

FLEXTRONICS INTERNATIONAL LTD

Form 424B3

January 05, 2005

Table of Contents

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-121116

PROSPECTUS

Flextronics International Ltd.

Offer to Exchange

\$500,000,000 6 1/4% Senior Subordinated Notes Due 2014

For

\$500,000,000 6 1/4% Senior Subordinated Notes Due 2014

Which Have Been Registered Under the Securities Act of 1933

Terms of Exchange Offer

Exchange Offer

We are offering to exchange \$500,000,000 aggregate principal amount of our 6 1/4% senior subordinated notes due 2014 that are registered under the Securities Act for \$500,000,000 aggregate principal amount of our 6 1/4% senior subordinated notes due 2014 that were sold on November 17, 2004. All outstanding old notes that are validly tendered and not validly withdrawn will be exchanged.

We will receive no proceeds from the exchange offer.

Exchange Offer Expiration

February 11, 2005 at 5:00 p.m. New York City time.

Old Notes

On November 17, 2004, we issued and sold \$500,000,000 of 6 1/4% Senior Subordinated Notes due 2014.

If you tender your old notes in the exchange offer, interest will cease to accrue after the date that the exchange offer is completed. If you do not tender in the exchange offer, your old notes will continue to be subject to the same terms and restrictions that applied before the exchange offer, except that we will not be required to register your old notes under the Securities Act.

New Notes

The new notes will be identical to the old notes except that the new notes will be registered under the Securities Act.

Maturity: November 15, 2014.

Change of Control: You can require us to purchase your notes at 101% of the principal amount, plus accrued and unpaid interest.

Interest Rate: The new notes will bear interest at the rate of 6 1/4% per year.

Edgar Filing: FLEXTRONICS INTERNATIONAL LTD - Form 424B3

Interest: Paid every six months on May 15 and November 15, starting May 15, 2005.

Redemption by Flextronics: Anytime on or after November 15, 2009, except that redemptions for a portion of the notes may be made at any time prior to November 15, 2007, with the cash proceeds of certain public equity offerings.

Ranking: The new notes will be unsecured obligations and will rank in right of payment:

junior to all of our existing and future senior and secured debt;

effectively junior to all indebtedness and other liabilities of our subsidiaries;

equal to all of our existing and any future senior subordinated debt, including our existing senior subordinated debt; and

senior to all other subordinated indebtedness.

Investing in the notes to be issued in the exchange offer involves risks. See Risk Factors beginning on page 7.

This prospectus and the accompanying letter of transmittal are first being mailed to holders of outstanding notes on or about January 11, 2005.

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

The date of this prospectus is January 5, 2005.

TABLE OF CONTENTS

	<u>Page</u>
<u>Where You Can Find More Information</u>	i
<u>Disclosure Regarding Forward-Looking Statements</u>	ii
<u>Prospectus Summary</u>	1
<u>Risk Factors</u>	7
<u>Ratio of Earnings to Fixed Charges</u>	19
<u>Use of Proceeds</u>	19
<u>Selected Consolidated Financial Data</u>	20
<u>Description of Existing Indebtedness</u>	22
<u>The Exchange Offer</u>	24
<u>Description of the Notes</u>	34
<u>Material Tax Considerations</u>	66
<u>Plan of Distribution</u>	69
<u>Legal Matters</u>	69
<u>Experts</u>	70

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any document we file at the Securities and Exchange Commission's public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference rooms. Our Securities and Exchange Commission filings are also available on our web site at www.flextronics.com and at the web site of the Securities and Exchange Commission at www.sec.gov.

Edgar Filing: FLEXTRONICS INTERNATIONAL LTD - Form 424B3

We incorporate by reference in this prospectus information from other documents that we file with the Securities and Exchange Commission, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the Securities and Exchange Commission will automatically update and supersede this information. We incorporate by reference the documents listed below, and any future filings we made with the Securities and Exchange Commission under Sections 13(a), 14 or 15(d) of the Securities Exchange Act of 1934 prior to the expiration date of the exchange offer.

our annual report on Form 10-K for the fiscal year ended March 31, 2004, as amended;

our quarterly reports on Form 10-Q for the fiscal quarter ended June 30, 2004, as amended and September 30, 2004; and

our current reports on Form 8-K filed on July 26, 2004, August 27, 2004, October 28, 2004, November 12, 2004 and November 19, 2004.

To the extent that any statement in this prospectus is inconsistent with any statement that is incorporated by reference, the statement in this prospectus shall control. The incorporated statement shall not be deemed, except as modified or superseded, to constitute a part of this prospectus or the registration statement.

You may request a copy of these filings, at no cost, by writing or telephoning us at:

Flextronics International Ltd.

2090 Fortune Drive
San Jose, California 95131
Attention: Investor Relations
Telephone: (408) 576-7000

In order to assure timely delivery of the requested materials before the expiration of the exchange offer, any request should be made prior to February 4, 2005.

Table of Contents

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the documents incorporated by reference in the prospectus, contains forward-looking statements. The words will, may, could, designed to, outlook, believes, should, anticipates, plans, expects, intends, estimates and similar expressions indicate forward-looking statements. These forward-looking statements are contained principally under the heading Prospectus Summary and Risk Factors. Because these forward-looking statements are also subject to risks and uncertainties, actual results may differ materially from the expectations expressed in the forward-looking statements. Important factors that could cause actual results to differ materially from the expectations reflected in the forward-looking statements are those described in Risk Factors.

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

Table of Contents

PROSPECTUS SUMMARY

You should read the following summary together with the more detailed information appearing elsewhere in this prospectus, including the documents incorporated by reference in the prospectus. In this prospectus, unless otherwise specifically indicated, references to Flextronics, we, us, and similar terms refer to Flextronics International Ltd. and its subsidiaries.

Flextronics International Ltd.

We are a leading provider of advanced electronics manufacturing services (EMS) to original equipment manufacturers (OEMs) that span a broad range of products and industry segments, including cellular phones, printers and imaging, telecom/datacom infrastructure, medical, automotive, industrial systems and consumer electronics.

Through a combination of internal growth and acquisitions, we have become one of the world's largest EMS providers, with revenues of \$14.5 billion in fiscal year 2004 and over 12.5 million manufacturing square feet in 29 countries across five continents as of March 31, 2004. We believe that our size, global presence, broad service offerings and expertise and advanced engineering and design capabilities enable us to win large programs from leading multinational OEMs for the design and manufacture of electronic products.

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

We provide a complete range of services that are designed to meet our customers' product requirements throughout their product development life cycle. Our strategy is to provide customers with global end-to-end supply chain services that include design and related engineering, new product introduction, manufacturing and logistics with the goal of delivering a complete packaged product. We also provide after-market services such as repair and warranty services as well as network and communications installation and maintenance. By working closely with our customers and being highly responsive to their requirements throughout the design and supply chain processes, we believe that we can be an integral part of their operations, accelerate their time-to-market and time-to-volume production, and reduce their product costs.

In addition to the assembly of printed circuit boards (PCBs) and complete systems and products, our manufacturing services include the fabrication and assembly of plastic and metal enclosures, the fabrication of printed circuit boards and backplanes and the fabrication and assembly of photonics components. We have established an extensive network of manufacturing facilities in the world's major electronics markets (the Americas, Asia and Europe) in order to serve the increased outsourcing needs of both multinational and regional OEMs. In fiscal year 2004, production in the Americas, Asia and Europe represented 14%, 45% and 41% of our net sales, respectively.

Our contract design and related engineering services include all aspects of product design such as industrial and mechanical design, hardware design, embedded and application software development, semiconductor design, system validation and test development. Through these services, we offer our customers the choice of full product development, system integration and software application development.

We also combine our design and manufacturing services to design, develop and manufacture complete products, such as cellular phones and other consumer-related devices, which are sold by our OEM customers under the OEM's brand names. This service offering is referred to original design manufacturing (ODM).

Our principal executive offices are located at One Marina Boulevard, #28-00, Singapore 018989. Our telephone number is (65) 6890-7188. Our website address is www.flextronics.com. The information on our website is not part of this prospectus.

Table of Contents

The Exchange Offer

The Exchange Offer	We are offering to exchange \$1,000 principal amount of new notes for each \$1,000 principal amount of old notes. Old notes may only be exchanged in \$1,000 principal amount increments. There is \$500,000,000 aggregate principal amount of old notes outstanding.
The Old Notes	On November 17, 2004, we issued \$500,000,000 aggregate principal amount of 6 1/4% Senior Subordinated Notes due 2014 to Credit Suisse First Boston, Deutsche Bank Securities, Banc of America Securities LLC, Citigroup, Lehman Brothers, BNP PARIBAS, KeyBanc Capital Markets, RBC Capital Markets, Scotia Capital, ABN AMRO Incorporated, HSBC and UBS Investment Bank, referred to collectively in this prospectus as the initial purchasers. The initial purchasers sold the old notes to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933 and to buyers outside the United States in accordance with Regulation S under the Securities Act.
The New Notes	\$500,000,000 aggregate principal amount of 6 1/4% Senior Subordinated Notes due 2014. The terms of the new notes and the old notes are identical except that the transfer restrictions and registration rights relating to the old notes will not be applicable to the new notes. The old notes and the new notes are collectively referred to in this prospectus as the notes.
Conditions to the Exchange Offer	The exchange offer is not conditioned upon any minimum principal amount of old notes being tendered for exchange. However, the exchange offer is subject to customary conditions, which may be waived by us. See The Exchange Offer Conditions to the Exchange Offer.
Procedures for Tendering	<p>If you want to tender your old notes in the exchange offer, you must complete and sign the letter of transmittal according to the instructions contained in this prospectus and the letter of transmittal.</p> <p>You must then mail, fax or hand deliver the letter of transmittal, together with any other required documents, to the exchange agent, either with the old notes to be tendered or in compliance with the procedures specified for guaranteed delivery of the old notes. You should allow sufficient time to ensure timely delivery. Some brokers, dealers, commercial banks, trust companies and other nominees may also effect tenders by book-entry transfer. Letters of transmittal and certificates representing the old notes should not be sent to us. These documents should be sent only to the exchange agent. Questions regarding how to tender old notes and requests for information should also be directed to the exchange agent.</p> <p>If you own old notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you are urged to contact that person promptly if you wish to tender old notes in the exchange offer.</p> <p>If you hold old notes through The Depositary Trust Company and wish to accept the exchange offer, you must do so pursuant to the book-entry transfer facility's procedures for book-entry transfer, or</p>

Table of Contents

other applicable procedures, all in accordance with this prospectus and the applicable letter of transmittal.

See The Exchange Offer Procedures for Tendering Old Notes.

Expiration Date; Withdrawal

The exchange offer will expire on (1) the earlier of 5:00 p.m. New York City time on February 11, 2005 or the date when all old notes have been tendered, or (2) such later date and time to which we extend the exchange offer. We will accept for exchange any and all old notes that are validly tendered in the exchange offer prior to 5:00 p.m., New York City time, on the expiration date. The tender of old notes may be withdrawn at any time prior to the expiration date. Any old note not accepted for exchange for any reason will be returned without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer. The new notes issued in the exchange offer will be delivered promptly following the expiration date. See The Exchange Offer Terms of the Exchange Offer; Period for Tendering Old Notes and Withdrawals of Tenders.

Guaranteed Delivery Procedures

If you wish to tender your old notes and (1) your old notes are not immediately available or (2) you cannot deliver your old notes together with the applicable letter of transmittal to the applicable exchange agent prior to the expiration date, you may tender your old notes according to the guaranteed delivery procedures contained in the applicable letter of transmittal. See The Exchange Offer Procedures for Tendering Old Notes Guaranteed Delivery Procedure.

Tax Considerations

For U.S. federal income tax purposes, the exchange of old notes for new notes should not be considered a sale or exchange or otherwise a taxable event to the holders of notes. See Material Tax Considerations.

Use of Proceeds

We will receive no proceeds from the exchange offer.

Appraisal Rights

Holders of old notes will not have dissenters' rights or appraisal rights in connection with the exchange offer.

Exchange Agent

J.P. Morgan Trust Company, National Association, is serving as exchange agent in connection with the exchange offer for the notes.

Resales of New Notes

Based on an interpretation by the Securities and Exchange Commission set forth in no-action letters issued to third parties, we believe that you may resell or otherwise transfer the new notes issued in the exchange offer in exchange for old notes without restrictions under the federal securities laws. However, there are exceptions to this general statement. You may not freely transfer the new notes if:

you are our affiliate;

you did not acquire the new notes in the ordinary course of your business;

Table of Contents

you have engaged in, intend to engage in or have an arrangement or understanding with any person to participate in the distribution of the new notes; or

you are a broker-dealer who acquired the old notes directly from us.

Any holder subject to any of the exceptions above and each participating broker-dealer that receives new notes for its own account in the exchange offer in exchange for old notes that were acquired as a result of market making, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale of the new notes.

Consequences of Not Exchanging the Old Notes

If you do not tender your old notes or your old notes are not properly tendered, the existing transfer restrictions will continue to apply. The old notes are currently eligible for sale pursuant to Rule 144A through the Portal Market.

Because we anticipate that most holders will elect to exchange old notes for new notes due to the absence of restrictions on the resale of new notes under the Securities Act in most cases, we believe that the liquidity of the market for any old notes remaining after the consummation of the exchange offer will be substantially limited. See **Risk Factors** There could be negative consequences to you if you do not exchange your old notes for new notes and **The Exchange Offer** Consequences of Failure to Exchange Old Notes.

Summary Description of New Notes

The terms of the new notes and the old notes are identical in all respects, except that the terms of the new notes do not include the transfer restrictions and registration rights relating to the old notes.

The new notes will bear interest from the most recent date to which interest has been paid on the old notes. Accordingly, registered holders of new notes on the relevant record date for the first interest payment date following the completion of the exchange offer will receive interest accruing from the most recent date on which interest has been paid. Old notes accepted for exchange will cease to accrue interest from and after the date that the exchange offer is completed. Holders of old notes whose old notes are accepted for exchange will not receive any payment in respect of interest on the old notes otherwise payable on any interest payment date that occurs on or after completion of the exchange offer.

For a more complete description of the terms of the notes, see **Description of the Notes**.

Maturity	November 15, 2014.
Interest Payments	May 15 and November 15, commencing May 15, 2005.
Optional Redemption	At any time on or after November 15, 2009, we may redeem the notes in whole or in part, at the redemption prices set forth in the section entitled Description of the Notes Redemption Optional Redemption , plus accrued and unpaid interest, if any, to the redemption date.
Optional Redemption After Equity Offerings	At any time and from time to time on or prior to November 15, 2007, we may redeem up to 35% of the aggregate principal amount

Table of Contents

of the notes at a redemption price equal to 106.25% of the principal amount thereof, plus accrued and unpaid interest, if any, through the date of redemption, if:

we use the net cash proceeds of certain public equity offerings; and

at least 65% of the aggregate principal amount of the Notes remain outstanding afterward.

Change of Control	Upon a change of control, as defined under the section entitled Description of the Notes, you will have the right, as a holder of Notes, to require us to repurchase all of your Notes at a repurchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. We might not be able to pay you the required price for Notes you request us to purchase at that time because we may not have enough funds or the terms of our other debt may prevent us from paying you. For more detailed information, see Description of the Notes Repurchase at the Option of Holders Upon Change of Control.
Optional Tax Redemption	We may redeem the Notes at any time, in whole but not in part, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, if any, to the date fixed for redemption, in the event of some changes in tax law which would require us to pay additional amounts with respect to the Notes. See Description of the Notes Payment of Additional Amounts and Description of the Notes Redemption Optional Redemption in Circumstances Involving Taxation.
Withholding Taxes	We will make all payments of principal and interest for the Notes free and clear of, and without withholding or deduction for taxes of the Republic of Singapore and certain other jurisdictions. In the event that we are required to deduct or withhold any such taxes, we will pay additional amounts to the holders as a gross up in respect of such taxes. This obligation is subject to some exceptions which are described in Description of the Notes Payment of Additional Amounts.
Ranking	The new notes will be unsecured and will rank in right of payment behind all of our existing and future senior debt and will rank equal in right of payment to all of our existing and future senior subordinated debt, including our existing senior subordinated notes. The Notes will effectively rank in right of payment behind debt and other liabilities of our subsidiaries. Because the Notes are subordinated, in the event of our bankruptcy, liquidation or dissolution, holders of Notes will not be entitled to receive any payment until all holders of our senior debt have been paid in full.

As of September 30, 2004, after giving effect to the offering of the old notes, we had approximately:

\$1.1 billion available for borrowing under our senior revolving credit facilities;

\$1.1 billion of senior subordinated debt;

\$500.0 million of convertible subordinated debt;

Table of Contents

\$200.0 million of convertible junior subordinated debt; and

\$4.2 billion of debt and other liabilities of our subsidiaries.

See Selected Consolidated Financial Data.

Restrictive Covenants

The old notes were, and the new notes will be, issued under an indenture between us and J.P. Morgan Trust Company, National Association, as trustee. The indenture limits our ability and the ability of our restricted subsidiaries to:

incur more debt;

create liens;

pay dividends and make distributions or repurchase stock;

make investments;

merge or consolidate or transfer and sell substantially all of our assets;

issue stock of subsidiaries; and

engage in transactions with affiliates.

These covenants are subject to a number of important exceptions and limitations, which are described in the section entitled Description of the Notes.

Registration Covenant; Exchange Offer

We entered into a registration rights agreement with the initial purchasers in which we agreed to use our best efforts to:

file a registration statement within 90 days after November 17, 2004 enabling the holders of the old notes to exchange the old notes for the new notes;

cause the registration statement to become effective within 150 days after November 17, 2004;

effect an exchange offer of unregistered notes for registered notes within 180 days after November 17, 2004; and

file a shelf registration statement for the resale of the notes if we cannot effect the exchange offer within the time periods listed above and in other circumstances described in The Exchange Offer Registration Covenant; Exchange Offer.

The interest rate on the notes will increase if we do not comply with our obligations under the registration rights agreement.

Risk Factors

You should consider carefully all of the information set forth in this prospectus and, in particular, should evaluate the specific factors set forth under Risk Factors in deciding whether to exchange old notes for new notes.

Table of Contents

RISK FACTORS

Holders of old notes should carefully consider the information set forth under Risk Factors and all other information set forth in this prospectus before tendering their old notes in the exchange offer. The risk factors set forth in this prospectus, other than Risk Factors There could be negative consequences to you if you do not exchange your old notes for new notes, are generally applicable to the old notes as well as the new notes.

There could be negative consequences to you if you do not exchange your old notes for new notes.

Any old notes tendered and exchanged in the exchange offer will reduce the aggregate principal amount of old notes outstanding. Because we anticipate that most holders will elect to exchange their old notes for new notes due to the absence of most restrictions on the resale of new notes, we anticipate that the liquidity of the market for any old notes remaining outstanding after the exchange offer may be substantially limited. Following the consummation of the exchange offer, holders who did not tender their old notes generally will not have any further registration rights under the registration rights agreement. Since the old notes have not been registered under the Securities Act of 1933 or any State or other securities laws, they will continue to be subject to restrictions on transfer under which they may only be resold in transactions that are not subject to or are exempt from the registration requirements of the Securities Act of 1933 and applicable State and other securities laws. In general, these are limited to sales:

to a qualified institutional buyer;

to an institutional accredited investor;

to a party outside the United States under Regulation S under the Securities Act; or

to us or one of our subsidiaries.

As a result, you may not be able to resell your old notes, or may have to sell them at a discount if you desire to sell.

Risks Related to Our Business

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

In the last ten years, we have experienced significant growth in our business through a combination of internal growth and acquisitions, and we expect to make additional acquisitions in the future. Our global workforce has more than doubled in size since the beginning of fiscal year 2001. During that time, we have also reduced our workforce at some locations and closed certain facilities in connection with our restructuring activities. These changes have placed considerable strain on our management control systems and resources, including decision support, accounting management, information systems and facilities. If we do not continue to improve our financial and management controls, reporting systems and procedures to manage our employees effectively and to expand our facilities, our business could be harmed.

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

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

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

we may incur cost overruns;

we may incur charges related to our expansion activities;

Table of Contents

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

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

In addition, we expect to incur new fixed operating expenses associated with our expansion efforts that will increase our cost of sales, including increases in depreciation expense and rental expense. If our revenues do not increase sufficiently to offset these expenses, our operating results could be seriously harmed. Our transition to low-cost manufacturing regions has contributed to significant restructuring and other charges that have resulted from reducing our workforce and capacity at higher-cost locations. We recognized restructuring charges of approximately \$57.1 million for the six months ended September 30, 2004 and \$540.3 million in fiscal year 2004 and \$297.0 million in fiscal year 2003 associated with the reduction of excess workforce and capacity, the consolidation and relocation of certain manufacturing operations to lower-cost regions, the consolidation and relocation of certain administrative operations, and impairment of certain long-lived assets at several manufacturing facilities. We may be required to take additional charges in the future as a result of these activities. We cannot predict the timing or amount of any future restructuring charges. If we are required to take additional restructuring charges in the future, it could have a material adverse impact on our operating results, financial position and cash flows.

