

FLEXTRONICS INTERNATIONAL LTD

Form 10-K/A

July 21, 2004

Table of Contents

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

Form 10-K/A

Amendment No. 1

(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, 2004
OR**

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

For the transition period from to

Commission File No. 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 Number)

One Marina Boulevard, #28-00

Singapore 018989

(65) 6890 7188

(Address of Principal Executive Offices, including zip code, and telephone number, including area code of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Ordinary Shares, S\$0.01 Par Value

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 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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act.) Yes x No o

As of September 30, 2003, the last business day of the Registrant's most recently completed second fiscal quarter, there were 525,472,319 shares of the Registrant's ordinary shares outstanding.

As of March 31, 2004 there were 529,944,282 shares of the Registrant's ordinary shares outstanding, and the aggregate market value of such shares held by non-affiliates of the registrant (based upon the closing sale price of such shares on the NASDAQ National Market on March 31, 2004) was approximately \$9.1 billion.

As of July 19, 2004, there were 531,246,953 shares of the Registrant's ordinary shares outstanding.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A supplements our Annual Report on Form 10-K for the year ended March 31, 2004, that we filed on June 14, 2004. We are filing this amendment to provide the information required by Items 10, 11, 12, 13 and 14 of Part III and to update Item 15 of Part IV of Form 10-K. We will include the information contained in Part III in our proxy statement for our 2004 Annual General Meeting of Shareholders, scheduled to occur on September 23, 2004. Except as described above, no other amendments are being made to our Annual Report on Form 10-K filed on June 14, 2004.

TABLE OF CONTENTS

	<u>Page</u>
<u>PART III</u>	
<u>Item 10. Directors and Executive Officers of the Registrant</u>	3
<u>Item 11. Executive Compensation</u>	6
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	13
<u>Item 13. Certain Relationships and Related Transactions</u>	18
<u>Item 14. Principal Accountant Fees and Services</u>	20
<u>SIGNATURES</u>	22
<u>PART IV</u>	
<u>Item 15. Exhibits, Financial Statements, Schedules and Reports on Form 8-K</u>	
<u>EXHIBIT 10.12</u>	
<u>EXHIBIT 31.01</u>	
<u>EXHIBIT 31.02</u>	

Table of Contents**PART III****ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

The names, ages and positions of our officers and directors as of June 30, 2004 are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Michael E. Marks	53	Chief Executive Officer and Director
Ash Bhardwaj	40	President, Design Services and ODM Products Group
Robert R. B. Dykes	55	President, Systems Group and Chief Financial Officer
Ronny Nilsson	55	President, Flextronics Network Services
Michael McNamara	47	Chief Operating Officer
Thomas J. Smach	44	Senior Vice President, Finance
Richard L. Sharp	57	Chairman of the Board
James A. Davidson	44	Director
Patrick Foley	72	Director
Michael J. Moritz	49	Director
Lip-Bu Tan	48	Director

Michael E. Marks. Mr. Marks has served as our Chief Executive Officer since January 1994. He has served as a member of our Board of Directors since December 1991 and as Chairman of our Board from July 1993 to January 2003. Mr. Marks serves on the boards of KLA-Tencor Corporation and SanDisk Corporation. He received a B.A. and M.A. from Oberlin College and a M.B.A. from Harvard Business School.

Ash Bhardwaj. Mr. Bhardwaj joined Flextronics in 1988. He has served as President, Design Services and ODM Products Group since September 2003. Prior to his promotion, he served as President, Asia Pacific, from 2001 to September 2003, as Senior Vice President of Strategic Accounts from 1999 to 2001 and as Vice President for the China region and General Manager of our plant in Shekou, China from 1994 to 1999. He received a degree in electrical engineering from Thapar Institute of Engineering and Technology in India and earned an M.B.A. from Southeastern Louisiana University.

Robert R. B. Dykes. Mr. Dykes has served as President, Systems Group since February 1999 and Chief Financial Officer since February 1997. In addition, he served as Senior Vice President of Finance and Administration from February 1997 to April 1999, and as a member of the Board of Directors from January 1994 to August 1997. He received a Bachelor of Commerce and Administration from Victoria University in Wellington, New Zealand.

Ronny Nilsson. Mr. Nilsson has served as President, Flextronics Network Services since January 2002. Prior to his promotion, Mr. Nilsson served as President, Western Europe Operations from April 1997 to December 2001. Mr. Nilsson received a certificate in Mechanical Engineering from the Lars Kagg School in Kalmar, Sweden and certificates from the Swedish Management Institute and the Ericsson Management Program.

Michael McNamara. Mr. McNamara has served as Chief Operating Officer since January 2002. Prior to his promotion, Mr. McNamara served as President, Americas Operations from April 1997 to December 2001, and as Vice President, North American Operations from April 1994 to April 1997. Mr. McNamara also serves on the Board of Directors of TheraSense. Mr. McNamara received a B.S. from the University of Cincinnati and an M.B.A. from Santa Clara University.

Thomas J. Smach. Mr. Smach has served as our Senior Vice President Finance since April 2000 following the Company's acquisition of the Dii Group, Inc. From August 1997 to April 2000, he served as the Senior Vice President, Chief Financial Officer and Treasurer of Dii. Mr. Smach is a certified public accountant and he received a B.Sc. in Accounting from State University of New York at Binghamton.

