \$7.4 million acquired for these acquisitions during the fiscal year ended 2013. One of the acquired businesses expanded the Company's capabilities primarily in the medical and defense markets; another acquired business will support the hardware product manufacturing needs of an existing customer in the technology industry; and the other acquired business will expand the Company's capabilities primarily in the LED design and manufacturing market. The Company primarily acquired cash, inventory and certain other manufacturing assets, and recorded goodwill of \$61.9 million in connection with these acquisitions. The potential amount of future payments which the Company could be required to make under contingent consideration arrangements relating to these acquisitions is not material. The aggregate results of operations for these acquisitions were included in the Company's consolidated financial results beginning on the date of acquisition which amounted to approximately \$231.3 million in revenue for the year ended March 31, 2013. Net income during fiscal year ended March 31, 2013 was not significant, individually or in the aggregate, to the consolidated operating results of the Company.

In connection with one of the acquisitions, the Company acquired certain manufacturing assets that were purchased by the acquired company on behalf of an existing customer and will be continued to be used exclusively for the benefit of this customer. These assets are financed by a third party banking institution acting as an agent of the customer under an agreement, the terms of which reset annually. While the Company has the option to settle this obligation in cash, the Company can also settle the obligation related to these assets by returning the respective assets to the customer and cannot be required to pay cash by either the customer or the third party banking institution to settle the obligation. Accordingly, these assets amounting to \$251.3 million and the liability amounting to \$272.8 million have been included in other current assets and other current liabilities, respectively as of March 31, 2013. The cash flows relating to the purchase of assets by the Company on behalf of the customer amounting to \$115.3 million have been included in other investing cash flows for the fiscal year ended March 31, 2013. Net cash inflows amounting to \$101.9 million relating to the funding of these assets by the financial institution on behalf of the customer have been included in cash flows from other financing activities during the fiscal year ended March 31, 2013. In conjunction with this acquisition, the Company amended its existing manufacturing agreement with the customer. As part of this agreement, the Company is obligated to reimburse the customer for any shortfall in production if the manufacturing contract is terminated prior to the delivery of a minimum volume of units to be manufactured over the term of the contract. The total commitment under this arrangement amounted to \$88.0 million and declines over time as the Company continues to manufacture and deliver products under the arrangement. Payment of this guarantee is not probable as of March 31, 2013.

The Company continues to evaluate certain assets and liabilities related to business combinations completed during the recent periods. Additional information, which existed as of the acquisition date, may become known to the Company during the remainder of the measurement period, a period not to exceed 12 months from the acquisition date. Changes to amounts recorded as assets or liabilities may result in a corresponding adjustment to goodwill.

The goodwill generated from the Company's business combinations completed during the fiscal year ended March 31, 2013 is primarily related to value placed on the employee workforce, service offerings and capabilities, and expected synergies. The goodwill is not deductible for income tax purposes.

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FLEXTRONICS INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. BUSINESS AND ASSET ACQUISITIONS (Continued)

Fiscal 2012 business acquisitions

During fiscal year 2012, the Company completed three acquisitions that were not individually, nor in the aggregate significant to the Company's financial position, results of operations and cash flows. The aggregate cash paid for these acquisitions together with cash paid for contingent consideration related to certain prior period acquisitions during the year ended March 31, 2012 totaled approximately \$92.3 million, net of cash acquired. The acquired businesses expanded the Company's capabilities in the communications market. The Company primarily acquired inventory and certain other manufacturing assets and recorded goodwill of \$8.6 million and customer contract intangibles of \$3.9 million in connection with the acquisitions.

Fiscal 2011 business acquisitions

During fiscal year 2011, the Company completed four acquisitions that were not individually, nor in the aggregate significant to the Company's financial position, results of operations and cash flows. The aggregate cash paid for these acquisitions together with cash paid for contingent consideration relating to certain prior period acquisitions during the year ended March 31, 2011 totaled approximately \$17.0 million, net of cash acquired. The acquired businesses expanded the Company's capabilities in the medical and infrastructure business groups.

