

## PRESS RELEASE

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**FLEXTRONICS ANNOUNCES FIRST QUARTER RESULTS**  
**Net sales rose 14% year-over-year and 11% sequentially**  
**Adjusted EPS increased 138% year-over-year and 19% sequentially**

**Singapore, July 22, 2010** – Flextronics (NASDAQ: FLEX) today announced results for its first quarter ended July 2, 2010 as follows:

(US\$ in millions, except EPS)

	<b>Three Month Periods Ended</b>	
	<b>July 2, 2010</b>	<b>July 3, 2009</b>
Net sales	\$ 6,566	\$ 5,783
Adjusted operating income <sup>(1)</sup>	\$ 190	\$ 90
GAAP operating income	\$ 175	\$ 10
Adjusted net income <sup>(1)</sup>	\$ 154	\$ 63
GAAP net income (loss)	\$ 118	\$ (154)
Adjusted EPS <sup>(1)</sup>	\$ 0.19	\$ 0.08
GAAP EPS	\$ 0.14	\$ (0.19)

<sup>(1)</sup> A reconciliation of non-GAAP financial measures to GAAP financial measures is presented in Schedule II attached to this press release and are included on the Company's website.

### First Quarter Results

Net sales for the first quarter ended July 2, 2010 increased 14% to \$6.6 billion compared to net sales for the quarter ended July 3, 2009 of \$5.8 billion. Adjusted operating income increased \$100 million or 111% to \$190 million, compared to adjusted operating income of \$90 million for the year ago quarter. Adjusted net income for the first quarter ended July 2, 2010 was \$154 million, an increase of \$91 million or 144%, and adjusted EPS increased \$0.11 or 138% to \$0.19, compared to \$63 million and \$0.08, respectively, for the year ago quarter. GAAP operating income, net income, and EPS were all up significantly year-over-year.

Sequentially, revenue growth and profitability both exhibited strong improvement. Net sales were at the high end of the guidance range, rising 11% sequentially, resulting from growth across the entire portfolio of businesses. Adjusted operating income increased 12% sequentially, slightly outpacing net sales growth. Adjusted EPS of \$0.19 was above the \$0.16 reported last quarter and at the high-end of the \$0.16-\$0.19 guidance range. GAAP EPS increased 100% to \$0.14 from \$0.07 in the prior quarter.

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“Our business environment remains healthy. Despite what appears to be an uncertain macro-environment, our orders and forecast continue to improve and we are again forecasting sequential growth in the upcoming quarter across all the markets we serve,” said Mike McNamara, CEO of Flextronics.

Paul Read, CFO of Flextronics added, “Our cash position remains strong at \$1.7 billion for the quarter. We continue to expect positive cash flow from operations driven by revenue growth and improving profitability, allowing us to further invest in our business and execute strategic uses of cash. During the quarter we repurchased \$135 million of stock on our \$200 million authorization.”

### **Guidance**

For the second quarter ending October 1, 2010, revenue is expected to be in the range of \$6.8 billion to \$7.2 billion and adjusted EPS is expected to be in the range of \$0.19 to \$0.21 per share.

GAAP earnings per share are expected to be lower than the guidance provided herein by approximately \$0.04 per diluted share for quarterly intangible amortization, stock-based compensation expense and non-cash interest expense.

### **Conference Calls and Web Casts**

A conference call hosted by Flextronics’s management will be held today at 5:30 p.m. ET / 2:30 p.m. PT to discuss the Company’s financial results for the first quarter ended July 2, 2010.

The conference call will be broadcast via the Internet and may be accessed by logging on to the Company’s website at [www.flextronics.com](http://www.flextronics.com). Additional information in the form of a slide presentation may also be found on the Company’s site. A replay of the broadcast will remain available on the Company’s website afterwards.

Minimum requirements to listen to the broadcast are Microsoft Windows Media Player software (free download at <http://www.microsoft.com/windows/windowsmedia/download/default.asp>) and at least a 28.8 Kbps bandwidth connection to the Internet.

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### **About Flextronics**

Headquartered in Singapore (Singapore Reg. No. 199002645H), Flextronics is a leading Electronics Manufacturing Services (EMS) provider focused on delivering complete design, engineering and manufacturing services to automotive, computing, consumer, industrial, infrastructure, medical and mobile OEMs. Flextronics helps customers design, build, ship, and service electronics products through a network of facilities in 30 countries on four continents. This global presence provides design and engineering solutions that are combined with core electronics manufacturing and logistics services, and vertically integrated with components technologies, to optimize customer operations by lowering costs and reducing time to market. For more information, please visit [www.flextronics.com](http://www.flextronics.com).

