BROWN TOM INC /DE
Form 8-K
November 06, 2003

SECURITIES AND EXCHANGE

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **November 6, 2003**

Tom Brown, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	**001-31308** (Commission File Number)	**95-1949781** (I.R.S. EMPLOYER IDENTIFICATION NO.)

555 SEVENTEENTH STREET, SUITE 1850
DENVER, COLORADO **80202**
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

(303) 260-5000
(REGISTRANT S TELEPHONE NUMBER, INCLUDING AREA CODE)

NOT APPLICABLE
(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED SINCE LAST REPORT)

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

Tom Brown, Inc. press release dated November 6,2003, entitled

TOM BROWN, INC. REPORTS THIRD QUARTER 2003 FINANCIAL AND OPERATING RESULTS

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 6, 2003 Tom Brown, Inc.

By: /s/ Daniel G. Blanchard
Daniel G. Blanchard
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Richard L. Satre
Richard L.Satre
Controller
(Principal Accounting Officer)

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

The Company issued the following press release:

TOM BROWN, INC.

REPORTS THIRD QUARTER 2003 FINANCIAL AND OPERATING RESULTS; EQUIVALENT PRODUCTION INCREASES 29% AND NATURAL GAS PRICE REALIZATION IMPROVES BY 132% OVER THIRD QUARTER 2002

DENVER, November 6, 2003 **Tom Brown, Inc. (NYSE:TBI)** today reported results from operations for the quarter ended September 30, 2003. The Company reported net income for the three months ended September 30, 2003 of $16.0 million or $0.39 per share (all per share amounts are on a diluted basis) compared to a net loss of $1.8 million or $0.05 per share in the third quarter of 2002. The Company reported net income before the cumulative effect of changes in accounting principles for the nine months ended September 30, 2003 of $58.2 million or $1.43 per share compared to $2.6 million or $0.06 per share for the comparable period of 2002.

Tom Brown, Inc. s Chairman, CEO and President, Jim Lightner, noted that, During the third quarter of last year our production was falling due to our self-imposed drilling curtailment caused by sub-$2.00 per Mcf natural gas prices in the Rockies. This year, with higher natural gas prices, our recently-closed Matador acquisition and successful drilling programs, our production is up 29% from last year s third quarter. The strength of our exploration and development drilling programs has us heading into 2004 with strong production, cash flow and profitability momentum. Our inventory of over 2,000 drilling locations coupled with a strong exploration portfolio should enable us to continue this trend well out into the future.

Included in the third quarter results are one-time, pre-tax charges of $4.0 million ($2.5 million after tax) in interest expense associated with the termination of the Canadian term loan and bridge bank facilities. These facilities were terminated in conjunction with the debt and equity offerings the Company completed in September 2003. Additionally, the Company recorded a pre-tax charge of $1.6 million ($1.0 million after tax) in the third quarter associated with certain non-compete agreements related to the Matador acquisition.

Discretionary cash flow for the third quarter of 2003 totaled $70.9 million (see reconciliation below to net cash provided by operating activities of $74.3 million), an increase of 208% from $23.0 million in the corresponding period of 2002. Discretionary cash flow for the nine months ended September 30, 2003 totaled $193.2 million (see reconciliation below to net cash provided by operating activities of $159.7 million) compared to $86.3 million for the comparable period of the prior year. The majority of the increase in earnings and discretionary cash flow is attributable to higher production and natural gas and oil prices.

The following table summarizes the Company s production and commodity price realizations for the 2003 and 2002 periods ended September 30:

	Three Months Ended	Nine Months Ended

9/30/03	9/30/02	Change	9/30/03	9/30/02	Change

Production

Natural gas (Bcf)	23.1	17.9	29%	56.9	54.5	4%
Oil (MBbls)	332	187	78%	721	642	12%
NGLs (MBbls)	356	356	0%	1,102	1,081	2%
Equivalent (Bcfe)	27.3	21.1	29%	67.8	64.9	4%

Realized Prices*

Natural gas ($/Mcf)	4.10	1.77	132%	4.02	2.01	100%
Oil ($/Bbl)	29.27	26.05	12%	29.02	22.85	27%
NGLs ($/Bbl)	17.87	11.80	51%	18.17	10.44	74%

*Includes effects of hedging.

Third quarter 2003 production averaged 296.2 million cubic feet equivalent per day (Mmcfepd), a 29% increase over the comparable period of 2002. Gas, oil and natural gas liquids sales for the three months ended September 30, 2003 totaled $110.9 million, an increase of $70.2 million, or 172%, from the prior year s comparable period due to higher production and commodity prices in the current quarter.

Production expense for the most recently completed quarter and the comparable prior year s quarter averaged $0.49 per Mcfe and $0.38 per Mcfe, respectively, while production taxes of $0.35 per Mcfe in the most recently completed quarter were $0.21 per Mcfe higher than in the corresponding period of the prior year. Production expenses were approximately $1.0 million, or $0.04 per Mcfe, higher than expected for the third quarter of 2003 primarily due to workover and plant turnaround expenses. The increase in production taxes is a result of higher commodity prices. Combined cash costs comprised of production expense, production taxes, interest expense (excluding one-time charges incurred relative to the termination of the bridge facility and term loan) and general and administrative expense totaled $1.36 per Mcfe in the third quarter of 2003, $0.59 per Mcfe higher than in the prior year s comparable period. Net cash margin (gas and oil sales less combined cash costs) totaled $2.71 per Mcfe in the most recently completed quarter compared to $1.16 per Mcfe in the prior year s comparable period.