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

We have completed numerous acquisitions of businesses and we expect to continue to acquire additional businesses in the future. We are currently in preliminary discussions with respect to potential acquisitions and strategic customer transactions. We do not have any other definitive agreements to make any material acquisitions or strategic customer transactions. Any future acquisitions may require additional debt or equity financing. This could increase our leverage or be dilutive to our existing shareholders. We may not be able to complete acquisitions or strategic customer transactions in the future to the same extent as in the past, or at all.

To integrate acquired businesses, we must implement our management information systems and operating systems and assimilate and manage the personnel of the acquired operations. The difficulties of this integration may be further complicated by the geographic location of the acquired business. The integration of acquired businesses may not be successful and could result in disruption to other parts of our business.

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

difficulties in integrating acquired businesses and operations;

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

potential loss of key employees and customers of the acquired companies, which is a particular concern in the acquisition of companies engaged in product and software design;

difficulties in managing and integrating operations in geographically dispersed locations;

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

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

exposure to unanticipated contingent liabilities of acquired companies.

These and other factors have harmed, and in the future could harm, our ability to achieve anticipated levels of profitability at acquired operations or realize other anticipated benefits of an acquisition, and could adversely affect our business and operating results.

Table of Contents

We depend on industries that continually produce technologically advanced products with short life cycles; our inability to continually manufacture such products on a cost-effective basis could harm our business.

We derive revenue from the following industries:

handheld device industries, with products such as cellular phones, pagers and personal digital assistants;

computer and office automation industries, with products such as copiers, scanners, graphic cards, desktop and notebook computers, and peripheral devices such as printers and projectors;

communication infrastructure industries, with products such as equipment for optical networks, cellular base stations, radio frequency devices, telephone exchange and access switches, and broadband devices;

consumer device industries, with products such as set-up boxes, home entertainment equipment, cameras and home appliances;

information technology infrastructure industries, with products such as servers, workstations, storage systems, mainframes, hubs and routers; and,

variety of other industries, including medical, automotive, industrial and instrumentation industries.

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

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

seasonality of demand for our customers' products;

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

recessionary periods in our customers' markets.

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

As a provider of electronics manufacturing services, we must provide increasingly rapid product turnaround for our customers. We generally do not obtain firm, long-term purchase commitments from our customers, and we often experience reduced lead-times in customer orders. Customers cancel their orders, change production quantities and delay production for a number of reasons. Uncertain economic and geopolitical conditions have resulted, and may continue to result, in some of our customers delaying the delivery of some of the products we manufacture for them, and placing purchase orders for lower volumes of products than previously anticipated. Cancellations, reductions or delays by a significant customer or by a group of customers have harmed, and may continue to harm, our results of operations by reducing the volumes of products we manufactured for these customers and delivered in that period, by causing a delay in the repayment of our expenditures for inventory in preparation for customer orders and lower asset utilization resulting in lower gross margins. In addition, customers often require that manufacturing of their products be transitioned from one facility to another to achieve cost and other objectives. Such transfers result in inefficiencies and costs due to resulting excess capacity and overhead at one facility and capacity constraints and related stresses at the other.

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

Table of Contents

anticipated demand of our customers, which cause reductions in our gross margins if customer orders are or cancelled. Anticipated orders may not materialize, and delivery schedules may be deferred as a result of changes in demand for our customers' products. On occasion, customers require rapid increases in production, which stress our resources and reduce margins. Although we have increased our manufacturing capacity, and plan further increases, we may not have sufficient capacity at any given time to meet our customers' demands. In addition, because many of our costs and operating expenses are relatively fixed, a reduction in customer demand harms our gross profit and operating income.

Our operating results vary significantly from period to period.

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

changes in demand for our services;

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

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

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

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

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

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

changes in demand in our customers' end markets.

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

Our increased original design manufacturing (ODM) activity may reduce our profitability.

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

Although we enter into contracts with our ODM customers, we may design and develop products for these customers prior to receiving a purchase order or other firm commitment from them. We are required to make substantial investments in the resources necessary to design and develop these products, and no revenue may be generated from these efforts if our customers do not approve the designs in a timely manner or at all, or if they do not then purchase anticipated levels of products. In addition, ODM activities often require that we purchase inventory for initial production runs before we have a purchase commitment from a customer.

Even after we have a contract with a customer with respect to an ODM product, these contracts may allow the customer to delay or cancel deliveries and may not obligate the customer to any volume of purchases. These contracts can generally be terminated by either party on short notice. There is no assurance

Table of Contents

that we will be able to generate or support ODM activity to the extent we anticipated or for an extended period of time, and these activities may not contribute to our profitability as expected, or at all. Primarily due to the initial costs of investing in the resources necessary for this business, our increased ODM activities adversely affected our profitability during fiscal year 2004. We continue to make investments in our ODM services, which could adversely affect our profitability during fiscal year 2005 and beyond. Further, the products we design must satisfy safety and regulatory standards and some products must also receive government certifications. If we fail to obtain these approvals or certifications on a timely basis, we would be unable to sell these products, which would harm our sales, profitability and reputation.

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

We retain certain intellectual property rights to our ODM products. As the level of our ODM activity is increasing, the extent to which we rely on rights to intellectual property incorporated into products is increasing. Despite our efforts, we cannot be certain that the measures we have taken to prevent unauthorized use of our technology will be successful. If we are unable to protect our intellectual property rights, this could reduce or eliminate the competitive advantages of our proprietary technology, which would harm our business.

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

Our ODM products often face competition from the products of OEMs, many of whom may own the intellectual property rights underlying those products. As a result, we could become subject to claims of intellectual property infringement as the number of our competitors increases. In addition, customers for our ODM services typically require that we indemnify them against the risk of intellectual property infringement. If any claims are brought against us or our customers for such infringement, whether or not these have merit, we could be required to expend significant resources in defense of such claims. In the event of such an infringement claim, we may be required to spend a significant amount of money to develop non-infringing alternatives or obtain licenses. We may not be successful in developing such alternatives or obtaining such a license on reasonable terms or at all.

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

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

We are exposed to intangible asset risk.

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

Our new strategic relationship with Nortel Networks involves a number of risks, and we may not succeed in realizing the anticipated benefits of this relationship.

Our recent transaction with Nortel Networks is subject to a number of closing conditions, including conversion of information technology systems and the completion of the required information and consultation

Table of Contents

process with employee representatives in Europe. Some of the processes involved in converting information technology systems (including the integration of related systems and internal controls) are complex and time consuming, and may present unanticipated difficulties. As a result, we expect that this transaction will not be completed until May 2005. Further delays may arise if the conversion of information technology systems requires more time than presently anticipated. In addition, completion of required information and consultation process with employee representatives in Europe may result in additional delays and in difficulties in retaining employees.

After completion, the success of this transaction will depend on our ability to successfully integrate the acquired operations with our existing operations. This will involve integrating Nortel Networks' information technology systems with our other systems, integrating their operations into our existing procurement activities, and assimilating and managing existing personnel. In addition, this transaction will increase our expenses and working capital requirements, and place burdens on our management resources. In the event we are unsuccessful in integrating the acquired operations, we would not achieve the anticipated benefits of this transaction, and our results of operations would be adversely affected.

As a result of the new strategic relationship, we expect that Nortel Networks will become our largest single customer, representing over ten percent of our net sales. The manufacturing relationship with Nortel Networks is not exclusive, and they are entitled to use other suppliers for a portion of their requirements of these products. Although Nortel Networks has agreed to use us to manufacture a majority of its requirements for these existing products, so long as our services are competitive, our services may not remain competitive, and there can be no assurance that we will continue to manufacture a majority of Nortel Networks requirements of these products. In addition, sales of these products depend on a number of factors, including global economic conditions, competition, new technologies that could render these products obsolete, the level of sales and marketing resources devoted by Nortel Networks with respect to these products, and the success of these sales and marketing activities. If demand for these products should decline, we would experience reduced sales and gross margins from these products.

We have agreed to cost reduction targets and price limitations and to certain manufacturing quality requirements. We may not be able to reduce costs over time as required, and Nortel Networks would be entitled to certain reductions in their product prices, which would adversely affect our margins from this program. In addition, we may encounter difficulties in meeting Nortel Networks' expectations as to product quality and timeliness. If Nortel Networks' requirements exceed the volume we anticipate, we may be unable to meet these requirements on a timely basis. Our inability to meet Nortel Networks' volume, quality, timeliness and cost requirements could have a material adverse effect on our results of operations. Nortel Networks may not purchase a sufficient quantity of products from us to meet our expectations and we may not utilize a sufficient portion of the acquired capacity to achieve profitable operations.

In addition, as a result of the transaction with Nortel Networks, we will employ approximately 150 of Nortel Networks' optical design employees. We completed the closing of the acquisition of Nortel Networks' optical design operations in November 2004, and we may fail to retain and motivate these employees after closing or to integrate them into our other design operations.

Although we expect that our gross margin and operating margin on sales to Nortel Networks will initially be less than that generally realized by the Company in fiscal 2004, we also expect that we will be able to increase these gross margins over time through cost reductions and by internally sourcing our vertically integrated supply chain solutions, which include the fabrication and assembly of printed circuit boards and enclosures, as well as logistics and repair services. Additionally, the impact of lower gross margins may be partially offset by the effect of anticipated lower selling, general and administrative expenses, as a percentage of net sales. There can be no assurance that we will realize lower expenses or increased operating efficiencies as anticipated.

Our strategic relationships with major customers create risks.

Over the past several years, we have completed numerous strategic transactions with OEM customers, including, among others, Xerox, Alcatel, Casio and Ericsson, and we have entered into a definitive agreement

Table of Contents

with Nortel Networks. Under these arrangements, we generally acquire inventory, equipment and other assets from the OEM, and lease or acquire their manufacturing facilities, while simultaneously entering into multiyear supply agreements for the production of their products. We intend to continue to pursue these OEM divestiture transactions in the future. There is strong competition among EMS companies for these transactions, and this competition may increase. These transactions have contributed to a significant portion of our revenue growth, and if we fail to complete similar transactions in the future, our revenue growth could be harmed. As part of these arrangements, we typically enter into manufacturing services agreements with these OEMs. These agreements generally do not require any minimum volumes of purchases by the OEM, and the actual volume of purchases may be less than anticipated. The arrangements entered into with divesting OEMs typically involve many risks, including the following:

we may need to pay a purchase price to the divesting OEMs that exceeds the value we may realize from the future business of the OEM;

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

we, rather than the divesting OEM, bear the risk of excess capacity at the facility;

we may not achieve anticipated cost reductions and efficiencies at the facility;

we may be unable to meet the expectations of the OEM as to volume, product quality, timeliness and cost reductions; and

if demand for the OEMs' products declines, the OEM may reduce its volume of purchases, and we may not be able to sufficiently reduce the expenses of operating the facility or use the facility to provide services to other OEMs.

As a result of these and other risks, we have been, and in the future may be, unable to achieve anticipated levels of profitability under these arrangements. In addition, these strategic arrangements have not, and in the future may not, result in any material revenues or contribute positively to our earnings per share.

We depend on the continuing trend of outsourcing by OEMs.

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

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

Sales to our ten largest customers have represented a significant percentage of our net sales in recent periods. Our ten largest customers during the six-month period ended September 30, 2004 accounted for approximately 64% of the total net sales, with Sony-Ericsson and Hewlett-Packard Company accounting for 14% and 11% of our net sales, respectively. In the six-month period ended September 30, 2003, our ten largest customers accounted for approximately 68% of net sales, with Sony-Ericsson and Hewlett-Packard Company accounting for 12% and 13% of net sales, respectively. No other customer accounted for more than 10% of net sales during these periods.

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

Table of Contents

Our industry is extremely competitive.

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

The overall demand for electronics manufacturing services decreased in recent years, resulting in increased capacity and substantial pricing pressures, which have harmed our operating results. Certain sectors of the EMS industry have experienced increased price competition, and if we experience such increased level of competition in the future, our revenues and gross margin may continue to be adversely affected.

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

At various times, there are shortages of some of the electronic components that we use, as a result of strong demand for those components or problems experienced by suppliers. These unanticipated component shortages have resulted in curtailed production or delays in production, which prevented us from making scheduled shipments to customers in the past and may do so in the future. Our inability to make scheduled shipments could cause us to experience a reduction in sales, increase in inventory levels and costs, and could adversely affect relationships with existing and prospective customers. Component shortages may also increase our cost of goods sold because we may be required to pay higher prices for components in short supply and redesign or reconfigure products to accommodate substitute components. As a result, component shortages could adversely affect our operating results for a particular period due to the resulting revenue shortfall and increased manufacturing or component costs.

Our customers may be adversely affected by rapid technological change.

Our customers compete in markets that are characterized by rapidly changing technology, evolving industry standards and continuous improvement in products and services. These conditions frequently result in short product life cycles. Our success will depend largely on the success achieved by our customers in developing and marketing their products. If technologies or standards supported by our customers' products become obsolete or fail to gain widespread commercial acceptance, our business could be adversely affected.

We are subject to the risk of increased income taxes.

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

tax incentives have been extended to encourage foreign investment; or

income tax rates are low.

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

Several countries in which we are located allow for tax holidays or provide other tax incentives to attract and retain business. These tax incentives expire over various periods from 2004 to 2010 and are subject to certain conditions with which we expect to comply. We have obtained tax holidays or other incentives where available, primarily in China, Malaysia and Hungary. In these three countries, we generated an aggregate of approximately \$8.4 billion of our total revenues for the fiscal year ended March 31, 2004. Our taxes could increase if certain tax holidays or incentives are not renewed upon expiration, or tax rates applicable to us in

Table of Contents

such jurisdictions are otherwise increased. In addition, further acquisitions of businesses may cause our effective tax rate to increase.

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

The geographical distances between the Americas, Asia and Europe create a number of logistical and communications challenges for us. These challenges include managing operations across multiple time zones, directing the manufacture and delivery of products across distances, coordinating procurement of components and raw materials and their delivery to multiple locations, and coordinating the activities and decisions of the core management team, which is based in a number of different countries. Facilities in several different locations may be involved at different stages of the production of a single product, leading to additional logistical difficulties.

Because our manufacturing operations are located in a number of countries throughout the Americas, Asia and Europe, we are subject to the risks of changes in economic and political conditions in those countries, including:

fluctuations in the value of local currencies;

labor unrest and difficulties in staffing;

longer payment cycles;

cultural differences;

increases in duties and taxation levied on our products;

imposition of restrictions on currency conversion or the transfer of funds;

limitations on imports or exports of components or assembled products, or other travel restrictions;

expropriation of private enterprises; and

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

In addition, we have recently begun operations in India, through the acquisition of several India-based companies. We may be subject to increased challenges in managing these risks in these operations since we do not have prior experience in conducting operations in India.

The attractiveness of our services to U.S. customers can be affected by changes in U.S. trade policies, such as most favored nation status and trade preferences for some Asian countries. In addition, some countries in which we operate, such as Brazil, Hungary, India, Mexico, Malaysia, Poland and Ukraine, have experienced periods of slow or negative growth, high inflation, significant currency devaluations or limited availability of foreign exchange. Furthermore, in countries such as China and Mexico, governmental authorities exercise significant influence over many aspects of the economy, and their actions could have a significant effect on us.

Finally, we could be seriously harmed by inadequate infrastructure, including lack of adequate power and water supplies, transportation, raw materials and parts in countries in which we operate.

We are exposed to fluctuations in foreign currency exchange rates.

We transact business in various foreign countries. As a result, we are exposed to fluctuations in foreign currencies. We have currency exposure arising from both sales and purchases denominated in currencies other than the functional currencies of our entities. Volatility in the exchange rates between the foreign currencies and the functional currencies of our entities could seriously harm our business, operating results and financial condition. We try to manage our foreign currency exposure by borrowing in various foreign currencies and by entering into foreign exchange forward contracts. Mainly, we enter into foreign exchange forward contracts intended to reduce the short-term impact of foreign currency fluctuations on current assets and liabilities denominated in foreign currency. These exposures are primarily, but not limited to, cash, receivables, payables

Table of Contents

and inter-company balances, in currencies other than the functional currency of the operating entity. We will first evaluate and, to the extent possible, use non-financial techniques, such as currency of invoice, leading and lagging payments, receivable management or local borrowing to reduce transactions exposure before taking steps to minimize remaining exposure with financial instruments. Foreign exchange forward contracts intended to hedge forecasted transactions are treated as cash flow hedges and such contracts generally expire within three months. The credit risk of these forward contracts is minimized since the contracts are with large financial institutions. The gains and losses on forward contracts generally offset the gains and losses on the assets, liabilities and transactions hedged.

We depend on our executive officers and skilled management personnel.

Our success depends to a large extent upon the continued services of our executive officers. Generally our employees are not bound by employment or non-competition agreements, and we cannot assure you that we will retain our executive officers and other key employees. We could be seriously harmed by the loss of any of our executive officers. In order to manage our growth, we will need to recruit and retain additional skilled management personnel and if we are not able to do so, our business and our ability to continue to grow could be harmed. In addition, in connection with expanding our ODM activities, we must attract and retain experienced design engineers. Although we and a number of companies in our industry have implemented workforce reductions, there remains substantial competition for highly skilled employees. Our failure to recruit and retain experienced design engineers could limit the growth of our ODM activities, which could adversely affect our business.

We are subject to environmental compliance risks.

We are subject to various federal, state, local and foreign environmental laws and regulations, including those governing the use, storage, discharge and disposal of hazardous substances in the ordinary course of our manufacturing process. In addition, we are responsible for cleanup of contamination at some of our current and former manufacturing facilities and at some third party sites. If more stringent compliance or cleanup standards under environmental laws or regulations are imposed, or the results of future testing and analyses at our current or former operating facilities indicate that we are responsible for the release of hazardous substances, we may be subject to additional remediation liability. Further, additional environmental matters may arise in the future at sites where no problem is currently known or at sites that we may acquire in the future. Currently unexpected costs that we may incur with respect to environmental matters may result in additional loss contingencies, the quantification of which cannot be determined at this time.

Risks Related to an Investment in the Notes

We have a substantial amount of debt outstanding and may incur additional debt.

We have significant amounts of outstanding indebtedness and interest expense. Our level of indebtedness presents risks to investors, including the possibility that we may be unable to generate cash sufficient to pay the principal of and interest on the indebtedness when due. At September 30, 2004, after giving effect to the sale of the notes, we had consolidated indebtedness of approximately \$2.0 billion.

Our ability to make principal and interest payments on the notes will depend on our future operating performance, which depends on a number of factors, many of which are outside of our control. These factors include prevailing economic conditions and financial, competitive and other factors affecting our business and operations. If we do not have sufficient available resources to repay any indebtedness we may incur when it becomes due and payable, we may find it necessary to refinance such indebtedness. We cannot assure you that refinancing will be available, or available on reasonable terms. We could incur substantial additional indebtedness in connection with acquisitions or debt financings, which would further increase our leverage.

Table of Contents

The indenture governing the notes, our bank credit facility and the indentures governing our existing senior subordinated notes contain restrictive covenants that, if not satisfied or waived, could result in acceleration of our outstanding debt obligations.

The indenture governing the notes, our bank credit facility and the indentures governing our existing senior subordinated notes each contain a number of restrictive covenants. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in us being required to repay these borrowings before their due date. If we are required to refinance these borrowings on less favorable terms, our results of operations and financial condition could be seriously harmed by increased costs and rates.

Our structure as a holding company will limit the ability of the holders of the notes to recover any principal and interest due on the notes because they are effectively subordinated to the liabilities of our subsidiaries.

We are a holding company with no business operations other than holding the capital stock of our subsidiaries and advancing funds to, and receiving funds from, our subsidiaries. In repaying our indebtedness, including the notes, we must rely on dividends and other payments made to us by our subsidiaries. The holders of the notes will have no direct claims against our subsidiaries. The ability of our subsidiaries to make payments to us will be affected by the obligations of these subsidiaries to their creditors. Claims of holders of indebtedness, including the notes, against the cash flow and assets of our subsidiaries will be effectively subordinated to claims of the creditors.

In addition, the rights of the holders of the notes to participate in the assets of any subsidiary upon that subsidiary's liquidation or recapitalization will be subject to the prior claims of that subsidiary's creditors. At September 30, 2004, after giving effect to the sale of the notes, our subsidiaries had debt and other liabilities, including trade payables and capital lease obligations, aggregating approximately \$4.2 billion. The ability of our subsidiaries to make payments to us will also be subject to, among other things, applicable state and foreign corporate laws and other laws and regulations and any contractual obligations that may apply to the subsidiary. In order to pay the principal amount at maturity of the notes, we may be required to adopt one or more alternatives, such as a refinancing of the notes.

The notes are subordinated to our current and future senior debt.

The notes will be unsecured obligations and will rank in right of payment:

junior to all of our existing and future senior debt;

effectively junior to all indebtedness and other liabilities of our subsidiaries;

equal to all of our existing and any future senior subordinated debt, including our existing senior subordinated debt; and

senior to all other subordinated indebtedness.

As of September 30, 2004, after giving effect to the sale of the notes, we had funds available for borrowing under our senior revolving credit facilities of \$1.1 billion, senior subordinated debt of \$1.1 billion, convertible subordinated debt of \$500.0 million, convertible junior subordinated debt of \$200.0 million and, through our subsidiaries, had additional liabilities, including trade payables and capital lease obligations, aggregating approximately \$4.2 billion.

