

FLEXTRONICS INTERNATIONAL LTD.

Form DEF 14A

July 31, 2006

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

FLEXTRONICS INTERNATIONAL LTD.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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FLEXTRONICS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number 199002645H)
NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS
To Be Held on October 4, 2006

To our shareholders:

You are cordially invited to attend, and NOTICE IS HEREBY GIVEN, of the Annual General Meeting of Shareholders of FLEXTRONICS INTERNATIONAL LTD., which will be held at our principal U.S. offices located at 2090 Fortune Drive, San Jose, California, 95131, U.S.A., at 10:00 a.m., Pacific Daylight Time (PDT), on October 4, 2006, for the following purposes:

To re-elect the following Directors: Michael E. Marks, Richard L. Sharp, Michael M. McNamara, H. Raymond Bingham, Ajay B. Shah and Rockwell A. Schnabel (*Proposals 1 and 2*);

To approve the re-appointment of Deloitte & Touche LLP as our independent auditors for the 2007 fiscal year (*Proposal 3*);

To approve the authorization for the Directors of the Company to allot and issue ordinary shares (*Proposal 4*);

To approve the cash compensation payable to our non-employee Directors (*Proposal 5*);

To approve the Company's Amended and Restated Articles of Association (*Proposal 6*);

To approve the renewal of the Share Purchase Mandate relating to acquisitions by the Company of its own issued ordinary shares (*Proposal 7*); and

To approve amendments to our 2001 Equity Incentive Plan relating to: (a) the elimination of the sub-limit on outstanding stock bonus awards; (b) modification of the automatic option grants to non-employee Directors; and (c) a 5,000,000-share increase in the share reserve (*Proposals 8, 9 and 10*).

The full text of the resolutions proposed for adoption by our shareholders is as follows:

As Ordinary Business

1. To re-elect each of the following Directors, who will retire by rotation pursuant to Article 95 of our Articles of Association, to the Board of Directors:

(a) Mr. Michael E. Marks; and

(b) Mr. Richard L. Sharp.

2. To re-elect the following Directors, who will cease to hold office pursuant to Article 101 of our Articles of Association, to the Board of Directors:

(a) Mr. Michael M. McNamara;

(b) Mr. H. Raymond Bingham;

(c) Mr. Ajay B. Shah; and

(d) Mr. Rockwell A. Schnabel.

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3. To consider and vote upon a proposal to re-appoint Deloitte & Touche LLP as our independent auditors for the fiscal year ending March 31, 2007 and to authorize the Board of Directors to fix their remuneration.

As Special Business

4. To pass the following resolution as an Ordinary Resolution:

RESOLVED THAT, pursuant to the provisions of Section 161 of the Singapore Companies Act, Cap. 50, and notwithstanding the provisions of Article 46 of our Articles of Association but subject otherwise to the provisions of that Act and our Articles of Association, authority be and is hereby given to our Directors to:

- (a) (i) allot and issue ordinary shares in our capital; and/or
- (ii) make or grant offers, agreements or options that might or would require ordinary shares in our capital to be allotted and issued, whether after the expiration of this authority or otherwise (including but not limited to the creation and issue of warrants, debentures or other instruments convertible into ordinary shares in our capital),

at any time to and/or with such persons and upon such terms and conditions and for such purposes as our Directors may in their absolute discretion deem fit, and with such rights or restrictions as our Directors may think fit to impose and as are set forth in our Articles of Association; and

- (b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) allot and issue ordinary shares in our capital in pursuance of any offer, agreement or option made or granted by our Directors while this resolution was in force, and that such authority shall continue in force until the conclusion of our next Annual General Meeting or the expiration of the period within which our next Annual General Meeting is required by law to be held, whichever is the earlier.

5. To pass the following resolution as an Ordinary Resolution:

RESOLVED THAT, approval be and is hereby given for us to provide:

- (a) Annual cash compensation of \$40,000 to each of our non-employee Directors for services rendered as a director;
- (b) Additional annual cash compensation of \$10,000 to the Chairman of the Audit Committee (if appointed) of the Board of Directors for services rendered as Chairman of the Audit Committee and for his or her participation on the Audit Committee; and
- (c) Additional annual cash compensation of \$5,000 to each of our non-employee Directors for their participation on each standing committee of the Board of Directors on which such Director serves.

6. To pass the following resolution as a Special Resolution:

RESOLVED THAT:

The document attached as Annex B to the proxy statement as attached hereto be and hereby is adopted as the Articles of Association of the Company, in substitution for and to the exclusion of the existing Articles of Association of the Company.

