
FLEXTRONICS

Design. Build. Ship. Service.

**Financial Results for the
Second Quarter Ended
September 26, 2008**

Risks and Non-GAAP Disclosures

This presentation contains forward-looking statements within the meaning of U.S. securities laws, including statements related to revenue and earnings guidance; future cash flows, ROIC, SG&A and capital expense levels; our expectations regarding our business in the current economic environment; the expected benefits from our geographically diversified business and our broad-based product, services and component technologies offerings; expected improvements in inventory management; and our expectations regarding tax benefits, after-tax intangible amortization, stock based compensation, and our ability to generate expected free cash flow. These forward-looking statements involve risks and uncertainties that could cause the actual results to differ materially from those anticipated by these statements. Information about these risks is noted in the earnings press release, on slide 21 of this presentation, and in the Risk Factors and MD&A sections of our latest annual report, as amended, filed with the SEC, as well as in our other SEC filings. These forward-looking statements are based on our current expectations and we assume no obligation to update these forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements.

In addition, this presentation uses non-GAAP financial measures. Please refer to the schedules to the earnings press release, slide 10 of this presentation, and the GAAP vs. Non-GAAP Reconciliation in the Investors section of our website, which contain the reconciliation to the most directly comparable GAAP measures.

Record Second Quarter Revenue and Adjusted Operating Profit

	Non-GAAP Statements of Operations for the Three-Month Periods Ended		
	September 26, 2008	September 28, 2007	% Increase
<i>(\$ in thousands, except EPS)</i>			
Net sales	\$ 8,862,516	\$ 5,557,099	59%
Cost of sales	8,346,065	5,241,848	
Gross profit	516,451	315,251	64%
Gross margin	5.8%	5.7%	
SG&A	221,661	143,423	55%
	2.5%	2.6%	
Operating profit	294,790	171,828	72%
Operating margin	3.3%	3.1%	
Interest and other expense, net	47,989	14,741	
Pretax income	246,801	157,087	57%
Income Taxes	17,276	10,996	
	7.0%	7.0%	
Net income	\$ 229,525	\$ 146,091	57%
EPS	\$ 0.28	\$ 0.24	17%

The non-GAAP financial measures exclude certain amounts that are included in the most directly comparable measures under GAAP. Non-GAAP operating results exclude charges associated with distressed customers, stock-based compensation expense, and intangible amortization. Please refer to the schedules to the earnings press release and slide 10 of this presentation, which contain the reconciliation to the most comparable GAAP measures.

Quarterly Revenue by Market Segment

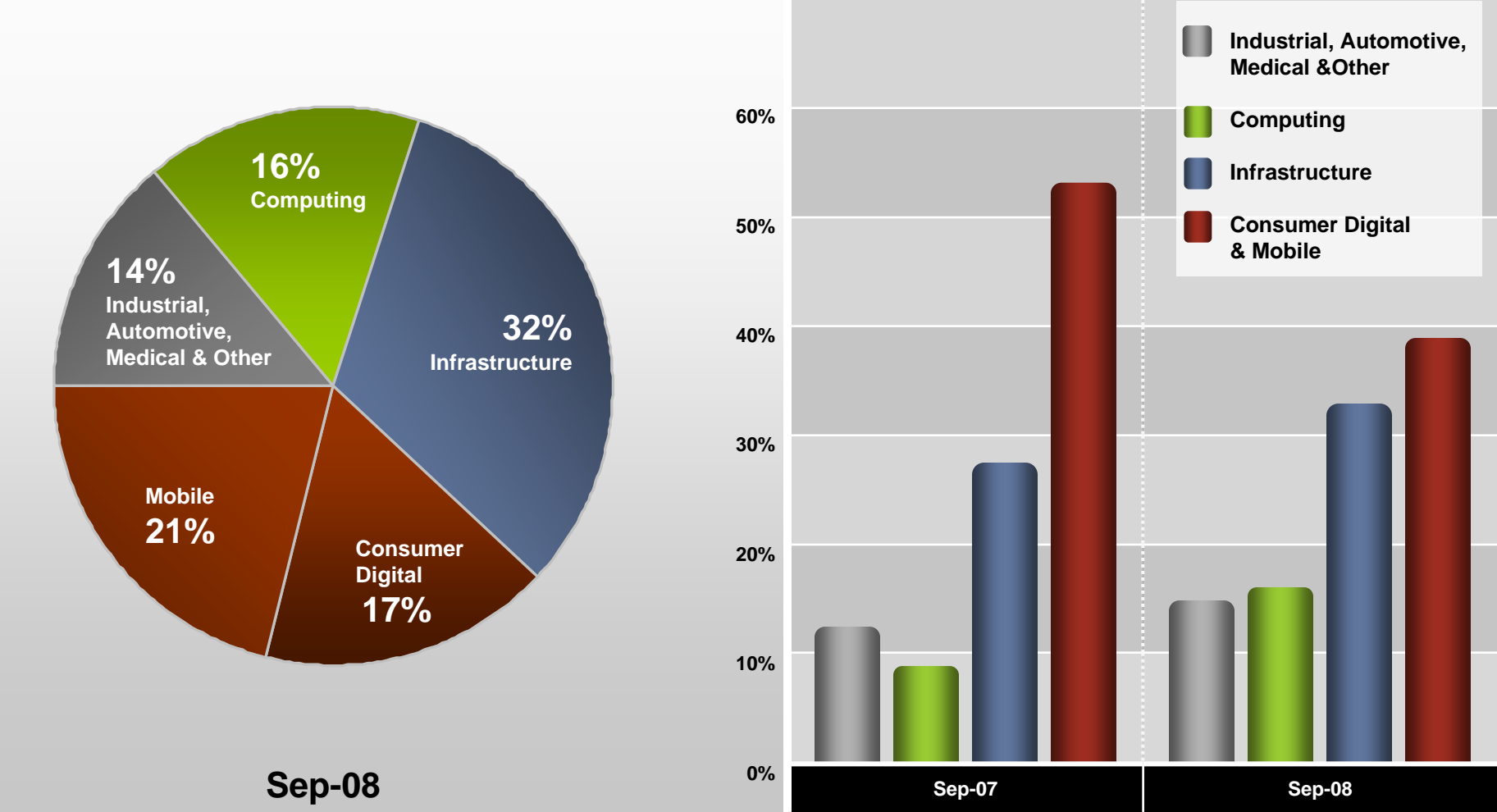
(\$ in millions)

	Sep-07		Dec-07		Mar-08		Jun-08		Sep-08	
Computing	\$ 521	9%	\$ 1,382	15%	\$ 1,313	17%	\$ 1,436	17%	\$ 1,433	16%
Consumer Digital	1,375	25%	1,511	17%	1,010	13%	1,113	14%	1,539	17%
Infrastructure	1,486	27%	3,211	35%	2,794	36%	2,933	35%	2,796	32%
Mobile	1,559	28%	1,893	21%	1,433	18%	1,596	19%	1,832	21%
Industrial, Automotive, Medical & Other	616	11%	1,072	12%	1,225	16%	1,272	15%	1,263	14%
Total	\$ 5,557		\$ 9,069		\$ 7,775		\$ 8,350		\$ 8,863	

Note: Quarterly revenue by market segment for the Sep-07 through Jun-08 quarters have been adjusted to reflect the reclassification of revenues from certain product categories to the consumer digital market segment.