Tom Brown has fixed price physical sales and natural gas hedges in the form of costless collars and swaps in place at various pipeline delivery points (i.e., includes location differentials) that are summarized below:

	Natural Gas Collars			*Natural Gas Swaps/Physical Sales*		
Location/Period	**Volume in Mmbtu/d**		**Weighted Average Floor/Ceiling ($/Mmbtu)**	**Volume in Mmbtu/d**		**Weighted Average Swap Price ($/Mmbtu)**
Fourth Quarter 2003:						
Rockies (Colorado/Wyoming)	43,200	$	3.73/6.25	14,300	$	2.96
Canada	1,685	$	3.23/4.45	2,527		3.13
Southern Region (Texas)	43,400	$	4.50/8.80	2,527		3.45
Total Fourth Quarter 2003	88,285	$	4.10/7.47	19,354		3.05
Full-year 2004:						
Rockies (Colorado/Wyoming)	11,200	$	4.19/7.12			
Southern Region (Texas)	28,300	$	4.28/7.44			
Total 2004	39,500	$	4.25/7.35			

The 2004 Rockies hedges are an average of the full-year 2004, which is comprised of 45,000 Mmbtu/d for the first quarter of 2004 with no other volumes fully hedged thereafter. However, the Company has entered into basis hedges for an additional 17,000 Mmbtu/d from April-October of 2004 for Rockies production delivered into Northwest Pipeline at a differential of $0.67 per Mmbtu.

The Company s marketing, trading, gathering and processing margins (revenues less combined costs) totaled $2.3 million in the most recently completed quarter compared to $5.7 million in the corresponding period in the prior year. The marketing and trading margin for the third quarter of 2003 was a loss of $0.6 million compared to gain of $2.6 million in the prior year s third quarter. The marketing and trading margin is lower primarily because the spread between Rockies and Mid-Continent basis differentials was tighter this year resulting in a reduced margin on the firm transportation held by the Company. The gathering and processing margin was $2.9 million for the third quarter of this year compared to $3.1 million for the previous year s third quarter primarily due to reduced gathering volumes.

2003 Exploration and Development Program

For the nine months ended September 30, 2003, the Company drilled or participated in a total of 129 wells in the U.S. and 12 in Canada. Of the 129 wells drilled in the U.S., as of September 30, 2003, 94 wells had been completed, 24 wells were in the process of being completed and 11 were abandoned. Of the 12 wells drilled in Canada, at September 30, 2003

For the nine months ended September 30, 2003, the Company drilled or participated in a total of 129 wells in the U.

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five wells had been completed and seven wells were in the process of being completed. As of September 30, 2003, Tom Brown had 16 wells drilling in the U.S. and two in Canada.

five wells had been completed and seven wells were in the process of being completed. As of September 30, 2003

Wind River Basin

For the nine months ended September 30, 2003, the Company drilled 11 gross wells, ten of which are successful and one that is currently being tested. Eight of the successful wells were in the Frenchie Draw field. Two of the 11 wells drilled were exploratory wells; Blazing Saddles 33-32 (TBI 80% working interest) and Curly 10-22 (TBI 25% working interest). Blazing Saddles 33-32 was drilled to 8,300 feet to evaluate various Fort Union intervals and has been connected to a sales line and is currently producing at 2.7 Mmcfepd. With the successful results from this wildcat the Company is moving in a rig to drill a step-out well, the Lili 33-24 (TBI 74.29% working interest). Success in the Lili 33-24 could create a significant development area for the Company. In the Company s Fuller area, which is south of the Blazing Saddles and Lili wells, the Company is preparing for an active development drilling program targeting the Fort Union formation. The Company continues to test the Curly 10-22, a Lance formation exploratory well. The Company is also participating with other industry partners in a 180 square mile 3-D seismic program along the southern flank of the Wind River Basin in Fremont County.

The Company produced an average of 51.7 Mmcfepd net for the nine months ended September 30, 2003 from the Wind River Basin compared to 60.6 Mmcfepd net in the comparable period of the prior year. This production decline was due to reduced drilling activity in the Basin. There has been no drilling activity on the Wind River Indian Reservation since mid-year 2002 due to finalization of certain contractual issues with the Northern Arapahoe and Eastern Shoshone Indian tribes.

Greater Green River Basin

In the first nine months of 2003, the Company drilled 13 successful out of 16 gross wells in the Greater Green River Basin. The Company has drilled and is currently completing the Gamblers Reservoir 14-33 (TBI 50% working interest), which is an offset well to the previously announced exploratory success, Gamblers Reservoir 43-32 (TBI 50% working interest). The Company produced an average of 23.8 Mmcfepd net for the nine months ended September 30, 2003, from the Greater Green River Basin compared to 22.3 Mmcfepd net in the comparable period of the prior year. The Company has also commenced drilling the West Slope 33-32 (TBI 50% working interest), a 13,000 foot Lewis exploratory well.