Table of Contents

Richard L. Sharp. Mr. Sharp has served as a member of our Board of Directors since July 1993 and as Chairman of our Board since January 2003. Mr. Sharp served in various positions with Circuit City Stores, Inc., a consumer electronics and personal computer retailer, from 1982 to 2002, most recently, as President from 1984 to 1997, Chief Executive Officer from 1986 to 2000 and Chairman of the Board from 1994 to 2002.

James A. Davidson. Mr. Davidson has served as a member of the Company's Board of Directors since March 2003. He is a founder and managing member of Silver Lake Partners, a private equity investment firm. From June 1990 to November 1998, he was an investment banker with Hambrecht & Quist, most recently serving as Managing Director and Head of Technology Investment Banking. From 1984 to 1990, Mr. Davidson was a corporate and securities lawyer with Pillsbury, Madison & Sutro. Currently, Mr. Davidson also serves on the Board of Directors of Seagate Technology. He received a B.S. from the University of Nebraska and J.D. from the University of Michigan.

Patrick Foley. Mr. Foley has served as a member of our Board of Directors since October 1997. Mr. Foley served in various positions with DHL Corporation, Inc. and its major subsidiary, DHL Airways, Inc., a global document, package and airfreight delivery company from September 1988 to 2001, most recently as its Chairman, President and Chief Executive Officer. He also serves as a director of Health Net, Inc. and Glenborough Realty Trust, Inc.

Michael J. Moritz. Mr. Moritz has served as a member of our Board of Directors since July 1993. Since 1988, he has been a General Partner of Sequoia Capital, a venture capital firm. Mr. Moritz also serves as a director of Saba Software, Red Envelope, Inc. and several privately-held companies.

Lip-Bu Tan. Mr. Tan has served as a member of our Board of Directors since March 2003. In 1987, he founded and since that time has served as Chairman of Walden International, a venture capital fund. Mr. Tan currently serves on the boards of Cadence Design Systems, Inc., Centillum Communications, Creative Technology, Integrated Silicon Solution, SINA Corporation and Semiconductor Manufacturing International Corporation. Mr. Tan received a M.S. in Nuclear Engineering from the Massachusetts Institute of Technology, a MBA from the University of San Francisco, and a B.S. from Nanyang University in Singapore.

Audit Committee

Our Board of Directors has a separately-designated standing audit committee. The audit committee is currently composed of Mr. Foley, Mr. Moritz and Mr. Davidson. The Board also determined that Mr. Davidson is an audit committee financial expert within the meaning of the rules of the Securities and Exchange Commission and is financially sophisticated within the meaning of the rules of the NASDAQ Stock Market.

Consideration of Director Nominees by Shareholders

Our nominating and corporate governance committee generally recruits, evaluates and recommends nominees for our Board based upon recommendations by our directors, management and shareholders. The nominating and corporate governance committee will also consider recommendations submitted by our shareholders. To date, we have not received any such recommendations from our shareholders. Shareholders can recommend to our nominating and corporate governance committee qualified candidates for our Board by submitting recommendations to our corporate secretary at Flextronics International Ltd., 2090 Fortune Drive, San Jose, California 95131. Submissions that are received and meet the criteria outlined below will be forwarded to the nominating and corporate governance committee for review and consideration. Shareholder recommendations for

Table of Contents

our 2005 Annual Shareholder Meeting should be made at least three months prior to September 23, 2005 to ensure adequate time for meaningful consideration by the nominating and corporate governance committee.

The goal of the nominating and corporate governance committee is to ensure that our Board possesses a variety of perspectives and skills derived from high-quality business and professional experience. The nominating and corporate governance committee seeks to achieve a balance of knowledge, experience and capability on our Board, while maintaining a sense of collegiality and cooperation that is conducive to a productive working relationship within the Board and between the Board and management. To this end, the nominating and corporate governance committee seeks nominees with the highest professional and personal ethics and values, an understanding of our business and industry, diversity of business experience and expertise, a high level of education, broad-based business acumen, and the ability to think strategically. Although the nominating and corporate governance committee uses these and other criteria to evaluate potential nominees, we have no stated minimum criteria for nominees. The nominating and corporate governance committee does not use different standards to evaluate nominees depending on whether they are proposed by our directors and management or by our shareholders. To date, we have not paid a third party to assist us in finding nominees for our Board.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all employees and directors. The code is available on our website at <http://www.flextronics.com/Investors/CorporateGovernance.asp>. Any amendment to or waiver of a provision of the code that applies to our principal executive officer, principal financial officer, principal accounting officer, controller or persons performing similar functions and relates to elements of the code specified in the rules of the Securities and Exchange Commission will be posted on our website.

COMPLIANCE UNDER SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16 of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, and persons who own more than 10% of our ordinary shares to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission and the Nasdaq National Market. Such persons are required by Securities and Exchange Commission regulations to furnish us with copies of all Section 16(a) forms that they file. Based solely on our review of the copies of such forms furnished to us and written representations from our executive officers and directors, we believe that all Section 16(a) filing requirements for the year ended March 31, 2004 were met with the exception of the following: Mr. Davidson, Mr. Foley Mr. Moritz, Mr. Sharp and Mr. Tan each failed to timely file a Form 4 in September 2003 with respect to the grant of options and Mr. Bhardwaj failed to timely file a Form 3 in March 2004 with respect to becoming an executive officer.