The consolidated financial statements include the operating results of each business combination from the date of acquisition and the related transaction costs incurred which are not material. Pro forma results of operations for the acquisitions completed have not been presented because the effects of the acquisitions, individually and in the aggregate, were not material to the Company's financial results.

On April 16, 2013, the Company completed its acquisition of certain manufacturing operations from Google's Motorola Mobility LLC, including a manufacturing and services agreement with mobile devices. The total purchase consideration for this acquisition amounted to \$170.6 million. The Company primarily acquired inventory and fixed assets in connection with this acquisition. The financial results of this acquisition are not included in the consolidated financial statements for any period presented. A preliminary purchase price allocation is not yet available for this acquisition.

16. SHARE REPURCHASE PLAN

During fiscal year 2013, the Company repurchased approximately 51.7 million shares for an aggregate purchase value of approximately \$334.0 million.

The Company's Board of Directors, on September 13, 2012, authorized the repurchase of up to 10% of the Company's outstanding ordinary shares which was approved by the Company's shareholders at the 2012 Extraordinary General Meeting held on August 30, 2012. Share repurchases by the Company under the share repurchase plans are subject to an aggregate limit of 10% of the Company's ordinary shares outstanding as of the date of the 2012 Extraordinary General Meeting. During fiscal year 2013, the Company repurchased approximately 31.3 million shares for an aggregate purchase value of approximately \$200.0 million under this plan, including accrued expenses, and retired all of these shares. As of March 31, 2013, approximately 35.3 million shares were available to be repurchased under this plan.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****16. SHARE REPURCHASE PLAN (Continued)**

During the first quarter of fiscal 2013, the Company repurchased the entire remaining amount under a prior share repurchase plan that was approved by the Company's Board of Directors on December 7, 2011 and the Company's shareholders at the 2011 Extraordinary General Meeting held on July 22, 2011, or approximately 20.4 million shares for an aggregate purchase value of approximately \$134.0 million, and retired all of these shares.

17. SEGMENT REPORTING

Operating segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is its Chief Executive Officer. As of March 31, 2013, the Company operates and internally manages a single operating segment, EMS.

Geographic information is as follows:

	Fiscal Year Ended March 31,		
	2013	2012	2011
	(In thousands)		
Net sales:			
Asia	\$ 11,743,140	\$ 15,408,872	\$ 14,620,097
Americas	7,193,063	8,390,521	8,291,784
Europe	4,633,272	5,543,636	5,530,752
	\$ 23,569,475	\$ 29,343,029	\$ 28,442,633

	As of March 31,	
	2013	2012
	(In thousands)	
Long-lived assets:		
Asia	\$ 1,144,451	\$ 1,126,552
Americas	659,289	554,653
Europe	370,848	395,237
	\$ 2,174,588	\$ 2,076,442

Revenues are attributable to the country in which the product is manufactured or service is provided.

For purposes of the preceding tables, "Asia" includes China, India, Indonesia, Japan, Labuan, Malaysia, Mauritius, Singapore, and Taiwan; "Americas" includes Brazil, Canada, Mexico, and the United States; "Europe" includes Austria, the Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Israel, Italy, the Netherlands, Poland, Romania, Slovakia, Sweden, Turkey, Ukraine, and the United Kingdom. During fiscal years 2013 and 2012 there were no revenues attributable to Finland.

During fiscal years 2013, 2012 and 2011, net sales generated from Singapore, the principal country of domicile, were approximately \$551.7 million, \$663.1 million and \$578.2 million, respectively.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****17. SEGMENT REPORTING (Continued)**

As of March 31, 2013 and 2012, long-lived assets held in Singapore were approximately \$15.9 million and \$15.3 million, respectively.

During fiscal year 2013, China, Mexico, United States and Malaysia accounted for approximately 34%, 15%, 11% and 10% of consolidated net sales, respectively. No other country accounted for more than 10% of net sales in fiscal year 2013. As of March 31, 2013, China, Mexico, and the United States accounted for approximately 38%, 13% and 11%, respectively, of consolidated long-lived assets. No other country accounted for more than 10% of long-lived assets as of March 31, 2013.