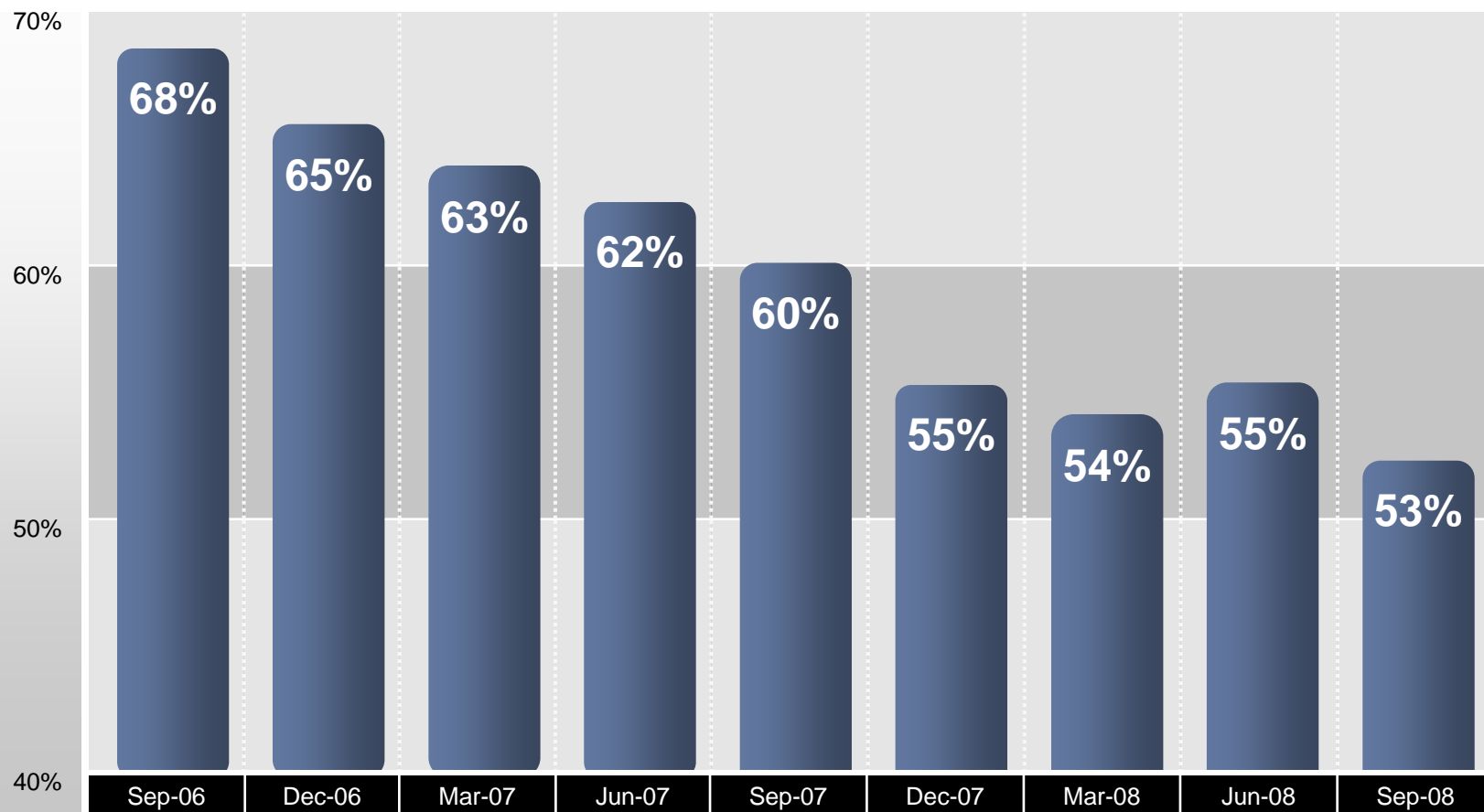
Segment Diversification

Percentage of quarterly revenue by segment



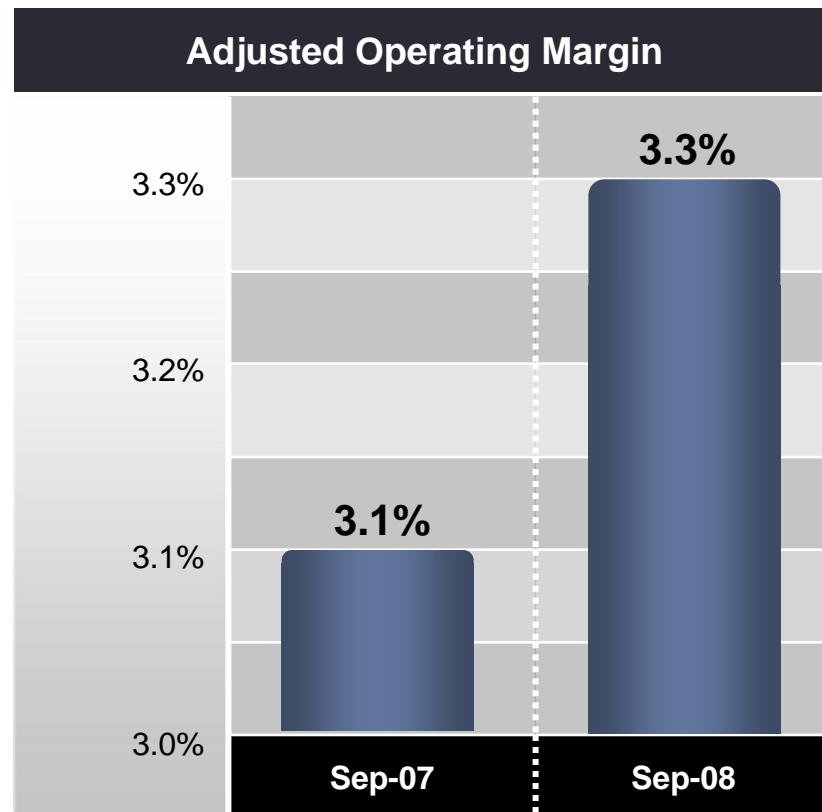
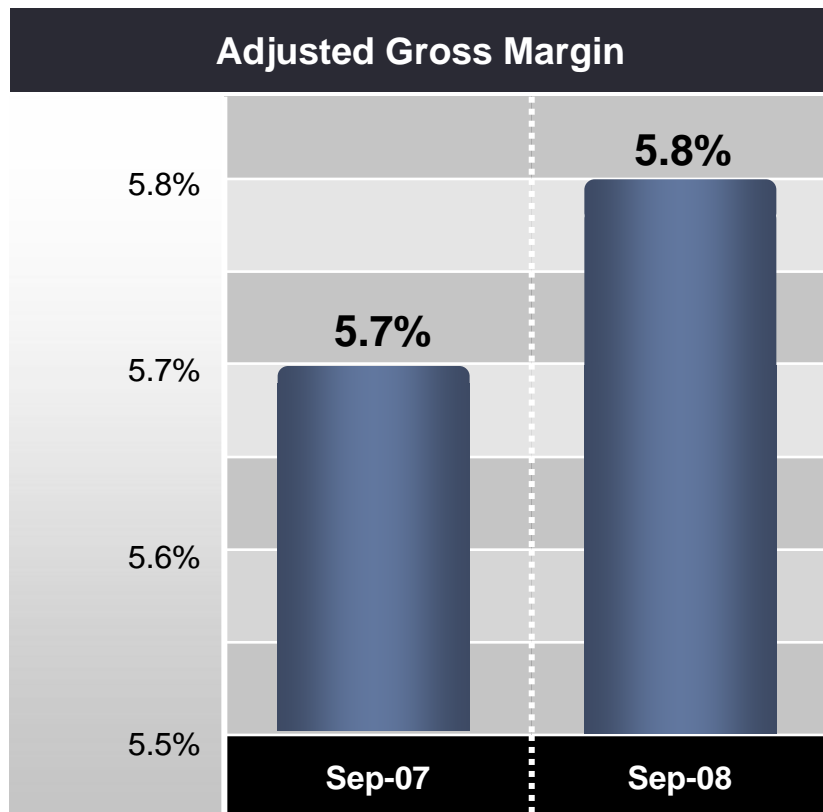
Note: Quarterly revenue by market segment for the Sep-07 quarter has been adjusted to reflect the reclassification of revenues from certain product categories to the consumer digital market segment.