Table of Contents**ITEM 11. EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table presents information concerning the compensation paid or accrued by us for services rendered during fiscal 2004, fiscal 2003 and fiscal 2002 by our chief executive officer and each of our four other most highly compensated executive officers whose total salary and bonus for fiscal 2004 exceeded \$100,000.

Name and Principal Position	Fiscal Year	Annual Compensation		Long Term Compensation Awards		
		Salary	Bonus	Other Annual Compensation(1)	Securities Underlying Options	All Other Compensation
Michael E. Marks Chief Executive Officer	2004	\$785,442	\$605,000	\$ 3,371		\$14,228(2)
	2003	341,402	150,000	5,082	5,000,000	4,966(3)
	2002	266,528		5,008	600,000	5,113(4)
Michael McNamara Chief Operating Officer	2004	700,110	393,750	7,525		9,658(5)
	2003	257,127	84,375	3,925	2,600,000	3,623(6)
	2002	243,750		3,868	400,000	2,639(7)
Ronny Nilsson President, Flextronics Network Services	2004	538,362	17,414		75,000	47,625(8)
	2003	349,562	100,147	8,522	375,000	39,046(9)
	2002	378,501		28,472	158,333	31,027(9)
Robert R.B. Dykes President, Systems Group and Chief Financial Officer	2004	475,000	267,188	120	1,000,000	6,995(10)
	2003	221,327	79,688	122	700,000	150(11)
	2002	202,965		4,600	316,667	3,541(12)
Ash Bhardwaj President, Design Services and ODM Products Group	2004	475,000	267,188		1,000,000	3,017(13)
	2003	200,478	75,000		700,000	3,560(14)
	2002	307,680			283,333	991(15)

- (1) Represents a vehicle allowance. In fiscal 2002 for Mr. Nilsson, includes forgiveness of an interest payment of \$19,805 on a promissory note due to one of our subsidiaries. In fiscal 2004 for McNamara, includes \$7,455 for personal use of the company jet.
- (2) Represents our contribution to the 401(k) plan of \$7,100, life insurance premium payments of \$867, disability insurance premium payments of \$5,985 and \$276 in imputed income for group term life insurance.
- (3) Represents our contributions to the 401(k) plan of \$2,716 and life insurance premium payments of \$2,250.
- (4) Represents our contributions to the 401(k) plan of \$2,574 and life insurance premium payments of \$2,539.
- (5) Represents our contributions to the 401(k) plan of \$6,000, life insurance premium payments of \$1,431, disability insurance premium payments of \$2,047 and \$180 in imputed income for group term life insurance.

Table of Contents

- (6) Represents our contributions to the 401(k) plan of \$3,525 and life insurance premium payments of \$98.
- (7) Represents our contributions to the 401(k) plan of \$2,574 and life insurance premium payments of \$65.
- (8) Represents our contributions to a pension retirement fund of \$46,672 and health insurance premium payments of \$953.
- (9) Represents our contributions to a pension retirement fund.
- (10) Represents our contribution to the 401(k) plan of \$762, life insurance premium payments of \$864, disability insurance premium payments of \$2,047, imputed income for domestic partner insurance coverage in the amount of \$2,986 and imputed income for group term life insurance in the amount of \$336.
- (11) Represents life insurance premium payments.
- (12) Represents our contribution to the 401(k) plan of \$1,109, life insurance premium payments of \$138 and spousal health insurance premium payments of \$2,294.
- (13) Represents life insurance premium payments of \$859, disability insurance premium payments of \$2,047 and imputed income for group term life insurance of \$111.
- (14) Represents life insurance premium payments of \$990, disability insurance premium payments of \$2,516 and imputed income for group term life insurance of \$54.
- (15) Represents life insurance premium payments of \$291 and disability insurance premium payments of \$700.

Option Grants in Fiscal 2004

The following table presents information regarding option grants during fiscal 2004 to our chief executive officer and each of our four other most highly compensated executive officers. Option grants to our executive officers in fiscal 2004 were awarded pursuant to our existing equity compensation plans.

In accordance with the rules of the Securities and Exchange Commission, the table presents the potential realizable values that would exist for the options at the end of their four- or ten-year terms, as the case may be.

These values are based on assumed rates of annual compound stock price appreciation of 5% and 10% from the date the option was granted to the end of the option term. These are based on assumed annual rates of return mandated by rules of the Securities and Exchange Commission and do not represent our estimate or projection of future ordinary share prices. The closing sale price per ordinary share as reported on the NASDAQ National Market on March 31, 2004, the last trading day of fiscal 2004, was \$17.09.