During fiscal year 2012, China, Mexico, United States and Malaysia accounted for approximately 38%, 14%, 10% and 10% of consolidated net sales, respectively. No other country accounted for more than 10% of net sales in fiscal year 2012. As of March 31, 2012, China and Mexico accounted for approximately 40% and 15%, respectively, of consolidated long-lived assets. No other country accounted for more than 10% of long-lived assets as of March 31, 2012.

During fiscal year 2011, China, Mexico and the United States accounted for approximately 38%, 15% and 10% of consolidated net sales, respectively. No other country accounted for more than 10% of net sales in fiscal year 2011.

18. DISCONTINUED OPERATIONS

During fiscal year 2013, the Company finalized the sale of two of its non-core businesses. Total proceeds received from these sales amounted to \$22.6 million, net of \$1.0 million of cash sold. The Company recognized an aggregate loss of \$12.1 million on the sales, which is included in the results from discontinued operations.

In accordance with the accounting guidance, these non-core businesses qualify as discontinued operations, and accordingly, the Company has reported the results of operations and financial position of these businesses in discontinued operations within the consolidated statements of operations and the consolidated balance sheets for all periods presented as applicable.

The results from discontinued operations were as follows:

	Fiscal Year Ended March 31,		
	2013	2012	2011
	(In thousands)		
Net sales	\$ 40,593	\$ 127,258	\$ 237,292
Cost of sales	42,793	145,403	235,710
Gross profit (loss)	(2,200)	(18,145)	1,582
Selling, general and administrative expenses	1,930	8,932	14,577
Intangibles amortization and impairment	11,000	6,325	4,725
Interest and other expense (income), net	11,280	(7)	992
Loss before income taxes	(26,410)	(33,395)	(18,712)
Benefit from income taxes	(959)	(1,390)	(2,670)
Net loss of discontinued operations	\$ (25,451)	\$ (32,005)	\$ (16,042)

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****18. DISCONTINUED OPERATIONS (Continued)**

Interest and other expense (income), net for fiscal year 2013 include the loss on sale of the businesses discussed above.

The current and non-current assets and liabilities of discontinued operations were as follows:

	As of March 31, 2012	
	(In thousands)	
Accounts receivable, net	\$	9,222
Inventories		11,002
Other current assets		1,418
 Total current assets of discontinued operations	 \$	 21,642
Property and equipment, net	\$	30,377
Goodwill and other intangibles, net		11,000
Other assets		40
 Total non-current assets of discontinued operations	 \$	 41,417
Accounts payable	\$	14,455
Other current liabilities		10,399
 Total current liabilities of discontinued operations	 \$	 24,854

As of March 31, 2013, there were no assets or liabilities attributable to discontinued operations.

19. SUPPLEMENTAL GUARANTOR AND NON-GUARANTOR CONSOLIDATED FINANCIAL STATEMENTS

On February 20, 2013, the Company issued two tranches of Notes of \$500 million each, which mature on February 15, 2020 and February 15, 2023, respectively, in a private offering pursuant to Rule 144A and Regulation S under the Securities Act. These notes are senior unsecured obligations and were issued by Flextronics International Limited ("Parent"), and are guaranteed, fully and unconditionally, jointly and severally, on an unsecured basis, by certain of the Company's 100% owned subsidiaries (the "guarantor subsidiaries"). These subsidiary guarantees will terminate upon 1) a sale or other disposition of the guarantor or the sale or disposition of all or substantially all the assets of the guarantor (other than to Flextronics or a subsidiary); 2) such guarantor ceasing to be a guarantor or a borrower under the Company's Term Loan Agreement and the Revolving Line of Credit; 3) defeasance or discharge of the Notes, as provided in the Notes indenture; or 4) if at any time the notes are rated investment grade.

In lieu of providing separate financial statements for the Guarantors, the Company has included the accompanying condensed consolidated financial statements, which are presented using the equity method of accounting. The principal elimination entries relate to investment in subsidiaries and intercompany balances and transactions, including transactions with the Company's non-guarantor subsidiaries.