Piceance Basin

The Company drilled 27 gross wells, all of which were successful, in the first nine months of 2003 in the Piceance Basin. This drilling occurred in the second and third quarters principally in the White River Dome field and Parachute areas. The Company has drilled eight successful wells (TBI 75% working interest) to the Williams Fork formation in the Parachute/South Parachute area. Four of the wells are flowing to sales at an average initial production rate of 1.7 Mmcfepd. This success has created a significant inventory in the South Parachute area of future drilling locations which are being prepared for the 2004 drilling program.

The Company produced an average of 29.5 Mmcfepd net for the nine months ended September 30, 2003 from the Piceance Basin as compared to 33.4 Mmcfepd net in the comparable period of the prior year. The production decrease was a result of greatly reduced drilling activity in the fourth quarter of 2002 followed by no wells being drilled in the Piceance in the first quarter of 2003 due to winter seasonal restrictions.

Paradox Basin

The Company drilled 10 successful out of 11 gross wells in the Paradox Basin in the first nine months of 2003, primarily in the Andy s Mesa and Hamilton Creek fields. With the success of the Andy s Mesa drilling program, the Company has hit record gross production levels of approximately 30 Mmcfepd from the field. The Company is continuing to pursue a number of exploratory prospects in this area, many of which will be tested in 2004. The Company produced an average of 51.3 Mmcfepd net for the nine months ended September 30, 2003 from the Paradox Basin, as compared to 45.6 Mmcfepd net in the comparable period of the prior year.

Southern Region (Permian, East Texas Basins, South Texas)

In the first nine months of the 2003, the Company drilled or participated in 57 successful out of 64 gross wells in the Southern Region which includes drilling activity on the Matador properties beginning in the third quarter of 2003. Of the 64 wells drilled in the Southern Region 31 were in East Texas Basin and 33 were in the Permian Basin.

At the Deep Valley Horizontal Devonian project area in the Permian Basin, the Company is drilling the Horry Pitts 49-01H (TBI 50% working interest). After taking a significant gas kick while drilling the lateral, a drill stem test of the Devonian was run, which flowed at 8.6 Mmcfd with 5,350 pounds per square inch (psi) flowing tubing pressure. The Company is now back to drilling the lateral. In East Texas, in the Mimms Creek field (TBI 55% working interest) the Company participated in fourteen wells in the first nine months of 2003 and currently has two rigs running in the field. Our most recent Mimms Creek well, the Utley A-9,

had an initial production rate of 6.0 Mmcfepd compared to a field-wide average rate of 3.5 Mmcfepd. The Company produced an average of 68.1 Mmcfepd net for the nine months ended September 30, 2003 from the Southern Region compared to 49.8 Mmcfepd net in the comparable period of the prior year.

Canada

In the first nine months of 2003, the Company drilled 12 gross wells, all of which were successful, in Canada primarily in the Carrot Creek and Edson fields. The Company produced an average of 24.1 Mmcfepd net for the nine months ended September 30, 2003 as compared to 24.5 Mmcfepd net in the comparable period of the prior year.

Outlook for 2003

The following statements provide a summary of certain estimates for the fourth quarter and full-year of 2003 based on current expectations. Tom Brown s exploration and development capital expenditures (excluding acquisitions) for the first nine months of 2003 totaled $163.5 million. For the full-year 2003, the Company is forecasting exploration and development capital expenditures in the range of $245-$255 million (excluding the cost to acquire Matador), which includes approximately 70%-75% for development activities and the remainder for land acquisitions and exploration.

Based upon this anticipated range of capital spending, Tom Brown s full-year 2003 production guidance is 96-98 Bcfe (85% natural gas). The mid-point estimate for the fourth quarter 2003 production is 29.2 Bcfe as summarized in the following table.

	Fourth Quarter 2003		
	U.S.	**Canada**	**Total**
Natural gas (Mcfpd)	253,600	17,000	270,600
Natural gas liquids (Bonglpd)	3,390	660	4,050
Oil (Bopd)	3,370	330	3,700
Total equivalent (Mcfepd)	294,160	22,940	317,100
Total production (Mmcfe)	27,100	2,100	29,200

Estimates for exploration expense are $13-$16 million for the fourth quarter of 2003 and $34-$37 million for the entire year, including estimated dry hole expense. Actual dry hole expense could differ based on timing and results of wells. Other operating expenses for the

remainder of 2003 are expected to fall within the ranges summarized below based on our estimated production:

OPERATING COSTS/Mcfe:			
Lease operating expense	$0.45	-	$0.47
General and administrative expense	0.24	-	0.26
Interest expense and other	0.24	-	0.27
Depreciation, depletion and amortization	1.18	-	1.23
Production taxes (% of oil and gas revenues)	8.5%	-	9.5%

The Company s management will hold a conference call today, Thursday, November 6, 2003 at 1:00 p.m. Mountain Time to review the third quarter 2003 results. The dial-in number to participate in the call is 800-399-0117 (U.S.) or 706-679-3393 (International), or the call can be accessed live in a listen-only mode by following the link from the Investor Relations page of the Company s website www.tombrown.com.

