

FLEXTRONICS INTERNATIONAL LTD

Form S-3/A

April 29, 2004

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As filed with the Securities and Exchange Commission on April 29, 2004

Registration No. 333-114970

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

**Pre-Effective Amendment No. 1 to
FORM S-3**

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

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 Number)

**36 Robinson Road #18-01
City House
Singapore 068877
(65) 6299-8888**

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

**Michael E. Marks
Chief Executive Officer
Flextronics International Ltd.
36 Robinson Road #18-01
City House
Singapore 068877
(65) 6299-8888**

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

Copies to:
**David K. Michaels, Esq.
Fenwick & West LLP
801 California Street
Mountain View, California 94041
(650) 988-8500**

Approximate date of commencement of proposed sale to the public:
From time to time after this registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

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

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The information in this prospectus is not complete and may be changed. The selling securityholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION. DATED APRIL 29, 2004.

PROSPECTUS

FLEXTRONICS INTERNATIONAL LTD.

\$200,000,000

Convertible Junior Subordinated Notes due March 20, 2008

and the ordinary shares issuable upon conversion of the notes

We issued the notes in a private placement in March 2003. With this prospectus, the selling securityholders named in this prospectus or in supplements to this prospectus may offer and sell the notes or the ordinary shares into which the notes are convertible. We will not receive any proceeds from the offering.

The notes shall bear no interest and will mature on March 20, 2008. The notes will be redeemable at our option, in whole but not in part and from all but not less than all of the holders of the notes, at any time on or after March 20, 2006. Holders may require us to repurchase the notes upon a change in control.

The notes are convertible at any time on or before the maturity date into our ordinary shares at an initial conversion price of \$10.50 per share, subject to adjustment for certain events. At this conversion price, if all notes were converted into ordinary shares, we would issue 19,047,617 ordinary shares to holders of the notes. The initial conversion price is equivalent to a conversion rate of approximately 95.2381 shares per \$1,000 principal amount of notes. Upon conversion, we will have the right to deliver cash (or a combination of cash and ordinary shares) in lieu of our ordinary shares. The notes are subordinated to our existing and future senior indebtedness and effectively subordinated to all indebtedness and other liabilities of our subsidiaries. Our ordinary shares are quoted on The Nasdaq National Market under the symbol FLEX. The closing sale price of our ordinary shares on April 28, 2004 was \$17.19 per share.

The notes are not listed on any securities exchange or included in any automated quotation system.

Investing in the notes or our ordinary shares involves a high degree of risk. Please carefully consider the Risk Factors beginning on page 3 of this prospectus.

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

The date of this prospectus is __, 2004.

You should rely only on the information contained in or incorporated by reference into this prospectus. No person is authorized to give any information or to make any representation other than those contained in or incorporated by reference in this prospectus. If such information is given or those representations are made, you may not rely on that information or representations as having been authorized by us. You may not imply from the delivery of this prospectus, nor from a sale made under this prospectus, that our affairs are unchanged since the date of this prospectus. This prospectus may only be used where it is legal to sell the securities.

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FORWARD-LOOKING STATEMENTS

This prospectus, including the documents incorporated by reference in this prospectus, contains forward-looking statements. The words will, may, designed to, outlook, believes, should, anticipates, plans, expects, could and similar expressions identify these forward-looking statements. These forward-looking statements are contained principally under the heading Summary and Risk Factors. Because these forward-looking statements are also subject to risks and uncertainties, actual results may 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 are those described in Risk Factors.

In addition, these forward-looking statements are subject to the other risks and uncertainties discussed under Management's Discussion and Analysis of Financial Condition and Results of Operations Risk Factors in our reports on Form 10-K and Form 10-Q filed with the Securities and Exchange Commission. We undertake no obligation to update or revise these forward-looking statements to reflect subsequent events or circumstances.

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SUMMARY

The following summary may not contain all the information that may be important to you. You should read the entire prospectus, including the information incorporated by reference, before making an investment decision. When used in this prospectus, the terms Flextronics, we, our and us refer to Flextronics International Ltd. and its subsidiaries, unless otherwise specified.

Flextronics International Ltd.

We are a leading provider of advanced electronics manufacturing services, or EMS, to original equipment manufacturers, or OEMs, primarily in the handheld electronics devices, information technologies infrastructure, communications infrastructure, computer and office automation, and consumer devices industries. We provide design, engineering, manufacturing, logistics, and after-market services in 29 countries across five continents. Our strategy is to provide customers with end-to-end services where we take responsibility for engineering, supply chain management, new product introduction and implementation, manufacturing, and logistics management, with the goal of delivering a complete packaged product. Once a complete packaged product is delivered, we also provide after-market services such as repair and warranty services and network and communications installation and maintenance.

In addition to the assembly of printed circuit boards and complete systems and products, our manufacturing services include the fabrication and assembly of plastic and metal enclosures, the fabrication of printed circuit boards and backplanes (which are printed circuit boards into which other printed circuit boards or cards may be inserted) and the fabrication and assembly of photonics components. Throughout the production process, we offer design and engineering services; logistics services, such as materials procurement, inventory management, vendor management, packaging and distribution; and automation of key elements of the supply chain through advanced information technologies. We have recently begun providing original design manufacturing, or ODM, services where we design, develop and manufacture products, such as cell phones and other consumer-related devices, that are sold by our OEM customers under their brand name. Finally, we offer after-market services such as repair and warranty services and network and communications installation and maintenance. By working closely with our customers and being highly responsive to their requirements throughout the design and supply chain process, we believe that we can be an integral part of their operations, accelerate their time-to-market and time-to-volume production, and reduce their production costs.

Through a combination of internal growth and acquisitions, we have become one of the world's largest EMS providers, with over 14.1 million manufacturing square feet in 29 countries across five continents as of December 31, 2003, which generated revenues of \$13.4 billion for fiscal 2003 and \$10.8 billion for the nine months ended December 31, 2003. We believe that our size, global presence, broad service offerings and expertise and advanced engineering and design capabilities enable us to win large programs from leading multinational OEMs for the design, manufacture and distribution, and after-market service of electronic products.

Our customers include industry leaders such as Alcatel SA, Casio Computer Co., Ltd., Dell Computer Corporation, Ericsson Telecom AB, Hewlett-Packard Company, Microsoft Corporation, Motorola, Inc., Siemens AG, Sony-Ericsson, Telia Companies and Xerox Corporation.