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****19. SUPPLEMENTAL GUARANTOR AND NON-GUARANTOR CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Condensed Consolidating Balance Sheets as of March 31, 2013**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 740,515	\$ 82,900	\$ 763,672	\$	\$ 1,587,087
Accounts receivable		458,617	1,653,379		2,111,996
Inventories		1,063,627	1,658,873		2,722,500
Inter company receivable	4,440,955	4,726,673	6,490,274	(15,657,902)	
Other current assets	6,182	178,585	1,165,051		1,349,818
Total current assets	5,187,652	6,510,402	11,731,249	(15,657,902)	7,771,401
Property and equipment, net		328,621	1,845,967		2,174,588
Goodwill and other intangible assets, net	1,075	40,626	301,851		343,552
Other assets	2,498,080	105,136	4,902,815	(7,204,017)	302,014
Investment in subsidiaries	4,127,384	(1,956,014)	16,994,616	(19,165,986)	
Total assets	\$ 11,814,191	\$ 5,028,771	\$ 35,776,498	\$ (42,027,905)	\$ 10,591,555
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Bank borrowings and current portion of long-term debt	\$ 416,594	\$ 60	\$	\$	\$ 416,654
Accounts payable		1,077,723	2,627,574		3,705,297
Accrued payroll		86,073	265,610		351,683
Inter company payable	4,963,615	6,093,606	4,600,681	(15,657,902)	
Other current liabilities	32,440	424,599	1,242,112		1,699,151
Total current liabilities	5,412,649	7,682,061	8,735,977	(15,657,902)	6,172,785
Long term liabilities	4,154,784	2,488,279	2,732,966	(7,204,017)	2,172,012
Shareholders' equity	2,246,758	(5,141,569)	24,307,555	(19,165,986)	2,246,758
Total liabilities and shareholders' equity	\$ 11,814,191	\$ 5,028,771	\$ 35,776,498	\$ (42,027,905)	\$ 10,591,555

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****19. SUPPLEMENTAL GUARANTOR AND NON-GUARANTOR CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Condensed Consolidating Balance Sheets as of March 31, 2012**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 649,252	\$ 47,865	\$ 821,212	\$	\$ 1,518,329
Accounts receivable		899,146	1,694,683		2,593,829
Inventories		1,384,193	1,916,598		3,300,791
Inter company receivable	3,304,798	4,260,557	6,120,995	(13,686,350)	
Current assets of discontinued operations			21,642		21,642
Other current assets	861	167,969	931,129		1,099,959
Total current assets	3,954,911	6,759,730	11,506,259	(13,686,350)	8,534,550
Property and equipment, net		250,179	1,826,263		2,076,442
Goodwill and other intangible assets, net	1,375	28,880	129,669		159,924
Long-term assets of discontinued operations			41,417		41,417
Other assets	2,751,324	123,028	4,905,592	(7,558,473)	221,471
Investment in subsidiaries	4,311,902	(2,422,600)	12,355,622	(14,244,924)	
Total assets	\$ 11,019,512	\$ 4,739,217	\$ 30,764,822	\$ (35,489,747)	\$ 11,033,804
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Bank borrowings and current portion of long-term debt	\$ 36,340	\$ 3,000	\$	\$	\$ 39,340
Accounts payable		1,334,745	2,960,128		4,294,873
Accrued payroll		84,510	260,827		345,337
Current liabilities of discontinued operations			24,854		24,854
Inter company payable	4,177,361	5,543,119	3,965,870	(13,686,350)	
Other current liabilities	22,137	638,982	922,662		1,583,781
Total current liabilities	4,235,838	7,604,356	8,134,341	(13,686,350)	6,288,185
Long term liabilities	4,499,695	2,693,242	2,827,176	(7,558,473)	2,461,640
Shareholders' equity	2,283,979	(5,558,381)	19,803,305	(14,244,924)	2,283,979
Total liabilities and shareholders' equity	\$ 11,019,512	\$ 4,739,217	\$ 30,764,822	\$ (35,489,747)	\$ 11,033,804