Top 10 Customer Diversification Trend



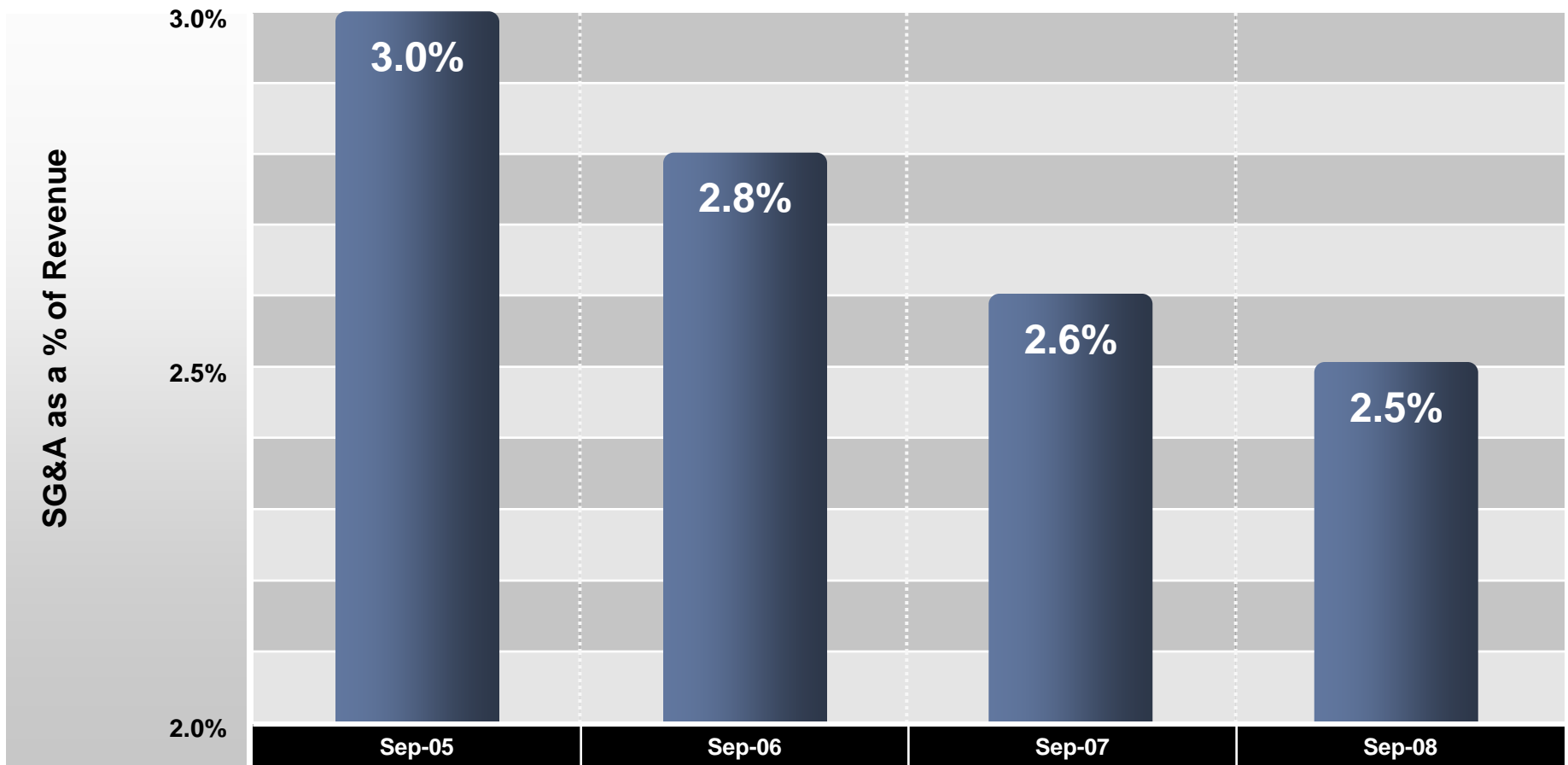
*Percentage of net sales from continuing operations represented by 10 largest customers