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7. To pass the following resolution as an Ordinary Resolution:

RESOLVED THAT:

(a) for the purposes of Sections 76C and 76E of the Singapore Companies Act, Cap. 50 (the Companies Act), the exercise by our Directors of all our powers to purchase or otherwise acquire issued ordinary shares in the capital of the Company, not exceeding in aggregate the number of issued ordinary shares representing 10% of the total number of issued ordinary shares in the capital of the Company as at the date of the passing of this resolution (excluding any ordinary shares which are held as treasury shares as at that date), at such price or prices as may be determined by our Directors from time to time up to the maximum purchase price described in paragraph (c) below, whether by way of:

(i) market purchases on the NASDAQ Global Market or any other stock exchange on which our ordinary shares may for the time being be listed and quoted; and/or

(ii) off-market purchases (if effected other than on the NASDAQ Global Market or, as the case may be, any other stock exchange on which our ordinary shares may for the time being be listed and quoted) in accordance with any equal access scheme(s) as may be determined or formulated by our Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations and rules of the NASDAQ Global Market or, as the case may be, any other stock exchange on which our ordinary shares may for the time being be listed and quoted as may for the time being be applicable, be and is hereby authorized and approved generally and unconditionally;

(b) unless varied or revoked by our shareholders in a general meeting, the authority conferred on our Directors pursuant to the mandate contained in paragraph (a) above may be exercised by our Directors at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earlier of:

(i) the date on which our next Annual General Meeting is held; or

(ii) the date by which our next Annual General Meeting is required by law to be held;

(c) the maximum purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which may be paid for an ordinary share purchased or acquired by us pursuant to the mandate contained in paragraph (a) above, shall not exceed:

(i) in the case of a market purchase of an ordinary share, the highest independent bid or the last independent transaction price, whichever is higher, of our ordinary shares quoted or reported on the NASDAQ Global Market at the time the purchase is effected; and

(ii) in the case of an off-market purchase pursuant to an equal access scheme, 150% of the Prior Day Close Price;

and for the above purposes, the term Prior Day Close Price means the closing price of our ordinary shares as quoted on the NASDAQ Global Market or, as the case may be, any other stock exchange on which our ordinary shares may for the time being be listed and quoted, on the day immediately preceding the date of the making of the offer pursuant to the off-market purchase. The date of the making of the offer refers to the date on which we announce our intention to make an offer for the purchase or acquisition of our ordinary shares from holders of our ordinary shares, stating therein the purchase price (which shall not be more than the maximum purchase price calculated on the foregoing basis) for each ordinary share and the relevant terms of the equal access scheme for effecting the off-market purchase; and

(d) our Directors and/or any of them be and are hereby authorized to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may

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consider expedient or necessary to give effect to the transactions contemplated and/or authorized by this resolution.

8. To pass the following resolution as an Ordinary Resolution:

RESOLVED THAT:

Approval be and is hereby given for the amendment to our 2001 Equity Incentive Plan, which we refer to as the 2001 Plan, to eliminate the 2 million share sub-limit on the number of ordinary shares subject to stock bonus awards that may be outstanding at any point during the term of the 2001 Plan.

9. To pass the following resolution as an Ordinary Resolution:

RESOLVED THAT:

Approval be and is hereby given to amend the 2001 Plan to provide that the automatic option grant to non-employee directors of 12,500 options following each Annual General Meeting will not be pro-rated based on the service of the director during the prior 12 months.

10. To pass the following resolution as an Ordinary Resolution:

RESOLVED THAT:

Approval be and is hereby given to amend the 2001 Plan to increase the maximum number of ordinary shares authorized for issuance under the 2001 Plan from 27,000,000 ordinary shares to 32,000,000 ordinary shares (not including shares available under plans consolidated into the 2001 Plan, which shall continue to be available) and that an additional 5,000,000 ordinary shares be reserved for issuance under the 2001 Plan, and that such ordinary shares, when issued and paid for in accordance with the terms of the 2001 Plan, shall be validly issued, fully-paid and non-assessable ordinary shares in our capital.

11. To transact any other business as may properly be transacted at any Annual General Meeting.

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Notes

Singapore Financial Statements. At the 2006 Annual General Meeting, our shareholders shall have the opportunity to discuss and ask any questions that they may have regarding our Singapore audited accounts for the fiscal year ended March 31, 2006, together with the reports of the Directors and Auditors thereon, in compliance with Singapore law. Shareholder approval of our audited accounts is not being sought by this Proxy Statement and will not be sought at the 2006 Annual General Meeting.

Eligibility to Vote at Annual General Meeting; Receipt of Notice. The Board of Directors has fixed the close of business on August 11, 2006 as the record date for determining those shareholders who will be entitled to receive copies of this Notice and accompanying proxy statement. However, all shareholders of record on October 4, 2006 will be entitled to vote at the 2006 Annual General Meeting.

Quorum. Representation of at least 33¹/₃% of all outstanding ordinary shares of Flextronics International Ltd. is required to constitute a quorum. Accordingly, it is important that your shares be represented at the 2006 Annual General Meeting.

