

Flextronics International, Ltd.
GAAP Reconciliation - Operating Results

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 for restructuring and other charges, financially distressed customer charges, investment and note receivable impairments, non-cash convertible debt interest expense, stock-based compensation expense and intangible amortization.

(\$ in thousands, except EPS)

	Quarter Ended October 2, 2009					
	Gross Profit	Operating Profit	Pretax Income	Income Taxes	Net Income (loss)	EPS
GAAP	\$ 299,580	\$ 123,147	\$ (29,653)	\$ (49,312)	\$ 19,659	\$ 0.02
Stock-based compensation	2,440	13,402	13,402	-	13,402	
Restructuring and other charges	12,403	12,590	12,590	351	12,239	
Non-cash convertible debt interest	-	-	5,488	-	5,488	
Investment and note impairments	-	-	91,999	-	91,999	
Intangible amortization	-	-	22,710	1,839	20,871	
Settlement of tax contingencies	-	-	-	59,669	(59,669)	
Non-GAAP	<u>\$ 314,423</u>	<u>\$ 149,139</u>	<u>\$ 116,536</u>	<u>\$ 12,547</u>	<u>\$ 103,989</u>	<u>\$ 0.13</u>
	Quarter Ended July 3, 2009					
	Gross Profit	Operating Profit	Pretax Income	Income Taxes	Net Income (loss)	EPS
GAAP	\$ 223,995	\$ 9,573	\$ (158,046)	\$ (4,003)	\$ (154,043)	\$ (0.19)
Stock-based compensation	2,733	15,785	15,785	-	15,785	
Distressed customer charges	(18,142)	-	-	-	-	
Restructuring and other charges	52,109	64,839	64,798	410	64,388	
Non-cash convertible debt interest	-	-	8,049	-	8,049	
Investment and note impairment	-	-	107,440	-	107,440	
Intangible amortization	-	-	23,334	1,843	21,491	
Non-GAAP	<u>\$ 260,695</u>	<u>\$ 90,197</u>	<u>\$ 61,360</u>	<u>\$ (1,750)</u>	<u>\$ 63,110</u>	<u>\$ 0.08</u>
	Quarter Ended March 31, 2009					
	Gross Profit	Operating Profit	Pretax Income	Income Taxes	Net Income (loss)	EPS
GAAP	\$ 108,863	\$ (108,715)	\$ (267,107)	\$ (17,858)	\$ (249,249)	\$ (0.31)
Stock-based compensation	2,662	8,754	8,754	-	8,754	
Distressed customer charges	(5,232)	-	-	-	-	
Restructuring and other charges	128,817	150,570	150,570	(2,657)	153,227	
Non-cash convertible debt interest	-	-	9,452	-	9,452	
Investment and note impairment	-	-	74,129	-	74,129	
Intangible amortization	-	-	27,696	2,338	25,358	
Non-GAAP	<u>\$ 235,110</u>	<u>\$ 50,609</u>	<u>\$ 3,494</u>	<u>\$ (18,177)</u>	<u>\$ 21,671</u>	<u>\$ 0.03</u>

Effective for the June quarter FY10, the Company was required to adopt FSP APB 14-1 "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion". Historical GAAP financial statements presented have been restated to reflect retrospective application of the standard and recognition of the related non-cash convertible debt interest expense. There is no impact to the historical non-GAAP financial results presented above as a result of this standard. Refer to the company's current reports on form 10Q and form 10K for additional information.

Flextronics International, Ltd.
GAAP Reconciliation - Gross Profit and Gross Margins

(\$ in thousands)

	FY 09				FY 10	
	Jun 08 Qtr	Sep 08 Qtr	Dec 08 Qtr	Mar 09 Qtr	Jun 09 Qtr	Sep 09 Qtr
GAAP Gross Profit	\$ 456,767	\$ 417,461	\$ 297,339	\$ 108,863	\$ 223,995	\$ 299,580
Stock-based compensation expense	2,298	2,290	2,803	2,662	2,733	2,440
Distressed customer charges	-	96,700	97,996	(5,232)	(18,142)	-
Restructuring and other charges	47,822	-	-	128,817	52,109	12,403
Non-GAAP Gross Profit	\$ 506,887	\$ 516,451	\$ 398,138	\$ 235,110	\$ 260,695	\$ 314,423
Net Sales	\$ 8,350,246	\$ 8,862,516	\$ 8,153,289	\$ 5,582,524	\$ 5,782,679	\$ 5,831,761
GAAP Gross Margin	5.5%	4.7%	3.6%	2.0%	3.9%	5.1%
Stock-based compensation expense	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Distressed customer charges	0.0%	1.1%	1.2%	-0.1%	-0.3%	0.0%
Restructuring and other charges	0.6%	0.0%	0.0%	2.3%	0.9%	0.2%
Non-GAAP Gross Margin	6.1%	5.8%	4.9%	4.2%	4.5%	5.4%

Flextronics International, Ltd.
GAAP Reconciliation - SG&A and SG&A as a % of Net Sales

(\$ in thousands)