We have established an extensive network of manufacturing facilities in the world's major electronics markets (the Americas, Asia and Europe) in order to serve the increased outsourcing needs of both multinational and regional OEMs. Production in the Americas, Asia and Europe, represented for fiscal 2003 22%, 36% and 42% of our net sales, respectively and for the nine months ended December 31, 2003 14%, 45% and 41%, respectively. We have established fully integrated, high volume industrial parks in low cost regions near our customers' end markets. Our

industrial parks are located in Brazil, China, Hungary, Mexico and Poland. These industrial parks provide total supply chain management by co-locating our manufacturing and logistics operations with our suppliers at a single location. This approach to production and logistics is designed to benefit our customers by reducing distribution barriers and costs, increasing flexibility, lowering transportation costs and reducing turnaround times. We also have a number of regional manufacturing operations located around the world. In addition, we have established global design and engineering centers and product introduction centers which provide engineering expertise in developing new products and preparing them for high volume manufacturing.

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Recent Developments

Discussions with Nortel. In January 2004, we announced that we are in discussions with Nortel Networks relating to a proposed relationship, whereby Nortel Networks would divest nearly all of its remaining optical, wireless and enterprise manufacturing operations and related supply chain activities to us. While subject to on-going discussions, it is currently anticipated that Nortel Networks' Systems Houses activities in Montreal and Calgary (Canada); Campinas (Brazil); Monkstown (Northern Ireland); and Chateaudun (France) would be transferred to us. We would assume all the systems integration activities, including the final assembly, testing, and repair operations carried out in these locations along with related activities, including the management of the supply chain and related suppliers for these locations. The successful completion of these arrangements would result in us undertaking and managing in excess of \$2 billion of Nortel Networks annual cost of sales on a going-forward basis. We anticipate that we would pay Nortel Networks in excess of \$500 million in cash over a nine-month period, primarily for inventory and certain manufacturing assets, as well as an additional amount, for certain intangible assets.

Financial Results for the Fourth Fiscal Quarter and Fiscal Year Ended March 31, 2004. On April 27, 2004, we announced our unaudited financial results for the fourth fiscal quarter and fiscal year ended March 31, 2004. Net sales for the quarter were \$3.8 billion and for the fiscal year were \$14.5 billion. For the quarter, GAAP net income, which included after-tax amortization expense of \$8.8 million and restructuring costs of \$48.0 million, was \$16.0 million, or \$0.03 per diluted share. For the fiscal year, GAAP net loss, which included after-tax amortization expense of \$33.0 million, restructuring costs of \$450.2 million and loss on early extinguishment of debt of \$103.9 million, was \$352.4 million, or \$0.67 per share.

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RISK FACTORS

This offering involves a high degree of risk. You should carefully consider the risks described below and the other information in this prospectus, including the information incorporated by reference, before deciding to invest in our securities. If any of the risks described below materialize, our operating results and financial condition could be adversely affected.

If we do not manage effectively changes in our operations, our business may be harmed.

We have experienced growth in our business as a result of internal growth and acquisitions. Since the beginning of fiscal 2001, our global workforce has more than doubled in size. During that time, we have also reduced our workforce at some locations and closed certain facilities in connection with our restructuring activities. These changes are likely to considerably strain our management control systems and resources, including decision support, accounting management, information systems and facilities. If we do not continue to improve our financial and management controls, reporting systems and procedures to manage our employees effectively and to expand our facilities, our business could be harmed.

We plan to continue to transition manufacturing to lower cost locations. We plan to increase our manufacturing capacity in our low-cost regions by expanding our facilities and adding new equipment. This expansion and transition involves significant risks, including, but not limited to, the following:

we may not be able to attract and retain the management personnel and skilled employees necessary to support expanded operations;

we may not efficiently and effectively integrate new operations and information systems, expand our existing operations and manage geographically dispersed operations;

we may incur cost overruns;

we may incur unusual charges related to our restructuring activities;

we may encounter construction delays, equipment delays or shortages, labor shortages and disputes and production start-up problems that could harm our growth and our ability to meet customers' delivery schedules; and

we may not be able to obtain funds for this transition, and we may not be able to obtain loans or operating leases with attractive terms.

In addition, we expect to incur new fixed operating expenses associated with our expansion efforts that will increase our cost of sales, including increases in depreciation expense and rental expense. If our revenues do not increase sufficiently to offset these expenses, our operating results could be seriously harmed. Over the past few years, our transition to low-cost manufacturing regions has contributed to our incurring significant charges that have resulted from reducing our workforce and capacity at higher-cost locations. In fiscal 2003, we recognized restructuring charges of approximately \$297.0 million associated with the consolidation and closure of several manufacturing facilities. During the nine months ended December 31, 2003, we incurred restructuring charges of \$458.4 million related to the closure and consolidation of and impairment of certain long-lived assets at several manufacturing facilities. We will be required to take additional restructuring charges in the future, as a result of these activities. We recognized additional after-tax restructuring charges of \$48.0 million during the March 2004 quarter. We cannot assure you as to the timing or amount of any future restructuring charges. If we are required to take additional restructuring charges in the future, this could have a material adverse impact on our financial position, results of operations and cash flows.

We depend on the handheld devices, computer and office automation, communications and information technologies infrastructure and consumer devices industries which continually produce technologically

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advanced products with short life cycles; our inability to continually manufacture such products on a cost-effective basis could harm our business.

During the nine months ended December 31, 2003, we derived approximately 32% of our revenues from customers in the handheld devices industry, whose products include cell phones, pagers and personal digital assistants; approximately 26% of our revenues from customers in the computers and office automation industry, whose products include copiers, scanners, graphic cards, desktop and notebook computers and peripheral devices such as printers and projectors; approximately 14% of our revenues from providers of communications infrastructure, whose products include equipment for optical networks, cellular base stations, radio frequency devices, telephone exchange and access switches and broadband devices; approximately 11% of our revenues from the consumer devices industry, whose products include set-top boxes, home entertainment equipment, cameras and home appliances; and approximately 8% of our revenues from providers of information technologies infrastructure, whose products include servers, workstations, storage systems, mainframes, hubs and routers. The remaining 9% of our revenues was derived from customers in a variety of other industries, including the medical, automotive, industrial and instrumentation industries.