Proxies. A shareholder entitled to attend and vote at the 2006 Annual General Meeting is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not also be a shareholder. **Whether or not you plan to attend the meeting, please complete, date and sign the enclosed proxy card and return it in the enclosed envelope.** A proxy card must be received by us c/o Proxy Services, c/o Computershare Investor Services, PO Box 43101, Providence, RI 02940-5067 not less than 48 hours before the time appointed for holding the 2006 Annual General Meeting. You may revoke your proxy at any time prior to the time it is voted.

Disclosure regarding Share Purchase Mandate Funds. Only funds legally available for purchasing or acquiring our issued ordinary shares in accordance with our Articles of Association and the applicable laws of Singapore will be used for the purchase or acquisition by us of our own issued ordinary shares pursuant to the proposed renewal of the Share Purchase Mandate referred to in Proposal No. 7. We intend to use our internal sources of funds to finance the purchase or acquisition of our issued ordinary shares. The amount of financing required for us to purchase or acquire our issued ordinary shares, and the impact on our financial position, cannot be ascertained as of the date of this Notice, as these will depend on the number of ordinary shares purchased or acquired and the price at which such ordinary shares are purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled. Our net tangible assets and the consolidated net tangible assets of us and our subsidiaries will be reduced by the purchase price of any ordinary shares purchased or acquired and cancelled. We do not anticipate that the purchase or acquisition of our ordinary shares in accordance with the Share Purchase Mandate would have a material impact on our consolidated results of operations, financial condition and cash flows.

Amendments to Articles of Association. The text of Annex B is marked to show changes to the existing Articles of Association of the Company, with proposed deletions shown by strikethrough text and proposed additions shown by underlined text. When adopted by shareholders, the text of the Articles of Association will exclude these editorial functions.

By Order of the Board of Directors,

Bernard Liew Jin Yang
Joint Secretary
Singapore
July 31, 2006

Yap Lune Teng
Joint Secretary

**You should read this entire proxy statement
carefully prior to returning your proxy cards.**

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The information contained under the captions Compensation Committee Report on Executive Compensation , Audit Committee Report and Stock Price Performance Graph shall not be deemed to be soliciting material or to be filed with the U.S. Securities and Exchange Commission, which we refer to as the SEC, nor shall such information be incorporated by reference into any filings under the U.S. Securities Act of 1933, as amended, which we refer to as the Securities Act, or under the U.S. Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, or be subject to the liabilities of Section 18 of the Exchange Act, except to the extent that we specifically incorporate this information by reference into any such filing.

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**PROXY STATEMENT FOR
THE 2006 ANNUAL GENERAL MEETING OF
SHAREHOLDERS OF
FLEXTRONICS INTERNATIONAL LTD.
To Be Held on October 4, 2006
10:00 a.m. (Pacific Daylight Time)
at our principal U.S. offices
2090 Fortune Drive
San Jose, California, 95131, U.S.A.**

We are furnishing this Proxy Statement in connection with the solicitation by the Board of Directors of Flextronics International Ltd. of proxies to be voted at the 2006 Annual General Meeting, or at any adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of Annual General Meeting.

Proxy Mailing. This Proxy Statement and the enclosed proxy card were first mailed on or about August 17, 2006 to shareholders of record as of August 11, 2006.

Costs of Solicitation. The entire cost of soliciting proxies will be borne by us. Following the original mailing of the proxies and other soliciting materials, we and/or our agents may also solicit proxies by mail, telephone, e-mail, fax or in person. Following the original mailing of the proxies and other soliciting materials, we will request that brokers, custodians, nominees and other record holders of our ordinary shares forward copies of the proxy and other soliciting materials to persons for whom they hold ordinary shares and request authority for the exercise of proxies. In these cases, we will reimburse such holders for their reasonable expenses if they ask us to do so. We have retained Georgeson Shareholder Services, an independent proxy solicitation firm, to assist in soliciting proxies at an estimated fee of \$10,000.00, plus reimbursement of reasonable expenses.

Our Registered Office. The mailing address of our registered office is One Marina Boulevard, #28-00, Singapore 018989.

VOTING RIGHTS AND SOLICITATION OF PROXIES

The close of business on August 11, 2006 is the record date for shareholders entitled to notice of the 2006 Annual General Meeting. All of the ordinary shares issued and outstanding on October 4, 2006 are entitled to be voted at the 2006 Annual General Meeting, and shareholders of record on October 4, 2006 and entitled to vote at the meeting will, on a poll, have one vote for each ordinary share so held on the matters to be voted upon. As of July 28, 2006, we had 578,775,915 ordinary shares issued and outstanding.