Tom Brown, Inc. is a Denver, Colorado based independent energy company engaged in the exploration for, and the acquisition, development, production and marketing of, natural gas, natural gas liquids and crude oil in North America. The Company s common stock is traded on the NYSE under the symbol TBI.

This news release includes forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are based on certain assumptions and analyses made by the Company in light of its experience, on general economic and business conditions and expected future developments, many of which are beyond the control of the Company. Important factors that could cause actual results to differ materially from those in the forward-looking statements herein include the timing and extent of changes in commodity prices for oil and gas, environmental risks, operating risks, risks related to exploration and development, effective integration of acquired operations, the ability of the Company to meet its stated business goals and other risk factors as described in the Company s 2002 Annual Report and Form 10-K as filed with the Securities and Exchange Commission. As a result of those factors, the Company s actual results may differ materially from those indicated in or implied by such forward-looking statements.

Contact: Tom Brown, Inc.
Mark Burford
Director of Investor Relations
(303) 260-5146

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TOM BROWN, INC. AND SUBSIDIARIES

Consolidated Summary Income Statement (Unaudited)

Three and Nine Months ended September 30, 2003 and 2002

	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
	(In thousands except per share amounts)			
Revenues:				
Gas, oil and natural gas liquids sales	$ 110,902	$ 40,749	$ 269,862	$ 135,679
Gathering and processing	4,133	4,459	15,001	14,448
Marketing and trading	5,186	11,007	27,834	47,039
Drilling	5,799	5,036	12,754	9,617
Gain on sale of property				4,004
Change in derivative fair value		299	1,913	(1,042)
Cash (paid) received on derivatives		(1,126)		(1,438)
Loss on marketable securities				(600)
Interest income and other	189	105	816	431
Total revenues	126,209	60,529	328,180	208,138
Costs and expenses:				
Gas and oil production	13,246	7,999	29,936	24,318
Taxes on gas and oil production	9,504	3,029	23,127	11,829
Gathering and processing costs	1,239	1,356	5,310	4,580
Trading	5,812	8,364	27,402	43,704
Drilling operations	4,937	4,354	10,968	9,293
Exploration costs	10,674	4,150	21,353	15,334
Impairments of leasehold costs	1,853	1,392	4,816	4,173
General and administrative	6,962			

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

was 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

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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:

  - 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 June 30, 2000 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

100% of the aggregate fair market value received by us from the issue or sale since the date of the indenture 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

$25.0 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;

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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 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 (2) of the immediately 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 $700.0 million and the borrowing base as of the most recent fiscal quarter ended for which financial statements are available;

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(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 $700.0 million 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, (ii) the debt is expressly subordinated to the prior payment in full in cash of all obligations with respect to the notes, and (iii)(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) capitalized lease obligations and purchase money obligations of Flextronics 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 $50.0 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

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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;

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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;

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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,

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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 or 1,000, as the case may be, 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.

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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. In addition, we have 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

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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.

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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

any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing person.

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

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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;

(3) the net income of any person acquired in a pooling of interests transaction for any period prior to the date of the acquisition shall be excluded; and

(4) 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

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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

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 and Term Loan Agreement dated as of April 3, 2000 by and among us, certain agents and certain lending institutions party thereto and the Revolving Credit and Term Loan Agreement dated as of April 3, 2000 by and among Flextronics International U.S.A. Inc., DII, certain agents 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

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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 arm s-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;

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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.

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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

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directors, evidenced by a resolution of our board of directors set forth in an officers certificate delivered to the trustee;

(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; and

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;

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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;

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.

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Senior debt means:

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

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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

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 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;

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(5) any present or future taxes (A) 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, or (B) which, if the beneficial owner of such note had held the note as the holder of such note, would have been excluded pursuant to clauses (1) through (4) above; or

(6) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge.

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.

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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;

- 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 $10.0 million or more;

- our failure or the failure of any of our restricted subsidiaries to pay final judgments aggregating in excess of $10.0 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 July 1, 2005 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 July 1, 2005 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 July 1, 2005, 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.

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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.

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.

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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;
- 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;

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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;

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

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procedures of DTC, Euroclear and Clearstream, Luxembourg and their respective 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, Euroclear and Clearstream, Luxembourg are 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 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 depositary. 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 depositary, or their respective nominee, is the registered holder of a global note, DTC or the common depositary 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 depositary 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 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 DTC s and/or Euroclear s and Clearstream, Luxembourg s applicable procedures, in addition to those under the indenture referred to in this prospectus.

Investors may hold their interests in the Regulation S global note through Euroclear or Clearstream, Luxembourg, if they are

participant in such systems, or indirectly through organizations that are participants in such systems. After the expiration of the restricted period, but not earlier, investors may also hold interests in the Regulation S global note through organizations other than Euroclear and Clearstream, Luxembourg that are participants in the DTC system. Clearstream, Luxembourg and Euroclear 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 depositary. 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, Luxembourg, 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, Luxembourg.

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 depositary, 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.