Factors affecting these industries in general could seriously harm our customers and, as a result, us. These factors include:

rapid changes in technology, which result in short product life cycles;

seasonality of demand for our customers' products;

the inability of our customers to successfully market their products, and the failure of these products to gain widespread commercial acceptance; and

recessionary periods in our customers' markets.

Our customers have and may continue to cancel their orders, change production quantities or locations, or delay production.

As a provider of electronics manufacturing services, we must provide increasingly rapid product turnaround 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. Customers cancel their orders, change production quantities and delay production for a number of reasons. The uncertain economic conditions and geopolitical situation has resulted, and may continue to result, in some of our customers delaying the delivery of some of the products we manufacture for them, and placing purchase orders for lower volumes of products than previously anticipated. 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 manufactured by us for the customers and delivered in that period, as well as causing a delay in the repayment of our expenditures for inventory in preparation for customer orders and lower asset utilization resulting in lower gross margins. In addition, customers require that manufacturing of their products be transitioned from one facility to another to achieve cost and other objectives. Such transfers result in inefficiencies and costs due to resulting excess capacity and overhead at one facility and capacity constraints and related stresses at the other.

In addition, we make significant decisions, including determining the levels of business that we will seek and accept, production schedules, component procurement commitments, personnel needs and other resource requirements, based on our estimates of customer requirements. The short-term nature of our customers' commitments and the rapid changes in demand for their products reduce our ability to estimate accurately future customer requirements. This makes it difficult to schedule production and maximize utilization of our manufacturing capacity. We often increase staffing, increase capacity and incur other expenses to meet the anticipated demand of our

customers, which cause reductions in our gross margins if customer orders continue to be delayed or cancelled. Anticipated orders may not materialize, and delivery schedules may be deferred as a result of changes in demand for our customers' products. On occasion, customers require rapid increases in production, which stress our resources and reduce margins. Although we have increased our manufacturing capacity, and plan further increases, we may not have

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sufficient capacity at any given time to meet our customers' demands. In addition, because many of our costs and operating expenses are relatively fixed, a reduction in customer demand harms our gross profit and operating income.

Our operating results vary significantly from period to period.

We experience significant fluctuations in our results of operations. Some of the principal factors that contribute to these fluctuations are:

changes in demand for our services;

our effectiveness in managing manufacturing processes and costs in order to decrease manufacturing expenses;

the mix of the types of manufacturing services we provide, as high-volume and low-complexity manufacturing services typically have lower gross margins than lower volume and more complex services;

changes in the cost and availability of labor and components, which often occur in the electronics manufacturing industry and which affect our margins and our ability to meet delivery schedules;

the degree to which we are able to utilize our available manufacturing capacity;

our ability to manage the timing of our component purchases so that components are available when needed for production, while avoiding the risks of purchasing inventory in excess of immediate production needs; and

local conditions and events that may affect our production volumes, such as labor conditions, political instability and local holidays.

Two of our significant end-markets are the handheld devices market and the consumer devices market. These markets exhibit particular strength toward the end of the calendar year in connection with the holiday season. As a result, we have historically experienced stronger revenues in our third fiscal quarter as compared to our other fiscal quarters.

Our increased original design manufacturing, or ODM, activity may reduce our profitability.

We have recently begun providing ODM services, where we design and develop products that we then manufacture for OEM customers. We are actively pursuing ODM projects, focusing primarily on consumer related devices, such as cell phones and related products, which requires that we make investments in research and development, technology licensing, test and tooling equipment, patent applications, facility expansion and recruitment.

Although we enter into contracts with our ODM 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, or if they do not then purchase anticipated levels of products. In addition, ODM 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 an ODM product, these contracts may allow the customer to delay or cancel deliveries and may not obligate the customer to any volumes of purchases. These contracts can generally be terminated by either party on short notice. There is no assurance that we will be able to maintain our current level of ODM activity at all or for an extended period of time. Due to the initial costs of investing in the resources necessary for this business, our increased ODM activities have adversely affected our profitability during fiscal 2004. We continue to make investments in our ODM services, which could adversely affect our profitability through fiscal 2005 and beyond.

Further, the products we design must satisfy safety and regulatory standards and some products must also receive

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government certifications. If we fail to timely obtain these approvals or certifications, we would be unable to sell these products, which would harm our sales, profitability and reputation.

The success of our ODM activity depends on our ability to protect our intellectual property rights.

We retain certain intellectual property rights to our ODM products. As the level of our ODM activity is increasing, the extent to which we rely on rights to intellectual property incorporated into products is increasing. Despite our efforts, we cannot be certain that the measures we have taken to prevent unauthorized use of our technology will 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.

Intellectual property infringement claims against us or our customers could harm our ODM business.

Our ODM products often face competition from the products of OEMs, many of whom may own the intellectual property rights underlying those products. As a result, we could become subject to claims of intellectual property infringement as the number of our competitors increases. In addition, customers for our ODM services typically require that we 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 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 a license on reasonable terms or at all.

If our ODM products are subject to design defects, our business may be damaged and we may incur significant fees.

In our contracts with our ODM customers, we generally provide them with a warranty against defects in our designs. If an ODM product or component that we design is found to be defective in its design, this may lead to increased warranty claims. Although we have product liability insurance coverage, this is expensive and may not be available on acceptable terms, in sufficient amounts, or at all. A successful product liability claim in excess of our insurance coverage or any material claim for which insurance coverage was denied or limited and for which indemnification was not available could have a material adverse effect on our business, results of operations and financial condition.

We are exposed to intangible asset risk.

We have a substantial amount of intangible assets. These intangible assets are generally attributable to acquisitions and represent the difference between the purchase price paid for the acquired businesses and the fair value of net tangible assets of the acquired businesses. We are required to evaluate goodwill and other intangibles for impairment on at least an annual basis, and whenever changes in circumstances indicate that the carrying amount may not be recoverable from estimated future cash flows. As a result of our annual and other periodic evaluations, we may determine that the intangible asset values need to be written down to their fair values, which could result in material charges that could be adverse to our operating results and financial position.

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

Since the beginning of fiscal 2001, we have completed over 40 acquisitions of businesses and we expect to continue to acquire additional businesses in the future. We are currently in preliminary discussions with respect to potential acquisitions and strategic customer transactions, however, we do not have any agreements or commitments to make any material acquisitions or strategic customer transactions. Any future acquisitions may require additional

debt or equity financing, or the issuance of shares in the transaction. This could increase our leverage or be dilutive to our existing shareholders. We may not be able to complete acquisitions or strategic customer transactions in the future to the same extent as the past, or at all.