We may not pay any principal of, premium, if any, or interest on, or any other amounts owing in respect of, the notes, or purchase, redeem or otherwise retire the notes, or make any deposit pursuant to the defeasance provisions for the notes, if designated senior debt, as defined in the indentures, is not paid when due, unless:

the default is cured or waived or has ceased to exist; or

the designated senior debt has been repaid in full.

Table of Contents

Under some circumstances, if a default, other than a payment default, exists with respect to designated senior debt, we may not make payments for a specified period with respect to the principal of, premium, if any, and interest on, and any other amounts owing in respect of, the notes unless:

the default is cured, waived or has ceased to exist; or

the indebtedness has been repaid in full.

If any event of default occurs and is continuing, the trustee or the holders of at least 25% in principal amount of the then outstanding notes may declare all the notes to be due and payable immediately. Such a continuing event of default, however, may permit the acceleration of our then-outstanding indebtedness or the then-outstanding indebtedness of our subsidiaries, some of which indebtedness may be senior debt. In this event, the subordination provisions of the indenture governing the notes would prohibit any payments to holders of the notes unless and until those obligations, and any other accelerated senior debt, have been repaid in full.

We may not be able to repurchase the notes upon a change of control in accordance with the terms of the indenture.

Upon the occurrence of a change of control, we may be required to purchase all or a portion of the notes then outstanding at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase. Prior to commencing such an offer to purchase, we may be required to:

repay in full all indebtedness that would prohibit the repurchase of the notes; or

obtain any consent required to make the repurchase.

If we are unable to repay all of the indebtedness or are unable to obtain the necessary consents, we will be unable to offer to purchase the notes and that failure would constitute an event of default under the indentures.

We cannot assure you that we will have sufficient funds available at the time of any change of control to repurchase the notes. The events that require a repurchase upon a change of control under the indentures may also constitute events of default under subsequently incurred indebtedness.

There will be no public market for the notes and restrictions on the transfer of the notes may impair the liquidity of the notes.

There is currently no established trading market for either the old notes or the new notes and we do not intend to have either the old notes or the new notes listed for trading on any securities exchange or in any automated dealer quotation system. Certain of the initial purchasers have advised us that they presently intend to make a market in the notes. However, such initial purchasers are not obligated to do so and any market-making by them may be discontinued at any time, without notice, at the sole discretion of such initial purchasers. Accordingly, we cannot assure you that an active trading market will develop or be maintained for the notes.

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES**

The following table presents our historical ratios of earnings to fixed charges for the periods indicated (in thousands):

	Fiscal Year Ended March 31,					Six Months Ended September 30, 2004
	2000	2001	2002	2003	2004	
Ratio of earnings to fixed charges	2.78x					2.77x

For the purposes of computing the ratio of fixed charges, earnings consist of income (loss) before income taxes plus fixed charges. Fixed charges consist of interest expense and discount or premium related to indebtedness, whether expensed or capitalized, and that portion of rental expense we believe to be representative of interest. Earnings, as defined, were not sufficient to cover fixed charges by \$552.3 million, \$242.6 million, \$147.2 million and \$420.1 million for the fiscal years ended March 31, 2001, 2002, 2003 and 2004, respectively.

USE OF PROCEEDS

We will not receive any proceeds from the issuance of the new notes offered in the exchange offer. In consideration for issuing the new notes, we will receive in exchange old notes in like principal amount, the terms of which are identical in all respects to the new notes except for transfer restrictions and registration rights. The old notes surrendered in exchange for new notes will be retired and cancelled and cannot be reissued. Accordingly, issuance of the new notes will not result in any increase in our indebtedness.

Table of Contents**SELECTED CONSOLIDATED FINANCIAL DATA**

The following selected consolidated financial data should be read in conjunction with our consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference in this prospectus. The selected consolidated statement of operations data for the years ended March 31, 2000 and 2001 and the selected consolidated balance sheet data as of March 31, 2000, 2001 and 2002 is derived from our consolidated financial statements that have been audited by Arthur Andersen LLP, independent auditors, which are not incorporated by reference in this prospectus. The selected consolidated statement of operations data for the year ended March 31, 2002 is derived from our consolidated financial statements that have been audited by Arthur Andersen LLP, independent auditors, which are incorporated by reference in this prospectus. The selected consolidated financial data as of and for the years ended March 31, 2003 and 2004 is derived from our consolidated financial statements that have been audited by Deloitte & Touche LLP, independent registered public accounting firm, which are incorporated by reference in this prospectus. The consolidated statement of operations data for the six months ended September 30, 2003 and 2004, and the consolidated balance sheet data as of September 30, 2004, are derived from our unaudited condensed consolidated financial statements incorporated by reference in this prospectus. Historical results are not necessarily indicative of the results to be expected in the future and results for interim periods are not necessarily indicative of results that may be expected for the entire fiscal year.

	Fiscal Year Ended March 31,					Six Months Ended September 30,	
	2000	2001	2002	2003	2004	2003	2004
(In thousands, except per share amounts)							
Consolidated Statement of Operations Data:							
Net sales	\$6,959,122	\$12,109,699	\$13,104,847	\$13,378,699	\$14,530,416	\$6,609,919	\$8,018,697
Cost of sales	6,335,242	11,127,896	12,224,969	12,650,402	13,704,576	6,262,408	7,500,901
Restructuring and other charges(1)	7,519	510,495	464,391	266,244	477,305	351,197	46,695
Gross profit	616,361	471,308	415,487	462,053	348,535	(3,686)	471,101
Selling, general and administrative expenses	319,952	430,109	443,586	456,199	487,287	225,355	280,618
Intangibles amortization	41,326	63,541	12,615	22,146	36,715	17,390	17,344
Restructuring and other charges(1)	3,523	462,847	110,035	38,167	63,043	36,163	10,395
Interest and other expense, net	69,912	67,115	91,853	92,780	77,700	46,614	40,715
Loss on early extinguishment of debt					103,909	103,909	
Income (loss) before income taxes	181,648	(552,304)	(242,602)	(147,239)	(420,119)	(433,117)	122,029
Provision for (benefit from) income taxes	23,080	(106,285)	(88,854)	(63,786)	(67,741)	(43,312)	(44,915)
	\$ 158,568	\$ (446,019)	\$ (153,748)	\$ (83,453)	\$ (352,378)	\$ (389,805)	\$ 166,944

Edgar Filing: FLEXTRONICS INTERNATIONAL LTD - Form 424B3

Net income (loss)							
Diluted earnings (loss) per share(2)	\$ 0.42	\$ (1.01)	\$ (0.31)	\$ (0.16)	\$ (0.67)	\$ (0.75)	\$ 0.29
Shares used in computing diluted per share amounts(2)	383,119	441,991	489,553	517,198	525,318	522,315	575,110

Table of Contents

	As of March 31,					September 30,
	2000	2001	2002	2003	2004	2004
(In thousands)						
Balance Sheet Data:						
Working capital	\$ 1,161,535	\$ 1,914,741	\$ 1,394,883	\$ 897,741	\$ 884,816	\$ 928,522
Total assets	5,134,943	7,571,655	8,644,699	8,394,104	9,583,937	10,736,190
Long-term debt and capital lease obligations, excluding current portion	645,267	917,313	863,293	1,049,853	1,624,261	1,746,602
Shareholders' equity	2,376,628	4,030,361	4,455,496	4,542,020	4,367,213	4,912,806

- (1) We recognized restructuring and other charges of \$7.5 million, \$584.4 million, \$574.4 million, \$304.4 million and \$540.3 million in fiscal years 2000, 2001, 2002, 2003 and 2004, respectively, and \$387.4 million and \$57.1 million for the six months ended September 30, 2003 and 2004, respectively, associated with the reduction of excess workforce and capacity, the consolidation and relocation of certain manufacturing operations to lower-cost regions, and the consolidation and relocation of certain administrative operations.

We recognized charges of \$286.5 million in fiscal 2001 related to the issuance of an equity instrument to Motorola.

We recognized other charges of approximately \$3.5 million and \$102.4 million in fiscal year 2000 and fiscal year 2001, respectively, for merger-related expenses.

- (2) We completed stock splits during fiscal 2000 and 2001. The stock splits were effected as bonus issues (the Singapore equivalent of a stock dividend). The stock dividend has been reflected in our financial statements for all periods presented unless otherwise noted. All share and per share amounts have been retroactively restated to reflect the stock splits.

Table of Contents**DESCRIPTION OF EXISTING INDEBTEDNESS****Senior Credit Facility**

In March 2004, we renewed and increased our existing revolving credit facilities with a syndicate of domestic and foreign banks from \$880.0 million to \$1.1 billion. The credit facilities consist of two separate credit agreements, one providing for revolving credit loans to us and designated subsidiaries; and one providing for revolving credit loans to our U.S. subsidiary, Flextronics International USA, Inc. The total amount of loans that may be made under both facilities is limited to \$1.1 billion. The credit agreements expire in March 2008. Borrowings under the credit facility bear interest at either, at our option, (i) the base rate (as defined in the credit facility; or 4.5% as of March 31, 2004); or (ii) the LIBOR rate (as defined in the credit facility; or 1.09% as of March 31, 2004) plus the applicable margin for LIBOR loans ranging between 0.75% and 2.25%, based on our credit ratings and facility usage. We are required to pay a quarterly commitment fee, in amounts that vary based on our credit ratings, on the unutilized portion of the credit facility, as well as a utilization fee for periods in which we borrow more than 33% of the total amounts available for loans under the credit agreements. As of September 30, 2004, there was \$346.0 million outstanding under our revolving credit facilities, bearing interest at a weighted average interest rate of 3.08%. This outstanding principal amount was repaid with net proceeds from the sale of the notes. We are entitled to reborrow such amounts under the revolving credit facilities.

The credit facilities are unsecured, and contain certain restrictions on our ability to (i) incur certain debt, (ii) make certain investments and (iii) make certain acquisitions of other entities. The credit facilities also require that we maintain certain financial covenants, including, among other things, a maximum ratio of total indebtedness to EBITDA (earnings before interest expense, taxes, depreciation, and amortization) and a minimum ratio of fixed charge coverage, as defined, during the term of the credit facilities. Borrowings under the credit facilities are guaranteed by us and certain of our subsidiaries.

In addition, we maintain smaller credit facilities for a number of our non-U.S. subsidiaries, typically on an uncommitted basis. We have also entered into relationships with financial institutions for the sale of our accounts receivable, and for leasing transactions.

9 7/8% and 9 3/4% Senior Subordinated Notes

General. On June 29, 2000, we issued an aggregate of \$500.0 million of 9 7/8% Senior Subordinated Notes and an aggregate of \$150.0 million of 9 3/4% Senior Subordinated Notes pursuant to two separate indentures between Flextronics and J.P. Morgan Trust Company, National Association, as trustee. These notes will mature on July 1, 2010. Interest on the 9 7/8% Senior Subordinated Notes accrues at 9 7/8% per annum and interest on the 9 3/4% Senior Subordinated Notes accrues at 9 3/4% per annum, with such interest payable semi-annually in arrears on January 1 and July 1 of each year.

Redemption and Repurchase. We may redeem the 9 7/8% and 9 3/4% Senior Subordinated Notes on or after July 1, 2005, at specified redemption prices. We are not required to make mandatory redemption or sinking fund payments with respect to the 9 7/8% and 9 3/4% Senior Subordinated Notes. Holders may require us to purchase the 9 7/8% and 9 3/4% Senior Subordinated Notes upon a change of control.

Covenants. The indentures governing the 9 7/8% and 9 3/4% Senior Subordinated Notes restrict, among other things, our ability to pay dividends, redeem capital stock or prepay certain subordinated debt; incur additional debt or issue preferred stock; grant liens; merge, consolidate or transfer substantially all of our assets; enter into certain transactions with affiliates; impose restrictions on any subsidiary's ability to pay dividends or transfer assets to us; enter into certain sale and leaseback transactions; and permit subsidiaries to guarantee debt.

6 1/2% Senior Subordinated Notes

General. On May 8, 2003, we issued an aggregate of \$400.0 million of 6 1/2% Senior Subordinated Notes pursuant to an indenture between Flextronics and J.P. Morgan Trust Company, National Association, as

Table of Contents

trustee. These notes will mature on May 15, 2013. Interest on the 6 1/2% Senior Subordinated Notes accrues at 6 1/2% per annum, with such interest payable semi-annually in arrears on May 15 and November 15 of each year.

Redemption and Repurchase. We may redeem the 6 1/2% Senior Subordinated Notes on or after May 15, 2008, at specified redemption prices. In addition, at any time on or before May 15, 2006, we may redeem up to 35% of the aggregate principal amount of the 6 1/2% Senior Subordinated Notes with the net proceeds of certain public offerings of our ordinary shares. We are not required to make mandatory redemption or sinking fund payments with respect to the 6 1/2% Senior Subordinated Notes. Holders may require us to repurchase the 6 1/2% Senior Subordinated Notes upon a change in control.

Covenants. The indenture governing the 6 1/2% Senior Subordinated Notes restrict, among other things, our ability to pay dividends, redeem capital stock or prepay certain subordinated debt; incur additional debt or issue preferred stock; grant liens; merge, consolidate or transfer substantially all of our assets; enter into certain transactions with affiliates; impose restrictions on any subsidiary's ability to pay dividends or transfer assets to us; enter into certain sale and leaseback transactions; and permit subsidiaries to guarantee debt.

1% Convertible Subordinated Notes

On August 5, 2003, we issued an aggregate of \$500.0 million of Convertible Subordinated Notes in a private placement transaction. These notes will mature on August 1, 2010, at which time we may elect to pay the principal amount in cash or in ordinary shares having an equivalent value, or in combination of cash and ordinary shares. Interest on the 1% Convertible Subordinated Notes accrues at 1% per annum and is payable semi-annually in arrears on August 1 and February 1 of each year. The 1% Convertible Notes are convertible into our ordinary shares at a conversion price of \$15.525.

Redemption and Repurchase. The 1% Convertible Subordinated Notes are not redeemable at our election prior to their maturity. We are not required to make mandatory redemption or sinking fund payments with respect to the 1% Convertible Subordinated Notes. Holders may require us to repurchase the 1% Convertible Subordinated Notes upon a change in control.

Convertible Junior Subordinated Notes

On March 20, 2003, we issued an aggregate of \$200.0 million of Convertible Junior Subordinated Notes in a private placement transaction. These notes will mature on March 20, 2008. No interest will accrue or will be payable on these notes. These notes are convertible into our ordinary shares at a conversion price of \$10.50 per share and are payable in cash or stock at maturity, at our option, and will automatically be converted into our ordinary shares if the closing price on the Nasdaq National Market of the ordinary shares equals or exceeds \$15.75 for a period of at least 15 consecutive trading days.

Table of Contents

THE EXCHANGE OFFER

Terms of the Exchange Offer; Period for Tendering Old Notes

We sold the old notes on November 17, 2004 to Credit Suisse First Boston, Deutsche Bank Securities, Banc of America Securities LLC, Citigroup, Lehman Brothers, BNP PARIBAS, KeyBanc Capital Markets, RBC Capital Markets, Scotia Capital, ABN AMRO Incorporated, HSBC and UBS Investment Bank, referred to in this prospectus as the purchasers, pursuant to a purchase agreement dated November 9, 2004 between us and the purchasers. As set forth in this prospectus and in the accompanying letter of transmittal, we will accept for exchange any and all old notes that are properly tendered on or prior to the expiration date and not withdrawn as permitted below. The term expiration date means 5:00 p.m. New York City time on February 11, 2005; however, if we extend the period of time for which the exchange offer is open, the term expiration date means the latest time and date to which the exchange offer is extended.

As of the date of this prospectus, \$500,000,000 aggregate principal amount of the old notes are outstanding. This prospectus and the accompanying letter of transmittal are first being sent on or about January 11, 2005 to all holders of old notes at the addresses set forth in the security register maintained by the trustee or other applicable registrar. Our obligation to accept old notes for exchange is subject to conditions as set forth under Conditions to the Exchange Offer below.

We expressly reserve the right, at any time or from time to time, to extend the period of time during which the exchange offer is open, and thereby delay acceptance for exchange of any old notes, by mailing written notice of an extension to the holders of old notes as described below. During any extension, all old notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us. Any old notes not accepted for exchange for any reason will be returned without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer.

Old notes tendered in the exchange offer must be \$1,000 in principal amount or any integral multiple of \$1,000.

We will provide written notice of any extension, amendment, non-acceptance or termination to the holders of the old notes as promptly as practicable. This notice will be mailed to the holders of record of the old notes no later than 9:00 a.m. New York City time, on the next business day after the previously scheduled expiration date of other event giving rise to the notice requirement.

Registration Covenant; Exchange Offer

We entered into a registration rights agreement with the purchasers pursuant to which we agreed, for the benefit of the holders of the old notes to use our best efforts to:

file with the Commission, within 90 days following November 17, 2004, a registration statement (the exchange offer registration statement) under the Securities Act relating to an exchange offer pursuant to which notes substantially identical to the old notes, except that such notes will not contain terms with respect to the special interest payments described below or transfer restrictions, would be offered in exchange for the then outstanding notes tendered at the option of the holders of the notes; and

cause the exchange offer registration statement to become effective within 150 days following November 17, 2004.

We have further agreed to commence the exchange offer promptly after the exchange offer registration statement has become effective, hold the offer open for at least 20 business days, and exchange new notes for all notes validly tendered and not withdrawn before the expiration of the offer.

Table of Contents

Under existing Commission interpretations, the new notes would in general be freely transferable after the exchange offer without further registration under the Securities Act, except that broker-dealers (participating broker-dealers) receiving new notes in the exchange offer may be subject to a prospectus delivery requirement with respect to resales of the new notes. The Commission has taken the position that participating broker-dealers may fulfill their prospectus delivery requirements with respect to the new notes, other than a resale of an unsold allotment from the original sale of the notes, by delivery of the prospectus contained in the exchange offer registration statement. Under the registration rights agreement, we are required to allow participating broker-dealers and other persons, if any, subject to similar prospectus delivery requirements to use the prospectus contained in the exchange offer registration statement in connection with the resale of the new notes. The exchange offer registration statement will be kept effective for a period of up to 180 days after the exchange offer has been consummated in order to permit resales of new notes acquired by broker-dealers in after-market transactions. Each holder of notes, other than certain specified holders, who wishes to exchange such notes for new notes in the exchange offer will be required to represent that:

any new notes to be received by it will be acquired in the ordinary course of its business;

at the time of the commencement of the exchange offer it has no arrangement with any person to participate in the distribution, within the meaning of the Securities Act, of the new notes; and

it is not Flextronics or an affiliate of Flextronics.

In addition, if:

- (1) because of a change in law or in the existing Commission interpretations we are not permitted to effect the exchange offer;
- (2) the exchange offer is not consummated within 225 days of November 17, 2004;
- (3) requested by certain holders of the notes; or
- (4) a holder participating in the exchange offer does not receive new notes that are freely tradeable,

we will use our reasonable best efforts to cause a registration statement under the Securities Act relating to a shelf registration of the notes for resale by holders (the resale registration) to become effective and to remain effective until November 17, 2006 or such shorter period that will terminate when all the notes covered by the shelf registration statement have been sold pursuant to the shelf registration statement.

We will, in the event of the resale registration, provide to the holder or holders of the applicable notes copies of the prospectus that is a part of the registration statement filed in connection with the resale registration, notify such holder or holders when the resale registration for the applicable notes has become effective and take certain other actions as are required to permit unrestricted resales of the applicable notes. A holder of notes that sells such notes pursuant to the resale registration generally would be required to be named as a selling securityholder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the exchange and registration rights agreement that are applicable to such a holder, including certain indemnification obligations.

In the event of a registration default, as defined below, we have agreed to pay additional interest on the notes. Commencing on the date of a registration default, additional interest shall accrue on the principal amount of the notes at a rate of 0.25% per year for the first 90-day period following such registration default, which rate shall increase by an additional 0.25% per year for each subsequent 90-day period during which such registration default continues, up to a maximum of 1.0% per year. Additional interest will cease to accrue when there is no longer a registration default. If there is a subsequent registration default, additional interest shall initially accrue at a rate of .50% per year.

Table of Contents

Each of the following is a registration default :

we have not filed the registration statement relating to the exchange offer or, if applicable, the resale registration, within 90 days following November 17, 2004; or

such registration statement has not become effective within 150 days following November 17, 2004; or

the exchange offer has not been consummated within 180 business days after November 17, 2004; or

if applicable, the registration statement relating to the resale registration is filed and declared effective but thereafter ceases to be effective, except as specifically permitted in the registration rights agreement, without being succeeded immediately by an additional registration statement filed and declared effective.

The summary in this prospectus of certain provisions of registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which will be made available upon request to us.

The old notes and the new notes will be considered collectively to be a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. In this section, The Exchange Offer, except under this heading

Registration Covenant; Exchange Offer and in the section Description of the Notes, all references to notes shall be deemed to refer collectively to old notes and any new notes, unless the context otherwise requires.