[Table of Contents](#)**FLEXTRONICS INTERNATIONAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****19. SUPPLEMENTAL GUARANTOR AND NON-GUARANTOR CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Condensed Consolidating Statements of Operations for Fiscal Year Ended March 31, 2013**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Net sales	\$	\$ 14,630,979	\$ 17,768,884	\$ (8,830,388)	\$ 23,569,475
Cost of sales		13,162,397	17,855,384	(8,830,388)	22,187,393
Restructuring charges		20,366	195,468		215,834
Gross profit (loss)		1,448,216	(281,968)		1,166,248
Selling, general and administrative expenses		199,934	605,301		805,235
Intangible amortization	300	7,840	21,389		29,529
Restructuring charges		1,556	10,044		11,600
Interest and other expense (income), net	(1,179,545)	699,459	471,155		(8,931)
Income (loss) from continuing operations before income taxes	1,179,245	539,427	(1,389,857)		328,815
Provision for income taxes		1,708	24,605		26,313
Equity in earnings in subsidiaries	(902,194)	(371,682)	586,084	687,792	
Income from continuing operations	277,051	166,037	(828,378)	687,792	302,502
Loss from discontinued operations, net of tax			(25,451)		(25,451)
Net income (loss)	\$ 277,051	\$ 166,037	\$ (853,829)	\$ 687,792	\$ 277,051

Condensed Consolidating Statements of Operations for Fiscal Year Ended March 31, 2012

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Net sales	\$	\$ 18,852,902	\$ 22,012,300	\$ (11,522,173)	\$ 29,343,029
Cost of sales		17,395,532	21,951,720	(11,522,173)	27,825,079
Gross profit		1,457,370	60,580		1,517,950
Selling, general and administrative expenses		203,673	673,891		877,564
Intangible amortization	2,550	11,559	35,463		49,572
Interest and other expense (income), net	(442,563)	1,079,398	(620,751)		16,084
Income (loss) from continuing operations before income taxes	440,013	162,740	(28,023)		574,730
Provision for income taxes		1,633	52,327		53,960
Equity in earnings in subsidiaries	48,752	13,171	360,673	(422,596)	
Income from continuing operations	488,765	174,278	280,323	(422,596)	520,770
Loss from discontinued operations, net of tax			(32,005)		(32,005)
Net income (loss)	\$ 488,765	\$ 174,278	\$ 248,318	\$ (422,596)	\$ 488,765

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	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Net sales	\$	\$ 18,257,141	\$ 20,757,338	\$ (10,571,846)	\$ 28,442,633
Cost of sales		16,869,570	20,561,564	(10,571,846)	26,859,288
Gross profit		1,387,571	195,774		1,583,345
Selling, general and administrative expenses		206,314	595,458		801,772
Intangible amortization	2,500	19,218	44,470		66,188
Interest and other expense (income), net	(40,425)	974,117	(852,617)		81,075
Income from continuing operations before income taxes	37,925	187,922	408,463		634,310
Provision for income taxes		4,638	17,411		22,049
Equity in earnings in subsidiaries	558,294	(56,348)	352,163	(854,109)	
Income from continuing operations	596,219	126,936	743,215	(854,109)	612,261
Loss from discontinued operations, net of tax			(16,042)		(16,042)
Net income (loss)	\$ 596,219	\$ 126,936	\$ 727,173	\$ (854,109)	\$ 596,219

Condensed Consolidating Statements of Comprehensive Income for Fiscal Year Ended March 31, 2013

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Net income (loss)	\$ 277,051	\$ 166,037	\$ (853,829)	\$ 687,792	\$ 277,051
Other comprehensive income (loss):					
Foreign currency translation adjustments, net of zero tax	(16,289)	6,866	10,377	(17,243)	(16,289)
Unrealized loss on derivative instruments and other, net of zero tax	(20,755)	(21,084)	(20,755)	41,839	(20,755)
Comprehensive income (loss)	\$ 240,007	\$ 151,819	\$ (864,207)	\$ 712,388	\$ 240,007

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	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Net income (loss)	\$ 488,765	\$ 174,278	\$ 248,318	\$ (422,596)	\$ 488,765
Other comprehensive income (loss):					
Foreign currency translation adjustments, net of zero tax	(53,616)	41,913	755	(42,668)	(53,616)
Unrealized loss on derivative instruments and other, net of zero tax	(7,575)	(943)	(7,575)	8,518	(7,575)
Comprehensive income (loss)	\$ 427,574	\$ 215,248	\$ 241,498	\$ (456,746)	\$ 427,574