Second Quarter Adjusted Margins



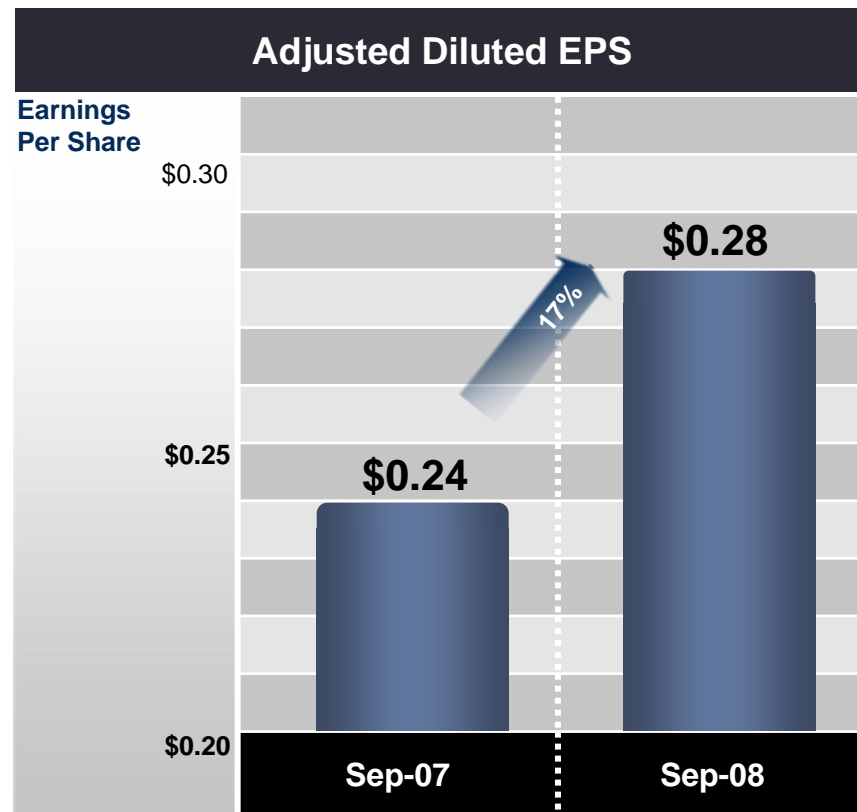
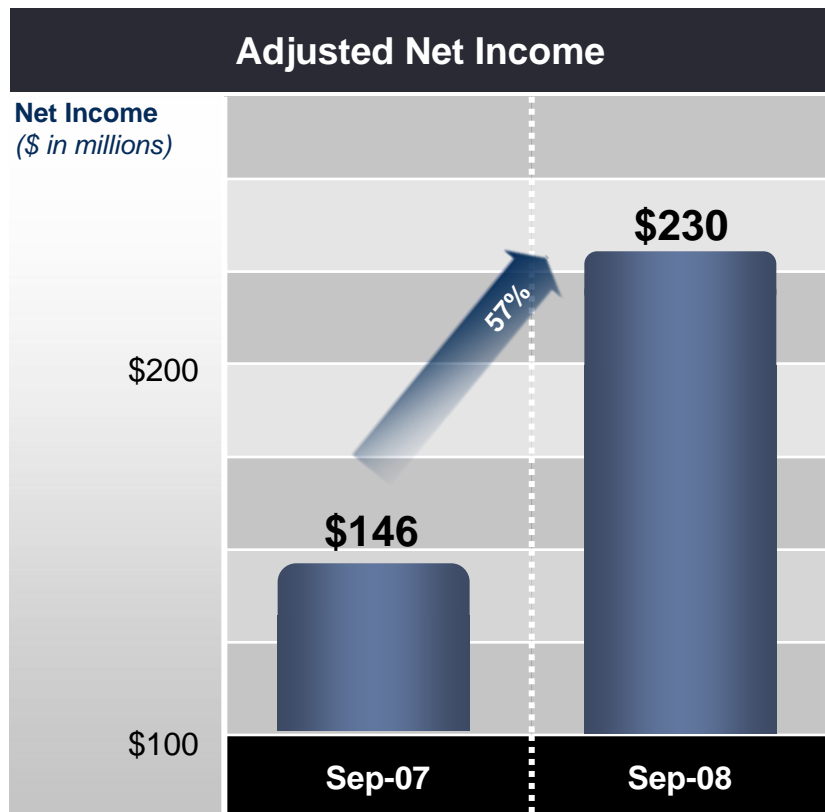
These non-GAAP financial measures exclude certain amounts that are included in the most directly comparable measures under GAAP, including charges associated with distressed customers, stock-based compensation expense, and intangible amortization. Please refer to the schedules to the earnings press release and slide 10 of this presentation, which contain the reconciliation to the most directly comparable GAAP measures.

Adjusted SG&A Expense



Adjusted SG&A is a non-GAAP financial measure, which excludes certain amounts that are included in the most directly comparable measures under GAAP, including restructuring and other charges, charges associated with distressed customers and stock-based compensation expense. Please refer to the schedules to the respective earnings press release, and the GAAP vs. Non-GAAP reconciliation in the Investors section of our website, which contain the reconciliation to the most directly comparable GAAP measures.

Adjusted Net Income and Diluted EPS



Adjusted net income and adjusted diluted EPS as shown are non-GAAP financial measures which exclude certain amounts that are included in the most directly comparable measure under GAAP. Adjusted net income and adjusted diluted EPS exclude after-tax charges associated with distressed customers, stock-based compensation expense, and intangible amortization. Please refer to the schedules to the earnings press release and slide 10 of this presentation, which contain the reconciliation to the most directly comparable GAAP measure.

Second Quarter GAAP Operating Results

(\$ in thousands, except EPS)

Quarter Ended September 26, 2008

	<u>Gross Profit</u>	<u>Operating Profit</u>	<u>Pretax Income</u>	<u>Income Taxes</u>	<u>Net Income</u>	<u>EPS</u>
Non-GAAP	\$ 516,451	\$ 294,790	\$ 246,801	\$ 17,276	\$ 229,525	\$ 0.28
Distressed customer charges	(96,700)	(117,386)	(129,323)	-	(129,323)	
Stock-based compensation	(2,290)	(18,630)	(18,630)	-	(18,630)	
Intangible amortization	-	-	(50,317)	(7,217)	(43,100)	
GAAP	<u>\$ 417,461</u>	<u>\$ 158,774</u>	<u>\$ 48,531</u>	<u>\$ 10,059</u>	<u>\$ 38,472</u>	<u>\$ 0.05</u>

Quarter Ended September 28, 2007

	<u>Gross Profit</u>	<u>Operating Profit</u>	<u>Pretax Income</u>	<u>Income Taxes</u>	<u>Net Income</u>	<u>EPS</u>
Non-GAAP	\$ 315,251	\$ 171,828	\$ 157,087	\$ 10,996	146,091	\$ 0.24
Stock-based compensation	(1,470)	(10,598)	(10,598)	-	(10,598)	
Intangible amortization	-	-	(15,139)	(584)	(14,555)	
GAAP	<u>\$ 313,781</u>	<u>\$ 161,230</u>	<u>\$ 131,350</u>	<u>\$ 10,412</u>	<u>\$ 120,938</u>	<u>\$ 0.20</u>

The non-GAAP financial measures exclude certain amounts that are included in the most directly comparable measures under GAAP. Non-GAAP results exclude after-tax charges associated with distressed customers, stock-based compensation expense and intangible amortization. Please refer to the schedules to the earnings press release, which contains the reconciliation to the most directly comparable GAAP measures.