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

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difficulties in integrating acquired businesses and operations;

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

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

difficulties in managing and integrating operations in geographically dispersed locations;

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

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

exposure to unanticipated contingent tax and other liabilities of acquired companies.

Any of 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.

Over the past several years, we have completed numerous strategic transactions with OEM customers, including, among others, Telia Companies, Xerox, Alcatel, Casio and Ericsson. Under these strategic 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 supply agreements for the production of their products. We intend to continue to pursue these OEM divestiture transactions in the future. Most recently, in January 2004, we announced that we are in discussions with Nortel Networks regarding a proposed transaction in which Nortel would divest nearly all of its optical, wireless and enterprise manufacturing operations to Flextronics. We cannot assure you that we can obtain any anticipated new customer programs, including the program under discussion with Nortel. Further, even if we obtain these programs, they may be delayed or may not contribute to our revenue or profitability as expected or at all. There is strong competition among EMS companies for these transactions, and this competition may increase. These transactions have contributed to a significant portion of our revenue growth, and if we fail to complete similar transactions in the future, our revenue growth could be harmed. As part of these arrangements, we typically enter into manufacturing services agreements with these OEMs. These agreements generally do not require any minimum volumes of purchases by the OEM, and the actual volume of purchases may be less than anticipated. The 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 may realize from the future business of the OEM;

the integration into our business of the acquired assets and facilities may be time-consuming and costly;

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; and

if demand for the OEM's 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, and they have not, and in the future may not, result in any material revenues or contribute positively to our earnings per share.

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We depend on the continuing trend of outsourcing by OEMs.

Future growth in our revenue depends on new outsourcing opportunities in which we assume additional manufacturing and supply chain management responsibilities from OEMs. To the extent that these opportunities are not available, either because OEMs decide to perform these functions internally or because they use other providers of these services, our future growth would be limited.

The majority of our sales come from a small number of customers; if we lose any of these customers, our sales could decline significantly.

Sales to our ten largest customers have represented a significant percentage of our net sales in recent periods. Our ten largest customers accounted for approximately 61% and 70% of net sales during the nine months ended December 31, 2003 and December 31, 2002, respectively. Our largest customers during the nine months ended December 31, 2003 were Hewlett-Packard and Sony-Ericsson, accounting for approximately 13% and 12% of net sales, respectively. Our largest customers during the nine months ended December 31, 2002 were Hewlett-Packard and Sony-Ericsson, accounting for approximately 12% and 11% of net sales, respectively. No other customer accounted for more than 10% of net sales during those periods.

Our principal customers have varied from year to year, and our principal customers may not continue to purchase services from us at current levels, if at all. Significant reductions in sales to any of these customers, or the loss of major customers, would seriously harm our business. If we are not able to timely replace expired, canceled or reduced contracts with new business, our revenues could be harmed.

Our industry is extremely competitive.

The EMS industry is extremely competitive and includes hundreds of companies, several of which have achieved substantial market share. Current and prospective customers also evaluate our capabilities against the merits of internal production. Some of our competitors may have greater design, manufacturing, financial or other resources than us. Additionally, we face competition from Taiwanese ODM suppliers, who have a substantial share of the global market for information technology hardware production, primarily related to notebook and desktop computers and personal computer motherboards, as well as provide consumer products and other technology manufacturing services.

In recent years, many participants in the industry, including us, have substantially expanded their manufacturing capacity. The overall demand for electronics manufacturing services has decreased, resulting in increased capacity and substantial pricing pressures, which has harmed our operating results. Certain sectors of the EMS industry are currently experiencing increased price competition, and if this increased level of competition should continue, our revenues and gross margin may continue to be adversely affected.

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

At various times, there have been shortages of some of the electronic components that we use, as a result of strong demand for those components or problems experienced by suppliers. These unanticipated component shortages have resulted in curtailed production or delays in production, which prevented us from making scheduled shipments to customers in the past and may do so in the future. Our inability to make scheduled shipments could cause us to experience a reduction in our sales and an increase in our costs and could adversely affect our relationship with existing customers as well as 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 for a particular period due to the resulting revenue shortfall and increased manufacturing or component costs.

Our customers may be adversely affected by rapid technological change.

Our customers compete in markets that are characterized by rapidly changing technology, evolving industry standards and continuous improvement in products and services. These conditions frequently result in short product life cycles. Our success will depend largely on the success achieved by our customers in developing and marketing

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their products. If technologies or standards supported by our customers' products become obsolete or fail to gain widespread commercial acceptance, our business could be adversely affected.

We are subject to the risk of increased income taxes.

We have structured our operations in a manner designed to maximize income in countries where:

tax incentives have been extended to encourage foreign investment; or

income tax rates are low.

We base our tax position upon the anticipated nature and conduct of our business and upon our understanding of the tax laws of the various countries in which we have assets or conduct activities. However, our tax position is subject to review and possible challenge by taxing authorities and to possible changes in law, which may have retroactive effect. We cannot determine in advance the extent to which some jurisdictions may require us to pay taxes or make payments in lieu of taxes.

Several countries in which we are located allow for tax holidays or provide other tax incentives to attract and retain business. These tax incentives expire over various periods from 2004 to 2010 and are subject to certain conditions with which we expect to comply. We have obtained tax holidays or other incentives where available, primarily in China, Malaysia and Hungary. In these three countries, we generated an aggregate of approximately \$5.8 billion of our total revenues for the fiscal year ended March 31, 2003. Our taxes could increase if certain tax holidays or incentives are not renewed upon expiration, or tax rates applicable to us in such jurisdictions are otherwise increased. In addition, further acquisitions of businesses may cause our effective tax rate to increase.

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

The geographical 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 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, political and social conditions in those countries, including:

fluctuations in the value of local currencies;

labor unrest and difficulties in staffing;

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; and

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

The attractiveness of our services to our 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, 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. Finally, 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.

We are exposed to fluctuations in foreign currency exchange rates.