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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 depositary, 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 depositary or its nominee, will immediately credit the accounts of Euroclear and Clearstream, Luxembourg, which in turn will immediately credit accounts of participants in Euroclear and Clearstream, Luxembourg 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 Euroclear and Clearstream, Luxembourg. We also expect that payments by participants to owners of beneficial interests in such global note held through such 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, Euroclear and Clearstream, Luxembourg 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, Euroclear or Clearstream, Luxembourg systems, 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, Euroclear and Clearstream, Luxembourg 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 in Euroclear and Clearstream, Luxembourg, as the case may be, 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, Luxembourg 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, Luxembourg 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, Luxembourg participants, on the other hand, will be effected in DTC in accordance with DTC s rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by our respective depositary. However, such crossmarket transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, 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, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary 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, Luxembourg participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream, Luxembourg.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg 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, Luxembourg participant, during the securities settlement processing day, which must be a business day for Euroclear and Clearstream, Luxembourg immediately following the DTC settlement date. Cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interests in a global note by or through a Euroclear or Clearstream, Luxembourg participant to a DTC participant will be received with value on the DTC settlement date but will

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be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day for Euroclear or Clearstream, Luxembourg following the DTC settlement date.

DTC, Euroclear and Clearstream, Luxembourg have 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 or Euroclear or Clearstream, Luxembourg, as the case may be, 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, Luxembourg 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;
- 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).

Euroclear and Clearstream, Luxembourg have advised us that each of Euroclear and Clearstream, Luxembourg (1) holds securities for their account holders and (2) facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial

relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder s overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

Although DTC, Euroclear and Clearstream, Luxembourg currently follow the foregoing procedures to facilitate transfers of interests in global notes among participants of DTC, Euroclear and Clearstream, Luxembourg, they are 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, Euroclear or

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Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes

If any depositary is at any time unwilling or unable to continue as a depositary for notes for the reasons set forth above under 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, Euroclear, Clearstream, Luxembourg or the common depositary, 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, Luxembourg 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, Luxembourg participant, during the securities settlement processing day, which must be a business day for Euroclear and Clearstream, Luxembourg, immediately following the settlement date of DTC. Cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interests in a global note by or through a Euroclear or Clearstream, Luxembourg 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, Luxembourg cash account only as of the business day for Euroclear or Clearstream, Luxembourg 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.

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

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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. There can be no assurance that the Internal Revenue Service (IRS) will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the U.S. federal income tax consequences of acquiring or holding the notes. 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 withholding taxes, if any, withheld from interest paid on the note.

Market Discount

If a U.S. holder purchases a note for an amount that is less than its stated redemption price at maturity, the amount of the difference will be treated as market discount, unless that difference is less than a specified de minimis amount. Under the market discount rules, U.S. holders will be required to treat any payment, other than qualified stated interest, on, or any gain recognized on the sale, exchange, retirement or other disposition (including a gift or redemption at maturity) of the note (other than in connection with certain nonrecognition transaction) as ordinary income to the extent of the market discount that holders have not previously included in income and are treated as having accrued on the note at the time of its payment or disposition. In addition, U.S. holders may be required to defer, until the maturity of the note or its earlier disposition in a taxable transaction (or certain non-recognition transactions where market discount is required to be taken into account), the deduction of all or a portion of the interest expense on any indebtedness attributable to the note. Amounts included in income under the market discount rules will generally be treated as income from sources outside the United States for foreign tax credit limitation purposes.

Any market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of the note, unless the U.S. holder elects to accrue on a constant interest method. U.S. holders may elect to include market discount in income currently as it accrues, on either a ratable or constant interest method, in which case the rule described above regarding deferral of interest deductions will

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not apply. A U.S. holder s election to include market discount in income currently, once made, applies to all market discount obligations acquired by such holder on or after the first taxable year to which such holder s election applies and may not be revoked without the consent of the IRS.

Bond Premium

If a U.S. holder purchases a note for an amount in excess of the sum of all amounts payable on the note after the purchase date, other than qualified stated interest, such holder will be considered to have purchased the note at a premium. A U.S. holder generally may elect to amortize the premium over the remaining term of the note on a constant yield method as an offset to interest when includible in income under such holder s regular accounting method. If a U.S. holder does not elect to amortize bond premium, that premium will decrease the gain or increase the loss such holder would otherwise recognize on disposition of the note. The election to amortize premium on a constant yield method will also apply to all debt obligations held or subsequently acquired by the U.S. holder on or after the first day of the first taxable year to which the election applies. A U.S. holder may not revoke the election without the consent of the IRS.

Sale, Exchange and Redemption of Notes

A U.S. holder (subject to the market discount and premium rules discussed above) 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, and the U.S. holder s adjusted tax basis in the notes. Assuming that the U.S. holder has held the notes as capital assets, 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 15%. 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 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.

The exchange of the old notes for the new notes pursuant to the exchange offer should not be treated as an exchange for federal income tax purposes because the new notes should not differ materially in either kind or extent from the old notes and because the exchange will occur by operation of the terms of the old notes. A U.S. holder s adjusted tax basis in the new notes should be the same as the holder s adjusted tax basis in the old

notes. A U.S. holder s holding period for the new notes received pursuant to the exchange offer should include its holding period for the old notes surrendered for the new 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 increase to 31% in 2011). Backup withholding will generally not apply, however, to a holder who furnishes certification of 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.