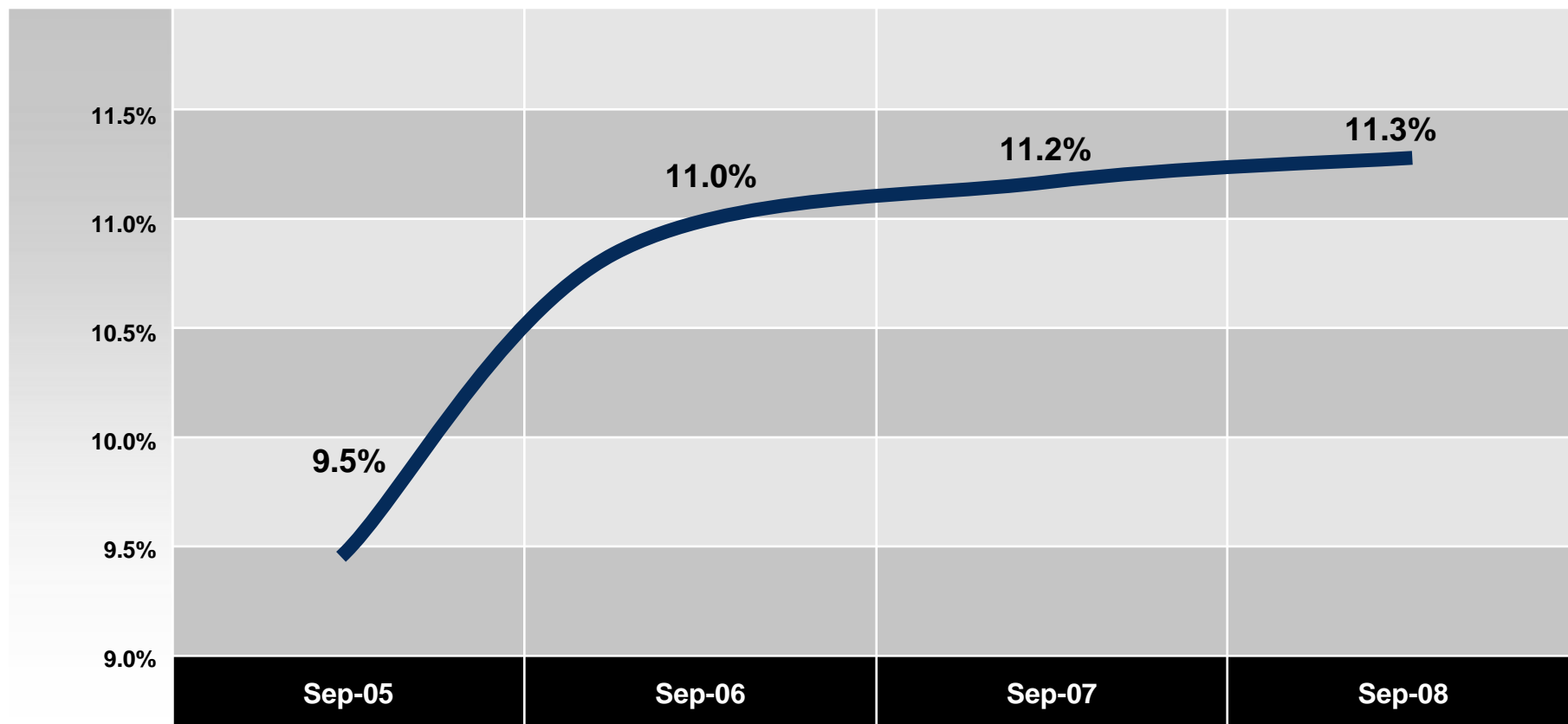
Share Repurchase Program

<u>Period</u>	<u>Total number of shares repurchased*</u>	<u>Average price paid per share</u>
July 28, 2008 to August 27, 2008	12,476,107	\$9.00
August 28, 2008 to September 26, 2008	<u>17,303,615</u>	<u>\$8.54</u>
TOTAL	29,779,722	\$8.73

- Flextronics' shareholders reauthorized the repurchase of up to 10% of current outstanding shares at the 2008 annual general meeting held on September 30, 2008
- As of September 26, 2008, we had approximately 809 million shares outstanding
- The current repurchase plan will expire on the date of our next annual general meeting, which is expected in September 2009

*During the period from July 28, 2008 through September 26, 2008 all purchases were made pursuant to the program discussed below in open market transactions. All purchases were made in accordance with Rule 10b-18 under the Securities Exchange Act of 1934.

Return on Invested Capital (ROIC)



The Company's ROIC metric is based on a non-GAAP financial measure, which is after-tax non-GAAP operating income, which excludes certain amounts that are included in the most directly comparable measures under GAAP. Non-GAAP operating income excludes restructuring and other charges, charges associated with distressed customers, stock-based compensation expense, and intangible amortization. The Company's ROIC metric is reconciled to the same performance measure calculated using the nearest GAAP measure, which is GAAP operating income adjusted for taxes, in the GAAP vs. Non-GAAP reconciliation in the Investors section of our website.

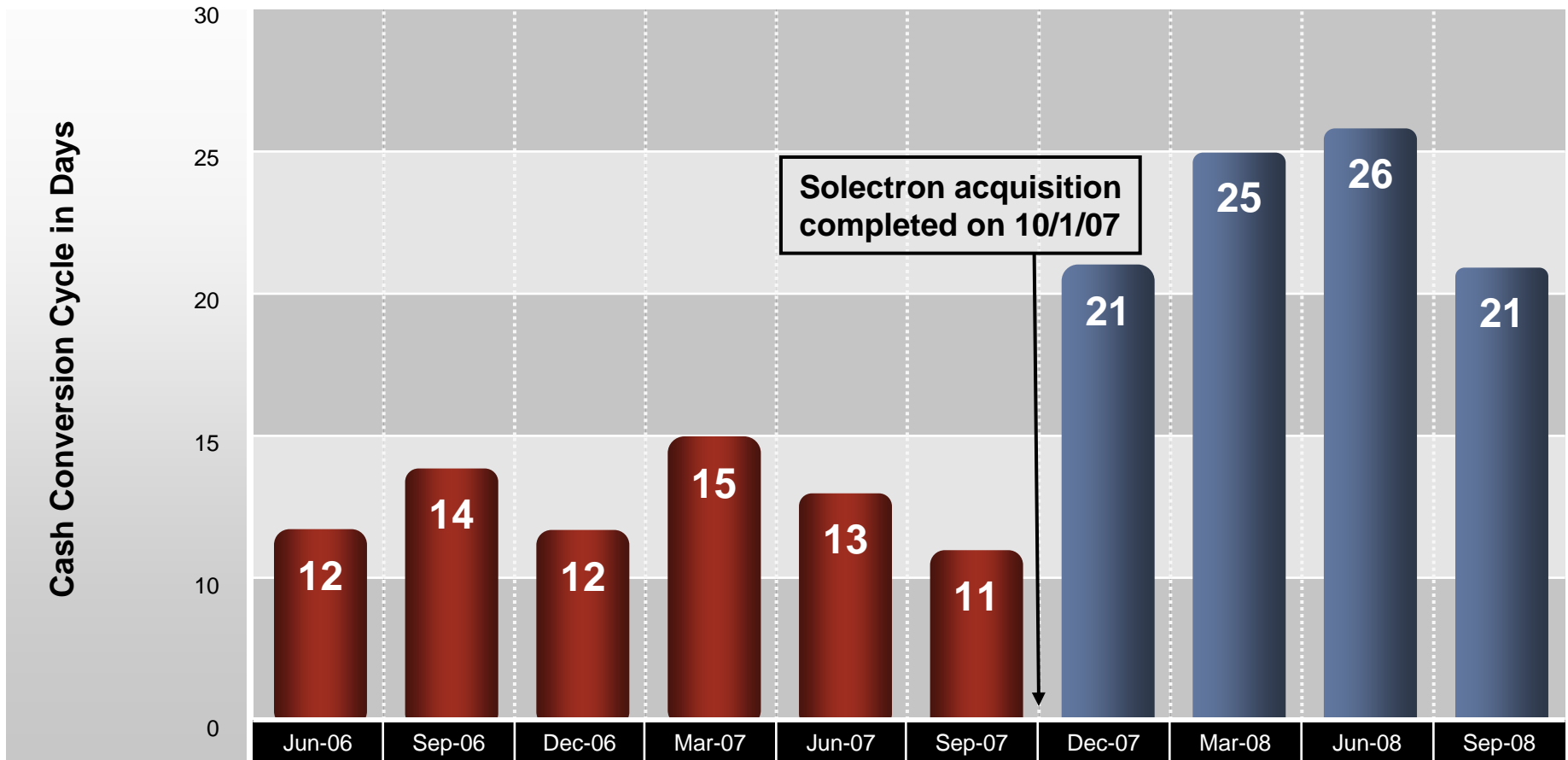
Cash Conversion Cycle

(\$ in millions)