We transact business in various foreign countries. As a result, we are exposed to fluctuations in foreign currencies. We have currency exposure arising from both sales and purchases denominated in currencies other than the functional currencies of our entities. Volatility in the exchange rates between the foreign currencies and the functional currencies of our entities could seriously harm our business, operating results and financial condition. We try to manage our foreign currency exposure by borrowing in various foreign currencies and by entering into foreign exchange forward contracts. Mainly, we enter into foreign exchange forward contracts intended to reduce the short-term impact of foreign currency fluctuations on current assets and liabilities denominated in foreign currency. These exposures are primarily, but not limited to, cash, receivables, payables and inter-company balances, in currencies other than the functional currency unit of the operating entity. We will first evaluate and, to the extent possible, use non-financial techniques, such as currency of invoice, leading and lagging payments, receivable management or local borrowing to reduce transactions exposure before taking steps to minimize remaining exposure with financial instruments. Foreign exchange forward contracts are treated as cash flow hedges and such contracts generally expire within three months. The credit risk of these forward contracts is minimal since the contracts are with large financial institutions. The gains and losses on forward contracts generally offset the gains and losses on the assets, liabilities and transactions hedged.

We depend on our executive officers and key employees.

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 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. In order to manage our growth, we will need to recruit and retain additional skilled management personnel and if we are not able to do so, our business and our ability to continue to grow could be harmed. In addition, in connection with expanding our ODM activities, we must attract and retain experienced design engineers. Although a number of companies in our industry have implemented workforce reductions, there remains substantial competition for highly skilled employees. Our failure to recruit and retain experienced design engineers could limit the growth of our ODM activities, which could adversely affect our business.

We are subject to environmental compliance risks.

We are subject to various federal, state, local and foreign environmental laws and regulations, including those governing the use, storage, discharge and disposal of hazardous substances in the ordinary course of our manufacturing process. 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, we may be subject to additional remediation liability. Further, 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. Currently unexpected costs that we may incur with respect to environmental matters may result in additional loss contingencies, the quantification of which cannot be determined at this time.

The market price of our ordinary shares is volatile.

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The stock market in recent years has experienced significant price and volume fluctuations that have affected the market prices of 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 may be subject to similar fluctuations. Factors such as fluctuations in our operating results, announcements of technological innovations or events affecting other companies in the electronics industry, currency fluctuations and general market conditions may cause the market price of our ordinary shares to decline.

We are a defendant in several securities class action lawsuits and this litigation could harm our business whether or not determined adversely to us.

Between June and August 2002, Flextronics and certain of our officers and directors were named as defendants in several securities class action lawsuits filed in the United States District Court for the Southern District of New York. These actions, which were filed on behalf of those who purchased, or otherwise acquired, Flextronics ordinary shares between January 18, 2001 and June 4, 2002, including those who purchased in our secondary offerings of on February 1, 2001 and January 7, 2002. These actions generally allege that, during this period, the defendants made misstatements to the investing public about the financial condition and prospects of Flextronics. On April 23, 2003, the Court entered an order transferring these lawsuits to the United States District Court for the Northern District of California. On July 16, 2003, Flextronics filed a motion to dismiss on behalf of itself and its officers and directors named as defendants. On November 17, 2003, the Court entered an order granting defendants motion to dismiss without prejudice. On January 28, 2004, plaintiffs filed an amended complaint. Flextronics motion to dismiss the amended complaint was filed on March 10, 2004 with a hearing on the motion to dismiss scheduled for May 26, 2004.

These actions seek unspecified damages. Although we believe that the plaintiffs claims lack merit and intend to vigorously defend these lawsuits, we are unable to predict the ultimate outcome of these lawsuits. There can be no assurance we will be successful in defending these lawsuits, and, if we are unsuccessful, we may be subject to significant damages. Even if we are successful, defending the lawsuits may be expensive and may divert management s attention from other business concerns and harm our business.

Table of Contents**ENFORCEMENT OF CIVIL LIABILITIES**

We are incorporated in Singapore under the Companies Act, Chapter 50 of Singapore, or Singapore Companies Act. Some of our directors and executive officers reside in Singapore. All or a substantial portion of the assets of such persons, and a substantial portion of our assets, are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or Flextronics or to enforce against them, in the United States courts, judgments obtained in such courts predicated upon the civil liability provisions of the federal securities laws of the United States. You should note that judgments of United States courts based upon the civil liability provisions of the federal securities laws of the United States are not enforceable in Singapore courts and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States.

RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges for each of the periods indicated is as follows:

| | Fiscal Year Ended March 31, | | | | | Nine Months Ended December 31, 2003 |
|------------------------------------|------------------------------------|-------------|-------------|-------------|-------------|--|
| | 1999 | 2000 | 2001 | 2002 | 2003 | |
| Ratio of earnings to fixed charges | 1.55x | 2.78x | | | | |

For the purposes of computing the ratio of earnings to fixed charges, earnings consist of income (loss) before income taxes plus fixed charges. Fixed charges consist of interest expense and discount or premium related to indebtedness, whether expensed or capitalized, and that portion of rental expense we believe to be representative of interest. Earnings, as defined, were not sufficient to cover fixed charges by \$552.3 million for the fiscal year ended March 31, 2001, \$242.6 million for the fiscal year ended March 31, 2002, \$147.2 million for the fiscal year ended March 31, 2003 and \$409.3 million for the nine months ended December 31, 2003.

USE OF PROCEEDS

We will not receive any proceeds from the sale by the selling securityholders of the notes or our ordinary shares issuable upon conversion of the notes.

Table of Contents**SELLING SECURITYHOLDERS**

The following table presents the name of each selling securityholder and the principal amounts of notes and number of our ordinary shares that each selling securityholder may offer under this prospectus. In March 2003 the notes were originally issued by us to the selling securityholders in transactions exempt from the registration requirements of the Securities Act. To our knowledge, none of the selling securityholders has, or within the past three years has had, any position, office or other material relationship with us or any of our affiliates, except that James Davidson, a founder and principal of Silver Lake Partners, which is affiliated with the selling securityholders, has served as our director since March 2003.

Beneficial ownership is determined under the rules of the SEC, and generally includes voting or investment power with respect to securities. Unless indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all securities beneficially owned. The number of ordinary shares that may be sold is calculated based on the current conversion price of \$10.50 per share. Based on 529,167,354 ordinary shares outstanding as of February 12, 2004, if each of the selling securityholders named in the table below converted all of the notes held by it, the funds affiliated with Silver Lake would own approximately 3.4% of our ordinary shares and Integral Capital would hold less than 1% of our ordinary shares.