Condensed Consolidating Statements of Comprehensive Income for Fiscal Year Ended March 31, 2011

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in thousands)				
Net income (loss)	\$ 596,219	\$ 126,936	\$ 727,173	\$ (854,109)	\$ 596,219
Other comprehensive income (loss):					
Foreign currency translation adjustments, net of zero tax	12,883	22,367	(26,035)	3,668	12,883
Unrealized gain on derivative instruments and other, net of zero tax	23,276	7,632	13,075	(20,707)	23,276
Comprehensive income (loss)	\$ 632,378	\$ 156,935	\$ 714,213	\$ (871,148)	\$ 632,378

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	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(In thousands)				
Net cash provided by (used in) operating activities	\$ 1,136,875	\$ 588,299	\$ (608,973)	\$ (771)	1,115,430
Cash flows from investing activities:					
Purchases of property and equipment, net of proceeds from disposal		(134,819)	(300,750)	241	(435,328)
Acquisition of businesses, net of cash acquired		(20,150)	(163,947)		(184,097)
Proceeds from divestitures of operations, net			22,585		22,585
Investing cash flows from (to) affiliates	(1,528,819)	(134,715)	3,468,696	(1,805,162)	
Other investing activities		6,412	(106,771)		(100,359)
Net cash provided by (used in) investing activities	(1,528,819)	(283,272)	2,919,813	(1,804,921)	(697,199)
Cash flows from financing activities:					
Proceeds from bank borrowings and long-term debt	1,250,000	151	62		1,250,213
Repayments of bank borrowings and long-term debt	(379,399)	(3,876)	(8,584)		(391,859)
Payments for early repurchase of long-term debt	(756,855)	(243,145)			(1,000,000)
Payments for repurchases of ordinary shares	(322,040)				(322,040)
Proceeds from exercise of stock options		22,257			22,257
Financing cash flows from (to) affiliates	693,185	(18,006)	(2,480,871)	1,805,692	
Other financing activities			101,851		101,851
Net cash provided by (used in) financing activities	507,148	(264,876)	(2,387,542)	1,805,692	(339,578)
Effect of exchange rates on cash	(23,941)	(5,116)	19,162		(9,895)
Net change in cash and cash equivalents	91,263	35,035	(57,540)		68,758
Cash and cash equivalents, beginning of year	649,252	47,865	821,212		1,518,329
Cash and cash equivalents, end of year	\$ 740,515	\$ 82,900	\$ 763,672	\$	\$ 1,587,087

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	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(In thousands)				
Net cash provided by (used in) operating activities	\$ 412,529	\$ (190,136)	\$ 594,251	\$ (12,376)	\$ 804,268
Cash flows from investing activities:					
Purchases of property and equipment, net of proceeds from disposal		(67,425)	(320,300)	(279)	(388,004)
Acquisition of businesses, net of cash acquired		(70,831)	(21,426)		(92,257)
Proceeds from divestitures of operations, net			1,398		1,398
Investing cash flows from (to) affiliates	363,716	294,368	1,029,464	(1,687,548)	
Other investing activities	(1,500)	4,626	(5,627)		(2,501)
Net cash provided by (used in) investing activities	362,216	160,738	683,509	(1,687,827)	(481,364)
Cash flows from financing activities:					
Proceeds from bank borrowings and long-term debt	2,827,875		5,829		2,833,704
Repayments of bank borrowings and long-term debt	(2,383,596)	(3,503)	(2,022)		(2,389,121)
Payments for early repurchase of long-term debt	(480,000)				(480,000)
Payments for repurchases of ordinary shares	(509,800)				(509,800)
Proceeds from exercise of stock options	23,055				23,055
Financing cash flows from (to) affiliates	(112,398)	16,789	(1,604,594)	1,700,203	
Net cash provided by (used in) financing activities	(634,864)	13,286	(1,600,787)	1,700,203	(522,162)
Effect of exchange rates on cash	(55,416)	(2,877)	27,409		(30,884)
Net change in cash and cash equivalents					