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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 of this prospectus 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 (a Singapore Person);
- 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 (whether as a consequence of the exchange offer or otherwise) 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 22% (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.

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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.

EXPERTS

The consolidated financial statements for the fiscal year ended March 31, 2003 incorporated in this registration statement by reference from the Company s Annual Report on Form 10-K for the year ended March 31, 2003, have been audited by Deloitte & Touche LLP, independent auditors, 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.

The audited financial statements for the two-year period 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.

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FLEXTRONICS INTERNATIONAL LTD.

Exchange Offer For All Outstanding

$400,000,000 6 1/2% Senior Subordinated Notes Due 2013

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. ***Indemnification of Officers and Directors***

Article 155 of the Registrant s Articles of Association provides that, subject to the Singapore Companies Act, every director or other officer shall be entitled to be indemnified by the Registrant against all liabilities incurred by him in the execution and discharge of his duties or in relation thereto, including any liability in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Registrant and in which judgment is given in his favor, or the proceedings otherwise disposed of without finding or admission of any material breach of duty; or in which he is acquitted; or in connection with any application under any statute for relief from liability for any act or omission in which relief is granted to him by the court.

In addition, no director or other officer shall be liable for the acts, receipts, neglects or defaults of any other director or officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Registrant, through the insufficiency or deficiency of title to any property acquired by order of the directors for the Registrant or for the insufficiency or deficiency of any security upon which any of the moneys of the Registrant are invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects are deposited, or any other loss or misfortune which happens in the execution of his duties, unless the same happens through his own negligence, willful default, breach of duty or breach of trust.

Section 172 of the Companies Act prohibits a company from indemnifying its directors or officers against liability which by law would otherwise attach to them for any negligence, default, breach of duty or breach of trust of which they may be guilty relating to the company. However, a company is not prohibited from (a) purchasing and maintaining for any such officer insurance against any such liability, or (b) indemnifying such officer against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favor or in which he is acquitted, or in connection with any application under Section 76A(13) or 391 of the Companies Act in which relief is granted to him by the court.

The Registrant has entered into indemnification agreements with its officers and directors. These indemnification agreements provide the Registrant s officers and directors with indemnification to the maximum extent permitted by the Companies Act. The Registrant has also obtained a policy of directors and officers liability insurance that will insure directors and officers against the cost of defense, settlement or payment of a judgment under certain circumstances which are permitted

under the Companies Act.

Item 21. ***Exhibits and Financial Statement Schedule***

		Incorporated by Reference				
Exhibit No.	**Exhibit**	**Form**	**File No.**	**Filing Date**	**Exhibit No**	**Filed Herewith**
2.01	Agreement and Plan of Merger dated November 22, 1999 among the Registrant, Slalom Acquisition Corp. and The DII Group, Inc.*	8-K	000-23354	12-06-99	2.1	
2.02	Agreement and Plan of Reorganization dated July 31, 2000 among the Registrant, Chatham Acquisition Corporation, and Chatham Technologies, Inc.*	8-K	000-23354	09-15-00	2.01	
2.03	Merger Agreement dated August 10, 2000 among the Registrant, JIT Holdings Limited, Goh Thiam Poh Tommie and Goh Mui Teck William, as amended.*	S-3	333-46770	09-27-00	2.4	

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		Incorporated by Reference				
Exhibit No.	Exhibit	Form	File No.	Filing Date	Exhibit No.	Filed Herewith
2.04	Agreement and Plan of Reorganization dated August 31, 2000 among the Registrant, Lightning Metal Acquisition Corp., Coating Acquisition Corp., Lightning Tool Acquisition Corp., Lightning Metal Specialties, Incorporated, Coating Technologies, Inc., Lightning Tool and Design, Inc., Lightning Metal Specialties E.M.F., Ltd., Lightning Manufacturing Solutions-Europe, Ltd., Lightning Manufacturing Solutions Texas, L.L.C., Lightning Logistics, L.L.C., Papason, L.L.C., 200 Scott Street, L.L.C., 80 Scott Street, L.L.C., 230 Scott Street, L.L.C., 1350 Lively Blvd, L.L.C., D.A.D. Partnership, S.O.N. Partnership, S.O.N. II Partnership, and shareholders and members of such companies.*	S-3	333-46200	09-20-00	2.4	
2.05	Exchange Agreement dated January 14, 2000, among the Registrant, Palo Alto Products International Pte. Ltd., and the	10-K	000-23354	06-29-01	2.06	

	shareholders of Palo Alto Products International Pte. Ltd., Palo Alto Manufacturing (Thailand) Ltd., and Palo Alto Plastic (Thailand) Ltd.				
3.01	Memorandum and New Articles of Association of the Registrant.	10-Q	000-23354	02-09-01	3.1
4.01	Indenture dated as of October 15, 1997 between Registrant and U.S. Bank National Association (successor to State Street Bank and Trust Company of California, N.A.), as trustee.	8-K	000-23354	10-22-97	10.1
4.02	U.S. Dollar Indenture dated June 29, 2000 between the Registrant and J.P. Morgan Trust Company, National Association (successor to Chase Manhattan Bank and Trust Company, N.A.), as trustee.	10-Q	000-23354	08-14-00	4.1
4.03	Euro Indenture dated as of June 29, 2000 between Registrant and J.P. Morgan Trust Company, National Association (successor to Chase Manhattan Bank and Trust Company, N.A.), as trustee.	10-Q	000-23354	08-14-00	4.2
4.04	Indenture dated as of May 8, 2003 between Registrant and J.P. Morgan Trust Company, National Association, as trustee.	10-K	000-23354	06-06-00	4.04