Because the selling securityholders may sell all, some or none of the notes or the ordinary shares issuable upon the conversion of the notes, we cannot estimate the amount of the notes or how many shares of our ordinary shares that each selling securityholder will beneficially own after this offering. Information about the selling security holders may change over time. We may update, amend or supplement this prospectus to update the information in this section. In addition, the conversion price, and therefore the number of ordinary shares issuable upon conversion of the notes, is subject to adjustment. Accordingly, the number of ordinary shares issuable upon conversion of the notes may increase or decrease.

| Name of Beneficial Owner | Principal Amount of Notes | | Ordinary Shares That May Be Offered (1) |
|--|---|--|--|
| | Beneficially Owned That May Be Offered | Owned Prior to the Offering | |
| Silver Lake Partners Cayman, L.P. | \$189,137,627.08 | | 18,013,107 |
| Silver Lake Investors Cayman, L.P. | 5,321,551.54 | | 506,814 |
| Silver Lake Technology Investors Cayman, L.P. | 540,821.38 | | 51,506 |
| Integral Capital Partners VI, L.P. | 5,000,000.00 | | 476,190 |
| Total | \$200,000,000.00 | | 19,047,617 |

(1) Represents the notes held by each beneficial owner, as converted to our ordinary shares at the initial conversion price of \$10.50 per share. However, this conversion price is subject to adjustment as described under Description of the Notes Conversion of Notes. As a result, the amount of ordinary shares issuable upon conversion of the notes

in the future may increase or decrease.

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PLAN OF DISTRIBUTION

We are registering the notes, and our ordinary shares issuable upon conversion of the notes, on behalf of the selling securityholders. The selling securityholders purchased the notes from us in March 2003. This prospectus covers the resale of the selling securityholders' notes and the ordinary shares that we issue if and when their notes are converted. The selling securityholders are bound by a note purchase agreement with us. To our knowledge, the selling securityholders have not entered into any agreement, arrangement or understanding with any particular broker or market maker with respect to the sale of the securities covered by this prospectus.

The selling securityholders may offer and sell notes or ordinary shares from time to time. In addition, a selling securityholder's donees, pledgees, transferees and other successors in interest may sell notes or ordinary shares received from a named selling securityholder after the date of this prospectus. The selling securityholders will act independently of us in making decisions with respect to the timing, manner and size of each sale. The securities covered by this prospectus may be sold from time to time directly by the selling securityholders or through underwriters, broker-dealers or agents. If the securities are sold through underwriters or broker-dealers, the selling securityholder will be responsible for underwriting discounts or commissions or agent's commissions.

The securities may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale or at negotiated prices. Sales may be in transactions, which may involve block transactions, as follows:

on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;

in the over-the-counter market;

in transactions other than on an exchange or quotation service or in the over-the-counter market; or

through the writing of options.

These transactions may include block transactions or crosses, which are transactions in which the same broker acts as an agent for both parties to the trade.

In connection with sales of the securities or otherwise, the selling securityholders may enter into hedging transactions with broker-dealers. In connection with these transactions, broker-dealers may engage in short sales of the securities covered by this prospectus and deliver such securities to close out these short positions, or loan or pledge registered securities to broker-dealers that in turn may sell them. The selling securityholders may also engage in similar transactions. In addition, securityholders may resell all or a portion of the securities in open market transactions in reliance upon Rule 144 or Rule 144A under the Securities Act rather than under this prospectus. In addition, we cannot assure you that any such selling securityholder will not transfer, devise or gift the notes and the underlying ordinary shares by other means not described in this prospectus.

Transactions under this prospectus may or may not involve brokers or dealers. The selling securityholders may sell securities directly to purchasers or to or through broker-dealers, who may act as agents or principals. Broker-dealers engaged by the selling securityholders may arrange for other broker-dealers to participate in selling securities. Broker-dealers or agents may receive compensation in the form of commissions, discounts or concessions from the selling securityholders in amounts to be negotiated in connection with the sale. Broker-dealers or agents may also receive compensation in the form of discounts, concessions or commissions from the purchasers of securities for whom the broker-dealers may act as agents or to whom they sell as principal, or both. This compensation as to a particular broker-dealer might exceed customary commissions.

The selling securityholders and any participating broker-dealers may be deemed to be underwriters within the meaning of the Securities Act in connection with sales of securities covered by this prospectus. As a result, any commission, discount or concession received by a broker-dealer and any profit on the resale of securities sold by them while acting as principals might be deemed to be underwriting discounts or commissions under the Securities Act. Because selling securityholders may be deemed to be underwriters within the meaning of the Securities Act, the selling securityholders will be subject to the prospectus delivery requirements of the Securities Act and may be subject

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to certain statutory liabilities including, but not limited to, Sections 11, 12 and 17 of the Securities Act and Rule 10b-5 under the Exchange Act.

The selling securityholders and any other person participating in a distribution of the notes or our ordinary shares will be subject to the Exchange Act. The rules under the Exchange Act include Regulation M, which limits the timing of purchases and sales of the securities by participants in a distribution. In addition, Regulation M restricts the ability of any person engaged in a distribution to engage in market-making activities for the notes and ordinary shares being distributed for a period of up to five business days before the distribution starts. This may affect the marketability of the notes and the shares and the ability of any person or entity to engage in market-making activities in the notes and shares.

We have agreed to pay the expenses of registering the notes and the shares under the Securities Act, including registration and filing fees, printing expenses, administrative expenses and certain legal and accounting fees. The selling securityholders must pay all discounts, commissions or other amounts payable to underwriters, dealers or agents as well as fees and disbursements for legal counsel retained by any selling securityholder.

We and the selling securityholders have agreed to indemnify each other and other related parties against specified liabilities, including liabilities arising under the Securities Act. The selling securityholders may agree to indemnify any agent, dealer or broker-dealer that participates in transactions involving sales of securities against liabilities, including liabilities arising under the Securities Act.

Our ordinary shares are listed on the Nasdaq National Market under the symbol FLEX . We have not applied for the listing of the notes on any securities exchange or for quotation through the Nasdaq National Market, and there is no trading market for the notes.