Interest on Exchange Notes

Each new note will bear interest from the most recent date to which interest has been paid or duly provided for on the old note surrendered in exchange for a new note or, if no interest has been paid or duly provided for on the old note, from November 17, 2004, the date of issuance of the old note. Holders of the old notes whose old notes are accepted for exchange will not receive accrued interest on the old notes for any period from and after the last interest payment date to which interest has been paid or duly provided for on the old notes prior to the original issue date of the new notes, or, if no interest has been paid or duly provided for, will not receive any accrued interest on the old notes. These holders will be deemed to have waived the right to receive any interest on the old notes accrued from and after that interest payment date or, if no interest has been paid or fully provided for, from and after November 17, 2004. Interest on the notes is payable semi-annually in arrears on each January 1 and July 1.

Procedures for Tendering Old Notes

To tender in the exchange offer, a holder must complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal, have the signatures guaranteed if required by the applicable letter of transmittal, and mail or otherwise deliver the letter of transmittal or a facsimile, together with the old notes and any other required documents, to the exchange agent. The exchange agent must receive these documents at the address set forth below prior to 5:00 p.m. New York City time on the expiration date. Delivery of the old notes may be made by book-entry transfer in accordance with the procedures described below. Confirmation of book-entry transfers must be received by the exchange agent prior to the expiration date.

By executing a letter of transmittal, each holder will make to us the representations set forth below in the fourth paragraph under the heading Resale of New Notes.

The tender by a holder and the acceptance by us will constitute an agreement between the holder and us in accordance with the terms subject to the conditions set forth in this prospectus and in the letter of transmittal.

The method of delivery of old notes and the applicable letter of transmittal and all other required documents to the applicable exchange agent is at the election and risk of the holder. Instead of delivery by

Table of Contents

mail, it is recommended that holders use an overnight or hand delivery service. In all cases, sufficient time should be allowed to assure delivery to the applicable exchange agent before the expiration date. No letter of transmittal or notes should be sent to us. Holders may request their brokers, dealers, commercial banks, trust companies or nominees to effect the above transactions for them.

Any beneficial owner whose old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct the registered holder to tender on the beneficial owner's behalf.

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed by an eligible institution, as defined below, unless the old notes tendered are:

signed by the registered holder, unless the holder has completed the box entitled "Special Exchange Instructions" or "Special Delivery Instructions" on the applicable letter of transmittal; or

tendered for the account of an eligible institution.

In the event that signatures on a letter of transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, the guarantee must be by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States, or an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act (an eligible institution).

If a letter of transmittal is signed by a person other than the registered holder of any old notes listed on the letter of transmittal, the old notes must be endorsed or accompanied by a properly completed bond power, signed by the registered holder as the registered holder's name appears on the old notes, with the signature guaranteed by an eligible institution.

If a letter of transmittal or any old notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or other acting in a fiduciary or representative capacity, the persons should so indicate when signing. Unless waived by us, evidence satisfactory to us of their authority to so act must be submitted with the letter of transmittal.

All questions as to the validity, form, eligibility, including time or receipt, acceptance of tendered old notes and withdrawal of tendered old notes will be determined by us in our sole discretion. This determination will be final and binding. We reserve the absolute right to reject any and all old notes that are not properly tendered or any old notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular old notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letters of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of old notes must be cured within the time period we determine. Although we intend to notify holders of defects or irregularities with respect to tenders of old notes, none of Flextronics, the exchange agents or any other person will incur any liability for failure to give this notification. Tenderees of old notes will not be deemed to have been made until defects or irregularities have been cured or waived. Any old notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the applicable exchange agent to the tendering holders, unless otherwise provided in applicable letter of transmittal, as soon as practicable following the expiration date.

Book-Entry Delivery Procedures

Promptly after the date of this prospectus, the exchange agent for the old notes will establish accounts with respect to the old notes at DTC for purposes of the exchange offer. Any financial institution that is a participant in the applicable book-entry transfer facility's systems may make book-entry delivery of the old notes by causing the applicable book-entry transfer facility to transfer old notes into the applicable exchange agent's account at the book-entry transfer facility in accordance with the book-entry transfer facility's

Table of Contents

procedures for transfers. Timely book-entry delivery of old notes pursuant to the exchange offer, however, requires receipt of a book-entry confirmation prior to the expiration date. In addition, to receive new notes for tendered old notes, the applicable letter of transmittal, or a mutually signed facsimile, together with any required signature guarantees and any other required documents, or an agent's message in connection with a book-entry transfer, must, in any case, be delivered or transmitted to and received by the exchange agent at its address set forth under "Exchange Agent" below prior to the expiration date. Alternatively, the guaranteed delivery procedures described below must be complied with. Tender will not be considered made until the documents are received by the exchange agent. Delivery of documents to any of the book-entry transfer facilities does not constitute delivery to the exchange agent.

Tender of Existing Notes Held through Book-Entry Transfer Facilities

The exchange agent and each of the book-entry transfer facilities have confirmed that the exchange offer is eligible for each of the book-entry transfer facility's Automated Tender Offer Program, or ATOP. Accordingly, participants in the book-entry transfer facility's ATOP may, in lieu of physically completing and signing the letter of transmittal and delivering it to the exchange agent, electronically transmit their acceptance of the exchange offer by causing the book-entry transfer facility to transfer old notes to the exchange agent in accordance with the book-entry transfer facility's ATOP procedures for transfer. The book-entry transfer facility will then send an agent's message to the applicable exchange agent.

The term "agent's message" means a message transmitted by a book-entry transfer facility, received by exchange agent and forming part of the book-entry confirmation, which states that:

the book-entry transfer facility has received an express acknowledgement from a participant in its ATOP that is tendering old notes which are the subject of the book-entry confirmation;

the participant has received and agrees to be bound by the terms of the letter of transmittal or, in the case of an agent's message relating to guaranteed delivery, the participant has received and agrees to be bound by the applicable notice of guaranteed delivery; and

we may enforce the agreement against the participant.

Guaranteed Delivery Procedure

Holders who wish to tender their old notes and (1) whose old notes are not immediately available, (2) who cannot deliver their old notes, the applicable letter of transmittal or any other required documents to the applicable exchange agent, or (3) who cannot complete the procedures for book-entry transfer, prior to the expiration date, may effect a tender if:

the tender is made through an eligible institution;

prior to the expiration date, the applicable agent receives from the eligible institution a properly completed and duly executed notice of guaranteed delivery by facsimile transmission, mail or hand delivery:

setting forth the name and address of the holder,

setting forth the certificate number(s) of the old notes and the principal amount of old notes tendered, stating that the tender is being made, and

guaranteeing that, within three New York Stock Exchange trading days after the expiration date, the letter of transmittal or facsimile together with the certificate(s) representing the old notes or a book-entry confirmation of the old notes into the applicable exchange agent's account at the applicable book-entry transfer facility and any other documents required by the letter of transmittal, will be deposited by the eligible institution with the applicable exchange agent; and

Table of Contents

a properly completed and executed letter of transmittal, as well as the certificate(s) representing all tendered old notes in proper form for transfer or a book-entry confirmation transfer of the old notes into the applicable exchange agent's account at the applicable book-entry transfer facility and all other documents required by the applicable letter of transmittal, are received by the applicable exchange agent within three New York Stock Exchange trading days after the expiration date.

Upon request to the exchange agent, a notice of guaranteed delivery will be sent to holders who wish to tender their old notes according to the guaranteed delivery procedures set forth above.

Withdrawals of Tenders

Except as otherwise provided in this prospectus, tenders of old notes may be withdrawn at any time prior to 5:00 p.m. New York City time on the expiration date.

To withdraw a tender of old notes in the exchange offer, a written or facsimile transmission notice of withdrawal must be received by the applicable exchange agent at the address set forth below prior to 5:00 p.m. New York City time on the expiration date. Any notice of withdrawal must:

specify the name of the person having deposited the old notes to be withdrawn (the depositor);

identify the old notes to be withdrawn, including the certificates number(s) and principal amount of the old notes or, in the case of old notes transferred by book-entry transfer, the name and number of the account at the applicable book-entry transfer facility to be credited;

be signed by the holder in the same manner as the original signature on the letter of transmittal by which the old notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer sufficient to have the trustee or other applicable registrar register transfer of the old notes into the name of the person withdrawing the tender; and

specify the name in which any of the old notes are to be registered, if different from that of the depositor.

All questions as to the validity, form and eligibility, including time or receipt, of the notices will be determined by us. Our determination will be final and binding on all parties. Any old notes so withdrawn will be deemed not to have been validly tendered for purposes of the exchange offer and no new notes will be issued in exchange unless the old notes so withdrawn are validly retendered. Any old notes which have been tendered but which are not accepted for exchange will be returned to their holder without cost to the holder as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn old notes may be retendered by following one of the procedures described above under "Procedures for Tendering Old Notes" at any time prior to the expiration date.

Conditions to the Exchange Offer

Notwithstanding any other terms of the exchange offer, we will not be required to accept for exchange, or exchange new notes for, any old notes, and may terminate the exchange offer before the acceptance of the old notes if, in our sole judgment, the exchange offer would violate any law, statute, rule or regulation or an interpretation thereof of the Staff of the Commission. If we determine in our sole discretion that this condition is not satisfied, we may:

refuse to accept any old notes and return all tendered old notes to the tendering holders;

extend the exchange offer and retain all old notes tendered prior to the expiration date, subject, however, to the rights of holders to withdraw the old notes (see "Withdrawals of Tenders"); or

waive the unsatisfied conditions with respect to the exchange offer and accept all validly tendered old notes which have not been withdrawn. If the waiver constitutes a material change to the exchange

Table of Contents

offer, we will promptly disclose the waiver by means of a prospectus supplement that will be distributed to the registered holders, and we will extend the exchange offer for a period of five to ten business days, depending upon the significance of the waiver and the manner of disclosure to the registered holders, if the exchange offer would otherwise expire during that five to ten business-day period.

Exchange Agent

J.P. Morgan Trust Company, National Association has been appointed as the exchange agent for the exchange offer of the old notes. All executed letters of transmittal should be directed to Frank Ivins at the address as follows:

By mail or by hand:

J.P. Morgan Trust Company, National Association, Exchange Agent
Institutional Trust Services
2001 Bryan Street, 9th Floor
Dallas, Texas 75201
Attention: Frank Ivins

By Facsimile: (214) 468-6494

Confirm Facsimile by Telephone: (214) 468-6464

Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery should be directed to the applicable exchange agent, addressed as follows:

By mail or by hand:

J.P. Morgan Trust Company, National Association
Institutional Trust Services
560 Mission Street, 13th Floor
San Francisco, California 94105

By Facsimile: (415) 315-7585

Confirm Facsimile by Telephone: (415) 315-7533

Delivery of a letter of transmittal to an address other than that for the exchange agent as set forth above or transmission of instructions via facsimile other than as set forth above does not constitute a valid delivery of a letter of transmittal.

Fees and Expenses

We will not make any payment to brokers, dealers or others soliciting acceptances of the exchange offer.

Transfer Taxes

Holders who tender their old notes for exchange generally will not be obligated to pay any transfer tax in connection with the exchange. However, holders who instruct us to register new notes in the name of a person other than the registered tendering holders, or request that old notes not tendered or not accepted in the exchange offer be returned to a person other than the registered tendering holder, will be responsible for the payment of any applicable transfer tax.

Accounting Treatment

The new notes will be recorded at the same carrying value as the old notes. This is the aggregate principal amount of the old notes, as reflected in our accounting records on the date of exchange. Accordingly, no gain

Table of Contents

or loss for accounting purposes will be recognized in connection with the exchange offer. The expenses of the exchange offer will be amortized over the term of the new notes.

Appraisal Rights

Holders of old notes will not have dissenters' rights or appraisal rights in connection with the exchange offer.

Resale of New Notes

The new notes are being offered to satisfy our obligations contained in the registration rights agreement. We are making the exchange offer in reliance on the position of the Staff of the Securities and Exchange Commission as set forth in the Exxon Capital No-Action Letter, the Morgan Stanley No-Action Letter, the Shearman & Sterling No-Action Letter, and other interpretive letters addressed to third parties in other transactions. However, we have not sought our own interpretive letter addressing these matters and there can be no assurance that the Staff of the Commission would make a similar determination with respect to the exchange offer as it has in those interpretive letters to third parties. Based on these interpretations by the Staff of the Commission, and subject to the two immediately following sentences, we believe that new notes issued pursuant to this exchange offer in exchange for old notes may be offered for resale, resold and otherwise transferred by holders, other than a holder who is a broker-dealer, without further compliance with the registration and prospectus delivery requirements of the Securities Act, provided that:

the new notes are acquired in the ordinary course of the holder's business; and

the holder is not participating, and has no arrangement or understanding with any person to participate, in a distribution within the meaning of the Securities Act of the new notes.

However, any holder who:

is our affiliate, within the meaning of Rule 405 under the Securities Act;

does not acquire new notes in the ordinary course of its business;

intends to participate in the exchange offer for the purpose of distributing new notes; or

is a broker-dealer who purchased old notes directly from us;

will not be able to rely on the interpretations of the Staff set forth in the above-mentioned interpretive letters; will not be permitted or entitled to tender old notes in the exchange offer; and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or other transfer of old notes unless the sale is made pursuant to an exemption from those requirements.

In addition, as described below, if any broker-dealer holds old notes acquired for its own account as a result of market-making or other trading activities and exchanges the old notes for new notes (a participating broker-dealer), the participating broker-dealer may be deemed to be a statutory underwriter within the meaning of the Securities Act and must deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of new notes. See Plan of Distribution.

Each holder who wishes to exchange old notes for new notes in the exchange offer will be required to represent that:

it is not our affiliate;

any new notes to be received by it are being acquired in the ordinary course of its business; and

it has no arrangement or understanding with any person to participate in a distribution, within the meaning of the Securities Act, of new notes.

Table of Contents

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must:

acknowledge that it acquired the old notes for its own account as a result of market-making activities or other trading activities, and not directly from us; and

agree that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of new notes.

The letters of transmittal state that by so acknowledging and by delivering a prospectus, a participating broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. Based on the position taken by the Staff in the interpretive letters referred to above, we believe that participating broker-dealers may fulfill their prospectus delivery requirements with respect to the new notes received upon exchange of old notes with a prospectus meeting the requirements of the Securities Act, which may be the prospectus prepared for an exchange offer so long as it contains a description of the plan of distribution with respect to the resale of new notes. Accordingly, this prospectus, as it may be amended or supplemented from time to time, may be used by a participating broker-dealer during the period referred to below in connection with the resales of new notes received in exchange for old notes where the old notes were acquired by the participating broker-dealer for its own account as a result of market-making or other trading activities.

Subject to provisions set forth in the registration rights agreement, we shall use our best efforts to:

keep the exchange offer registration statement continuously effective, supplemented and amended to the extent necessary to ensure that it is available for sales of new notes by participating broker-dealers; and

ensure that the exchange offer registration statement conforms with the requirements of the Securities Act and the policies, rules and regulations of the Commission as announced from time to time, for a period ending upon the earlier of 180 days after the exchange offer has been completed or at the time the participating broker-dealers no longer own any transfer restricted securities. See Plan of Distribution.

Any participating broker-dealer who is an affiliate of us may not rely on the interpretive letters and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each participating broker-dealer who surrenders old notes pursuant to the exchange offer will be deemed to have agreed, by execution of a letter of transmittal, that, upon receipt of notice from us of the occurrence of any event or the discovery of any fact which makes any statement contained or incorporated by reference in this prospectus untrue in any material respect or which causes this prospectus to omit to state a material fact necessary in order to make the statements contained or incorporated by reference in this prospectus, in light of the circumstances under which they were made, not misleading or of the occurrence of other events specified in the registration rights agreement, the participating broker-dealer will suspend the sale of new notes pursuant to this prospectus until we have amended or supplemented this prospectus to correct the misstatement or omission and have furnished copies of the amended or supplemented prospectus to the participating broker-dealer or we have given notice that the sale of the new notes may be resumed, as the case may be.

Consequences of Failure to Exchange Old Notes

Any old notes tendered and exchanged in the exchange offer will reduce the aggregate principal amount of old notes outstanding. Following the consummation of the exchange offer, holders who did not tender their old notes generally will not have any further registration rights under the registration rights agreement, and these old notes will continue to be subject to restrictions on transfer. Accordingly, the liquidity of the market for the old notes may diminish. The old notes are currently eligible for sale under Rule 144A through the Portal Market. Because we anticipate that most holders will elect to exchange their old notes for new notes

Table of Contents

due to the absence of most restrictions on the resale of new notes, we believe that the liquidity of the market for any old notes remaining outstanding after the exchange offer may be substantially limited.

As a result of the making and completion of the exchange offer, we will have fulfilled our obligations under the registration rights agreement, and holders who do not tender their old notes generally will not have any further registration rights or rights to receive the additional interest specified in the registration rights agreement for our failure to register the new notes.

The old notes that are not exchanged for new notes will remain restricted securities. Accordingly, the old notes may be resold only:

to us or one of our subsidiaries;

to a qualified institutional buyer;

to an institutional accredited investor;

to a party outside the United States under Regulation S under the Securities Act;

under an exemption from registration provided by Rule 144 under the Securities Act; or

under an effective registration statement.

Table of Contents

DESCRIPTION OF THE NOTES

General

The old notes were, and the new notes will be, governed by an indenture dated as of November 17, 2004, between us and J.P. Morgan Trust Company, National Association, as trustee. We refer to J.P. Morgan Trust Company in this prospectus as trustee. The following summary of the material provisions of the indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939. A copy of the indenture may be obtained from us. The definitions of certain terms used in the following summary are set forth below under Certain Definitions.

Unless otherwise specifically indicated, all references in this section to Flextronics, we, or us are to Flextronics International Ltd., a Singapore corporation, and not to any of our subsidiaries.

Terms of Notes

The notes are limited to \$500,000,000 in aggregate principal amount, and will mature on November 15, 2014. The notes are not entitled to any sinking fund. The notes are redeemable at our option as described below under Redemption.

The notes bear interest from the date of issuance at the yearly rate set forth on the cover page of this prospectus payable semi-annually in arrears on May 15 and November 15 of each year commencing on May 15, 2005. Interest payments will be made to holders of record at the close of business on the May 1 and November 1 immediately preceding such interest payment date until the principal is paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The circumstances under which the interest rate may increase from the rate set forth on the cover page of this prospectus are described under Registration Covenant; Exchange Offer.

Principal of, premium, if any, and interest on the notes will be payable at the office or agency of the trustee maintained for such purpose within the City and State of New York or, at our option, payment of interest may be made by check mailed to the holders of the notes at their addresses set forth in the register of holders of notes; provided that for any holders who have given us wire instructions, all payments of principal of, premium, if any, and interest must be made by wire transfer of immediately available funds to the accounts specified in the wire instructions. Until we designate otherwise, our office or agency in New York will be the office of the trustee maintained for that purpose.

The notes are issued only in fully registered form, without coupons, in denominations of \$1,000 and any integral multiple of \$1,000. Initially, the notes were issued in the form of one or more global notes. See Form, Denomination, Book-Entry Procedures and Transfer. No service charge will be made for any registration of transfer or exchange of notes, but we may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All references herein to payments of principal of, premium, if any, and interest on the notes shall be deemed to include any applicable Additional Amounts that may become payable in respect of the notes. See Payment of Additional Amounts.

Subordination

The notes are our unsecured obligations and, for purposes of right of payment, are ranked behind all of our current and future senior debt, including our obligations under our credit facility. The notes rank equally with any existing and future senior subordinated indebtedness and rank ahead of all of our other subordinated indebtedness. As of September 30, 2004, after giving effect to the sale of the notes and the use of the proceeds therefrom, we had approximately \$1.1 billion of Senior Debt outstanding, \$500.0 million of convertible subordinated debt outstanding and \$200.0 million of convertible junior subordinate debt outstanding, and \$1.1 billion available for borrowings under our senior credit facility and, through our subsidiaries, had

Table of Contents

additional liabilities (including trade payables and capital lease obligations) aggregating approximately \$4.2 billion, which would rank ahead, or effectively ahead, as the case may be, in right of payment to the notes.

We have credit facilities, under which we and our specified subsidiaries may borrow up to an aggregate of \$1.1 billion of revolving credit loans, subject to compliance with certain covenants and financial ratios. We have guaranteed the obligations of specified subsidiaries under the credit facilities. Our senior debt is comprised of our borrowings under our credit facility, and our guarantees of borrowings by our subsidiaries. We may increase the size of our credit facilities, or enter into additional credit facilities, if necessary to fund anticipated growth in our operations. We cannot provide any assurances that we will be able to complete any such transaction, or as to its potential terms. See Description of Existing Indebtedness.

We are a holding company with no business operations other than:

holding the equity interests of our subsidiaries; and

advancing funds to, and receiving funds from, our subsidiaries.

In repaying our indebtedness, including the notes, we must rely on dividends and other payments made to us by our subsidiaries. Some of our subsidiaries are subject to contractual and legal restrictions on their ability to pay dividends.

The holders of the notes will have no direct claims against our subsidiaries. The ability of our subsidiaries to make payments to us will be affected by the obligations of those subsidiaries to their creditors. Claims of holders of our debt, including the notes, against the cash flow and assets of our subsidiaries will be effectively subordinated to claims of creditors of our subsidiaries.