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		Incorporated by Reference				
Exhibit No.	Exhibit	Form	File No.	Filing Date	Exhibit No.	Filed Herewith
4.05	Credit Agreement dated as of March 8, 2002 among Flextronics International Ltd., the lenders named in Schedule I to the Credit Agreement, ABN AMRO Bank N.V. as agent for the lenders, ABN AMRO Bank N.V. and Fleet National Bank, as co-lead arrangers, Deutsche Banc Alex. Brown Inc., Bank of America, N.A., Citicorp USA, Inc. and Fleet National Bank, as co-syndication agents, The Bank of Nova Scotia, as senior managing agent, BNP Paribas and Credit Suisse First Boston, as managing agents, and Fleet National Bank, as the issue of letters of credit (the ***FIL Credit Agreement***).*	10-K	000-23354	05-03-02	4.04	
4.06	Credit Agreement dated as of March 8, 2002 among Flextronics International USA, Inc., the	10-K	000-23354	05-03-02	4.05	

	lenders named in Schedule I to the Credit Agreement, ABN AMRO Bank N.V. as agent for the lenders, ABN AMRO Bank N.V. and Fleet National Bank, as co-lead arrangers, Deutsche Banc Alex. Brown Inc., Bank of America, N.A., Citicorp USA, Inc. and Fleet National Bank, as co-syndication agents, The Bank of Nova Scotia, as senior managing agent, BNP Paribas and Credit Suisse First Boston, as managing agents, and Fleet National Bank, as the issue of letters of credit (the ***FIUI Credit Agreement***).*					
4.07	Amendment No. 1 to the FIL Credit Agreement dated as of March 7, 2003.*	10-K	000-23354	06-06-03	4.08	
4.08	Amendment No. 1 to the FIUI Credit Agreement dated as of March 7, 2003.*	10-K	000-23354	06-06-03	4.09	
4.09	Registration Rights Agreement dated May 8, 2003 by and among the Registrant, CitiGroup Global Markets Inc., Credit Suisse First Boston LLC,					X

	Goldman, Sachs & Co., Deutsche Bank Securities Inc., Lehman Brothers Inc., Banc of America Securities LLC, ABN, AMRO Incorporated and Bear Stearns.					
5.01	Opinion of Fenwick & West LLP.					X
5.02	Opinion of Allen & Gledhill with respect to the ordinary shares being registered.					X
10.01	Form of Indemnification Agreement between the Registrant and its Directors and certain officers.	S-1	33-74622		10.01	
10.02	Registrant s 1993 Share Option Plan.	S-8	333-55850	02-16-01	4.2	

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		Incorporated by Reference				
Exhibit No.	Exhibit	Form	File No.	Filing Date	Exhibit No.	Filed Herewith
10.03	Registrant s 1997 Employee Share Purchase Plan.	S-8	333-95189	11-20-02	4.02	
10.04	Registrant s 1997 Interim Stock Plan.	S-8	333-42255	12-15-97	99.2	
10.05	Registrant s 1998 Interim Stock Plan.	S-8	333-71049	01-22-99	4.5	
10.06	Registrant s 1999 Interim Stock Plan.	S-8	333-71049	01-22-99	4.6	
10.07	Registrant s 2001 Equity Incentive Plan.	S-8	333-75526	12-19-01	4.9	
10.08	Registrant s 2002 Interim Incentive Plan.	S-8	333-103189	02-13-03	4.02	
10.09	Flextronics U.S.A. 401(k) plan.	S-1	33-74622		10.52	
10.10	Form of Secured Full Recourse Promissory Note executed by certain executive officers of the Registrant in favor of Flextronics International, NV, in connection with Glouple Ventures 2000 I.	10-K	000-23354	06-29-01	10.08	
10.11	Form of Secured Full Recourse Promissory Note executed by certain executive officers of the Registrant in favor of Flextronics International, NV, in connection	10-K	000-23354	06-29-01	10.09	

	with Glouple Ventures 2000 II.					
12.01	Statement regarding Computation of Ratios.					X
21.01	Subsidiaries of Registrant.	10-K	000-23354	06-06-03	21.01	
23.01	Consent of Fenwick & West LLP (included in Exhibit 5.01).					X
23.02	Consent of Allen & Gledhill (included in Exhibit 5.02).					X
23.03	Consent of Deloitte & Touche LLP.					X
24.01	Power of Attorney (included in the signature page of this Registration Statement).					X
25.01	Statement of Eligibility of Trustee relating to the Registrant s $400.0 million 6 1/2% Senior Subordinated Notes Due 2013.					X
99.01	Letter of Transmittal.					X
99.02	Notice of Guaranteed Delivery.					X

* Certain schedules have been omitted. The Registrant agrees to furnish supplementally a copy of any omitted schedule to the Commission upon request.