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DESCRIPTION OF NOTES

We issued the notes pursuant to a Note Purchase Agreement dated as of March 2, 2003 among us, acting through our branch office in Hong Kong, and Silver Lake Partners Cayman, LP., Silver Lake Investors Cayman, L.P., Silver Lake Technology Investors Cayman, L.P. and Integral Capital Partners VI, L.P. The following summarizes some, but not all, terms of the notes. We urge you to read the form of note because the notes, and not this description, define the rights of the noteholders. A copy of the form of note is available upon request.

In this section, when we refer to Flextronics, we, our, or us, we are referring to Flextronics International Ltd., a Singapore corporation, and not any of its subsidiaries.

General

The notes are general unsecured obligations of Flextronics and are subordinate in right of payment as described under Subordination of Notes. The notes are convertible into Flextronics ordinary shares as described under Conversion of Notes. The notes are limited to \$200,000,000 aggregate principal amount. The notes bear no interest and will mature on March 20, 2008, unless earlier converted, redeemed by us at our option or purchased by us at the option of the noteholder upon a change of control.

Neither we nor our subsidiaries are restricted from paying dividends, incurring debt, or issuing or repurchasing our securities under the note purchase agreement or the notes. In addition, there are no financial covenants in the note purchase agreement or the notes. Purchasers of the notes are not protected under the note purchase agreement or the notes in the event of a highly leveraged transaction or a change of control of Flextronics, except to the extent described under Purchase of Notes at the Option of the Noteholder upon a Change of Control.

Conversion of Notes

At any time on or after March 20, 2004, we have the right to cause the conversion of all or any part of the notes into a number of our ordinary shares determined by dividing the principal amount proposed to be converted by the then effective conversion price. We may cause the conversion only if the closing price of our ordinary shares for each of the 15 consecutive trading days preceding the date we provide notice of such conversion equals or exceeds a specified percentage of the then-effective conversion price of the notes. The specified percentage is 150% if we are effecting the conversion between March 20, 2004 and March 19, 2005 and is 170% if we are effecting the conversion on or after March 20, 2005.

Noteholders have the right, at their option, to convert the notes into Flextronics ordinary shares at any time prior to maturity, at the conversion price of \$10.50 per share (equivalent to a conversion rate of approximately 95.2381 shares per \$1,000 principal amount of notes).

Except as described below, we will not make any payment or other adjustment for bonus issues or other dividends on any ordinary shares issued upon conversion of the notes.

In the event we elect share settlement, the number of ordinary shares received upon conversion of the notes will be determined by dividing the aggregate principal amount of the notes converted by the conversion price on the date of conversion. We may also elect cash settlement, as described below.

The conversion price will be adjusted upon the occurrence of certain events specified in the note purchase agreement, including certain issuances of ordinary shares by us. Noteholders may, in some circumstances, be deemed to have received a distribution or dividend subject to United States federal income tax as a result of an adjustment or

the non-occurrence of an adjustment to the conversion price.

To the extent required by applicable law, no adjustment in the conversion price will be made if it would reduce the conversion price of the notes to less than the par value of our ordinary shares, which is S\$0.01 per share. We are permitted to reduce the conversion price of the notes by any amount for a period of at least 20 days if our Board of Directors determines that such reduction would be in our best interest. We are required to give at least 15 days prior

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notice of any reduction in the conversion price. We may also reduce the conversion price to avoid or diminish income tax to holders of our ordinary shares in connection with a dividend or distribution of stock or similar event.

Upon conversion, we will satisfy all of our obligations by delivering either Flextronics ordinary shares or cash, as follows:

Share Settlement. If we elect to satisfy the conversion obligation in Flextronics ordinary shares, then we will deliver a number of our ordinary shares equal to the aggregate principal amount of the notes being converted divided by the then applicable conversion price. If this case, then settlement in shares will be made on or prior to the second trading day following receipt of the notice of conversion.

Cash Settlement. If we elect to satisfy the conversion obligation in cash, then we will deliver cash in an amount equal to the greater of the product of :

the number of ordinary shares deliverable upon conversion and the average closing price of our ordinary shares for the period consisting of the 20 consecutive trading days immediately preceding the third trading day prior to the conversion date; and

the number of ordinary shares deliverable upon conversion and the closing price of our ordinary shares on the third trading day prior to the conversion date.

If this case, we will notify the noteholder on or before the date that is one trading day following receipt of the notice of conversion. Share settlement will apply automatically if we do not notify the noteholder that we have chosen the cash settlement method.

Regardless of which method of settlement we choose, we will not issue fractional shares of our ordinary shares upon conversion of notes. Instead, we will pay cash for the fractional amount based upon the closing price of our ordinary shares on the trading day immediately preceding the conversion date.

Subordination of Notes

The notes are unsecured obligations of Flextronics and are subordinated in right of payment to all current and future senior debt of Flextronics, including Flextronics obligations under its credit facility, and any existing and future senior subordinated indebtedness of Flextronics. As of December 31, 2003, Flextronics had approximately \$179.5 million of senior debt outstanding, and, through its subsidiaries, had additional liabilities (including trade payables and capital lease obligations) aggregating approximately \$3.7 billion, which rank senior, or effectively senior, as the case may be, in right of payment to the notes. In addition, as of December 31, 2003, Flextronics had approximately \$1.1 billion of senior subordinated debt outstanding.

Flextronics is a holding company with no business operations other than (i) holding the equity interests of its subsidiaries and (ii) advancing funds to, and receiving funds from, its subsidiaries. In repaying its indebtedness, including the notes, Flextronics must rely on dividends and other payments made to it by its subsidiaries. The holders of the notes will have no direct claims against Flextronics subsidiaries. The ability of Flextronics subsidiaries to make payments to Flextronics will be affected by the obligations of such subsidiaries to their creditors. Claims of holders of indebtedness of Flextronics, including the notes, against the cash flow and assets of Flextronics subsidiaries will be effectively subordinated to claims of such creditors.

Purchase of Notes at the Option of the Noteholder upon a Change of Control

Upon the occurrence of a change of control (as defined below), each holder of notes will have the right to require Flextronics to repurchase for cash all or any part (equal to \$1,000 or integral multiples thereof) of such holder's notes pursuant to the offer described below at an offer price in cash equal to 101% of the aggregate principal amount thereof.