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This press release contains forward-looking statements within the meaning of U.S. securities laws, including statements related to future expected revenues and earnings per share. These forward-looking statements involve risks and uncertainties that could cause the actual results to differ materially from those anticipated by these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. These risks include: that future revenues and earnings may not be achieved as expected; our dependence on industries that continually produce technologically advanced products with short life cycles; our ability to respond to changes in economic trends, to fluctuations in demand for customers' products and to the short-term nature of customers' commitments; competition in our industry, particularly from ODM suppliers in Asia; our dependence on a small number of customers for the majority of our sales and our reliance on strategic relationships with major customers; the challenges of effectively managing our operations, including our ability to manage manufacturing processes, utilize available manufacturing capacity, control costs and manage changes in our operations; production difficulties, especially with new products; the risk of future restructuring charges that could be material to our financial condition and results of operations; our ability to design and quickly introduce world-class components products that offer significant price and/or performance advantages over competitive products; the impact on our margins and profitability resulting from substantial investments and start-up and integration costs in our components, design and ODM businesses; supply shortages of required electronic components; compliance with legal and regulatory requirements, including regulatory quality standards applicable to medical devices; the challenges of international operations, including fluctuations in exchange rates beyond hedged boundaries leading to unexpected charges; changes in government regulations and tax laws, including any effects related to the expiration of tax holidays; our exposure to potential litigation relating to intellectual property rights, product warranty and product liability; our dependence on our key personnel; our ability to comply with environmental laws; the challenges of integrating acquired companies and assets; the effects that the current macroeconomic environment could have on our business and demand for our products as well as on our liquidity and our ability to access credit markets; and the effects that current credit and market conditions could have on the liquidity and financial condition of customers or suppliers, including any impact on their ability to meet contractual obligations to us on terms and conditions previously negotiated. Additional information concerning these and other risks is described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our reports on Form 10-K and 10-Q that we file with the U.S. Securities and Exchange Commission. The forward-looking statements in this press release are based on current expectations and Flextronics assumes no obligation to update these forward-looking statements.

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### SCHEDULE I

#### FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	<u>Three Month Periods Ended</u>	
	<u>July 2, 2010</u>	<u>July 3, 2009</u>
<b>GAAP:</b>		
Net sales	\$ 6,565,880	\$ 5,782,679
Cost of sales	6,195,062	5,506,575
Restructuring charges	-	52,109
	<u>370,818</u>	<u>223,995</u>
Gross profit		
Selling, general and administrative expenses	195,718	201,692
Restructuring charges	-	12,730
	<u>175,100</u>	<u>9,573</u>
Operating income		
Intangible amortization	17,990	23,334
Other expense, net	-	107,399
Interest and other expense, net	27,529	36,886
	<u>129,581</u>	<u>(158,046)</u>
Income (loss) before income taxes		
Provision for income taxes	11,403	(4,003)
Net income (loss)	<u>\$ 118,178</u>	<u>\$ (154,043)</u>
<b>EPS:</b>		
GAAP	<u>\$ 0.14</u>	<u>\$ (0.19)</u>
Non-GAAP	<u>\$ 0.19</u>	<u>\$ 0.08</u>
Diluted Shares used in computing GAAP per share amounts	<u>824,017</u>	<u>810,174</u>
Diluted Shares used in computing non-GAAP per share amounts	<u>824,017</u>	<u>814,922</u>

See Schedule II for the reconciliation of GAAP to non-GAAP financial measures. See the accompanying notes on Schedule IV attached to this press release.

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### SCHEDULE II

#### FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES (1)

(In thousands, except per share amounts)  
 (unaudited)