	FY 09				FY 10	
	Jun 08 Qtr	Sep 08 Qtr	Dec 08 Qtr	Mar 09 Qtr	Jun 09 Qtr	Sep 09 Qtr
GAAP SG&A	\$ 248,626	\$ 258,687	\$ 275,922	\$ 195,825	\$ 201,692	\$ 176,246
Stock-based compensation expense	(13,061)	(16,340)	(16,203)	(6,092)	(13,052)	(10,962)
Distressed customer charges	-	(20,686)	(47,336)	(5,232)	(18,142)	-
Restructuring and other charges	(8,700)	-	-	-	-	-
Non-GAAP SG&A	\$ 226,865	\$ 221,661	\$ 212,383	\$ 184,501	\$ 170,498	\$ 165,284
Net Sales	\$ 8,350,246	\$ 8,862,516	\$ 8,153,289	\$ 5,582,524	\$ 5,782,679	\$ 5,831,761
GAAP SG&A as a % of Net Sales	3.0%	2.9%	3.4%	3.5%	3.5%	3.0%
Stock-based compensation expense	-0.2%	-0.2%	-0.2%	-0.1%	-0.2%	-0.2%
Distressed customer charges	0.0%	-0.2%	-0.6%	-0.1%	-0.3%	0.0%
Restructuring and other charges	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-GAAP SG&A as a % of Net Sales	2.7%	2.5%	2.6%	3.3%	2.9%	2.8%

Flextronics International, Ltd.
GAAP Reconciliation - Operating Income and Operating Margins

(\$ in thousands)

	FY 09				FY 10	
	Jun 08 Qtr	Sep 08 Qtr	Dec 08 Qtr	Mar 09 Qtr	Jun 09 Qtr	Sep 09 Qtr
GAAP Operating Income	\$ 205,243	\$ 158,774	\$ 21,417	\$ (108,715)	\$ 9,573	\$ 123,147
Stock-based compensation expense	15,359	18,630	19,006	8,754	15,785	13,402
Distressed customer charges	-	117,386	145,332	-	-	-
Restructuring and other charges	59,420	-	-	150,570	64,839	12,590
Non-GAAP Operating Profit	\$ 280,022	\$ 294,790	\$ 185,755	\$ 50,609	\$ 90,197	\$ 149,139
Net Sales	\$ 8,350,246	\$ 8,862,516	\$ 8,153,289	\$ 5,582,524	\$ 5,782,679	\$ 5,831,761
GAAP Operating Margin	2.5%	1.8%	0.3%	-1.9%	0.2%	2.1%
Stock-based compensation expense	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%
Distressed customer charges	0.0%	1.3%	1.8%	0.0%	0.0%	0.0%
Restructuring and other charges	0.7%	0.0%	0.0%	2.7%	1.1%	0.2%
Non-GAAP Operating Margin	3.4%	3.3%	2.3%	0.9%	1.6%	2.6%

Flextronics International Inc.
Reconciliation of non-GAAP Financial Measure
Quarterly Cash Conversion Cycle

We define our Cash Conversion Cycle as the sum of non-GAAP inventory turns in days and days sales outstanding in accounts receivable less non-GAAP days payable outstanding in accounts payable. We calculate non-GAAP inventory turns as annualized non-GAAP cost of sales (before adjustments for financially distressed customers, stock-based compensation expense, restructuring and other charges) divided by average inventory for the quarter. We calculate our days sales outstanding as annualized revenues divided by average accounts receivable for the quarter. We calculate non-GAAP days payable outstanding as annualized proforma cost of sales (before adjustments for financially distressed customers, stock-based compensation expense, restructuring and other charges) divided by average accounts payable.

We believe the Cash Conversion Cycle is a useful measure in providing investors with information regarding our cash management performance and is a widely accepted measure of working capital management efficiency. These are measures of financial performance under generally accepted accounting principles in the U.S. when calculated using GAAP operating measures, but may not be defined and calculated by other companies in the same manner. These should not be considered in isolation or as an alternative to other GAAP metrics as an indicator of performance.

The following table reconciles the Cash Conversion Cycle, inventory turns in days, and days payable outstanding as calculated using the proforma measures described above to the same performance measure calculated using the amounts for cost of sales as calculated in accordance with GAAP.

	FY 09				FY 10	
	Jun 08 Qtr	Sep 08 Qtr	Dec 08 Qtr	Mar 09 Qtr	Jun 09 Qtr	Sep 09 Qtr
Cash Conversion Cycle in Days						
Based on GAAP Financial Measures	26	22	19	23	19	15
Non-GAAP Adjustments (1)	-	(1)	(1)	(1)	-	-
Based on Non-GAAP Financial Measures	<u>26</u>	<u>21</u>	<u>18</u>	<u>22</u>	<u>19</u>	<u>15</u>
Inventory Turns in Days						
Based on GAAP Financial Measures	50	49	47	54	47	44
Non-GAAP Adjustments (1)	0	0	0	1	0	(0)
Based on Non-GAAP Financial Measures	<u>50</u>	<u>49</u>	<u>47</u>	<u>55</u>	<u>47</u>	<u>44</u>
Accounts Receivable Turns in Days						
Based on GAAP & Non-GAAP Financial Measures	<u>41</u>	<u>37</u>	<u>35</u>	<u>43</u>	<u>35</u>	<u>34</u>
Accounts Payable Turns in Days						
Based on GAAP Financial Measures	65	64	63	74	63	63
Non-GAAP Adjustments (1)	-	1	1	2	(0)	0
Based on Non-GAAP Financial Measures	<u>65</u>	<u>65</u>	<u>64</u>	<u>76</u>	<u>63</u>	<u>63</u>
GAAP CASH CONVERSION CYCLE (DAYS)	<u>26</u>	<u>22</u>	<u>19</u>	<u>23</u>	<u>19</u>	<u>15</u>