Quarter Ended	Sep-08	Jun-08
Cost of sales – current quarter (1)	\$ 8,346	\$ 7,843
Annualized	33,384	31,372
Inventory – current quarter	4,535	4,456
Inventory – prior quarter	4,456	4,119
Average Inventory	4,496	4,288
INVENTORY TURNS (DAYS)	49	50
Sales – current quarter	\$ 8,863	\$ 8,350
Annualized	35,452	33,400
Accounts Receivable – current quarter	3,338	3,926
Accounts Receivable – prior quarter	3,926	3,551
Average Accounts Receivable	3,632	3,739
ACCOUNTS RECEIVABLE TURNOVER (DAYS)	37	41
Accounts Payable – current quarter	\$ 6,017	\$ 5,886
Accounts Payable – prior quarter	5,886	5,311
Average Accounts Payable	5,952	5,599
ACCOUNTS PAYABLE TURNOVER (DAYS)	65	65
CASH CONVERSION CYCLE (DAYS)	21	26

- (1) Non-GAAP gross profit excludes restructuring and other charges, charges associated with distressed customers, and stock-based compensation, which are attributable to cost of sales. Please refer to the schedules to the Company's earnings press release and slide 10 of this presentation, which contain the reconciliation to the most directly comparable GAAP measure, which is GAAP gross profit.

Cash Conversion Cycle – Quarter Trends



The Company's cash conversion cycle metric is based on a non-GAAP financial measure, which is non-GAAP gross profit, which excludes restructuring and other charges, charges associated with distressed customers, and stock-based compensation, which are attributable to cost of sales. The Company's cash conversion cycle metric is reconciled to the same performance measure using the nearest GAAP measure, which is GAAP gross profit, in the GAAP vs. Non-GAAP reconciliation in the Investors section of our website.

Summary Statement of Cash Flows

<i>(\$ in thousands)</i>		Three Months Ended Sep-08	Six Months Ended Sep-08
CASH FLOWS FROM OPERATING ACTIVITIES			
	GAAP net income	\$ 38,472	\$ 168,784
	Depreciation and amortization	142,165	259,347
	Change in sales of accounts receivable	464,302	561,956
	Change in working capital, restructuring obligations and other	<u>111,556</u>	<u>(242,076)</u>
	Net cash provided by operating activities	756,495	748,011
CASH FLOWS FROM INVESTING ACTIVITIES			
	Purchases of property & equipment, net of dispositions	(145,668)	(300,409)
	Payments for acquired businesses, net of cash acquired	(23,617)	(182,188)
	Other investing activities	<u>(114,891)</u>	<u>(85,327)</u>
	Net cash used in investing activities	(284,176)	(567,924)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Net bank borrowings (repayments)	(283,521)	33,459
	Purchase of treasury shares	(260,074)	(260,074)
	Net proceeds from issuance of ordinary shares	<u>9,076</u>	<u>11,893</u>
	Net cash used in financing activities	(534,519)	(214,722)
	Effect on cash from exchange rate changes	<u>1,379</u>	<u>15,594</u>
	Net decrease in cash and cash equivalents	(60,821)	(19,041)
	Cash and cash equivalents at beginning of period	<u>1,761,728</u>	<u>1,719,948</u>
	Cash and cash equivalents at end of period	\$ 1,700,907	\$ 1,700,907

Cash and Revolver Liquidity

(\$ in millions)

	Quarter Ended		
	Sep-08	Jun-08	Sep-07
Cash	\$1,701	\$1,762	\$1,006
Total Debt	3,443	3,739	1,500
Net Debt	1,742	1,977	494
Leverage Ratio (1)	30%	31%	19%
Liquidity (2)	\$3,194	\$3,270	\$3,006

(1) Leverage Ratio is calculated as follows: Total Debt / (Debt + Equity)

(2) Liquidity is defined as available cash plus our revolving credit facility less amounts outstanding under the revolving credit facility.