	Three Month Periods Ended			
	July 2, 2010	% of Sales	July 3, 2009	% of Sales
<b>Net Sales</b>	\$ 6,565,880		\$ 5,782,679	
<b>GAAP gross profit</b>	\$ 370,818	5.6%	\$ 223,995	3.9%
Stock-based compensation expense	2,783		2,733	
Distressed customer charges	(2) -		(18,142)	
Restructuring and other charges	(3) -		52,109	
<b>Non-GAAP gross profit</b>	<u>\$ 373,601</u>	5.7%	<u>\$ 260,695</u>	4.5%
<b>GAAP SG&amp;A Expenses</b>	\$ 195,718	3.0%	\$ 201,692	3.5%
Stock-based compensation expense	11,775		13,052	
Distressed customer charges	(2) -		18,142	
<b>Non-GAAP SG&amp;A Expenses</b>	<u>\$ 183,943</u>	2.8%	<u>\$ 170,498</u>	2.9%
<b>GAAP operating income</b>	\$ 175,100	2.7%	\$ 9,573	0.2%
Stock-based compensation expense	14,558		15,785	
Restructuring	(3) -		64,839	
<b>Non-GAAP operating income</b>	<u>\$ 189,658</u>	2.9%	<u>\$ 90,197</u>	1.6%
<b>GAAP provision for income taxes</b>	\$ 11,403	0.2%	\$ (4,003)	-0.1%
Restructuring and other charges	-		410	
Intangible amortization	1,260		1,843	
<b>Non-GAAP provision for income taxes</b>	<u>\$ 12,663</u>	0.2%	<u>\$ (1,750)</u>	0.0%
<b>GAAP net income (loss)</b>	\$ 118,178	1.8%	\$ (154,043)	-2.7%
Stock-based compensation expense	14,558		15,785	
Restructuring and other charges	(3) -		64,798	
Investment and notes impairment	(4) -		107,440	
Non-cash convertible debt interest expense	(1) 4,053		8,049	
Intangible amortization	17,990		23,334	
Adjustment for taxes	(1,260)		(2,253)	
<b>Non-GAAP net income</b>	<u>\$ 153,519</u>	2.3%	<u>\$ 63,110</u>	1.1%
<b>EPS:</b>				
GAAP	<u>\$ 0.14</u>		<u>\$ (0.19)</u>	
Non-GAAP	<u>\$ 0.19</u>		<u>\$ 0.08</u>	

See the accompanying notes on Schedule IV attached to this press release.

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### SCHEDULE III

#### FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES UNAUDITED GAAP CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	<u>July 2, 2010</u>	<u>March 31, 2010</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,730,533	\$ 1,927,556
Accounts receivable, net	2,873,859	2,438,950
Inventories	3,320,940	2,875,819
Other current assets	715,175	747,676
	<u>8,640,507</u>	<u>7,990,001</u>
Property and equipment, net	2,148,672	2,118,576
Goodwill and other intangibles, net	235,417	254,717
Other assets	270,630	279,258
Total assets	<u>\$ 11,295,226</u>	<u>\$ 10,642,552</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Bank borrowings, current portion of long-term debt and capital lease obligations	\$ 176,708	\$ 32,311
1% Convertible Subordinated Notes due 2010	238,395	234,240
Accounts payable	4,919,997	4,447,968
Other current liabilities	1,728,672	1,632,692
Total current liabilities	<u>7,063,772</u>	<u>6,347,211</u>
Long-term debt, net of current portion:		
Acquisition Term Loan due 2012 and 2014	1,670,100	1,674,435
6 1/4 % Senior Subordinated Notes due 2014	302,172	302,172
Other long-term debt and capital lease obligations	6,411	13,651
Other liabilities	281,684	320,516
Total shareholders' equity	<u>1,971,087</u>	<u>1,984,567</u>
Total liabilities and shareholders' equity	<u>\$ 11,295,226</u>	<u>\$ 10,642,552</u>

See the accompanying notes on schedule IV attached to this press release.

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## SCHEDULE IV

FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES  
NOTES TO SCHEDULES I, II, & III

- (1) To supplement Flextronics's unaudited selected financial data presented on a basis consistent with Generally Accepted Accounting Principles ("GAAP"), the Company discloses certain non-GAAP financial measures that exclude certain charges, including non-GAAP gross profit, non-GAAP selling, general and administrative expenses, non-GAAP operating income, non-GAAP net income and non-GAAP net income per diluted share. These supplemental measures exclude, among other items, stock-based compensation expense, restructuring charges, intangible amortization, financially distressed customer charges, non-cash convertible debt interest expense and certain other items. These non-GAAP measures are not in accordance with or an alternative for GAAP, and may be different from non-GAAP measures used by other companies. We believe that these non-GAAP measures have limitations in that they do not reflect all of the amounts associated with Flextronics's results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate Flextronics's results of operations in conjunction with the corresponding GAAP measures. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the most directly comparable GAAP measures. We compensate for the limitations of non-GAAP financial measures by relying upon GAAP results to gain a complete picture of Company performance.

In calculating non-GAAP financial measures, we exclude certain items to facilitate a review of the comparability of the Company's operating performance on a period-to-period basis because such items are not, in our view, related to the Company's ongoing operational performance. We use non-GAAP measures to evaluate the operating performance of our business, for comparison with forecasts and strategic plans, for calculating return on investment, and for benchmarking performance externally against competitors. In addition, management's incentive compensation is determined using certain non-GAAP measures. Also, when evaluating potential acquisitions, we exclude certain of the items described below from consideration of the target's performance and valuation. Since we find these measures to be useful, we believe that investors benefit from seeing results "through the eyes" of management in addition to seeing GAAP results. We believe that these non-GAAP measures, when read in conjunction with the Company's GAAP financials, provide useful information to investors by offering:

- the ability to make more meaningful period-to-period comparisons of the Company's on-going operating results;
- the ability to better identify trends in the Company's underlying business and perform related trend analyses;
- a better understanding of how management plans and measures the Company's underlying business; and
- an easier way to compare the Company's operating results against analyst financial models and operating results of competitors that supplement their GAAP results with non-GAAP financial measures.