Individual Grants		Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term
Number of Securities	Percent of Total Options	

Name	Underlying Options Granted	Granted to Employees in Fiscal 2004	Exercise Price Per Share	Expiration Date	5%	10%
Michael E. Marks Michael McNamara						
Ronny Nilsson	75,000	0.85%	\$17.50	01/22/2008	\$ 282,852	\$ 609,131
Robert R.B. Dykes	1,000,000	11.31	17.50	01/22/2014	11,005,656	27,890,493
Ash Bhardwaj	1,000,000	11.31	17.50	01/22/2014	11,005,656	27,890,493

The options shown in the table above were granted with an exercise price equal to the fair market value of our ordinary shares on the date of grant and are non-statutory stock options. With the exception of options granted to Mr. Nilsson, options granted to our executive officers expire ten years from the date of grant, subject to earlier termination upon termination of the optionee's employment. In the case of Mr. Nilsson, Swedish tax legislation

Table of Contents

imposes significant adverse consequences if there are any restrictions on exercisability or transfer of options. The term of Mr. Nilsson's option has therefore, been shortened to four years from the date of grant.

Mr. Nilsson's options were 100% vested and exercisable at the date of grant. Mr. Dykes' options vest and become exercisable with respect to 10% of the total shares on each of the first and second anniversaries of the date of grant, with respect to 20% of the total shares on each of the third and the fourth anniversaries of the date of grant, and with respect to 40% of the total shares on the fifth anniversary of the date of grant. Mr. Bhardwaj's options vest and become exercisable with respect to 10% of the total shares on each of the first and second anniversaries of the date of grant, with respect to 20% of the total shares on each of the third and the fourth anniversaries of the date of grant, and with respect to 40% of the total shares on the fifth anniversary of the date of grant. Our Compensation Committee has the discretion to provide for alternative vesting schedules to maximize the retention value of our equity compensation. See "Change in Control Arrangements" below for a description of the acceleration provisions of these options. The exercise price of each option may be paid in cash or through a cashless exercise procedure involving a same-day sale of the purchase shares. We granted options to purchase an aggregate of 8,841,856 ordinary shares to our employees during fiscal 2004.

**Aggregated Option Exercises in Fiscal 2004
and Option Values at March 31, 2004**

The following table presents information concerning the exercise of options during fiscal 2004 by our chief executive officer and each of our four other most highly compensated executive officers.

Name	Shares Acquired On Exercise	Value Realized	Number of Securities Underlying Unexercised Options at March 31, 2004		Value of Unexercised In-the-money Options at March 31, 2004	
			Vested	Unvested	Vested	Unvested
Michael E. Marks	733,333	\$5,771,331	2,354,167	4,845,833	\$7,058,584	\$41,453,416
Michael McNamara	1,244,113	9,879,041	1,476,042	2,123,958	7,131,990	18,516,010
Ronny Nilsson			608,333		3,698,666	
Robert R.B. Dykes	410,834	3,109,088	935,063	1,377,604	5,126,709	2,916,013
Ash Bhardwaj	392,800	3,049,101	750,625	1,392,708	8,521,602	3,577,393

The amounts set forth in the column entitled "Value Realized" represent the fair market value of the ordinary shares underlying the option on the date of exercise less the aggregate exercise price of the option.

In addition, the table includes the number of shares covered by both exercisable and unexercisable stock options as of March 31, 2004. Also reported are values of "in-the-money" options that represent the positive spread between the respective exercise prices of outstanding stock options and \$17.09 per share, which was the closing price per ordinary share as reported on the NASDAQ National Market on March 31, 2004, the last day of trading for fiscal 2004. These

values, unlike the amounts set forth in the column entitled "Value Realized," have not been, and may never be, realized.

Compensation of Directors

Each individual who first becomes a non-employee Board member is granted a stock option to purchase 25,000 ordinary shares, pursuant to the automatic option grant provisions of our 2001 Equity Incentive Plan. After this initial grant, pursuant to the terms of the automatic option grant provisions of the 2001 Plan, on the date of each Annual General Meeting, each individual who is at that time serving as a non-employee director receives a stock option to purchase 12,500 ordinary shares. Pursuant to this program, in fiscal 2004, Mr. Foley, Mr. Goh, Mr. Moritz

Table of Contents

and Mr. Sharp each received a stock option to purchase 12,500 ordinary shares in fiscal 2004. Also, under the terms of the discretionary option grant provisions of the 2001 Plan, non-employee directors are eligible to receive stock options granted at the discretion of the board. Pursuant to this program, in fiscal 2004, Mr. Foley, Mr. Goh, Mr. Moritz and Mr. Sharp each received stock options to purchase 10,000 ordinary shares in fiscal 2004. The maximum number of ordinary shares that may be received by each non-employee director under this program is 100,000 ordinary shares per year.

Each non-employee director receives annual cash compensation of \$37,200 for services rendered as a director. In addition, each director receives \$700 for each quarterly meeting of the Board of Directors that he attends as well as reimbursement of reasonable out-of-pocket expenses incurred in connection with meetings of the Board of Directors. No director who is our employee receives compensation for services rendered as a director.

Change in Control Arrangements

Our option agreements with our executive officers provide that if the executive officer is terminated without cause or leaves for good reason within the first 12 months following a change in control transaction, the vesting of any unvested portion of the option will be accelerated in full, or if the executive officer is still employed upon the first year anniversary of such a change of control, the vesting of any unvested portion of the option will be accelerated in full. Each option includes a limited stock appreciation right pursuant to which the option will automatically be canceled upon the occurrence of certain hostile tender offers, in return for a cash distribution from us based on the tender offer price per share.