Debt Profile as of September 26, 2008

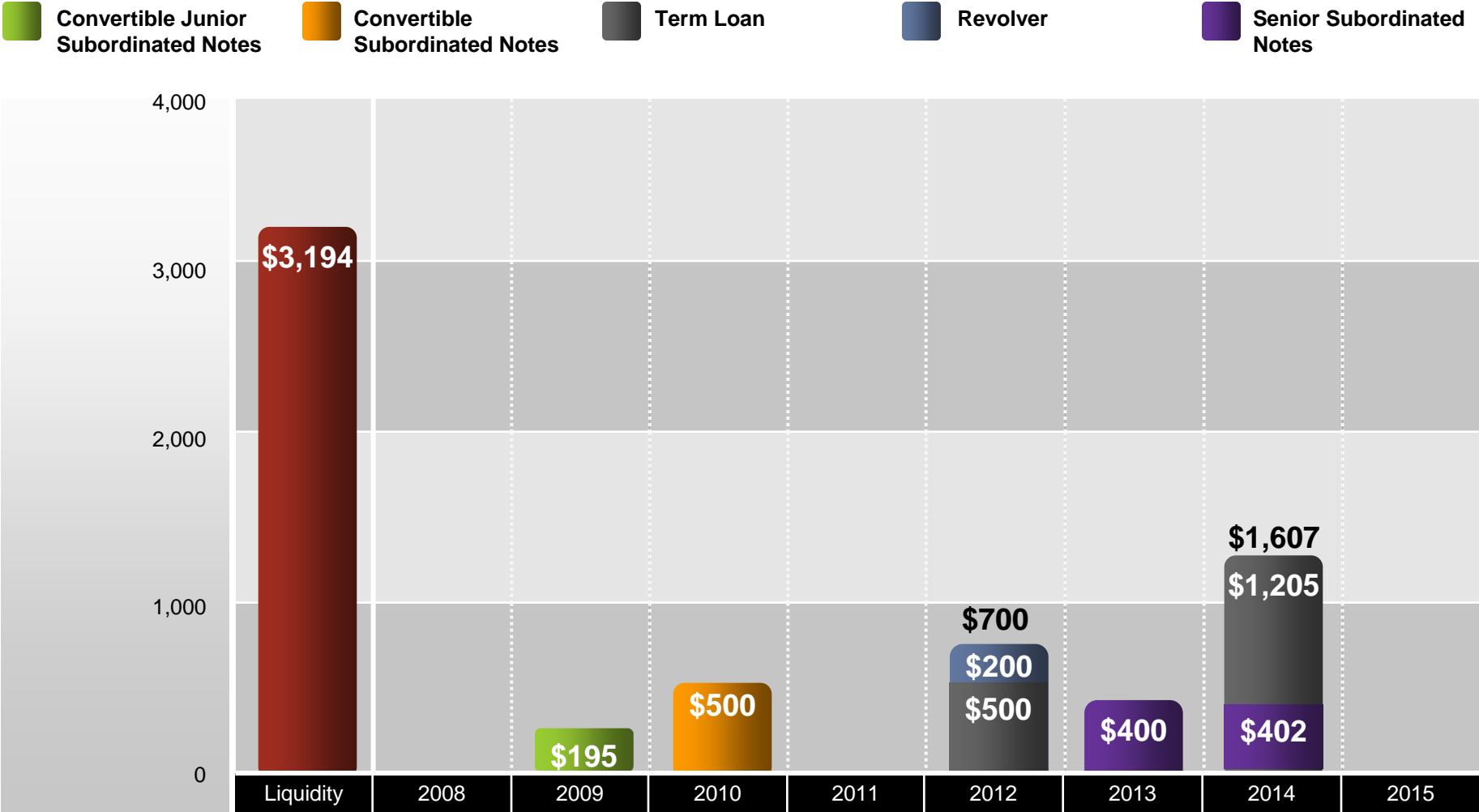
In millions

<u>Debt Outstanding at Q2 FY2009:</u>	<u>Amount</u>	<u>Rates</u>
Revolving Credit Facility due 2012 - (Facility size \$2billion)	\$ 200	Libor + 75bps
Term Loan due 2012	\$ 500	Libor + 225bps *
Term Loan due 2014	<u>\$1,205</u>	Libor + 225bps *
Total Senior Unsecured Debt	\$1,905	
Convertible Junior Subordinated notes due July 2009	\$ 195	0.00%
Convertible Subordinated notes due 2010	\$ 500	1.00%
Senior Subordinated notes due 2013	\$ 400	6.50%
Senior Subordinated notes due 2014	\$ 402	6.25%
Other	<u>\$ 41</u>	6.00%
Total	\$1,538	
TOTAL DEBT	\$3,443	

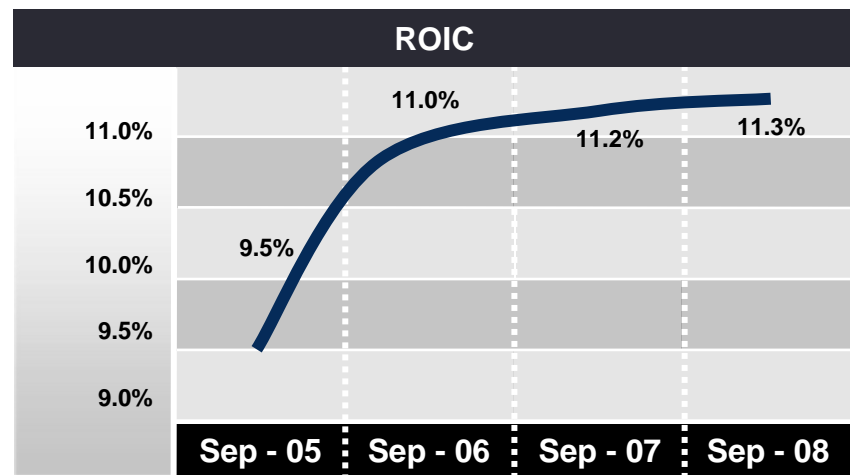
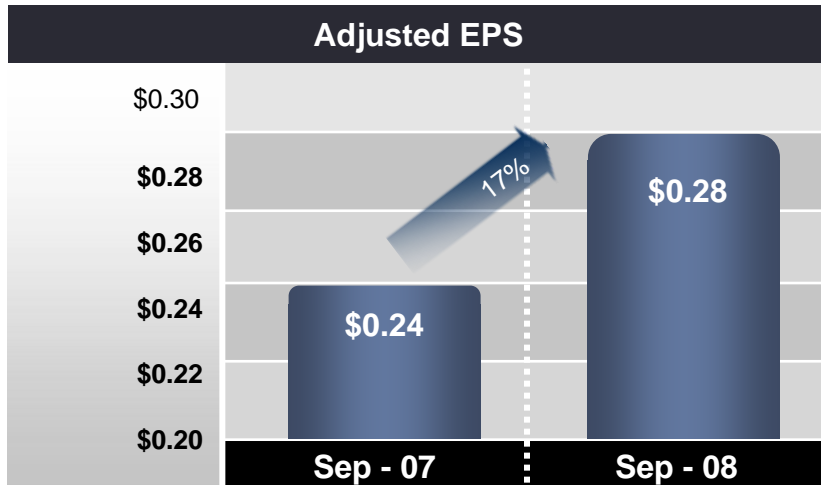
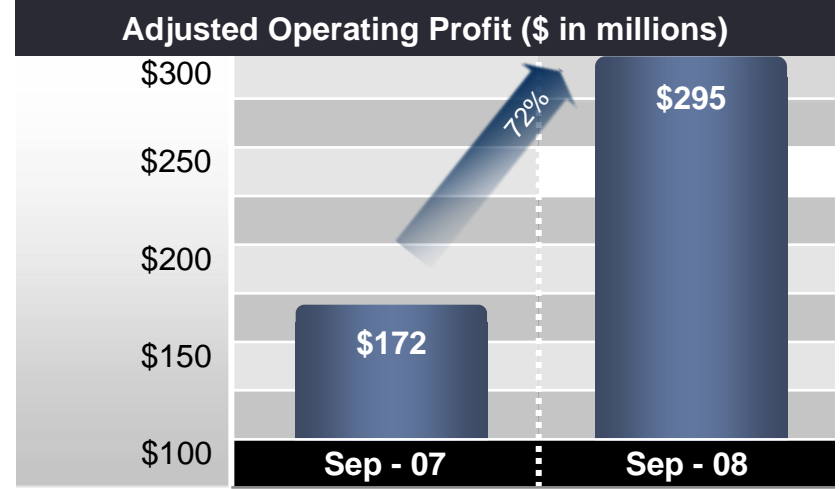
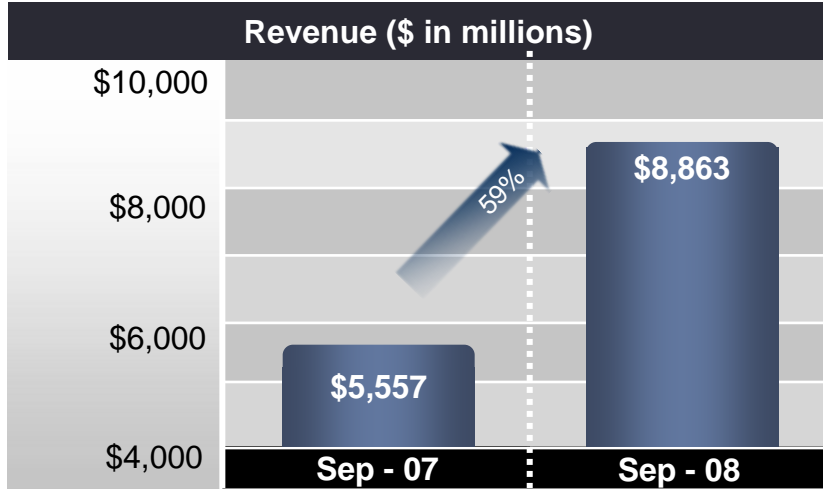
* A portion of the term loan has been swapped into fixed rates (for varying periods) such that the average rate for the term loan was approximately 5.50%, which is subject to change.