In addition, the rights of the holders of the notes to participate in the assets of any of our subsidiaries upon that subsidiary's liquidation or recapitalization will be subject to the prior claims of the subsidiary's creditors. The ability of our subsidiaries to make payments to us will also be subject to, among other things, applicable state and foreign corporate laws and other laws and regulations. In order to pay the principal amount at maturity of the notes, we may be required to adopt one or more alternatives, such as a refinancing of the notes. See Risk Factors Our structure as a holding company will limit the ability of the holders of the notes to recover any principal and interest due on the notes because they are effectively subordinated to the liabilities of our subsidiaries.

Upon any distribution to our creditors in a total or partial liquidation, winding up, reorganization or dissolution or in a bankruptcy, reorganization, insolvency, receivership, or similar proceeding, the holders of senior debt will be entitled to receive payment in full in cash of all obligations due in respect of such senior debt (including interest after the commencement of any such proceeding at the rate specified in the applicable senior debt) before the holders of the notes will be entitled to receive any payment with respect to the notes, and until all obligations with respect to senior debt are paid in full in cash, any distribution to which the holders of the notes would be entitled shall instead be made to the holders of senior debt.

We also may not make any payment on the notes if:

a default in the payment of the principal of, premium, if any, or interest on designated senior debt occurs and is continuing beyond any applicable period of grace; or

any other default occurs and is continuing with respect to designated senior debt that permits holders of that debt to accelerate the maturity and the trustee receives a notice of this default (a payment blockage notice).

Payments on the notes may and shall be resumed:

in the case of a payment default, upon the date on which such default is cured or waived; and

in case of a nonpayment default, the earlier of (1) the date on which such nonpayment default is cured or waived, (2) 179 days after the date on which the applicable payment blockage notice is received, (3) the date the designated senior debt shall have been discharged or paid in full in cash, or (4) the

Table of Contents

date the payment blockage period shall have been terminated by written notice from the holders of the designated senior debt initiating the payment blockage period.

No new period of payment blockage may be commenced unless and until 360 days have elapsed since the effectiveness of the immediately prior payment blockage notice. No nonpayment default that existed on the date of delivery of any payment blockage notice shall be the basis for a subsequent payment blockage notice unless such default shall have been cured or waived for a period of not less than 90 days.

The indenture further requires that the trustee provide the holders of designated senior debt at least 10 days prior written notice of any acceleration of the maturity of the notes.

As a result of the subordination provisions described above, in the event of a liquidation or insolvency, holders of the notes may recover less ratably than our creditors who are holders of senior debt. The indenture limits, subject to certain financial tests, the amount of additional debt, including senior debt, that we and our subsidiaries can incur. See **Certain Covenants** **Incurrence of Debt and Issuance of Preferred Stock**.

Redemption***Optional Redemption***

The notes will be redeemable at our option, in whole or in part, at any time on or after November 15, 2009, upon not less than 30 nor more than 60 days notice, at the redemption prices, expressed as percentages of principal amount, set forth below plus accrued and unpaid interest thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on November 15, of the years indicated below:

Year	Percentage
2009	103.125%
2010	102.083%
2011	101.042%
2012 and thereafter	100.000%

We are not required to make mandatory redemption or sinking fund payments with respect to the notes.

Optional Redemption after Ordinary Shares Offering

Notwithstanding the foregoing, on or prior to November 15, 2007, we may on any one or more occasions redeem up to 35% in aggregate principal amount of the notes at a redemption price of 106.250% of the principal amount thereof, plus accrued and unpaid interest thereon to the redemption date, with the net cash proceeds of a public or private offering of our ordinary shares, which we refer to as an equity sale; *provided* that:

at least 65% in aggregate principal amount of the notes remains outstanding immediately after the occurrence of the redemption; and

the redemption occurs within 90 days of the date of the closing of the equity sale.

Optional Redemption in Circumstances Involving Taxation

We may, at our option, redeem the notes in whole at any time at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the date fixed for redemption (the **tax redemption price**) if a change in tax law occurs.

A change in tax law is any change in or any amendment to the laws, including any applicable double taxation treaty or convention, of Singapore, or any other jurisdiction, as defined below under **Payment of Additional Amounts**, or of any political subdivision or taxing authority thereof, affecting taxation, or any

Table of Contents

change in the application or interpretation or official position regarding the application of such laws, double taxation treaty or convention that:

becomes effective on or after November 17, 2004 or, in some circumstances, a later date on which any of our assignees or the assignee of one of our successor corporations becomes such as permitted under the indentures; and

would require that we, our assignee or any relevant successor make payments of additional amounts on the next succeeding date for the payment thereof following the determination by us, our assignee or any relevant successor that the effect of the change in tax law cannot be avoided through any reasonable measures available to us.

Selection and Notice

If fewer than all of the notes are to be redeemed at any time, the trustee will select notes for redemption in compliance with the requirements of the principal national securities exchange, if any, on which the notes are listed, or, if the notes are not so listed, on a pro rata basis, by lot or by such method as the trustee shall deem fair and appropriate; *provided* that no notes of \$1,000 or less shall be redeemed in part.

Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address. Notices of redemption may not be conditional.

If any note is to be redeemed in part only, the notice of redemption that relates to such note shall state the portion of the principal amount to be redeemed. A new note in principal amount equal to the unredeemed portion will be issued in the name of the holder of the note upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on the notes or portions of them called for redemption.

Repurchase at the Option of Holders upon Change of Control

Upon the occurrence of a change of control, each holder of notes will have the right to require us to repurchase all or any part (equal to \$1,000 or an integral multiple of \$1,000) of such holder's notes pursuant to the offer described below (the *change of control offer*) at an offer price in cash equal to 101% of the aggregate principal amount, plus accrued and unpaid interest on the notes, if any, to the date of purchase (the *change of control payment*).

Within 30 days following any change of control, we will mail a notice to each holder of notes describing the change of control and offering to repurchase notes on the date specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date the notice is mailed (the *change of control payment date*). We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the notes as a result of a change of control.

On the change of control payment date, we will, to the extent lawful:

accept for payment all notes or portions thereof properly tendered pursuant to the change of control offer;

deposit with the paying agent an amount equal to the change of control payment in respect of all notes or portions thereof so tendered; and

deliver or cause to be delivered to the trustee the notes so accepted, together with an officers' certificate stating the aggregate principal amount of notes or portions thereof being purchased by us.

The paying agent will promptly mail to each holder of notes so tendered the change of control payment for such notes, and the trustee will promptly authenticate and mail, or cause to be transferred by book entry, to each holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any. However, each such new note must be in a principal amount of \$1,000 or an integral multiple of \$1,000. The

Table of Contents

indenture provides that, prior to complying with the provisions of this covenant, but in any event within 90 days following a change of control, we will either repay in full in cash all outstanding senior debt or obtain the requisite consents, if any, under all agreements governing outstanding senior debt to permit the repurchase of notes required by this covenant. We will publicly announce the results of the change of control offer on or as soon as practicable after the change of control payment date.

The change of control provisions described above will be applicable whether or not any other provisions of the indenture are applicable. Except as described above with respect to a change of control, the indenture does not contain provisions that permit the holders of the notes to require that we repurchase or redeem the notes in the event of a takeover, recapitalization, or similar transaction.

Our credit facility restricts our ability to purchase any notes and other senior subordinated or subordinated debt, and also provides that some change of control events constitute a default under the credit facility and any future credit agreements or other agreements relating to senior debt to which we become a party may contain similar restrictions and provisions. In the event any restrictions would prohibit us from repurchasing notes upon a change of control, we could seek the consent of our lenders to the purchase of notes or could attempt to refinance the borrowings that contain such restrictions. If we do not obtain such a consent or repay such borrowings, we will remain prohibited from purchasing notes. In this case, our failure to purchase tendered notes would constitute an event of default under the indenture which would, in turn, constitute a default under the credit facility. In such circumstances, the subordination provisions in the indenture would likely restrict payments to the holders of notes.

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

Change of Control means the occurrence of any of the following:

the sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of our assets and those of our subsidiaries taken as a whole to any person, as used in Section 13(d)(3) of the Exchange Act;

our adoption of a plan relating to our liquidation or dissolution;

the consummation of any transaction, including any merger or consolidation, the result of which is that any person, as defined above, becomes the beneficial owner, as defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act, directly or indirectly, of more than 50% of our voting stock, measured by voting power rather than number of shares; or

the first day on which a majority of the members of our board of directors are not continuing directors.

Continuing Director means, as of any date of determination, any member of our board of directors who was:

a member of our board of directors on the date of the indenture; or

nominated for election or elected to our board of directors with the approval of a majority of the continuing directors who were members of our board at the time of the nomination or election and who voted with respect to the nomination or election; *provided* that a majority of the members of the board voting with respect thereto shall at the time have been continuing directors.

The change of control provision of the notes may in certain circumstances make it more difficult or discourage a takeover of us and, as a result, may make removal of incumbent management more difficult. The change of control provision, however, is not the result of our knowledge of any specific effort to accumulate our shares or to obtain control of us by means of a merger, tender offer, solicitation or otherwise, or part of a plan by management to adopt a series of anti-takeover provisions. Instead, the change of control provision is a result of negotiations between the Initial Purchasers and us. We are not presently in discussions or negotiations with

Table of Contents

respect to any pending offers which, if accepted, would result in a transaction involving a change of control, although it is possible that we would decide to do so in the future.

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

The definition of change of control includes a phrase relating to the sale, lease, transfer, conveyance, or other disposition of all or substantially all of our assets and those of our subsidiaries taken as a whole. Although there is a developing body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of our assets and those of our subsidiaries taken as a whole to another person or group may be uncertain.

Certain Covenants

Restricted Payments

The indenture provides that we will not, and will not permit any of our restricted subsidiaries to, directly or indirectly, make a restricted payment, as defined below, unless, at the time of and after giving effect to the restricted payment:

no default or event of default shall have occurred and be continuing or would occur as a consequence of the payment;

we would, at the time of the restricted payment and after giving pro forma effect to that restricted payment as if the restricted payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional debt pursuant to the covenant described below under the caption Incurrence of Debt and Issuance of Preferred Stock; and

the restricted payment, together with the aggregate amount of all other restricted payments made by us and our restricted subsidiaries after the date of the indenture, excluding restricted payments permitted by clause (2) of the penultimate paragraph of this covenant, is less than the sum of:

- (i) 50% of our consolidated net income or, if consolidated net income shall be a loss, minus 100% of the loss, of for the period, taken as one accounting period, from and including the fiscal quarter commencing October 1, 2004 to the end of our most recently ended fiscal quarter for which internal financial statements are available at the time of such restricted payment, plus
- (ii) 100% of the aggregate fair market value received by us from the issue or sale since October 1, 2004 of our capital stock, other than disqualified stock, or of our disqualified stock or debt securities that have been converted into our capital stock, other than capital stock or disqualified stock or convertible debt securities, sold to one of our restricted subsidiaries and other than disqualified stock or convertible debt securities that have been converted into disqualified stock, plus
- (iii) \$250.0 million.

Each of the following is a restricted payment :

the declaration or payment of any dividend or the making of any other payment or distribution on account of our or any of our restricted subsidiaries equity interests, including, without limitation, any payment in connection with any merger or consolidation involving us, or to the direct or indirect holders of our or any of our restricted subsidiaries equity interests in their capacity as such, other than dividends or distributions payable in our equity interests, other than disqualified stock, except to the extent the entirety of the dividend or distribution is actually paid to us or one of our restricted subsidiaries, and in the case of a dividend or distribution by any of our non-wholly owned restricted subsidiaries, to any other holder of equity interests of that non-wholly owned restricted subsidiary on a pro rata basis;

Table of Contents

the purchase, redemption or other acquisition or retirement for value, including without limitation, in connection with any merger or consolidation involving us, any of our equity interests or any direct or indirect parent of us,

the making of any payment on or with respect to, or purchase, redemption, defeasement or other acquisition or retirement for value, of any subordinated debt, except a payment of interest or principal at stated maturity; or

the making of any restricted investment.

The foregoing provisions do not prohibit:

- (1) the payment of any dividend within 60 days after the date of declaration of the dividend, if at the date of declaration the payment would have complied with the provisions of the indenture;
- (2) the redemption, repurchase, retirement or other acquisition of any of our equity interests or of any of our subsidiaries or any subordinated debt, in each case in exchange for, or out of the net proceeds of the substantially concurrent sale, other than to one of our subsidiaries, of, other equity interests of ours, other than any disqualified stock; *provided, however*, that the amount of any of the net proceeds that are used for any redemption, repurchase, retirement or other acquisition shall be excluded from clause (ii) of the preceding paragraph; and
- (3) the redemption, repurchase, refinancing or defeasance of subordinated debt in exchange for, or with the net cash proceeds from, an incurrence of permitted refinancing debt.

The amount of all restricted payments, other than cash, shall be the fair market value on the date of the restricted payment of the asset(s) or securities proposed to be transferred or issued by us or the subsidiary, as the case may be, pursuant to the restricted payment. The fair market value of any non-cash restricted payment having a fair market value in excess of \$10.0 million shall be determined by our board of directors, whose resolution with respect thereto shall be delivered to the trustee. Not later than the date of making any restricted payment, we shall deliver to the trustee an officers certificate stating that the restricted payment is permitted and setting forth the basis upon which the calculations required by the covenant Restricted Payments were computed.

Incurrence of Debt and Issuance of Preferred Stock

The indenture provides that we will not, and will not permit any of our restricted subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, incur) any debt, including acquired debt, and that we will not permit any of our restricted subsidiaries to issue any shares of preferred stock. However, we and any of our restricted subsidiaries may incur debt, including acquired debt, if the fixed charge coverage ratio for our and our restricted subsidiaries most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which the additional debt is incurred would have been at least 2.0 to 1.0, determined on a pro forma basis, including a pro forma application of the net proceeds of the additional debt, as if the additional debt had been incurred at the beginning of the four-quarter period.

The provisions of the first paragraph of this covenant will not apply to the incurrence of any of the following items of debt (collectively, permitted debt):

- (1) the incurrence by us or any of our restricted subsidiaries of credit facility debt and letters of credit, with letters of credit being deemed to have a principal amount equal to our maximum potential liability and that of our restricted subsidiaries thereunder, under credit agreements; *provided* that the aggregate principal amount of all credit facility debt outstanding under all credit agreements and incurred pursuant to this clause (1), after giving effect to the incurrence, including all permitted refinancing debt incurred to refund, refinance or replace any other debt incurred pursuant to this clause (1), together with all amounts outstanding under clause (2) below, does not exceed the greater of \$1.5 billion and the borrowing base as of the most recent fiscal quarter ended for which financial statements are available;

Table of Contents

- (2) the incurrence by us or any of our restricted subsidiaries of receivables program debt in an aggregate amount at any one time outstanding not to exceed, together with the amounts outstanding under clause (1) above, the greater of \$1.5 billion or the borrowing base as of the most recent fiscal quarter ended for which financial statements are available;
- (3) the incurrence by us and our restricted subsidiaries of existing debt;
- (4) the incurrence by us or any of our restricted subsidiaries of debt represented by the notes;
- (5) the incurrence by us or any of our restricted subsidiaries of permitted refinancing debt in exchange for, or the net proceeds of which are used to refund, refinance or replace, debt that was permitted by the indenture to be incurred;
- (6) the incurrence by us or any of our restricted subsidiaries of intercompany debt between or among us and any of our wholly owned restricted subsidiaries; *provided, however*, that (i) if we are the obligor on the debt, the debt is expressly subordinated to the prior payment in full in cash of all obligations with respect to the notes, and (ii)(A) any subsequent issuance or transfer of equity interests that results in any of the debt being held by a person other than us or a wholly owned restricted subsidiary and (B) any sale or other transfer of any of the debt to a person that is not either us or a wholly owned restricted subsidiary shall be deemed, in each case, to constitute an incurrence of debt by us or the restricted subsidiary, as the case may be;
- (7) the incurrence by us or any of our restricted subsidiaries of hedging obligations that are incurred for the purpose of fixing or hedging interest rate risk with respect to any floating rate debt that is permitted by the terms of the indenture to be outstanding or for the purpose of fixing or hedging currency exchange risk with respect to any currency exchanges;
- (8) our capitalized lease obligations and purchase money obligations and our restricted subsidiaries in aggregate principal amount, or accreted value, as applicable, at any time outstanding not to exceed 10% of total assets;
- (9) guarantees by us or any of our restricted subsidiaries of our debt or any restricted subsidiary permitted to be incurred under another provision of this covenant;
- (10) our debt or that of any restricted subsidiary in respect of performance bonds, bankers' acceptances, trade letters of credit, surety bonds and guarantees provided by us or any restricted subsidiary in the ordinary course of business, not to exceed at any given time 2.5% of total assets; and
- (11) the incurrence by us or any of our restricted subsidiaries of additional debt in an aggregate principal amount, or accreted value, as applicable, at any time outstanding, including all permitted refinancing debt incurred to refund, refinance or replace any other debt incurred pursuant to this clause (11), not to exceed \$250.0 million.

For purposes of determining compliance with this covenant, in the event that an item of debt meets the criteria of more than one of the categories of permitted debt described in clauses (1) through (11) above or is entitled to be incurred pursuant to the first paragraph of this covenant, we shall, in our sole discretion, classify all or any portion of that item of debt in any manner that complies with this covenant and that item of debt or portion thereof will be treated as having been incurred pursuant to only one of such clauses or pursuant to the first paragraph of this covenant. Accrual of interest, the accretion of accreted value and the payment of interest in the form of additional debt will not be deemed to be an incurrence of debt for purposes of this covenant.

Liens

The indenture provides that we will not, and will not permit any of our restricted subsidiaries to create, incur, assume or suffer to exist any lien that secures obligations under any *pari passu* debt or subordinated debt on any of our assets or properties or the assets or properties of that restricted subsidiary, or any income or profits therefrom, or assign or convey any right to receive income therefrom, unless the notes are equally and

Table of Contents

ratably secured with the obligations so secured or until such time as the obligations are no longer secured by a lien.

Merger, Consolidation or Sale of Assets

The indenture provides that we will not consolidate or merge with or into, whether or not we are the surviving corporation, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of our properties or assets in one or more related transactions, to another corporation, person or entity unless:

we are the surviving corporation or the entity or the person formed by or surviving the consolidation or merger, if other than us, or to which the sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of either (1) the United States, any state thereof, the District of Columbia or Singapore or (2) a subject country, in which case we will have satisfied our obligations as set forth below under the caption **Restrictions upon Reincorporating, Merging or Consolidating into a Subject Country**;

the entity or person formed by or surviving the consolidation or merger, if other than us, or the entity or person to which the sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all of our obligations under the notes and the indenture pursuant to a supplemental indenture in a form reasonably satisfactory to the trustee;

immediately after the transaction no default or event of default exists; and

except in the case of the merger of us with or into one of our wholly owned restricted subsidiaries, we or the entity or person formed by or surviving any consolidation or merger, if other than us, or to which the sale, assignment, transfer, lease, conveyance or other disposition shall have been made:

will have consolidated net worth immediately after the transaction equal to or greater than our consolidated net worth immediately preceding the transaction; and

will, at the time of the transaction and after giving pro forma effect thereto as if the transaction had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least \$1.00 of additional debt pursuant to the fixed charge coverage ratio test set forth in the first paragraph of the covenant described above under the caption **Incurrence of Debt and Issuance of Preferred Stock**.

Transactions with Affiliates

The indenture provides that we will not, and will not permit any of our restricted subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of our properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any affiliate (each of the foregoing, an affiliate transaction), unless:

- (1) the affiliate transaction is on terms that are no less favorable to us or the relevant restricted subsidiary than those that would have been obtained in a comparable transaction by us or the restricted subsidiary with an unrelated person; and
- (2) we deliver to the trustee, with respect to any affiliate transaction or series of related affiliate transactions involving aggregate consideration in excess of \$10.0 million, a resolution of our board of directors setting forth in an officers' certificate certifying that the affiliate transaction complies with clause (1) above and that the affiliate transaction has been approved by a majority of the disinterested members of our board of directors.

However, the following shall not be deemed to be affiliate transactions:

any employment agreement or compensation arrangement entered into by us or any of our restricted subsidiaries in the ordinary course of business and consistent with our past practice or that of the restricted subsidiary that is not otherwise prohibited by the indenture;

Table of Contents

transactions between or among us and/or our restricted subsidiaries that are not otherwise prohibited by the indenture;

restricted payments and permitted investments that are permitted by the provisions of the indenture described above under the caption
Restricted Payments; and

indemnification of officers and directors.