Within 30 days following any change of control, Flextronics will mail a notice to each holder of notes describing the transaction or transactions that constitute the change of control and offering to repurchase notes on the date specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such

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notice is mailed, pursuant to the procedures required by the notes and described in such notice. Flextronics will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the notes as a result of a change of control. Except as described above with respect to a change of control, the notes do not contain provisions that permit the holders of the notes to require that Flextronics repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

Flextronics' credit facility provides that certain change of control events with respect to Flextronics constitute a default thereunder. Any future credit agreements or other agreements relating to senior debt to which Flextronics becomes a party may contain similar restrictions and provisions. In the event any such restrictions would prohibit Flextronics from repurchasing notes upon a change of control, Flextronics could seek the consent of its lenders to the purchase of notes or could attempt to refinance the borrowings that contain such restrictions. If Flextronics does not obtain such a consent or repay such borrowings, Flextronics will remain prohibited from purchasing notes. In such case, Flextronics' failure to purchase tendered notes would constitute an event of default under the notes which would, in turn, constitute a default under its credit facility. In such circumstances, the subordination provisions in the notes would likely restrict payments to the holders of notes.

Flextronics will not be required to make a change of control offer upon a change of control if a third party makes the change of control offer in the manner, at the times and otherwise in compliance with the requirements set forth in the notes applicable to a change of control offer made by Flextronics and purchases all notes validly tendered and not withdrawn under such change of control offer.

For purposes of this section, change of control means the occurrence of any of the following: (i) the sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of Flextronics and its subsidiaries taken as a whole to any person (as such term is used in Section 13(d)(3) of the Exchange Act), (ii) the adoption by Flextronics of a plan relating to the liquidation or dissolution of Flextronics, (iii) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as defined above) becomes the beneficial owner (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the voting stock of Flextronics (measured by voting power rather than number of shares), or (iv) the first day on which a majority of the members of the board of directors of Flextronics are not continuing directors.

The change of control provision of the notes may in certain circumstances make it more difficult or discourage a takeover of Flextronics and, as a result, may make removal of incumbent management more difficult. The change of control provision, however, is not the result of Flextronics' knowledge of any specific effort to accumulate Flextronics shares or to obtain control of Flextronics by means of a merger, tender offer, solicitation or otherwise, or part of a plan by management to adopt a series of anti-takeover provisions. Instead, the change of control provision is a result of negotiations between Flextronics and original purchasers of the notes. Flextronics is not presently in discussions or negotiations with respect to any pending offers which, if accepted, would result in a transaction involving a change of control, although it is possible that Flextronics would decide to do so in the future.

The provisions of the notes would not necessarily afford holders of the notes protection in the event of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction involving Flextronics that may adversely affect holders of the notes.

Events of Default

Each of the following will constitute an event of default under the notes:

(1) we fail to pay principal, or premium, if any, on any note when due, whether or not prohibited by the subordination provisions of the note;

(2) we fail to comply with the provisions of the note relating to (i) the purchase right upon a change of control (as described above) or (ii) the consolidation, merger or sale of assets by us (as described below), if such failure continues for 30 days after notice is given from the holders of at least 50% in principal amount of the outstanding Notes;

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(3) we fail to perform any other covenant required of us in the notes if such failure continues for 60 days after notice is given from the holders of at least 50% in principal amount of the outstanding Notes;

(4) we default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any debt for money borrowed by us (or the payment of which is guaranteed by us) whether such debt or guarantee now exists, or is created after the date of the notes, which default (a) is caused by a failure to pay principal of or premium, if any, or interest on such debt prior to the expiration of the grace period provided in such debt on the date of such default) or (b) results in the acceleration of such debt prior to its express maturity and, in each case, the principal amount of any such debt, together with the principal amount of any other such debt the maturity of which has been so accelerated, aggregates \$40.0 million or more;

(5) failure by us to pay final judgments aggregating in excess of \$40.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; and

(6) certain events in bankruptcy, insolvency or reorganization of us or any of our significant subsidiaries.

If an event of default, other than an event of default described in clause (6) above with respect to us, occurs and is continuing, the holders of at least 50% in aggregate principal amount of the outstanding notes may declare the principal amount of the notes to be due and payable immediately. If an event of default described in clause (6) above occurs with respect to us, the principal amount of the notes will automatically become immediately due and payable. Any payment by us on the notes following any acceleration will be subject to the subordination provisions described above.

After any such acceleration, but before a judgment or decree based on acceleration, the holders of a majority in aggregate principal amount of the notes may, under certain circumstances, rescind and annul such acceleration if all events of default, other than the non-payment of accelerated principal of, or premium on, the notes, have been cured or waived.

The holders of a majority in aggregate principal amount of the outstanding notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available upon an event of default with respect to the notes.

We are required to furnish to the holders, on an annual basis, a statement regarding compliance with the notes, and we are required within 30 days of becoming aware of any default or event of default to deliver to the holders a statement specifying such default or event of default.

Modification and Waiver

We may amend or supplement the notes with the consent of the holders of a majority in aggregate principal amount of the outstanding notes. In addition, the holders of a majority in aggregate principal amount of the outstanding notes may waive our compliance in any instance with any provision of the notes. However, no amendment, supplement or waiver may be made without the consent of the holder of each outstanding note if such amendment, supplement or waiver would:

change the amount of notes whose holders must consent to an amendment;

reduce the amount of or change any provision relating to the scheduled payment of principal of, or premium on, the notes;

change the time at which any note may be redeemed or repurchased or amend the conversion rights as set forth in the notes;

alter or adversely affect the rights of any holder under the provisions of the notes relating to the redemption of the notes at our option;

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modify the subordination provisions in a manner materially adverse to the holders of notes;

make any note payable in any money or at any place other than as stated in the note;

impair the right of any holder to receive payments of principal of, or premium on, such holder's notes on or after the due dates of such notes

impair the right to institute suit for the enforcement of any payment on, or with respect to, any note; and

make any change in the amendment provisions which require each holder's consent or in the waiver provisions, in each such case without the consent of the applicable holder if such change is adverse to such holder.

Registration Rights

We granted registration rights to the original purchasers of the notes pursuant to the note purchase agreement. Reference is made to the note purchase agreement for a full description of the registration rights that apply to the notes. We agreed to file the registration statement of which this prospectus forms and to keep it effective until the earliest of:

the date on which there notes are no longer held by any of the original purchasers;

the date on which all the notes have been sold or are eligible to be sold by the original purchasers to the public without volume restri