

**P R E S S   R E L E A S E**

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**FLEXTRONICS REPORTS THIRD QUARTER RESULTS**

**Singapore, January 19, 2012** – Flextronics (NASDAQ: FLEX) today announced results for its third quarter ended December 31, 2011 as follows:

- **Net Sales: \$7.5 billion**
- **Net Income: \$128 million Adjusted; \$102 million GAAP**
- **Earnings per Share: \$0.18 Adjusted; \$0.14 GAAP**
- **Free Cash Flow of \$136 million**

**Third Quarter Results**

Net sales for the third quarter ended December 31, 2011 decreased \$340 million or 4% to \$7.5 billion compared to net sales for the quarter ended December 31, 2010 of \$7.8 billion. Adjusted operating income for the third quarter ended December 31, 2011 decreased \$82 million or 35% to \$150 million, compared to \$232 million for the quarter ended December 31, 2010. Adjusted operating income during the third quarter ended December 31, 2011 included approximately \$70 million in losses and other charges primarily related to the completion of our exit of the ODM PC business during the quarter. An explanation and reconciliation of non-GAAP financial measures to GAAP financial measures is presented in Schedule II attached to this press release.

“This quarter we completed our exit of the ODM PC business and all associated charges are included in our operating results. This transition will substantially improve the margin profile of the company in future quarters. While this has been a difficult transition, we are pleased that this is behind us and we are looking forward to managing a more stable business with less variability and higher operating margins,” said Mike McNamara, CEO of Flextronics.

“This quarter marks the fourth consecutive quarter we have generated positive free cash flow. Our working capital management remains strong and continues to fuel our quarterly free cash flow, which amounted to \$136 million for the December quarter and \$336 million year-to-date,” said Paul Read, CFO of Flextronics. “We repurchased approximately 19 million shares, or roughly 3% of our outstanding shares, for \$110 million this quarter. Since we began our recent share repurchases in June of last year, we have repurchased roughly 15% of our outstanding shares, which has provided a meaningful contribution to our earnings per share.”

**Guidance**

For the fourth quarter ending March 31, 2012, revenue is expected to be in the range of \$6.3 billion to \$6.6 billion, reflecting the combination of reduced revenue contribution from our exited ODM PC business and normal seasonality. Adjusted EPS is expected to be in the range of \$0.22 to \$0.24 per share.

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

**Conference Calls and Web Casts**

A conference call hosted by Flextronics’s management will be held today at 2:00 PM (PT) / 5:00 PM (ET) to discuss the Company’s financial results for the third quarter ended December 31, 2011.

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

### **About Flextronics**

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

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



# PRESS RELEASE

## SCHEDULE I

### FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (In thousands, except per share amounts)

	Three Month Periods Ended	
	December 31, 2011	December 31, 2010
<b>GAAP:</b>		
Net sales	\$ 7,492,723	\$ 7,832,856
Cost of sales	7,110,869	7,399,280
Gross profit	381,854	433,576
Selling, general and administrative expenses	243,910	215,070
Operating income	137,944	218,506
Intangible amortization	13,932	16,571
Interest and other expense, net	7,775	24,082
Income before income taxes	116,237	177,853
Provision for income taxes	14,060	(20,437)
Net income	<u>\$ 102,177</u>	<u>\$ 198,290</u>
<b>EPS:</b>		
GAAP	<u>\$ 0.14</u>	<u>\$ 0.26</u>
Non-GAAP	<u>\$ 0.18</u>	<u>\$ 0.25</u>
Diluted Shares used in computing per share amounts	<u>720,894</u>	<u>776,595</u>

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

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## SCHEDULE II

**FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES (1)**  
(In thousands, except per share amounts)  
(unaudited)