Supplemental Executive Retirement Plan

On May 18, 2004, we established a supplemental retirement plan for Mr. Marks under which potential cash payments are based on the increase in value, if any, under a Contingent Share Award for 1,000,000 notional shares of Flextronics based on a price of \$17.40 per share (a 10% premium above the \$15.82 closing price of our ordinary shares on the Nasdaq Stock Market on May 18, 2004). Under this plan, once the 30-day average trading price of our share price at the end of any quarter exceeds \$17.40, a cash payment would be made to a rabbi trust for the benefit of Mr. Marks in an amount equal to the net increase in value over \$17.40 multiplied by the 1,000,000 notional shares. At the end of each subsequent quarter, if the 30-day average trading price our share price has further increased since the last quarter for which a cash payment was made under the plan, an additional payment would be made in an amount equal to the additional net increase in value since such prior quarter multiplied by 1,000,000 notional shares. The total cash payments may not exceed \$7,500,000 in the aggregate over the life of the Plan, and no payments will be made following the termination of Mr. Marks' employment. Upon Mr. Marks' death or disability or upon a change of control of Flextronics, the entire \$7,500,000 will be credited to the rabbi trust. All amounts credited to Mr. Marks' account will be made only in cash (no shares will be issued under this Plan), and all cash contributions shall be fully vested and nonforfeitable.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee of our Board of Directors during fiscal 2004 were Mr. Sharp and Mr. Moritz. None of our executive officers serve on our Compensation Committee. No interlocking relationships exist between our Board of Directors or Compensation Committee and the board of directors or compensation committee of any other company.

Table of Contents**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth information as of May 31, 2004 regarding the beneficial ownership of our ordinary shares by:

each shareholder known to us to be the beneficial owner of more than 5% of our ordinary shares;

each director;

each executive officer named in the Summary Compensation Table; and

all directors and executive officers as a group.

Information in this table as to our directors and executive officers is based upon information supplied by these individuals. Information in this table as to our 5% shareholders is based solely upon the Schedules 13G filed by these shareholders with the Securities and Exchange Commission. Where information regarding shareholders is based on Schedules 13G, the number of shares owned is as of the date for which information was provided in such schedules.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission that deem shares to be beneficially owned by any person who has voting or investment power with respect to such shares. Ordinary shares subject to options that are currently exercisable or exercisable within 60 days of May 31, 2004 are deemed to be outstanding and to be beneficially owned by the person holding such options for the purpose of computing the percentage ownership of such person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated below, the persons and entities named in the table have sole voting and sole investment power with respect to all the shares beneficially owned, subject to community property laws where applicable.

In the table below, percentage ownership is based on 530,913,617 ordinary shares outstanding as of May 31, 2004.

Name and Address of Beneficial Owner	Shares Beneficially Owned	
	Number of Shares	Percent
5% Shareholders:		
Entities associated with AXA Financial, Inc.(1) 1290 Avenue of the Americas New York, NY 10104	63,486,452	11.95%
Entities associated with FMR Corporation (2) 82 Devonshire Street Boston, MA 02109	39,904,020	7.51
Entities associated with Capital Research and Management Co.(3) 333 South Hope Street Los Angeles, CA 90071	33,378,500	6.28
Executive Officers and Directors:		
James A. Davidson (4)	18,650,594	3.50
Michael E. Marks (5)	6,602,254	1.24
Richard L. Sharp (6)	6,102,942	1.15
Michael McNamara (7)	2,511,090	*

Robert R.B. Dykes (8)	1,378,814	*
Ash Bhardwaj (9)	824,067	*
Ronny Nilsson (10)	743,333	*
Michael J. Moritz (11)	472,422	*

Table of Contents

Name and Address of Beneficial Owner	Shares Beneficially Owned	
	Number of Shares	Percent
Patrick Foley (12)	64,990	*
Lip-Bu Tan (13)	32,813	*
All 10 directors and executive officers as a group (14)	37,383,319	7.04%

* Less than 1%.