• The weighted average of all borrowings for the period is approximately 4.70%

Significant Debt Maturities by Calendar Year

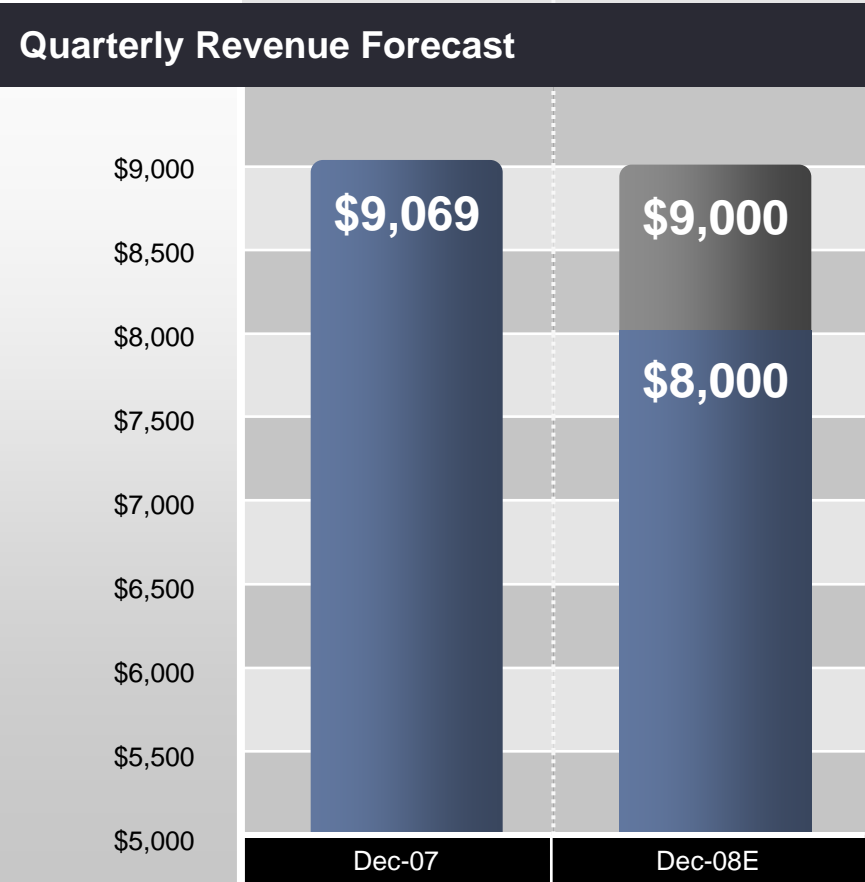


Commentary

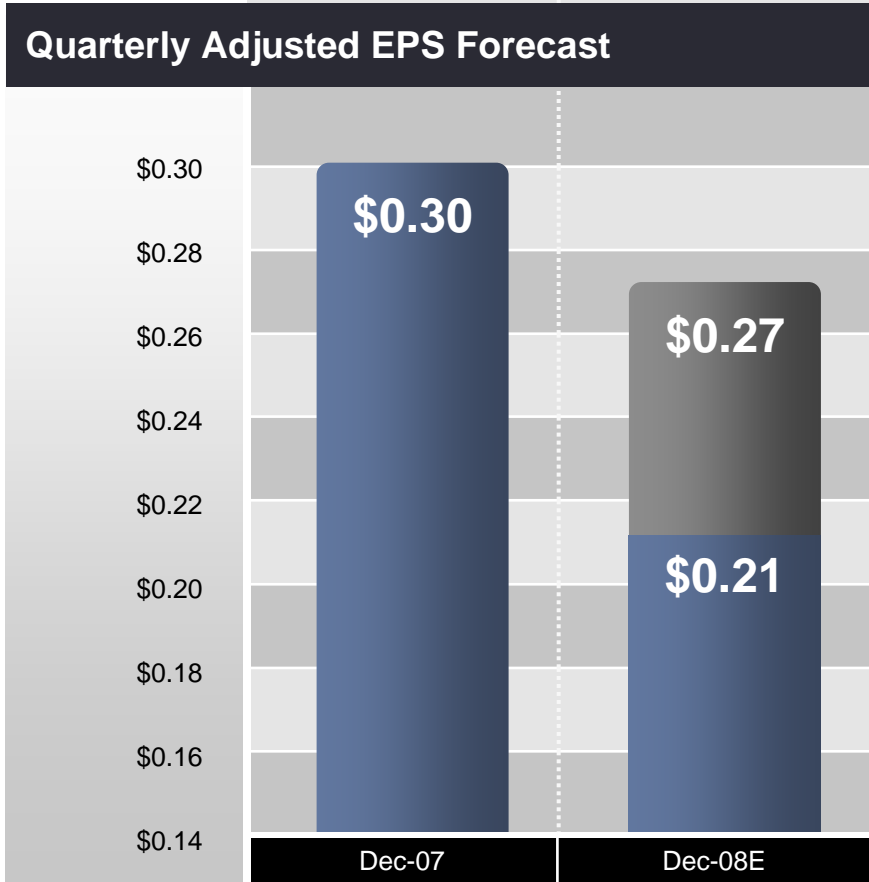


December Quarter Fiscal Year 2009 Guidance

Revenue
(\$ in millions)



Earnings
Per Share



Non-GAAP financial measures exclude after-tax restructuring and other charges, stock-based compensation expense, and intangible amortization, that are included in the most directly comparable measures under GAAP. GAAP earnings per diluted share are expected to be lower than the guidance provided herein by approximately \$0.06 reflecting quarterly intangible amortization and stock-based compensation expense.

Risk Factors

RISKS INCLUDE:

- That future revenue and earnings may not be achieved as expected.
- Potential impairment of our intangible assets, including goodwill.
- The risks to our particular electronics and technology sector of economic instability and a slowdown in consumer spending, particularly given the current economic slowdown.
- The effects of customer or supplier bankruptcies or insolvency.
- 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
- Our dependence on industries that continually produce technologically advanced projects 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 our 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, control costs and manage changes in our operations.
- The challenges of integrating acquired companies and assets.
- Not obtaining anticipated new customer programs, or if we do obtain them, that they may not contribute to our revenue or profitability as expected or at all.
- Our ability to utilize available and recently expanded manufacturing capacity.
- 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, start-up and integration costs in our components, design and ODM businesses; and production difficulties, especially with new products.
- Changes in government regulations and tax laws including any effects related to the expiration of tax holidays .
- Not realizing expected returns from our retained interests in divested businesses.
- Our exposure to potential litigation relating to intellectual property rights, product warranty and product liability.
- Our dependence on the continued trend of outsourcing by OEMs.
- Supply shortages of required electronic components.
- The challenges of international operations, including fluctuations in exchange rates beyond hedged boundaries leading to unexpected charges.
- Our dependence on our key personnel.
- Our ability to comply with environmental laws.

Further information concerning these and other risk factors that could cause actual results to differ materially from those in the forward looking statements is contained in the Risk Factors and Management's Discussion and Analysis sections of our reports on forms 10-Q, 10-K, as amended, and 8-K as well as the other reports that we file with the US. Securities and Exchange Commission.

Thank you

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