(1) Impact from adjustments to GAAP gross profit, see operating results or gross profit tabs for details.

Flextronics International Inc.

Reconciliation of non-GAAP Financial Measure

Return on Invested Capital (ROIC)

Return on Invested Capital (ROIC) is calculated by annualizing the Company's current quarter after-tax non-GAAP operating income and dividing that by a two quarter average net invested capital asset base. After-tax non-GAAP operating income excludes charges for financially distressed customers, stock-based compensation expense, restructuring and other charges.

Net invested capital is defined as total assets less current liabilities and other long-term liabilities further adjusted for non-operating assets and liabilities. Non-operating assets and liabilities are not included in the net invested capital asset base because they do not affect non-GAAP operating income. Non-operating assets and liabilities include, but are not limited to, cash and cash equivalents, short-term investments, notes receivable, restructuring liabilities, accrued interest, short-term bank borrowings and current and non-current debt.

We believe ROIC is a useful measure in providing investors with information regarding our performance. ROIC is a widely accepted measure of earnings efficiency in relation to total capital employed. We believe that increasing the return on total capital employed, as measured by ROIC, is an effective method to sustain and increase shareholder value. ROIC is not a measure of financial performance under generally accepted accounting principles in the U.S., and may not be defined and calculated by other companies in the same manner. ROIC should not be considered in isolation or as an alternative to net income or loss as an indicator of performance.

The following table reconciles ROIC as calculated using after-tax non-GAAP operating income to the same performance measure calculated using the nearest GAAP measure, which is GAAP operating income adjusted for taxes:

	<u>FY09</u>	<u>FY 10</u>	
	<u>Mar 09 Qtr</u>	<u>Jun 09 Qtr</u>	<u>Sep 09 Qtr</u>
ROIC			
GAAP	-16.3%	1.5%	18.0%
Non-GAAP Adjustments	<u>26.0%</u>	<u>12.7%</u>	<u>4.2%</u>
Non-GAAP	<u>9.7%</u>	<u>14.2%</u>	<u>22.2%</u>
ROIC - Annualized Tax-effected Non-GAAP Operating Profit			
Non-GAAP Operating Profit (See previous tab for GAAP reconciliation)	50,609	90,197	149,139
Non-GAAP Tax expense (benefit) (See previous tab for GAAP reconciliation)	<u>(18,177)</u>	<u>(1,750)</u>	<u>12,547</u>
Non-GAAP Operating Profit net of tax	<u>68,786</u>	<u>91,947</u>	<u>136,592</u>
	<u>4</u>	<u>4</u>	<u>4</u>
Annualized Tax effected Non-GAAP Operating Profit	<u>275,144</u>	<u>367,788</u>	<u>546,368</u>

Reconciliation of non-GAAP Financial Measure Free Cash Flow

We define free cash flow as "Net cash flows from operating activities" less "Purchases of property and equipment, net of dispositions" as shown on our Condensed Consolidated Statements of Cash Flows. We believe Free Cash Flow is an important liquidity metric because it measures, during a given period, the amount of cash generated that is available to repay debt obligations, make investments, fund acquisitions and for certain other activities. Free Cash Flow is not a measure determined in accordance with generally accepted accounting principles in the U.S., and may not be defined and calculated by other companies in the same manner. Free Cash Flow should not be considered a substitute for "Operating income," "Net income," "Net cash flows provided by operating activities" or any other measure determined in accordance with GAAP. Since Free Cash Flow includes investments in operating assets, we believe this non-GAAP liquidity measure is useful in addition to the most directly comparable GAAP measure — "Net cash flows provided by operating activities."

The following table reconciles Free Cash Flow to "net cash flows provided by operating activities":

(\$ in thousands)

	FY 09					FY 10	
	Jun 08 Qtr	Sep 08 Qtr	Dec 08 Qtr	Mar 09 Qtr	YTD	Jun 09 Qtr	Sep 09 Qtr
Net cash flows provided by (used in) operating activities	\$ (8,484)	\$ 756,495	\$ 283,224	\$ 285,544	\$ 1,316,779	\$ 106,866	\$ 311,538
Purchases of property & equipment, net of dispositions	(154,741)	(145,669)	(72,856)	(88,813)	(462,079)	(38,635)	(41,528)
Free cash flow	\$ (163,225)	\$ 610,826	\$ 210,368	\$ 196,731	\$ 854,700	\$ 68,231	\$ 270,010