- (1) Based on information supplied by AXA Financial, Inc. in an amended Schedule 13G filed with the Securities and Exchange Commission on February 10, 2004.
- (2) Based on information supplied by FMR Corporation in an amended Schedule 13G filed with the Securities and Exchange Commission on February 17, 2004.
- (3) Based on information supplied by Capital Research and Management Corporation in an amended Schedule 13G filed with the Securities and Exchange Commission on February 13, 2004.
- (4) Includes 18,571,427 shares issuable upon the conversion of \$195 million in aggregate principal amount of our convertible junior subordinated notes due March 20, 2008, based on the current conversion price of \$10.50 per share, 45,740 shares held by the Davidson Revocable Trust of which Mr. Davidson is a trustee, 5,000 shares held directly by Mr. Davidson, 94 shares held by the John Alexander Davidson Trust of which Mr. Davidson is a trustee and 28,333 shares subject to options exercisable within 60 days of May 31, 2004. Mr. Davidson received these options in connection with his service as a member of our board of directors. Under Mr. Davidson's arrangements with respect to director compensation, these 28,333 shares issuable upon exercise of options are expected to be assigned by Mr. Davidson to Silver Lake Technology Management, L.L.C. The 18,571,427 shares are issuable to a group of investment funds as the holders of such notes in the following amounts: (i) 18,013,107 shares issuable to Silver Lake Partners Cayman, L.P.; (ii) 506,814 shares issuable to Silver Lake Investors Cayman, L.P.; and (iii) 51,506 shares issuable to Silver Lake Technology Investors Cayman, L.P. The sole general partner of each of Silver Lake Partners Cayman, L.P. and Silver Lake Investors Cayman, L.P. is Silver Lake Technology Associates Cayman, L.P. The sole general partner of each of Silver Lake Technology Associates Cayman, L.P. and Silver Lake Technology Investors Cayman, L.P. is Silver Lake (Offshore) AIV GP Ltd. Mr. Davidson is a director and shareholder of Silver Lake (Offshore) AIV GP Ltd. As such, Mr. Davidson could be deemed to have shared voting or dispositive power over these shares. Mr. Davidson, however disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest therein.
- (5) Includes 2,296,059 shares held by Epping Investment Holdings, LLC of which Mr. Marks and his spouse are managing members, 1,250,000 shares held by the Marks Family Trust, 24,000 shares held by trust for Mr. Marks' minor children and 3,032,195 shares subject to options exercisable within 60 days of May 31, 2004.
- (6) Includes 1,480,000 shares beneficially owned by Bethany, LLC of which Mr. Sharp is a manager and 612,000 shares held by RLS Charitable Reminder Unitrust of which Mr. Sharp is a co-trustee. Mr. Sharp disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein. Also includes 64,990 shares subject to options exercisable within 60 days of May 31, 2004.

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- (7) Includes 1,763,543 shares subject to options exercisable within 60 days of May 31, 2004.
- (8) Includes 370,834 shares held directly by The Dykes Family Limited Partnership II and 1,007,980 shares subject to options exercisable within 60 days of May 31, 2004.
- (9) Includes 821,459 shares subject to options exercisable within 60 days of May 31, 2004.
- (10) Includes 608,333 shares subject to options exercisable within 60 days of May 31, 2004.
- (11) Includes 407,432 shares held directly by the Maximus Trust of which Mr. Moritz is a co-trustee. Mr. Moritz disclaims beneficial ownership over such shares, except to the extent of his pecuniary interest therein. Also includes 64,990 shares subject to options exercisable within 60 days of May 31, 2004.
- (12) Includes 64,990 shares subject to options exercisable within 60 days of May 31, 2004.
- (13) Includes 5,000 shares held by the Lip-Bu Tan and Ysa Loo, TTEES of which Mr. Tan is a co-trustee and 27,813 shares subject to options exercisable within 60 days of May 31, 2004.
- (14) Includes 7,484,626 shares subject to options exercisable within 60 days of May 31, 2004.

Table of Contents**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

As of March 31, 2004, we maintained the 2001 Equity Incentive Plan and 1997 Employee Share Purchase Plan, both of which were approved by our shareholders, and the 1997 Interim Option Plan, 1998 Interim Option Plan, 1999 Interim Option Plan and 2002 Interim Incentive Plan. None of the Interim Plans is subject to shareholder approval. The terms of the Interim Plans are described more fully below.

The following table gives information about equity awards under these plans as of March 31, 2004.

Plan Category	(A) Number of Ordinary Shares to be Issued Upon Exercise of Outstanding Options	(B) Weighted-Average Exercise Price of Outstanding Options	(C) Number of Ordinary Shares Remaining Available for Equity Compensation Plans (Excluding Ordinary Shares Reflected in Column (A))
Equity compensation plans approved by shareholders	24,793,567	\$ 16.59	7,955,981(1)
Equity compensation plans not approved by shareholders (3)	19,011,175	10.40	1,897,571(2)
Total	43,804,742	\$ 13.90	9,853,552

- (1) Of these, 7,053,084 ordinary shares remained available for grant under the 2001 Equity Incentive Plan and 902,897 ordinary shares remained available for purchase under the 1997 Employee Share Purchase Plan.
- (2) Of these, 534,342 ordinary shares remained available for grant under the 1997 Interim Option Plan, 219,070 ordinary shares remained available for grant under the 1998 Interim Option Plan and 1,144,159 ordinary shares remained available for grant under the 2002 Interim Incentive Plan. There are no additional ordinary shares available for grant under the 1999 Interim Option Plan.
- (3) Companies acquired by us have adopted option plans, which we refer to as the Assumed Plans. Options to purchase a total of 6,499,257 ordinary shares under the Assumed Plans have been assumed. These options have a weighted average exercise price of \$5.81 per share. These options have been converted into options to purchase our ordinary shares on the terms specified in the applicable acquisition agreement, but are otherwise administered in accordance with the terms of the Assumed Plans. Options under the Assumed Plans generally vest over four years and expire 10 years from the date of grant. No further awards may be made under the Assumed Plans. Options outstanding under the Assumed Plans are not included in the above table.

Interim Plans

Our 1997 Interim Option Plan, 1998 Interim Option Plan, 1999 Interim Option Plan and 2002 Interim Incentive Plan were adopted by our Board in June 1997, January 1998, December 1998 and May 2002, respectively. The adoption of these interim plans was necessitated by our internal growth, our multiple acquisitions and the requirement to provide equity compensation for employees consistent with competitors and peer companies. These interim plans are not subject to shareholder approval.