The following are explanations of each of the adjustments that we incorporate into non-GAAP measures, as well as the reasons for excluding each of these individual items in the reconciliations of these non-GAAP financial measures:

*Stock-based compensation expense* consists of non-cash charges for the estimated fair value of stock options and unvested share bonus awards granted to employees and assumed in business acquisitions. The Company believes that the exclusion of these charges provides for more accurate comparisons of its operating results to peer companies due to the varying available valuation methodologies, subjective assumptions and the variety of award types. In addition, the Company believes it is useful to investors to understand the specific impact stock-based compensation expense has on its operating results.

*Restructuring charges* include severance, impairment, lease termination, exit costs and other charges primarily related to the closures and consolidations of various manufacturing facilities. These costs may vary in size based on the Company's acquisition and restructuring activities, are not directly related to ongoing or core business results, and do not reflect expected future operating expenses. These costs are excluded by the Company's management in assessing current operating performance and forecasting its earnings trends, and are therefore excluded by the Company from its non-GAAP measures.

*Distressed customer charges* are comprised of additional provisions for doubtful accounts receivable, inventory and other obligations for customers that are experiencing significant financial difficulties. These costs are excluded by the Company's management in assessing its current operating performance and forecasting its earnings trends, and accordingly, are excluded by the Company from its non-GAAP measures.

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*Intangible amortization* consists of non-cash charges that can be impacted by the timing and magnitude of acquisitions. The Company considers its operating results without these charges when evaluating its ongoing performance and forecasting its earnings trends, and therefore excludes such charges when presenting non-GAAP financial measures. The Company believes that the assessment of its operations excluding these costs is relevant to its assessment of internal operations and comparisons to the performance of its competitors.

*Other charges or gains* consists of various other types of items that are not directly related to ongoing or core business results, such as impairment charges associated with non-core investments and notes receivable and gains or losses on the extinguishment of debt. We exclude these items because they are not related to the Company's ongoing operating performance or do not affect core operations. Excluding these amounts provide investors with a basis to compare Company performance against the performance of other companies without this variability.

*Non-cash convertible debt interest expense* consists of interest expense recorded as a result of required accounting for convertible debt instruments that may be settled in cash upon conversion. The accounting requires the initial proceeds from the sale of convertible instruments to be allocated between a liability component and an equity component in a manner that results in non-cash interest expense on the debt component until maturity. The Company considers its operating results without these charges when evaluating its ongoing performance and forecasting its earnings trends, and therefore excludes such charges when presenting non-GAAP financial measures. The Company believes that the assessment of its operations excluding these costs is relevant to its assessment of internal operations and comparisons to the performance of its competitors.

*Adjustment for taxes* relates to the tax effects of the various adjustments that we incorporate into non-GAAP measures in order to provide a more meaningful measure on non-GAAP net income and certain adjustments related to tax contingencies.

- (2) In fiscal 2009 the Company incurred a \$145.3 million charge as a result of the Nortel bankruptcy. During the three-month period ended July 3, 2009, the Company revised its initial fiscal 2009 estimates between charges associated with the write-off of inventory and provisions for doubtful accounts receivable with no net operating income impact. In November 2009, the Company agreed to a final settlement with Nortel primarily related to the pre-petition bankruptcy claims.
- (3) During the three month period ended July 3, 2009, the Company recognized restructuring charges as a result of the difficult macroeconomic conditions. The global economic crisis and related decline in the Company's customers' products across all of the industries it serves, has caused the Company's OEM customers to reduce their manufacturing and supply chain outsourcing negatively impacting the Company's capacity utilization levels. The Company's restructuring activities, which include employee severance, costs related to owned and leased facilities and equipment that are no longer in use and are to be disposed of, and other costs associated with the exit of certain contractual arrangements due to facility closures, are intended to improve its operational efficiencies by reducing excess workforce and capacity. In addition to the cost reductions, these activities will result in further shift of manufacturing capacity to locations with higher efficiencies and, in most instances, lower costs.
- (4) During the three-month period ended July 3, 2009, the Company impaired its carrying value in a certain non-core investment and notes receivable due to a reduction in estimated recoverability.