Dividend and Other Payment Restrictions Affecting Subsidiaries

The indenture provides that we will not, and will not permit any of our restricted subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any restricted subsidiary to:

- (1) pay dividends or make any other distributions to us or any of our restricted subsidiaries on our capital stock or with respect to any other interest or participation in, or measured by, our profits, or pay any indebtedness owed to us or any of our restricted subsidiaries;
- (2) make loans or advances to us or any of our restricted subsidiaries; or
- (3) transfer any of our properties or assets to us or any of our restricted subsidiaries, except for encumbrances or restrictions existing under or by reason of:

existing debt as in effect on the date of the indenture;

the credit facility as in effect as of the date of the indenture, and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the credit facility, provided that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacement or refinancings are not more restrictive taken as a whole with respect to the dividend and other payment restrictions than those contained in the existing debt as in effect on the date of the indenture, as determined by our board of directors in our reasonable and good faith judgment;

the indenture and the notes;

applicable law;

any instrument governing debt or capital stock of a person acquired by us or any of our restricted subsidiaries as in effect at the time of the acquisition, except to the extent the debt was incurred in connection with or in contemplation of the acquisition, which encumbrance or restriction is not applicable to any person, or the properties or assets of any person, other than the person, or the property or assets of the person, so acquired, provided that, in the case of debt, the debt was permitted by the terms of the indenture to be incurred;

customary non-assignment provisions in leases and other agreements entered into in the ordinary course of business and consistent with past practices, restricting assignment or restricting transfers of non-cash assets;

purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature described in clause (3) above on the property so acquired;

permitted refinancing debt, provided that the restrictions contained in the agreements governing the permitted refinancing debt are not more restrictive taken as a whole than those contained in the agreements governing the debt being refinanced, as determined by our board of directors in its reasonable and good faith judgment;

contracts for the sale of assets;

customary provisions in agreements with respect to permitted joint ventures;

Table of Contents

any debt or any agreement pursuant to which the debt was issued if (1) the encumbrance or restriction applies only upon a payment or financial covenant default or event of default contained in the debt or agreement, and (2) the encumbrance or restriction is not materially more disadvantageous to the holders of the notes than is customary in comparable financings, as determined in good faith by our board of directors; or

reasonable and customary borrowing base, net worth and similar covenants set forth in agreements evidencing debt otherwise permitted by the indenture.

Designation of Unrestricted Subsidiaries

Our board of directors may designate any subsidiary to be an unrestricted subsidiary if:

that designation would not cause a default;

we will, on the date of the designation after giving pro forma effect to the designation as if the designation had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least \$1.00 of additional indebtedness pursuant to the fixed charge coverage ratio test set forth in the first paragraph of the covenant under the caption Incurrence of Debt and Issuance of Preferred Stock; and

we would be permitted to make an investment equal to the sum of the (1) fair market value, as determined in good faith by our board of directors, of the capital stock of the subsidiary plus (2) the amount of debt the subsidiary owes to us, pursuant to the first paragraph of the covenant under the caption Restricted Payments.

Asset Sales

The indenture provides that we will not, and will not permit any of our restricted subsidiaries to, consummate an asset sale unless:

we or the restricted subsidiary, as the case may be, receives consideration at the time of the asset sale at least equal to the fair market value, evidenced by a resolution of our board of directors set forth in an officers certificate delivered to the trustee, of the assets or equity interests issued or sold or otherwise disposed of; and

at least 75% of the consideration for the asset sale received by us or by the restricted subsidiary is in the form of cash. For purposes of this provision, the following shall be deemed to be cash:

any of our liabilities, as shown on our or the restricted subsidiary's most recent balance sheet, or those of any restricted subsidiary, other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any guarantee of the notes, that are assumed by the transferee of any assets pursuant to a customary novation agreement or other agreement that releases or indemnifies us or the restricted subsidiary from further liability, and

any securities, notes or other obligations received by us or the restricted subsidiary from the transferee that are immediately converted by us or the restricted subsidiary into cash, to the extent of the cash received.

Within 365 days after the receipt of any net proceeds from an asset sale, we may apply the net proceeds at our option:

to permanently repay, reduce or secure letters of credit in respect of senior debt and to correspondingly reduce commitments with respect thereto in the case of revolving borrowings; and/or

to the acquisition of a controlling interest in another business, the making of a capital expenditure or permitted investment or the acquisition of other assets,

in each case, for use in the same or a similar line of business as we were engaged in on the date of the asset sale or reasonable extensions of our line of business. Pending the final application of any of the net proceeds,

Table of Contents

we may temporarily reduce indebtedness under the credit facility, or any alternative or subsequent revolving credit agreement where borrowings thereunder constitute senior debt or debt of a subsidiary, or otherwise invest the net proceeds in any manner that is not prohibited by the indenture. Any net proceeds from asset sales that are not applied or invested as provided in this paragraph will be deemed to constitute excess proceeds.

When the aggregate amount of excess proceeds exceeds \$10.0 million, we will be required to make an offer (an asset sale offer) to all holders of notes and holders of any other pari passu debt outstanding with provisions requiring us to make an offer to purchase or redeem the indebtedness with the proceeds from any asset sale as follows:

we will make an offer to purchase from all holders of the notes in accordance with the procedures set forth in the indenture in the maximum principal amount, expressed as a multiple of \$1,000, of notes that may be purchased out of an amount (the note amount) equal to the product of the excess proceeds multiplied by a fraction, the numerator of which is the outstanding principal amount of the notes, and the denominator of which is the sum of the outstanding principal amount of the notes and pari passu debt, subject to proration in the event the amount is less than the aggregate asset sale offered price, as defined in this prospectus, of all notes tendered; and

to the extent required by pari passu debt to permanently reduce the principal amount of pari passu debt, we will make an offer to purchase or otherwise repurchase or redeem pari passu debt (an asset sale pari passu offer) in an amount (the pari passu debt amount) equal to the excess of the excess proceeds over the note amount; provided that in no event will we be required to make an asset sale pari passu offer in a pari passu debt amount exceeding the principal amount of pari passu debt plus accrued and unpaid interest thereon plus the amount of any premium required to be paid to repurchase such pari passu debt.

The offer price for the notes will be payable in cash in an amount equal to 100% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the date (the asset sale offer date) the asset sale offer is consummated (the asset sale offered price), in accordance with the procedures set forth in the indenture. To the extent that the aggregate asset sale offered price of the notes tendered pursuant to the asset sale offer is less than the note amount relating thereto or the aggregate amount of pari passu debt that is purchased in an asset sale pari passu offer is less than the pari passu debt amount, we may use any remaining excess proceeds for general corporate purposes. If the aggregate principal amount of notes and pari passu debt surrendered by holders thereof exceeds the amount of excess proceeds, the trustee shall select the notes to be purchased on a pro rata basis. Upon the completion of the purchase of all the notes tendered pursuant to an asset sale offer and the completion of an asset sale pari passu offer, the amount of excess proceeds, if any, shall be reset at zero.

The indenture provides that, if we become obligated to make an asset sale offer pursuant to the immediately preceding paragraph, the notes and the pari passu debt shall be purchased by us, at the option of the holders thereof, in whole or in part in integral multiples of \$1,000, on a date that is not earlier than 30 days and not later than 60 days from the date the notice of the asset sale offer is given to holders, or such later date as may be necessary for us to comply with the requirements under the Exchange Act.

The indenture provides that we will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with an asset sale offer.

Limitation on Senior Subordinated Debt

The indenture provides that we will not incur, create, issue, assume, guarantee, or otherwise become liable for any debt that is subordinate or junior in right of payment to any senior debt and senior in any respect in right of payment to the notes.

Table of Contents

Limitations on Issuances of Guarantees of Debt

The indenture provides that we will not permit any of our restricted subsidiaries, directly or indirectly, to guarantee or pledge any assets to secure the payment of any of our pari passu debt or debt junior to or subordinated in right of payment to any pari passu debt unless we cause each such restricted subsidiary to execute and deliver to the trustee, prior to or concurrently with the issuance of the guarantee, a supplemental indenture, in form satisfactory to the trustee, pursuant to which the restricted subsidiary unconditionally guarantees on a senior subordinated basis the payment of principal of, premium, if any, and interest on the notes.

Notwithstanding the foregoing, any such guarantee by a restricted subsidiary of the notes shall provide by its terms that it, and all liens securing the same, shall be automatically and unconditionally released and discharged upon any sale, exchange or transfer, to any person not an affiliate of us, of all of our capital stock in, or all or substantially all the assets of, such restricted subsidiary, which sale, exchange or transfer is made in compliance with the applicable provisions of the indenture.

No Payments for Consents

The indenture provides that neither we nor any of our subsidiaries will, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any holder of any notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the indenture or the notes unless the consideration is offered to be paid or is paid to all holders of the notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to the consent, waiver or agreement.

Provision for Financial Statements

The indenture provides that, whether or not required by the rules and regulations of the Commission, so long as any notes are outstanding, we will furnish to the holders of notes:

all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if we were required to file these Forms, including a Management's Discussion and Analysis of Financial Condition and Results of Operations and, with respect to the annual information only, a report thereon by our certified independent accountants; and

all current reports that would be required to be filed with the Commission on Form 8-K if we were required to file current reports.

In addition, whether or not required by the rules and regulations of the Commission, we will file a copy of all such information and reports with the Commission for public availability, unless the Commission will not accept such a filing, and make the information available to securities analysts and prospective investors upon request. We have also agreed that, for so long as any notes remain outstanding, we will furnish to the holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Certain Definitions

Set forth below are some of the defined terms used in the indenture. Reference is made to the indenture for a full disclosure of all these terms, as well as any other terms used in this prospectus for which no definition is provided.

Acquired debt means, with respect to any specified person:

debt of any other person existing at the time the other person is merged with or into or became a restricted subsidiary of the specified person, including, without limitation, debt incurred in connection with, or in contemplation of, the other person merging with or into or becoming a restricted subsidiary of the specified person; and

Table of Contents

debt secured by a lien encumbering any asset acquired by the specified person which, in each case, is not repaid at or within five days following the date of the acquisition.

Additional amounts shall have the definition set forth under Payment of Additional Amounts. All references in this prospectus to payments of principal of, premium, if any, and interest on the notes shall be deemed to include any applicable additional amounts that may become payable in respect of the notes.

Affiliate of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with the specified person. For purposes of this definition, control, including, with correlative meanings, the terms controlling, controlled by and under common control with, as used with respect to any person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by agreement or otherwise.

Asset sale means:

the sale, lease, transfer, conveyance or other disposition of any assets or rights, including, without limitation, by way of a sale and leaseback, other than in the ordinary course of business; provided that the sale, lease, transfer, conveyance or other disposition of all or substantially all of our assets and those of our restricted subsidiaries taken as a whole will be governed by the provisions of the indenture described above under the caption Repurchase at the Option of Holders upon Change of Control and/or the provisions described above under the caption Certain Covenants Merger, Consolidation or Sale of Assets and not by the provisions of the asset sale covenant; and

the issue or sale by us or any of our restricted subsidiaries of equity interests of any of our restricted subsidiaries, in either case, whether in a single transaction or a series of related transactions (1) that have a fair market value in excess of \$10.0 million or (2) net proceeds in excess of \$10.0 million.

Notwithstanding the foregoing, the following will not be deemed to be asset sales:

a transfer of assets by us to a restricted subsidiary or by a restricted subsidiary to us or to another restricted subsidiary;

a disposition of goods held for sale in the ordinary course of business or obsolete equipment in the ordinary course of business consistent with our past practices and our restricted subsidiaries past practices;

assets transferred or disposed of in connection with a receivables program;

an issuance of equity interests by a restricted subsidiary to us or to another restricted subsidiary; and

a restricted payment or permitted investment that is permitted by the covenant described above under the caption Certain Covenants Restricted Payments.

Asset sale offer shall have the definition set forth under Certain Covenants Asset Sales.

Asset sale offer date shall have the definition set forth under Certain Covenants Asset Sales.

Asset sale offered price shall have the definition set forth under Certain Covenants Asset Sales.

Asset sale pari passu offer shall have the definition set forth under Certain Covenants Asset Sales.

Attributable debt in respect of a sale and leaseback transaction means, at the time of determination, the present value, discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP, of the obligation of the lessee for net rental payments during the remaining term of the lease included in the sale and leaseback transaction, including any period for which the lease has been extended or may, at the option of the lessor, be extended.

Table of Contents

Board of directors means, as to any person, the board of directors of the person or any duly authorized committee thereof or any other similar duly authorized governing body of the person.

Board resolution means, with respect to any person, a copy of a resolution certified by the Secretary or an Assistant Secretary of the person to have been duly adopted by the board of directors of the person and to be in full force and effect on the date of the certification, and delivered to the trustee.

Borrowing base means an amount equal to the sum of:

85% of the value of accounts receivable, before giving effect to any related reserves, shown on our most recent consolidated balance sheet that are not more than 90 days past due in accordance with GAAP; and

60% of the value of the inventory shown on our consolidated balance sheet in accordance with GAAP.

Capital lease obligation means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized on a balance sheet in accordance with GAAP.

Capital stock means:

in the case of a corporation, corporate stock;

in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents, however designated, of corporate stock;

in the case of a partnership or limited liability company, partnership or membership interests, whether general or limited; and

Cash equivalents means:

- (1) United States dollars;
- (2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof having maturities of not more than six months from the date of acquisition;
- (3) certificates of deposit and euro dollar time deposits with maturities of six months or less from the date of acquisition, bankers acceptances with maturities not exceeding six months and overnight bank deposits, in each case with any lender party to the credit facility or with any domestic commercial bank having capital and surplus in excess of \$500.0 million and a Keefe Bank Watch Rating of B or better;
- (4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (3) above; and
- (5) commercial paper having the highest rating obtainable from Moody's Investors Service, Inc. or Standard & Poor's Corporation and in each case maturing within six months after the date of acquisition.

Consolidated cash flow means, with respect to any person for any period:

the consolidated net income of the person for the period; plus

an amount equal to any extraordinary loss plus any net loss realized in connection with an asset sale, to the extent the losses were deducted in computing the consolidated net income; plus

provision for taxes based on income or profits of the person and our restricted subsidiaries for the period, to the extent that the provision for taxes was included in computing the consolidated net income; plus

Table of Contents

consolidated interest expense of the person and our restricted subsidiaries for the period, whether paid or accrued and whether or not capitalized, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with capital lease obligations, imputed interest with respect to attributable debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers acceptance financings, and net payments, if any, pursuant to hedging obligations, to the extent that any such expense was deducted in computing the consolidated net income; plus

depreciation, amortization, including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period, and other non-cash expenses, excluding any non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period, of the person and our restricted subsidiaries for the period to the extent that the depreciation, amortization and other non-cash expenses were deducted in computing the consolidated net income; minus

other non-recurring non-cash items increasing the consolidated net income for the period, which will be added back to consolidated cash flow in any subsequent period to the extent cash is received in respect of such item in such subsequent period, in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the foregoing, the provision for taxes on the income or profits of, and the depreciation and amortization and other non-cash charges of, a restricted subsidiary of the referent person shall be added to consolidated net income to compute consolidated cash flow only to the extent that a corresponding amount would be permitted at the date of determination to be dividended to us by the restricted subsidiary without prior governmental approval, that has not been obtained, and without direct or indirect restriction pursuant to the terms of our charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that restricted subsidiary or our shareholders.

Consolidated net income means, with respect to any person for any period, the aggregate of the net income of the person and our restricted subsidiaries for the period, on a consolidated basis, determined in accordance with GAAP; provided that:

- (1) the net income, but not loss, of any person that is not a restricted subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the referent person or a wholly owned restricted subsidiary of the referent person;
- (2) the net income of any unrestricted subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that restricted subsidiary of that net income is not at the date of determination permitted without any prior governmental approval, that has not been obtained, or, directly or indirectly, by operation of the terms of our charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that subsidiary or our shareholders; and
- (3) the cumulative effect of a change in accounting principles shall be excluded.

Consolidated net worth means, with respect to any person as of any date:

the sum of (1) the consolidated equity of the ordinary shareholders of such person and our consolidated restricted subsidiaries as of such date plus (2) the respective amounts reported on such person's balance sheet as of such date with respect to any series of preferred stock, other than disqualified stock, that by its terms is not entitled to the payment of dividends unless the dividends may be declared and paid only out of net earnings in respect of the year of the declaration and payment, but only to the extent of any cash received by the person upon issuance of the preferred stock; less

Table of Contents

all write-ups, other than write-ups resulting from foreign currency translations and write-ups of tangible assets of a going concern business made within 12 months after the acquisition of the business, subsequent to the date of the indenture in the book value of any asset owned by the person or a consolidated restricted subsidiary of the person; less

all investments as of the date in unconsolidated restricted subsidiaries and in persons that are not restricted subsidiaries except, in each case, permitted investments; and less

all unamortized debt discount and expense and unamortized deferred charges as of such date, all of the foregoing determined in accordance with GAAP.

Credit agreements means, with respect to us or any of our restricted subsidiaries, one or more debt facilities, including, without limitation, the credit facility, or commercial paper facilities with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing, including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables, or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time. Debt under credit agreements outstanding on the date on which notes are first issued and authenticated under the indenture shall be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of permitted debt.

Credit facility means, collectively, the Revolving Credit Agreement dated as of March 3, 2004, as amended by Amendment No. 1 thereto dated April 26, 2004 and Amendment No. 2 thereto dated July 14, 2004, by and among us, ABN Amro Bank N.V., as Agent, and certain lending institutions party thereto and the Revolving Credit Agreement dated as of March 3, 2004, as amended by Amendment No. 1 thereto dated April 26, 2004 and Amendment No. 2 thereto dated July 14, 2004, by and among Flextronics International U.S.A. Inc., DII, ABN Amro Bank N.V., as Agent, and certain lending institutions party thereto and, in each case, as amended, modified, renewed, restated, refunded, replaced or refinanced from time to time.

Debt means, with respect to any person, any indebtedness of the person, whether or not contingent, in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit, or reimbursement agreements in respect thereof, or banker's acceptances or representing capital lease obligations or the balance deferred and unpaid of the purchase price of any property or representing any hedging obligations, except any balance that constitutes an accrued expense or trade payable, if and to the extent any of the foregoing indebtedness, other than letters of credit and hedging obligations, would appear as a liability upon a balance sheet of the person prepared in accordance with GAAP, as well as all debt of others secured by a lien on any asset of the person, whether or not the debt is assumed by the person, and, to the extent not otherwise included, the guarantee by the person of any debt of any other person. The amount of any debt outstanding as of any date shall be (1) the accreted value thereof, in the case of any debt that does not require current payments of interest, and (2) the principal amount thereof, together with any interest thereon that is more than 30 days past due, in the case of any other debt.

Default means any event that is or with the passage of time or the giving of notice or both would be an event of default.

Designated senior debt means:

any debt under the credit facility and any guarantees thereof; and

any other senior debt otherwise designated by us, which designation shall have been approved in writing by the representative under the credit facility, and the approval shall have been delivered to the trustee, so long as (1) the credit facility is in effect and (2) we shall not then be a party to a credit facility or similar arrangement, other than the credit facility, that provides for loans in an aggregate principal amount that is greater than the aggregate principal amount of loans to us that may be made under the credit facility and that are not entered into in violation of the credit facility, and the representative thereunder, as designated senior debt and, in the case of the designation by us, certified in an officer's certificate delivered to the trustee; provided that not less than \$5.0 million

Table of Contents

aggregate principal amount is outstanding under designated senior debt at the date of the designation and at the date of determination.

Disqualified stock means any capital stock that, by its terms, or by the terms of any security into which it is convertible or for which it is exchangeable, or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the notes mature.

Equity interests means capital stock and all warrants, options or other rights to acquire capital stock, but excluding any debt security that is convertible into, or exchangeable for, capital stock.

Equity sale shall have the definition set forth under Redemption Optional Redemption After Ordinary Shares Offering.

Existing debt means our debt and that of our restricted subsidiaries, other than debt under the credit facility, in existence on the date of the indenture, until the amounts are repaid.

Fair market value means, with respect to any asset or property, the price that could be negotiated in an arms-length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair market value shall be determined by our board of directors acting reasonably and in good faith and shall be evidenced by a board resolution of our board of directors.

Fixed charge coverage ratio means, with respect to any person for any period, the ratio of the consolidated cash flow of the person for the period to the fixed charges of the person for the period. In the event that we or any of our restricted subsidiaries incurs, assumes, guarantees or redeems any debt, other than revolving credit borrowings, or issues preferred stock subsequent to the commencement of the period for which the fixed charge coverage ratio is being calculated but prior to the date on which the event for which the calculation of the fixed charge coverage ratio is made (the calculation date), then the fixed charge coverage ratio shall be calculated giving pro forma effect to the incurrence, assumption, guarantee or redemption of debt, or the issuance or redemption of preferred stock, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of making the computation referred to above:

- (1) acquisitions that have been made by us or any of our restricted subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to the reference period and on or prior to the calculation date shall be deemed to have occurred on the first day of the four-quarter reference period and consolidated cash flow for the reference period shall be calculated without giving effect to clause (3) of the proviso set forth in the definition of consolidated net income;
- (2) the consolidated cash flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the calculation date, shall be excluded; and
- (3) the fixed charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the calculation date, shall be excluded, but only to the extent that the obligations giving rise to such fixed charges will not be obligations of the referent person or any of our subsidiaries following the calculation date.

Fixed charges means, with respect to any person for any period, the sum, without duplication, of:

the consolidated interest expense of the person and our restricted subsidiaries for the period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with capital lease obligations, imputed interest with respect to attributable debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers acceptance financings, and net payments, if any, pursuant to hedging obligations;

Table of Contents

the consolidated interest expense of the person and our restricted subsidiaries that was capitalized during such period;

any interest expense on debt of another person that is guaranteed by the person or one of our restricted subsidiaries or secured by a lien on assets of the person or one of our restricted subsidiaries, whether or not such guarantee or lien is called upon; and

the product of (1) all dividend payments, whether or not in cash, on any series of preferred stock of the person or any of our restricted subsidiaries, other than dividend payments on equity interests payable solely in our equity interests, times (2) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of the person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

GAAP means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect.