The Board reserved an aggregate of 2,000,000 ordinary shares, 3,200,000 ordinary shares, 5,200,000 ordinary shares and 20,000,000 ordinary shares for issuance under the 1997 Plan, the 1998 Plan, the 1999 Plan and the 2002 Plan, respectively. These plans provide for the grant to qualified persons of non-statutory stock options to

Table of Contents

purchase our ordinary shares. Information regarding outstanding options under the 1997 Plan, the 1998 Plan, the 1999 Plan, and the 2002 Plan as of March 31, 2004 is set forth in the table above. Since March 31, 2004, we have granted additional options under the these plans. As of June 30, 2004, we had a total of 940,324 shares available for issuance under our 1997 Plan, 1998 Plan and 2002 Plan. There are no additional ordinary shares available for grant our 1999 Plan.

Shares subject to options granted pursuant to these interim plans that expire or terminate for any reason without being exercised will again become available for grant and issuance pursuant to awards under the interim plans. Options granted under these plans have an exercise price of not less than 85% of the fair market value of the underlying ordinary shares on the date of grant. Options issued under these plans generally vest over a four-year period and expire ten years from the date of grant. The other general terms of these interim plans are similar to our 2001 Equity Incentive Plan.

Table of Contents

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Other than compensation agreements and other arrangements, which are described in Executive Compensation, and the transactions described below, during fiscal 2004, there was not, nor is there currently proposed, any transaction or series of similar transactions to which we were or will be a party:

in which the amount involved exceeded or will exceed \$60,000; and

in which any director, executive officer, holder of more than 5% of our ordinary shares or any member of their immediate family had or will have a direct or indirect material interest.

Loans to Executive Officers

Since June 30, 2003, neither we nor any of our subsidiaries have made any loans to our executive officers.

Mr. Bhardwaj. On July 1, 2003, one of our subsidiaries, Flextronics International USA, Inc., which we refer to in this section as Flextronics USA, loaned \$4,713,630 to Mr. Bhardwaj, who was not an executive officer at that time. Mr. Bhardwaj executed a Loan and Security Agreement and a promissory note in favor of Flextronics USA that bears interest at a rate of 1.49% per year and matures on July 1, 2006. The remaining outstanding balance of the loan as of March 31, 2004 was \$4,767,552 (representing \$4,713,630 in principal and \$53,922 in accrued interest).

Mr. Dykes. On May 29, 2002, Flextronics USA loaned \$1,947,221 to Mr. Robert R.B. Dykes. Mr. Dykes executed a Loan and Security Agreement and a promissory note in favor of Flextronics USA that bears interest at a rate of 5.85% per year and matures on May 29, 2006. The remaining outstanding balance of the loan as of March 31, 2004 was \$2,160,173 (representing \$1,947,221 in principal and \$212,952 in accrued interest).

Mr. McNamara. On November 25, 1998, Flextronics USA loaned \$130,000 to Mr. McNamara. Mr. McNamara executed a promissory note in favor of Flextronics USA that bears interest at a rate of 7.25% per year and matured on November 25, 2003. The remaining outstanding principal amount and the accrued interest thereon was paid in full in August 2003. The largest aggregate amount of indebtedness outstanding under this loan in fiscal 2004 was \$174,983.

On October 11, 2000, Flextronics USA loaned \$152,236 to Mr. McNamara. This represented the principal and interest then due on a loan previously made to Mr. McNamara on October 22, 1996, which loan was canceled at that time. Mr. McNamara executed a promissory note in favor of Flextronics USA that bears interest compounded quarterly at a rate of 5.96% per year and matured on November 11, 2003. The outstanding principal amount and the accrued interest thereon were paid in full in August 2003. The largest aggregate amount of indebtedness outstanding under this loan in fiscal 2004 was \$178,800.

On May 3, 2001, Flextronics USA loaned \$1,095,977 to Mr. McNamara. This represented the principal and interest then due on a loan previously made to Mr. McNamara on April 14, 1999, which loan was canceled at that time. Mr. McNamara executed a promissory note in favor of Flextronics USA that bears interest compounded quarterly at a rate of 4.19% per year and matured on May 3, 2003. The outstanding principal amount and the accrued interest thereon were paid in full in May 2003. The largest aggregate amount of indebtedness outstanding under this loan in fiscal 2004 was \$1,215,939.

On December 12, 2001, Flextronics USA loaned \$6,000,000 to Mr. McNamara. Mr. McNamara executed a promissory note in favor of Flextronics USA that bears interest at a rate of 2.48% per year and matures on December 12, 2004. The remaining outstanding balance of the loan as of March 31, 2004 was \$6,344,465 (representing \$6,000,000 in principal and \$344,465 in accrued interest).

On May 31, 2002, Flextronics USA loaned \$1,022,227 to Mr. McNamara. Mr. McNamara executed a Loan and Security Agreement and a promissory note in favor of Flextronics USA that bears interest at a rate of 3.21% and

Table of Contents

matured on May 31, 2003. The outstanding principal amount and the accrued interest thereon were paid in full in May 2003. The largest aggregate amount of indebtedness outstanding under this loan in fiscal 2004 was \$1,055,496.