	<b>Three Month Periods Ended</b>	
	<b>December 31, 2011</b>	<b>December 31, 2010</b>
<b>GAAP gross profit</b>	\$ 381,854	\$ 433,576
Stock-based compensation expense	2,021	2,553
<b>Non-GAAP gross profit</b>	<u>\$ 383,875</u>	<u>\$ 436,129</u>
<b>GAAP SG&amp;A Expenses</b>	\$ 243,910	\$ 215,070
Stock-based compensation expense	9,961	11,265
<b>Non-GAAP SG&amp;A Expenses</b>	<u>\$ 233,949</u>	<u>\$ 203,805</u>
<b>GAAP operating income</b>	\$ 137,944	\$ 218,506
Stock-based compensation expense	11,982	13,818
<b>Non-GAAP operating income</b>	<u>\$ 149,926</u>	<u>\$ 232,324</u>
<b>GAAP provision for income taxes</b>	\$ 14,060	\$ (20,437)
Intangible amortization	296	1,340
Settlement of tax contingencies	-	34,715
<b>Non-GAAP provision for income taxes</b>	<u>\$ 14,356</u>	<u>\$ 15,618</u>
<b>GAAP net income</b>	\$ 102,177	\$ 198,290
Stock-based compensation expense	11,982	13,818
Intangible amortization	13,932	16,571
Adjustment for taxes	(296)	(36,055)
<b>Non-GAAP net income</b>	<u>\$ 127,795</u>	<u>\$ 192,624</u>
<b>EPS:</b>		
GAAP	<u>\$ 0.14</u>	<u>\$ 0.26</u>
Non-GAAP	<u>\$ 0.18</u>	<u>\$ 0.25</u>

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

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## SCHEDULE III

### FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (In thousands)

	<u>December 31, 2011</u>	<u>March 31, 2011</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,545,765	\$ 1,748,471
Accounts receivable, net	2,500,316	2,629,633
Inventories	3,594,339	3,550,286
Other current assets	<u>1,363,132</u>	<u>1,125,809</u>
Total Current Assets	9,003,552	9,054,199
Property and equipment, net	2,139,726	2,141,063
Goodwill and other intangibles, net	184,612	213,083
Other assets	<u>200,321</u>	<u>224,807</u>
Total assets	<u>\$ 11,528,211</u>	<u>\$ 11,633,152</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Bank borrowings, current portion of long-term debt and capital lease obligations	\$ 39,636	\$ 21,179
Accounts payable	4,954,759	5,081,898
Other current liabilities	<u>1,894,395</u>	<u>1,725,854</u>
Total current liabilities	6,888,790	6,828,931
Long-term debt, net of current portion:		
Revolving credit facility	140,000	160,000
Term loans	2,014,590	2,034,095
Other long-term debt and capital lease obligations	4,737	5,100
Other liabilities	258,980	310,330
Total shareholders' equity	<u>2,221,114</u>	<u>2,294,696</u>
Total liabilities and shareholders' equity	<u>\$ 11,528,211</u>	<u>\$ 11,633,152</u>

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

**P R E S S   R E L E A S E****SCHEDULE IV****FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES  
NOTES TO SCHEDULES I, II, & III**

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

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

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

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

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

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

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

## P R E S S   R E L E A S E

Free Cash Flow of \$136 million for the third quarter ended December 31, 2011 consists of GAAP net cash flows from operating activities of \$229 million less purchases of property and equipment net of dispositions of \$93 million. For the nine-month period ended December 31, 2011, Free Cash Flow was \$336 million consisting of GAAP net cash flows from operating activities of \$666 million less purchases of property and equipment net of dispositions of \$330 million. We believe Free Cash Flow is an important liquidity metric because it measures, during a given period, the amount of cash generated that is available to repay debt obligations, make investments, fund acquisitions and for certain other activities. Since Free Cash Flow includes investments in operating assets, we believe this non-GAAP liquidity measure is useful in addition to the most directly comparable GAAP measure – “net cash flows provided by operating activities.”

Return on Invested Capital (ROIC) is calculated by dividing the Company's last twelve months after-tax Non-GAAP operating income by the net invested capital asset base as of the respective period end. After-tax non-GAAP operating income excludes charges for stock-based compensation expense, restructuring and other charges. The invested capital asset base is defined as total debt plus shareholders' equity less cash. We believe ROIC is a useful measure in providing investors with information regarding our performance. ROIC is a widely accepted measure of earnings efficiency in relation to total capital employed. We believe that increasing the return on total capital employed, as measured by ROIC, is an effective method to sustain and increase shareholder value. ROIC is not a measure of financial performance under generally accepted accounting principles in the U.S., and may not be defined and calculated by other companies in the same manner. ROIC should not be considered in isolation or as an alternative to net income or loss as an indicator of performance. The following table reconciles ROIC as calculated using after-tax non-GAAP operating income to the same performance measure calculated using the nearest GAAP measure, which is GAAP operating income adjusted for taxes:

ROIC	<u>Q3 FY 2012</u>	<u>Q3 FY 2011</u>
GAAP ROIC.....	20.7%	25.8%
Adjustments noted above.....	1.7%	1.3%
Non-GAAP ROIC.....	<u>22.4%</u>	<u>27.1%</u>