Guarantee means a guarantee, other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner, including, without limitation, letters of credit and reimbursement agreements in respect thereof, of all or any part of any debt.

Hedging obligations means, with respect to any person, the obligations of the person under:

currency exchange or interest rate swap agreements, interest rate cap agreements and interest rate collar agreements; and

other agreements or arrangements designed to protect such person against fluctuations in interest rates or currency exchange rates.

Investments means, with respect to any person, all investments by the person in other persons, including affiliates, in the forms of direct or indirect loans, including guarantees of debt or other obligations, advances or capital contributions, excluding commission, travel and other advances to officers and employees made in the ordinary course of business, purchases or other acquisitions for consideration of debt, equity interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If we or any of our restricted subsidiaries sells or otherwise disposes of any equity interests of any of our direct or indirect restricted subsidiaries such that, after giving effect to the sale or disposition, the person is no longer our subsidiary, we shall be deemed to have made an investment on the date of the sale or disposition equal to the fair market value of the equity interests of the subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption Restricted Payments.

Lien means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code, or equivalent statutes, of any jurisdiction.

Net income means, with respect to any person, the net income (loss) of the person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding:

any gain, but not loss, together with any related provision for taxes on the gain, but not loss, realized in connection with (1) any asset sale, including, without limitation, dispositions pursuant to sale and leaseback transactions, or (2) the disposition of any securities by the person or any of our subsidiaries or the extinguishment of any debt of the person or any of our subsidiaries; and

any extraordinary or nonrecurring gain, but not loss, together with any related provision for taxes on the extraordinary or nonrecurring gain, but not loss.

Table of Contents

Net proceeds means the aggregate cash proceeds received by us or any of our restricted subsidiaries in respect of any asset sale, including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any asset sale, net of:

the direct costs relating to the asset sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the asset sale;

taxes paid or payable as a result of the asset sale, after taking into account any available tax credits or deductions and any tax sharing arrangements;

any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP, or against any liabilities associated with the asset sale, or the assets subject to the asset sale, and retained by us or any of our restricted subsidiaries; and

amounts required to be applied to the repayment of debt secured by a lien on the asset or assets that were the subject of the asset sale, or to the satisfaction of contractual obligations either existing at the date of the indenture, or entered into after the date of the indenture in connection with the payment of deferred purchase price of the properties or assets that were the subject of the asset sale.

Obligations means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any debt.

Pari passu debt shall mean:

any of our debt that is equal in right of payment to the notes; and

with respect to any guarantee of the notes, debt which ranks equally in right of payment to the guaranty.

Pari passu debt amount shall have the definition set forth under Certain Covenants Asset Sales.

Permitted investments means:

- (1) any investment in us or in any of our restricted subsidiaries that is engaged in the same or a similar line of business as us and our restricted subsidiaries, or reasonable extensions or expansions thereof;
- (2) any investment in cash equivalents;
- (3) any investment by us or any of our restricted subsidiaries in a person, if as a result of the investment:

the person becomes a restricted subsidiary of us that is engaged in the same or a similar line of business as us and our restricted subsidiaries, or reasonable extensions or expansions thereof, or

the person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of our assets to, or is liquidated into, us or any of our restricted subsidiaries that is engaged in the same or a similar line of business as us and our restricted subsidiaries, or reasonable extensions or expansions thereof;

- (4) any restricted investment made as a result of the receipt of non-cash consideration from an asset sale that was made pursuant to and in compliance with the covenant described above under the caption Certain Covenants Asset Sales;
- (5) any acquisition of assets solely in exchange for the issuance of our equity interests, other than disqualified stock;
- (6) investments made in exchange for accounts receivable arising in the ordinary course of business which have not been collected for 120 days and which are, in our good faith judgment, substantially impaired, provided that any such investments in excess of \$5.0 million shall be approved by our board of directors, evidenced by a resolution of our board of directors set forth in an officers certificate delivered to the trustee;

Table of Contents

- (7) investments in permitted joint ventures, and investments in our suppliers and those of our restricted subsidiaries, in an aggregate amount which when taken together with all other investments pursuant to this clause (7) does not exceed the greater of \$10.0 million or 10% of total assets at any one time outstanding;
- (8) other investments in any person having an aggregate fair market value, measured on the date each such investment was made and without giving effect to subsequent changes in value, when taken together with all other investments made pursuant to this clause (8) that are at the time outstanding, not to exceed \$25.0 million;
- (9) loans to our employees not to exceed \$10.0 million at any one time outstanding;
- (10) investments received in connection with any bankruptcy or reorganization proceeding, or as a result of foreclosure, perfection or enforcement of any lien or any judgment or settlement of any person in exchange for or satisfaction of Indebtedness or other obligations or other property received from the person, or for other liabilities or obligations of the person created, in accordance with the terms of the indenture; and
- (11) investments in hedging obligations as permitted by the covenant under the caption Incurrence of Debt and Issuance of Preferred Stock.

For purposes of calculating the aggregate amount of permitted investments permitted to be outstanding at any one time pursuant to clauses (7) and (8) and for calculating the amount of restricted investments made pursuant to and in compliance with the covenant described under the caption Certain Covenants Restricted Payments,

to the extent the consideration for any such investment consists of our equity interests, other than disqualified stock, the value of the equity interests so issued will be ignored in determining the amount of such investment.

The aggregate amount of the investments made by us and our restricted subsidiaries on or after the date of the indenture will be decreased, but not below zero, by an amount equal to the lesser of (1) the cash return of capital to us or our restricted subsidiary with respect to the investment that is sold for cash or otherwise liquidated or repaid for cash, less the cost of disposition, including applicable taxes, if any, and (2) the initial amount of the investment.

Permitted joint venture means any person which is, directly or indirectly through our subsidiaries or otherwise, engaged principally in our principal business, or a reasonably related or complementary business, and the capital stock, or securities convertible into capital stock, of which is owned by us and one or more persons other than us or any of our affiliates.

Permitted junior securities means our equity interests or debt securities that are subordinated to all senior debt, and any debt securities issued in exchange for senior debt, to substantially the same extent as, or to a greater extent than, the notes are subordinated to senior debt pursuant to the indenture.

Permitted refinancing debt means any of our debt or any debt of our restricted subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund, any of our other debt or the debt of any of our restricted subsidiaries, provided that:

the principal amount, or accreted value, if applicable, of the permitted refinancing debt does not exceed the principal amount of or accreted value, if applicable, plus accrued interest on, the debt so extended, refinanced, renewed, replaced, defeased or refunded, plus the amount of reasonable expenses incurred in connection therewith;

the permitted refinancing debt has a final maturity date later than the final maturity date of, and has a weighted average life to maturity equal to or greater than the weighted average life to maturity of, the debt being extended, refinanced, renewed, replaced, defeased or refunded;

Table of Contents

if the debt being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the notes, the permitted refinancing debt has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the notes on terms at least as favorable to the holders of notes as those contained in the documentation governing the debt being extended, refinanced, renewed, replaced, defeased or refunded; and

the debt is incurred either by us or by the subsidiary that is the obligor on the debt being extended, refinanced, renewed, replaced, defeased or refunded.

Person means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Purchase money obligations of a person means debt of the person incurred in connection with the purchase, construction or improvement of property, plant or equipment used in the business of the person.

Receivables program means, with respect to any person, an agreement or other arrangement or program providing for the advance of funds to the person against the pledge, contribution, sale or other transfer of encumbrances of receivables program assets of the person or the person and/or one or more of our restricted subsidiaries.

Receivables program assets means all of the following property and interests in property, whether now existing or existing in the future or hereafter arising or acquired:

accounts;

accounts receivable, general intangibles, instruments, contract rights, documents and chattel paper, including, without limitation, all rights to payment created by or arising from sales of goods, leases of goods, or the rendition of services, no matter how evidenced, whether or not earned by performance;

all unpaid seller's or lessor's rights, including, without limitation, rescission, replevin, reclamation and stoppage in transit, relating to any of the foregoing or arising therefrom;

all rights to any goods or merchandise represented by any of the foregoing, including, without limitation, returned or repossessed goods;

all reserves and credit balances with respect to any such accounts receivable or account debtors;

all letters of credit, security or guarantees of any of the foregoing;

all insurance policies or reports relating to any of the foregoing;

all collection or deposit accounts relating to any of the foregoing;

all books and records relating to any of the foregoing;

all instruments, contract rights, chattel paper, documents and general intangibles related to any of the foregoing; and

all proceeds of any of the foregoing.

Receivables program debt means, with respect to any person, the unreturned portion of the amount funded by the investors under a receivables program of the person.

Restricted investment means an investment other than a permitted investment.

Restricted subsidiary of a person means any subsidiary of the referent person that is not an unrestricted subsidiary. On the date the notes are issued, all subsidiaries will be restricted subsidiaries.

Senior debt means:

all of our debt outstanding under credit facilities and all hedging obligations with respect to credit facilities;

55

Table of Contents

any other debt permitted to be incurred by us under the terms of the indenture, unless the instrument under which that debt is incurred expressly provides that it is on a parity with or subordinated in right of payment to the notes; and

all obligations with respect to the foregoing.

Notwithstanding anything to the contrary in the foregoing, senior debt will not include:

any liability for federal, state, local or other taxes owed or owing by us;

any of our debt to any of our restricted subsidiaries or other affiliates;

any trade payables; or

any debt that is incurred in violation of the indenture.

Significant subsidiary means any subsidiary that would be a significant subsidiary as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of this prospectus.

Stated maturity means, with respect to any installment of interest or principal on any series of debt, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing the debt, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

Subject country shall mean any jurisdiction other than the country of Singapore and the United States of America, or any state thereof or the District of Columbia.

Subordinated debt means any of our debt that is by our terms subordinated in right of payment to the notes.

Subsidiary means, with respect to any person:

any corporation, association or other business entity of which more than 50% of the total voting power of shares of capital stock entitled, without regard to the occurrence of any contingency, to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by the person or one or more of the other subsidiaries of that person, or a combination thereof; and

any partnership (1) the sole general partner or the managing general partner of which is the person or a subsidiary of the person or (2) the only general partners of which are the person or one or more subsidiaries of the person, or any combination thereof.

Total assets means, with respect to any date of determination, our total assets shown on our consolidated balance sheet in accordance with GAAP on the last day of the fiscal quarter prior to the date of determination.

Unrestricted subsidiary means any of our subsidiaries that is designated by our board of directors as an unrestricted subsidiary in accordance with the covenant described under the caption Certain Covenants Designation of Unrestricted Subsidiaries.

Voting stock of any person means capital stock of the person which ordinarily has voting power for the election of directors, or persons performing similar functions, of the person, whether at all times or only so long as no senior class of securities has such voting power by reason of any contingency.

Weighted average life to maturity means, when applied to any debt at any date, the number of years obtained by dividing:

the sum of the products obtained by multiplying (1) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (2) the number of years, calculated to the nearest one-twelfth, that will elapse between such date and the making of such payment; by

Table of Contents

the then outstanding principal amount of the debt.

Wholly owned subsidiary of any person means a subsidiary of the person all of the outstanding equity interests or other ownership interests of which, other than directors' qualifying shares, shall at the time be owned by the person or by one or more wholly owned subsidiaries of the person or by the person and one or more wholly owned subsidiaries of the person.

Payment of Additional Amounts

The indenture provides that any amounts paid, or caused to be paid, by us or our assignee, or any of our successors or such assignee as permitted under the indenture, under the indenture will be paid without deduction or withholding for any and all present and future taxes, levies, imposts or other governmental charges whatsoever imposed, assessed, levied or collected by or for the account of Singapore, including any political subdivision or taxing authority thereof, or the jurisdiction of incorporation or residence, other than the United States or any political subdivision or taxing authority thereof, of any of our assignees or any of our successors, or any subsidiary, branch, division or other entity through which we may from time to time direct any payments of principal, premium, if any, and interest on the notes or any political subdivision or taxing authority thereof (an other jurisdiction). If deduction or withholding of any taxes, levies, imposts or other governmental charges (taxes) shall at any time be required by Singapore or another jurisdiction, we, our assignee or any relevant successor will, subject to timely compliance by the holders or beneficial owners of the relevant notes with any relevant administrative requirements pay or cause to be paid such additional amounts (additional amounts) in respect of principal of, premium, if any, or interest, as may be necessary in order that the net amounts paid to the holders of the notes or the trustee under the indenture, as the case may be, pursuant to the indenture, after the deduction or withholding, shall equal the respective amounts that the holder would have received if the taxes had not been withheld or deducted.

However, the foregoing shall not apply to:

- (1) any present or future taxes which would not have been so imposed, assessed, levied or collected but for the fact that the holder or beneficial owner of the relevant note is or has been a domiciliary, national or resident of, engages or has been engaged in business, maintains or has maintained a permanent establishment, or is or has been physically present in Singapore or the other jurisdiction, or otherwise has or has had some connection with Singapore or the other jurisdiction, other than the holding or ownership of a note, or the collection of principal of, premium, if any, and interest on, or the enforcement of, a note;
- (2) any present or future taxes which would not have been so imposed, assessed, levied or collected but for the fact that, where presentation is required, the relevant note was presented more than thirty days after the date such payment became due or was provided for, whichever is later;
- (3) any present or future taxes which are payable otherwise than by deduction or withholding on or in respect of the relevant note;
- (4) any present or future taxes which would not have been so imposed, assessed, levied or collected but for the failure to comply, on a sufficiently timely basis, with any certification, identification or other reporting requirements with which the holders legally could have complied concerning the nationality, residence, identity or connection with Singapore or the other jurisdiction or any other relevant jurisdiction of the holder or beneficial owner of the relevant note, if such compliance is required by a statute or regulation of Singapore, the other jurisdiction or any other relevant jurisdiction, or by a relevant treaty, as a condition to relief or exemption from such taxes;
- (5) any present or future taxes which would not have been so imposed, assessed, levied or collected if the beneficial owner of the relevant note had been the holder of such note; and
- (6) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge.

Table of Contents

Notwithstanding the foregoing, the indenture does not provide for the payment of additional amounts due to any deduction or withholding requirement imposed by any governmental unit other than Singapore, another jurisdiction or a taxing authority or political subdivision thereof.

All references herein to payments of principal of, premium, if any, and interest on the notes shall be deemed to include any applicable additional amounts that may become payable in respect of the notes.

Restrictions Upon Reincorporating, Merging or Consolidating Into a Subject Country

The indenture provides that we may not consolidate or merge with or into, whether or not we are the surviving corporation, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of our properties or assets in one or more related transactions (a subject transaction) to another corporation, person or entity unless it satisfies specified conditions. If the surviving or resulting transferee, lessee or successor person (the successor corporation) in a subject transaction is incorporated in a subject country, then we must satisfy the conditions specified in the clauses below as promptly as practicable, but no later than 60 days following the date of the subject transaction:

we shall have delivered to the trustee a written opinion, in form and substance satisfactory to the trustee, of independent legal counsel of recognized standing, as to the continued validity, binding effect and enforceability of the indenture and the notes and to the further effect that the counsel is not aware of any pending change in, or amendment to, the laws, or any regulations promulgated thereunder, of any subject country in which the proposed successor corporation is incorporated or maintains our principal place of business or principal executive office, or any taxing authority thereof or therein, affecting taxation, or any pending execution of or amendment to, or any pending change in application of or official position regarding, any treaty or treaties affecting taxation to which any subject country is a party, which, in any such case, would permit us to redeem the notes as described above under Redemption, it being understood that the counsel may, in rendering the opinion, rely, to the extent appropriate, on opinions of independent local counsel of recognized standing and we may instead deliver two or more opinions of counsel which together cover all of the foregoing matters;

we shall have delivered to the trustee a certificate, in form and substance satisfactory to the trustee, signed by two executive officers of the successor corporation, as to the continued validity, binding effect and enforceability of the indenture and the notes; and

the successor corporation shall, promptly but no later than 60 days following the date of the subject transaction, consent to the jurisdiction of the Courts of the State of New York.

In the event of any subject transaction in which the successor corporation is organized and existing under the laws of a subject country, we will indemnify and hold harmless the holder of each note from and against any and all present and future taxes, levies, imposts, charges and withholdings, including, without limitation, estate, inheritance, capital gains and other similar taxes, and any and all present and future registration, stamp, issue, documentary or other similar taxes, duties, fees or charges, imposed, assessed, levied or collected by or for the account of any jurisdiction or political subdivision or taxing or other governmental agency or authority thereof or therein on or in respect of the notes, the indenture or any other agreement relating to calculations to be performed with respect to the notes or any amount paid or payable under any of the foregoing which, in any such case, would not have been imposed had the subject transaction not occurred.

Events of Default and Remedies

The indenture provides that each of the following constitutes an event of default:

default for 30 days in the payment when due of interest on the notes, whether or not prohibited by the subordination provisions of the indenture;

default in payment when due of the principal of, or premium, if any, on the notes, whether or not prohibited by the subordination provisions of the indenture;

Table of Contents

our failure to comply with the provisions described under the captions Repurchase at the Option of Holders Upon Change of Control, Certain Covenants Asset Sales, Certain Covenants Restricted Payments, Certain Covenants Incurrence of Debt and Issuance of Preferred Stock or Certain Covenants Merger, Consolidation or Sale of Assets for 30 days after notice from either the trustee or the holders of at least 25% in principal amount of the then outstanding notes;

our failure to comply with any of our other agreements in the indenture or the notes for 60 days after notice from either the trustee or the holders of at least 25% in principal amount of the then outstanding notes;

default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any debt for money borrowed by us or any of our restricted subsidiaries, or the payment of which is guaranteed by us or any of our restricted subsidiaries, whether the debt or guarantee now exists, or is created after the date of the indenture, which default (1) is caused by a failure to pay principal of or premium, if any, or interest on such debt prior to the expiration of the grace period provided in the debt on the date of the default (a payment default) or (2) results in the acceleration of the debt prior to our express maturity and, in each case, the principal amount of the debt, together with the principal amount of any other such debt the maturity of which has been so accelerated, aggregates \$50.0 million or more;

our failure or the failure of any of our restricted subsidiaries to pay final judgments aggregating in excess of \$50.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; and

specified events of bankruptcy or insolvency with respect to us or any of our restricted significant subsidiaries.

If any event of default occurs and is continuing, the trustee or the holders of at least 25% in principal amount of the then outstanding notes may declare all the notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an event of default arising from some events of bankruptcy or insolvency, with respect to us, any restricted subsidiary, any significant subsidiary or any group of restricted subsidiaries that, taken together, would constitute a significant subsidiary, all outstanding notes will become due and payable without further action or notice. Holders of the notes may not enforce the indenture or the notes except as provided in the indenture. Subject to limitations, holders of a majority in principal amount of the then outstanding notes may direct the trustee in our exercise of any trust or power. The trustee may withhold from holders of the notes notice of any continuing default or event of default, except a default or event of default relating to the payment of principal or interest, if it determines that withholding notice is in their interest.

In the case of any event of default occurring by reason of any willful action, or inaction, taken, or not taken, by us or on our behalf with the intention of avoiding payment of the premium that we would have had to pay if we then had elected to redeem the notes on November 15, 2009 pursuant to the optional redemption provisions of the indenture, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the notes. If an event of default occurs prior to November 15, 2009 by reason of any willful action, or inaction, taken, or not taken by us or on our behalf with the intention of avoiding the prohibition on redemption of the notes prior to November 15, 2009, then the premium specified in the indenture shall also become immediately due and payable to the extent permitted by law upon the acceleration of the notes.

The holders of a majority in aggregate principal amount of the notes then outstanding by notice to the trustee may, on behalf of the holders of all of the notes, waive any existing default or event of default and our consequences under the indenture except a continuing default or event of default in the payment of interest on, or the principal of, the notes.

We are required to deliver to the trustee annually a statement regarding compliance with the indenture, and we are required upon becoming aware of any default or event of default, to deliver to the trustee a statement specifying the default or event of default.

Table of Contents

All references in this prospectus to payments of principal of, premium, if any, and interest on the notes shall be deemed to include any applicable additional amounts that may become payable in respect of the notes.

Modification of the Indenture

Except as provided in the next paragraph, the indenture or the notes may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the then outstanding notes issued under the indenture, including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes, and any existing default or compliance with any provision of the indenture or the notes may be waived with the consent of the holders of a majority in principal amount of the then outstanding notes, including consents obtained in connection with a tender offer or exchange offer for notes.

Without the consent of each holder affected, an amendment or waiver may not, with respect to any notes held by a non-consenting holder:

reduce the principal amount of notes whose holders must consent to an amendment, supplement or waiver;

reduce the principal of or change the fixed maturity of any note or alter or waive the provisions with respect to the redemption of the notes, other than provisions relating to the covenants described above under the caption **Repurchase at the Option of Holders Upon Change of Control**;

reduce the rate of or change the time for payment of interest, including default interest, on any note;

waive a default or event of default in the payment of principal of or premium, if any, or interest on the notes, except a rescission of acceleration of the notes by the holders of at least a majority in aggregate principal amount of the notes and a waiver of the payment default that resulted from the acceleration;

make any note payable in money other than that stated in the notes;

make any change in the provisions of the indenture relating to waivers of past defaults or the rights of holders of notes to receive payments of principal of or premium, if any, or interest on the notes;

waive a redemption payment with respect to any note, other than a payment required by one of the covenants described above under the caption **Repurchase at the Option of Holders Upon Change of Control**; or

make any change in the foregoing amendment and waiver provisions.