Mr. Nilsson. On May 4, 2002 Flextronics International N.V. loaned \$1,011,129 to Mr. Ronny Nilsson. Mr. Nilsson executed a promissory note in favor of Flextronics International Ltd. that bore interest at a rate of 5.73% per year and matured on May 4, 2004. The outstanding principal amount and the accrued interest thereon were paid in full in September 2003. The largest aggregate amount of indebtedness outstanding under this loan in fiscal 2004 was \$1,093,850.

Mr. Smach. On April 3, 2000, Flextronics USA loaned \$1,000,000 to Mr. Thomas J. Smach. Mr. Smach executed a Loan and Security Agreement and a promissory note in favor of Flextronics USA that does not bear interest and matures on April 3, 2005. The remaining outstanding balance of the loan as of March 31, 2004 was \$1,000,000.

Other Loans to Executive Officers

In connection with an investment partnership of our executive officers, Glouple Ventures LLC, one of our subsidiaries, Flextronics International, NV, which we refer to in this section as Flextronics NV, has loaned the following amounts to each of Messrs. Bhardwaj, Dykes, McNamara and Nilsson, pursuant to promissory notes executed by each in favor of Flextronics NV, which bear interest at the rate indicated below and mature on August 15, 2010:

<u>Date</u>	<u>Amount of Loan</u>	<u>Interest Rate</u>
July 2000	\$ 460,137	6.40%
August 2000	302,614	6.22
November 2000	1,484,965	6.09
August 2001	226,650	5.72
November 2001	177,935	5.05
December 2001	51,073	5.05

As of March 31, 2004, the remaining aggregate outstanding balance of the loan was \$2,703,374, including accrued interest, which is the largest aggregate amount of indebtedness outstanding in fiscal 2004.

Investment by Silver Lake Partners

During fiscal 2003, we issued a \$200.0 million zero coupon, zero yield, convertible junior subordinated note maturing in 2008 in a private placement transaction with funds associated with Silver Lake Partners. On April 28, 2004, we irrevocably exercised our right to cause the notes to be converted into our ordinary shares effective upon our ordinary shares having a closing price of at least \$15.75 for the 15 consecutive trading days ending the day prior to such conversion, the listing of our ordinary shares on the Nasdaq National Market, the absence of other trading restrictions on our ordinary shares and the effectiveness of the registration statement covering the resale of the ordinary shares issuable upon conversion of the notes. In connection with the issuance of the notes, we appointed Mr. James Davidson, a founder and managing member of Silver Lake Partners, to our Board of Directors in March 2003 upon completion of the transaction.

Table of Contents**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Set forth below are the fees paid for the services of Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates in fiscal 2004 and fiscal 2003 (in millions).

	Fiscal 2004	Fiscal 2003
	—	—
Audit Fees	\$ 4.5	\$ 3.8
Audit-Related Fees	1.0	0.1
Tax Fees	2.0	1.7
All Other Fees	—	—
Total:	\$ 7.5	\$ 5.6
	—	—

Audit Fees consist of fees billed for professional services rendered by our independent auditors for the audit of our annual financial statements included in our report on Form 10-K, the review of our quarterly financial statements included in our reports on Form 10-Q, the issuance of consents related to the preparation of registration statements, and other services that generally only the independent auditors reasonably can provide in connection with statutory and regulatory filings.

Audit-Related Fees consist of fees billed for assurance and related services by our auditors that are reasonably related to the performance of the audit or review of our financial statements and not included in Audit Fees. In fiscal 2004, these fees related primarily to accounting consultation services and readiness services related to Section 404 of the Sarbanes-Oxley Act of 2002.

Tax Fees consist of fees billed for professional services rendered by our independent auditors for tax compliance, tax advice, tax consultation and tax planning services.

All Other Fees consist of billed for professional services rendered by our independent auditors for permissible non-audit services, if any. We did not incur fees under this category during fiscal 2004 and fiscal 2003.

Audit Committee Pre-Approval Policy

The audit committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year, and any pre-approval is detailed as to the particular service or category of services. The independent auditors and management are required to periodically report to the audit committee regarding the extent of services provided by the independent auditors in accordance with this pre-approval, and the fees for the services performed to date. The audit committee may also pre-approve particular services on a case-by-case basis.

The audit committee has determined that the provision of no-audit services under appropriate circumstances may be compatible with maintaining the independence of Deloitte & Touche LLP, and that all such services provided by Deloitte & Touche LLP to us in the past were compatible with maintaining such independence. The audit committee is

sensitive to the concern that some non-audit services, and related fees, could impair independence and the committee believes it important that independence be maintained. However, the committee also recognizes that in some areas, services that are identified by the relevant regulations as tax fees or other fees are sufficiently related to the audit work performed by Deloitte & Touche LLP that it would be highly inefficient and unnecessarily expensive to use a separate firm to perform those non-audit services. The audit committee intends to evaluate each such circumstance on its own merits, and to approve the performance of non-audit services where it believes efficiency can be obtained without meaningfully compromising independence.

Table of Contents

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(c) Exhibits

3. Exhibits. The following exhibits are filed with this Form 10-K/A:

**Incorporated By
Reference**