Item 22. ***Undertakings***

(a) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the

successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with

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the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(b) The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(c) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

(d) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant s annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this registration statement to be singed on its behalf by the undersigned, thereunto duly authorized, in the city of San Jose, state of California, on this 5th day of August, 2003.

FLEXTRONICS INTERNATIONAL LTD.

By: /s/ MICHAEL E. MARKS

Michael E. Marks
Chief Executive Officer and Director

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints jointly and severally, Michael E. Marks and Robert R.B. Dykes and each one of them, his attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any and all amendments to this registration statement (including any and all amendments, including post-effective amendments), and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ MICHAEL E. MARKS Michael E. Marks	Chief Executive Officer and Director (Principal Executive Officer)	August 5, 2003
/s/ ROBERT R.B. DYKES Robert R.B. Dykes	President, Systems Group and Chief Financial Officer (Principal Financial Officer)	August 5, 2003
/s/ THOMAS J. SMACH Thomas J. Smach	Vice President, Finance (Principal Accounting Officer)	August 5, 2003
	Chairman of the Board	August , 2003

Richard L. Sharp		
/s/ JAMES A. DAVIDSON	Director	August 5, 2003
James A. Davidson		
/s/ PATRICK FOLEY	Director	August 5, 2003
Patrick Foley		

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Signature	Title	Date
/s/ MICHAEL J. MORITZ Michael J. Moritz	Director	August 5, 2003
Lip-Bu-Tan	Director	August , 2003

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EXHIBIT INDEX

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2.03	Merger Agreement dated August 10, 2000 among the Registrant, JIT Holdings Limited, Goh Thiam Poh Tommie and Goh Mui Teck William, as amended.*	S-3	333-46770	09-27-00	2.4	
2.04	Agreement and Plan of Reorganization dated August 31, 2000 among the Registrant, Lightning Metal Acquisition Corp., Coating Acquisition Corp., Lightning Tool Acquisition Corp., Lightning Metal Specialties, Incorporated, Coating Technologies, Inc., Lightning	S-3	333-46200	09-20-00	2.4	

	Tool and Design, Inc., Lightning Metal Specialties E.M.F., Ltd., Lightning Manufacturing Solutions-Europe, Ltd., Lightning Manufacturing Solutions Texas, L.L.C., Lightning Logistics, L.L.C., Papason, L.L.C., 200 Scott Street, L.L.C., 80 Scott Street, L.L.C., 230 Scott Street, L.L.C., 1350 Lively Blvd, L.L.C., D.A.D. Partnership, S.O.N. Partnership, S.O.N. II Partnership, and shareholders and members of such companies.*				
2.05	Exchange Agreement dated January 14, 2000, among the Registrant, Palo Alto Products International Pte. Ltd., and the shareholders of Palo Alto Products International Pte. Ltd., Palo Alto Manufacturing (Thailand) Ltd., and Palo Alto Plastic (Thailand) Ltd.	10-K	000-23354	06-29-01	2.06
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4.02		10-Q	000-23354	08-14-00	4.1

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	co-syndication agents, The Bank of Nova Scotia, as senior managing agent, BNP Paribas and Credit Suisse First Boston, as managing agents, and Fleet National Bank, as the issue of letters of credit (the ***FIL Credit Agreement***).*				
4.06	Credit Agreement dated as of March 8, 2002 among Flextronics International USA, Inc., the lenders named in Schedule I to the Credit Agreement, ABN AMRO Bank N.V. as agent for the lenders, ABN AMRO Bank N.V. and Fleet National Bank, as co-lead arrangers, Deutsche Banc Alex. Brown Inc., Bank of America, N.A., Citicorp USA, Inc. and Fleet National Bank, as co-syndication agents, The Bank of Nova Scotia, as senior managing agent, BNP Paribas and Credit Suisse First Boston, as managing agents, and Fleet National Bank, as the issue of letters of credit (the ***FIUI Credit***	10-K	000-23354	05-03-02	4.05

	Agreement).*					
4.07	Amendment No. 1 to the FIL Credit Agreement dated as of March 7, 2003.*	10-K	000-23354	06-06-03	4.08	
4.08	Amendment No. 1 to the FIUI Credit Agreement dated as of March 7, 2003.*	10-K	000-23354	06-06-03	4.09	
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5.01	Opinion of Fenwick & West LLP.					X

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12.01	Statement regarding Computation of Ratios.					X
21.01	Subsidiaries of Registrant.	10-K	000-23354	06-06-03	21.01	
23.01	Consent of Fenwick & West LLP (included in Exhibit 5.01).					X
23.02	Consent of Allen & Gledhill (included in Exhibit 5.02).					X
23.03	Consent of Deloitte & Touche LLP.					X
24.01	Power of Attorney (included in the signature page of this Registration Statement).					X
25.01	Statement of Eligibility of Trustee relating to the Registrant s $400.0 million 6 1/2% Senior Subordinated Notes Due 2013.					X
99.01	Letter of Transmittal.					X
99.02	Notice of Guaranteed Delivery.					X

* Certain schedules have been omitted. The Registrant agrees to furnish supplementally a copy of any omitted schedule to the Commission upon request.