In addition, any amendment or supplement to the provisions of Article 10 of the indenture, which relate to subordination, will require the consent of the holders of at least 75% in aggregate principal amount of the notes then outstanding if the amendment would negatively affect the rights of holders of notes.

Notwithstanding the foregoing, without the consent of any holder of notes, we and the trustee may amend or supplement the indenture or the notes to cure any ambiguity, defect or inconsistency, to provide for the assumption of our obligations to holders of notes in the case of a merger or consolidation, to make any change that would provide any additional rights or benefits to the holders of notes or that does not negatively affect the legal rights under the indenture of any such holder, or to comply with requirements of the Commission in order to effect or maintain the qualification of the indenture under the Trust indenture Act.

Legal Defeasance and Covenant Defeasance

We may, at our option and at any time, elect to have all of our obligations discharged with respect to the outstanding notes (legal defeasance) except for:

the rights of holders of outstanding notes to receive payments in respect of the principal of, premium, if any, and interest on such notes when such payments are due from the trust referred to below;

Table of Contents

our obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;

the rights, powers, trusts, duties and immunities of the trustee, and our obligations in connection therewith; and

the legal defeasance provisions of the applicable indenture.

In addition, we may, at our option and at any time, elect to have our obligations released with respect to specified covenants that are described in either indenture (covenant defeasance) and thereafter any omission to comply with such obligations shall not constitute a default or event of default with respect to the notes.

In the event a covenant defeasance occurs, some events, not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events, described under Events of Default and Remedies will no longer constitute an event of default with respect to the notes.

In order to exercise either legal defeasance or covenant defeasance:

we must irrevocably deposit with the trustee, in trust, for the benefit of the holders of the notes, (1) in the case of the notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, and (2) in the case of the euro notes, cash in euros, some direct non-callable obligations of or guaranteed by the government of a member of the European Union, or a combination thereof, in amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest on the outstanding notes on the stated maturity or on the applicable redemption date, as the case may be, and we must specify whether the notes are being defeased to maturity or to a particular redemption date;

in the case of legal defeasance, we shall have delivered to the trustee an opinion of counsel in the United States reasonably acceptable to the trustee confirming that (1) we have received from, or there has been published by, the Internal Revenue Service a ruling or (2) since the date of the indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon the opinion of counsel shall confirm that, the holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of the legal defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the legal defeasance had not occurred;

in the case of covenant defeasance, we shall have delivered to the trustee an opinion of counsel in the United States reasonably acceptable to the trustee confirming that the holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of the covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the covenant defeasance had not occurred;

no default or event of default shall have occurred and be continuing on the date of the deposit, other than a default or event of default resulting from the borrowing of funds to be applied to the deposit, or insofar as events of default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

the legal defeasance or covenant defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument, other than the indenture, to which we or any of our subsidiaries is a party or by which we or any of our subsidiaries are bound;

we must have delivered to the trustee an opinion of counsel to the effect that on and after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

Table of Contents

we must deliver to the trustee an officers' certificate stating that the deposit was not made by us with the intent of preferring the holders of notes over our other creditors or with the intent of defeating, hindering, delaying or defrauding our creditors or the creditors of others; and

we must deliver to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent provided for relating to the legal defeasance or the covenant defeasance have been complied with.

Governing Law

The indenture provides that the indenture and the notes will be governed by, and construed in accordance with, the law of the State of New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

Concerning the Trustee

The indenture contains limitations on the rights of the trustee, should it become our creditor, to obtain payment of claims in some cases, or to realize on certain property received in respect of any claim as security or otherwise. The trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest, it must eliminate the conflict within 90 days, apply to the Commission for permission to continue, or resign.

The holders of a majority in principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee, subject to exceptions. The indenture provides that in case an event of default shall occur, which shall not be cured, the trustee will be required, in the exercise of our power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to those provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holder of notes, unless the holder shall have offered to the trustee security and indemnity satisfactory to it against any loss, liability or expense.

Form, Denomination, Book-Entry Procedures and Transfer

The old notes were offered and sold to qualified institutional buyers in reliance on Rule 144A of the Securities Act. Old notes were also offered and sold in offshore transactions in reliance on Regulation S of the Securities Act.

The new notes initially will be represented by one or more notes in registered global form without interest coupons (collectively, the new global notes). The new global notes will be deposited upon issuance with the trustee as custodian for the Depository Trust Company (DTC) in New York, New York, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below.

The original notes are currently represented by global notes and the procedures described in this section currently apply to the original notes.

Except as set forth below, the new global notes may be transferred, in whole and not in part, only to another nominee of DTC or a successor of DTC or its nominee. Except in the limited circumstances described below, owners of beneficial interests in global notes will not be entitled to receive physical delivery of certificated notes. Transfers of beneficial interests in the global notes will be subject to the applicable rules and procedures of DTC and its applicable direct or indirect participants, which rules and procedures may change from time to time.

Global Notes

The following description of the operations and procedures of DTC is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them from time to time. We take no responsibility for these operations

Table of Contents

and procedures and urges investors to contact the systems or their participants directly to discuss these matters.

Upon the issuance of the global notes, DTC will credit, on our internal system, the respective principal amount of the individual beneficial interests represented by such global notes to the accounts of persons who have accounts with such depository. Such accounts initially will be designated by or on behalf of the purchasers. Ownership of beneficial interests in a global note will be limited to our participants or persons who hold interests through our participants. Ownership of beneficial interests in the global notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or our nominee, with respect to interests of participants, and the records of participants, with respect to interests of persons other than participants.

As long as DTC or the common depository, or their respective nominee, is the registered holder of a global note, DTC or the common depository or such nominee, as the case may be, will be considered the sole owner and holder of the notes represented by such global notes for all purposes under the indenture and the notes.

Owners of beneficial interests in a global note will not (1) be entitled to have any portions of such global note registered in their names, (2) receive or be entitled to receive physical delivery of notes in certificated form and (3) be considered the owners or holders of the global note, or any notes represented thereby, under the indenture or the notes unless:

DTC notifies us that it is unwilling or unable to continue as depository for a global note or ceases to be a Clearing Agency registered under the Exchange Act;

an event of default has occurred and is continuing with respect to such note, described below under Form, Denomination, Book-Entry Procedures and Transfer Certificated Notes.

In addition, no beneficial owners of an interest in a global note will be able to transfer that interest except in accordance with the procedures of DTC and of the applicable direct or indirect participant, in addition to those under the indenture referred to in this prospectus.

Investors may hold their interests in the Regulation S global note through direct or indirect DTC participants such as the Euroclear System (EuroClear) or Clearstream Banking, S.A. (Clearstream), will hold interests in the Regulation S global note on behalf of their participants through customers securities accounts in their respective names on the books of the common depository. Investors may hold their interests in the restricted global note directly through DTC, if they are participants in such system, or indirectly through organizations, including Euroclear and Clearstream, which are participants in such system. All interests in a global note may be subject to the procedures and requirements of DTC and/or Euroclear and Clearstream.

Payments of the principal of and interest on global notes will be made to DTC or our nominee as the registered owner of the global notes. Neither we, the trustee, the common depository, nor any of their respective agents will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a global note representing any notes held by DTC or its nominee, will immediately credit participants accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global note for such notes as shown on the records of DTC or its nominee. We expect that the common depository, in its capacity as paying agent, upon receipt of any payment of principal or interest in respect of a global note representing any notes held by the common depository or its nominee, will immediately credit the accounts of the applicable direct or indirect DTC participant, which in turn will immediately credit accounts of participants in with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global note for such notes as shown on the records of such DTC participant. We also expect that payments by participants to owners of beneficial interests in such global note held through such

Table of Contents

participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in street name. Such payments will be the responsibility of such participants.

Because DTC can only act on behalf of their respective participants, who in turn act on behalf of indirect participants and certain banks, the ability of a holder of a beneficial interest in global notes to pledge its interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of its interest, may be limited by the lack of a definitive certificate for its interest. The laws of some countries and some states in the United States require that certain persons take physical delivery of securities in certificated form. Consequently, the ability to transfer beneficial interests in a global note to such persons may be limited. Because DTC can act only on behalf of participants, which in turn, act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a global note to pledge its interest to persons or entities that do not participate in the DTC system or otherwise take actions in respect of its interest, may be affected by the lack of a physical certificate evidencing its interest.

Except for trades involving only Euroclear and Clearstream participants, interests in the global notes will trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such interests will therefore settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its participants. Transfers of interests in global notes between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds. Transfers of interests in global notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the notes described above, cross-market transfers of notes between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected in DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by our respective depository. However, such crossmarket transactions will require delivery of instructions to Euroclear or Clearstream as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant global note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a global note from a DTC participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day, which must be a business day for Euroclear and Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream as a result of sales of interests in a global note by or through a Euroclear or Clearstream participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC has advised us that they will take any action permitted to be taken by a holder of notes, including the presentation of notes for exchange as described below, only at the direction of one or more participants to whose account with DTC interests in the global notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the notes, DTC, Euroclear and Clearstream reserve the right to exchange the global notes for legended notes in certificated form, and to distribute such notes to their respective participants.

DTC has advised us that it is:

a limited purpose trust company organized under the laws of the State of New York;

Table of Contents

a member of the Federal Reserve system;

a clearing corporation within the meaning of the Uniform Commercial Code; and

a Clearing Agency registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical transfer and delivery of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (indirect participants).

Although DTC currently follows the foregoing procedures to facilitate transfers of interests in global notes among participants of DTC, it is under no obligation to do so, and such procedures may be discontinued or modified at any time. Neither we nor the trustee will have any responsibility for the performance by DTC or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes

If any depository is at any time unwilling or unable to continue as a depository for notes for the reasons set forth above under Form, Denomination, Book-Entry Procedures and Transfer Global Notes, we will issue certificates for such notes in definitive, fully registered, non-global form without interest coupons in exchange for the global note. Certificates for notes delivered in exchange for any global note or beneficial interests in any global note will be registered in the names, and issued in any approved denominations, requested by DTC or the common depository, in accordance with their customary procedures.

Same-Day Settlement and Payment

The indenture requires that payments in respect of the notes represented by the global notes, including principal, premium, if any, interest and additional interest, if any, be made by wire transfer of immediately available funds to the accounts specified by the global note holder. With respect to notes in certificated form, we will make all payments of principal, premium, if any, interest and additional interest, if any, by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a check to each the holder's registered address. Certificated notes may be surrendered for payment at the offices of the trustee or, so long as the notes are listed on the Luxembourg Stock Exchange, the paying agent in Luxembourg on the maturity date of the notes. The notes represented by the global notes are expected to be eligible to trade in DTC's Same-Day Firm Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. We expect that secondary trading in any certificated notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of Euroclear or Clearstream participant purchasing an interest in a global note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day, which must be a business day for Euroclear and Clearstream immediately following the settlement date of DTC. Cash received in Euroclear or Clearstream as a result of sales of interests in a global note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Notices

Notices to holders of the notes will be made by first class mail, postage prepaid, to the addresses that appear on the register of the Company. Any notice will be deemed to have been given on the date of publication or, if published more than once, on the date of the first publication.

Table of Contents

MATERIAL TAX CONSIDERATIONS

This summary is of a general nature and is included in this prospectus solely for informational purposes. It is not intended to be, nor should it be construed as being, legal or tax advice. No representation regarding the consequences to any particular purchaser of the notes is made. Prospective purchasers should consult their own tax advisers regarding their particular circumstances and the effects of state, local or foreign, including Singapore, tax laws to which they may be subject.

U.S. Federal Income Tax Considerations

The following statements represent a general summary of some United States federal income tax consequences of the acquisition, ownership and disposition of the notes to purchasers who are (1) United States citizens or residents; (2) corporations or other entities treated as corporations created or organized in or under the laws of the United States or any political subdivision thereof; (3) an estate the income of which is subject to United States federal income taxation regardless of its source; or (4) a trust if a United States court is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or a trust that has a valid election in effect to be treated as a U.S. person (for purposes of this discussion, U.S. holders), and who hold their beneficial interests in the notes as capital assets. The tax treatment of a partner of a foreign or domestic partnership (or any entity treated as a partnership for U.S. federal income tax purposes) will generally depend on the status of the partner and the activities of the partnership. Partners of partnerships holding shares should consult their tax advisors.

This discussion is based upon the provisions of the United States Internal Revenue Code of 1986, as amended (the Code), regulations, rulings and judicial interpretations now in effect, all of which are subject to change, possibly with retroactive effect. The summary does not purport to deal with all aspects of United States federal income tax consequences and does not deal with purchasers who are not U.S. holders or with some classes of U.S. holders subject to special treatment under United States federal income tax law, such as dealers in securities, banks, insurance companies, partnerships or other pass-through entities, tax-exempt (employment, charitable or other) organizations, and persons holding notes as part of a hedging or conversion transaction or straddle, or persons deemed to sell notes under the constructive sale provisions of the Code, nor does it discuss any aspects of state or local tax law or U.S. federal estate and gift tax law. In addition, because tax consequences may differ depending on individual circumstances, we strongly urge each prospective purchaser of the notes to consult his own tax advisor with respect to his particular tax situation.

Taxation of Interest

Interest paid on a note (including any taxes withheld) generally will be includible as ordinary income in accordance with the U.S. holder's regular method of tax accounting. If Additional Amounts are paid, such payment will be taxable as ordinary income in accordance with the U.S. holder's regular method of tax accounting. Interest and any Additional Amounts will be income from sources outside the United States for foreign tax credit limitation purposes. Subject to generally applicable limitations, a U.S. holder may elect to claim either a deduction or foreign tax credit in computing its U.S. federal income tax liability for Singapore withholding taxes, if any, withheld from interest paid on the note.

Sale, Exchange and Redemption of Notes

A U.S. Holder will recognize gain or loss for U.S. federal income tax purposes upon the sale or other disposition of the notes in an amount equal to the difference between the amount realized, other than any amount attributable to accrued but unpaid interest, which will be taxable as described above, and the U.S. Holder's adjusted tax basis in the notes. Assuming that the U.S. Holder has held the notes as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the notes have been held for more than one year. Long-term capital gain realized by an individual U.S. holder is generally subject to a maximum tax rate of 20%. Capital gain or loss will be short-term capital gain or loss if the notes have been held for one year or less. Short-term capital gain realized by an individual U.S. Holder generally is

Table of Contents

taxed at ordinary income rates. Gain generally will be income from U.S. sources for foreign tax credit limitation purposes. The deductibility of capital losses is subject to certain limitations. Generally, any loss will be allocated to reduce U.S. source income. However, loss, or a portion of the loss, may be used to offset foreign source income if attributable to accrued but unpaid interest. If a U.S. Holder receives any foreign currency on the sale, redemption or other taxable disposition of notes, the holder may recognize ordinary gain or loss due to the currency fluctuation.

Receipt of Exchange Notes

If we successfully register freely tradable exchange notes with the Securities and Exchange Commission, we will offer to transfer these exchange notes to the holders in exchange for their notes, as described elsewhere in this prospectus. This exchange will not be a taxable exchange. As a result:

a holder will not recognize taxable gain or loss solely by reason of the receipt of exchange notes in exchange for notes;

the holding period in the exchange notes will include the holder's holding period in the notes; and

the basis in the exchange notes will equal your basis in the notes.

Information Reporting and Backup Withholding

Payments in respect of notes (for example, principal, interest and proceeds from the sale of the notes) may be subject to information reporting to the U.S. Internal Revenue Service and U.S. backup withholding tax at a rate currently of 28% (which percent will be increased to 31% in 2011). Backup withholding will generally not apply, however, to a holder who furnishes a correct taxpayer identification number or who is otherwise exempt from backup withholding (such as a corporation). Generally, a U.S. holder will provide such certification on Form W-9 (Request for Taxpayer Identification Number and Certification).

Any amounts withheld under the backup withholding rules will be allowed as a credit against such U.S. Holder's U.S. federal income tax and may entitle the U.S. Holder to a refund, provided that the required information is furnished to the Internal Revenue Service.

Singapore Tax Considerations

The following summary addresses only the income tax laws of the Republic of Singapore in force and effect as of the date hereof and is intended as a general guide only.

Withholding Tax

Subject to the provisions of any applicable tax treaty (there is currently no tax treaty between Singapore and the United States), non-resident taxpayers, namely individuals not residing in, or corporations not managed and controlled in Singapore, which derive income under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (which includes interest, commissions, fees or other payments in connection with any loan or indebtedness) (interest) from Singapore, are subject to a withholding tax on that income at a rate of 15%, subject to some exceptions. Where the Singapore payer is to bear the withholding tax on the gross payment, the Singapore withholding tax is payable on the grossed up amount of the payment.

Payments of principal on the redemption of the notes (not being interest payments) will not be subject to withholding tax in Singapore.

Interest payments made by us under the notes will not be subject to withholding tax in Singapore if:

the payments are not borne, directly or indirectly, by a person who is a tax resident in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore) or a permanent establishment in Singapore (Singapore Person);

Table of Contents

the payments are not deductible against any income accruing in or derived from Singapore; and

none of the proceeds of the notes are brought into or used in Singapore.

We intend to make interest payments through our branch office in Bermuda. Accordingly, interest paid on the notes will not be subject to withholding tax in Singapore, as long as the interest payments are made through the branch office and are not borne by a Singapore Person and are not deductible against income derived from Singapore and the proceeds are not used in Singapore.

Capital Gains Tax

Under current Singapore tax law, there is no tax on capital gains. Thus, any profits from the disposal of the notes are not taxable in Singapore unless the seller is regarded as carrying on a trade in securities dealings in Singapore, in which case the disposal profits would be treated as taxable trading profits rather than capital gains and taxed at 20% (in the case of a company) or at the seller's applicable individual tax rate.

Stamp Duties

There is no stamp duty payable in respect of the holding and disposition of the notes issued by us where the notes are issued through one of our foreign branches and the instrument of transfer of the notes are executed outside Singapore and not brought into Singapore.

Estate Taxation

No Singapore estate tax is imposed on the movable property passing on the death of an individual who is not domiciled in Singapore. Thus, an individual shareholder who is not domiciled in Singapore at the time of his or her death will not be subject to Singapore estate tax on the value of any such notes held by the individual upon the individual's death.

Table of Contents

PLAN OF DISTRIBUTION

We will receive no proceeds in connection with the exchange offer.

Each broker-dealer that receives new notes for its own account in connection with the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of new notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where the old notes were acquired as a result of market-making activities or other trading activities. We have agreed that for a period ending upon the earlier of (1) 180 days after the exchange offer has been completed and (2) the date on which broker-dealers no longer own any transfer restricted securities, we will make available and provide promptly upon reasonable request this prospectus as amended or supplemented, in a form meeting the requirements of the Securities Act to any broker-dealer for use in connection with any resale.

New notes received by broker-dealers for their own account in the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the new notes or a combination of these methods of resale, at market prices prevailing at the time of resale, at prices related to prevailing market prices or negotiated prices. Any resale may be made directly to purchasers or through brokers or dealers who may receive compensation in the form of commissions or concessions from any broker-dealer and/or the purchasers of any new notes. Any broker-dealer that resells new notes that were received by it for its own account in the exchange offer and any broker or dealer that participates in a distribution of new notes may be deemed to be an underwriter within the meaning of the Securities Act, and any profit on any such resale of new notes and any commissions or concessions received by these persons may be deemed to be underwriting compensation under the Securities Act. The letters of transmittal state that by acknowledging that it will deliver, and by delivering, a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. We have agreed to indemnify broker-dealers against various liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

The validity of the notes registered by this registration statement will be passed upon on our behalf by Allen & Gledhill, our Singapore legal advisors. Some United States legal matters in connection with the exchange offer will be passed upon for us by Fenwick & West LLP, Mountain View, California.

Table of Contents

EXPERTS

The consolidated financial statements and financial statement schedule for the fiscal years ended March 31, 2004 and 2003 that are incorporated in this registration statement by reference from the Company's Annual Report on Form 10-K for the year ended March 31, 2004, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

With respect to the unaudited interim financial information for the periods ended June 30, 2004 and 2003 and September 30, 2004 and 2003 which is incorporated herein by reference, Deloitte & Touche LLP, an independent registered public accounting firm, have applied limited procedures in accordance with standards of the Public Company Accounting Oversight Board (United States) for a review of such information. However, as stated in their reports included in the Company's Quarterly Reports on Form 10-Q for the quarters ended June 30, 2004 and September 30, 2004 and incorporated by reference herein, they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. Deloitte & Touche LLP are not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their reports on the unaudited interim financial information because those reports are not reports or a part of the registration statement prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Act.

The audited financial statements for the year ended March 31, 2002 that are incorporated by reference in this registration statement have been audited by Arthur Andersen LLP, independent public accountants, as set forth in their report dated April 25, 2002 with respect thereto. Because Arthur Andersen LLP has ceased to exist, you may have no effective remedy against Arthur Andersen LLP in connection with a material misstatement or omission in these financial statements.

Table of Contents

Flextronics International Ltd.

Offer to Exchange

\$500,000,000 6 1/4% Senior Subordinated Notes Due 2014

For

\$500,000,000 6 1/4% Senior Subordinated Notes Due 2014

that have been registered under the Securities Act of 1933