Proxies. Ordinary shares represented by proxies in the accompanying form which are properly executed and returned to us will be voted at the 2006 Annual General Meeting in accordance with the shareholders' instructions.

Quorum. Representation of at least 33¹/₃% of all issued and outstanding ordinary shares is required to constitute a quorum.

Voting Rights.

The affirmative vote by a show of hands of at least a majority of the shareholders present and voting at the 2006 Annual General Meeting, or, if a poll is demanded by the chair or by holders of at least 10% of our outstanding shares in accordance with our Articles of Association, a simple majority of the shares voting at the 2006 Annual General Meeting, is required to re-elect the Directors nominated pursuant to Proposals Nos. 1 and 2, to re-appoint Deloitte & Touche LLP as our independent auditors and to approve the ordinary resolutions contained in Proposals Nos. 4, 5, and 7.

The affirmative vote by a show of hands of at least three-fourths of the shareholders present and voting at the 2006 Annual General Meeting, or, if a poll is demanded in the manner previously described, at

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least three-fourths of the shares voting at the 2006 Annual General Meeting, is required to approve our Amended and Restated Articles of Association as set forth in Proposal No. 6.

The affirmative vote of the holders of a majority of all issued and outstanding shares voting in person or by proxy at the 2006 Annual General Meeting is required to approve Proposals Nos. 8, 9 and 10.

Abstentions and Broker Non-Votes. If a shareholder abstains from voting, including brokers holding their customers' shares of record who cause abstentions to be recorded, these shares are considered present and entitled to be voted at the 2006 Annual General Meeting. These shares will count toward determining whether or not a quorum is present. However, these shares will not be counted in the tabulation of the votes cast on proposals presented to shareholders. If a shareholder does not give a proxy to its broker with instructions as to how to vote the shares, the broker has authority under New York Stock Exchange rules to vote those shares for or against certain routine matters, including all of the proposals to be voted on at the 2006 Annual General Meeting, other than Proposals Nos. 8, 9 and 10. If a broker or nominee indicates on the proxy card that it does not have discretionary authority to vote as to a particular matter, those shares will not be counted in the tabulation of the votes cast on proposals presented to shareholders.

In the absence of contrary instructions, shares represented by proxies will be voted FOR the Board nominees in Proposals Nos. 1 and 2 and FOR Proposals Nos. 3 through 10. Management does not know of any matters to be presented at the 2006 Annual General Meeting other than those set forth in this Proxy Statement and in the Notice accompanying this Proxy Statement, nor have we received notice of any matter by the deadline prescribed by Rule 14a-4(c). If other matters should properly come before the meeting, the proxy holders will vote on such matters in accordance with their best judgment.

Any shareholder of record has the right to revoke his or her proxy at any time prior to voting at the 2006 Annual General Meeting by (i) submitting a subsequently dated proxy or (ii) by attending the meeting and voting in person.

We have prepared, in accordance with Singapore law, Singapore statutory financial statements, which are enclosed with this Proxy Statement. Except as otherwise stated herein, all monetary amounts in this Proxy Statement have been presented in U.S. dollars.

**PROPOSALS NOS. 1 AND 2:
RE-ELECTION OF DIRECTORS**

Article 95 of our Articles of Association requires that at each Annual General Meeting at least one-third of the Directors (or, if their number is not a multiple of three, then the number nearest to but not less than one-third of the Directors), are required to retire from office. The Directors required to retire in each year are those who have been in office longest since their last re-election or appointment. As between persons who became or were last re-elected Directors on the same day, those required to retire are (unless they otherwise agree among themselves) determined by lot. Retiring Directors are eligible for re-election. Mr. Marks and Mr. Sharp are the members of the Board of Directors who will retire by rotation at our 2006 Annual General Meeting. They are both eligible for re-election and have been nominated to stand for re-election at the 2006 Annual General Meeting.

Article 101 of our Articles of Association requires that any person appointed as a Director of the Company by the Board of Directors shall hold office only until the next Annual General Meeting of the Company, and will then be eligible for re-election. Messrs. Bingham, McNamara, and Shah, who were appointed to the Board of Directors on October 14, 2005, and Mr. Schnabel, who was appointed to the Board of Directors on February 7, 2006, are each eligible for re-election and have been nominated to stand for re-election at the 2006 Annual General Meeting.

The proxy holders intend to vote all proxies received by them in the accompanying form for the nominees for Directors listed below. In the event that any nominee is unable or declines to serve as a director at the time of the 2006 Annual General Meeting, the proxies will be voted for any nominee who shall be designated by the present Board of Directors, in accordance with Article 100 of our Articles of Association, to fill the vacancy.

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As of the date of this Proxy Statement, the Board of Directors is not aware of any nominee who is unable or will decline to serve as a Director.

Nominees to Our Board of Directors

Richard L. Sharp (age 59) Mr. Sharp has served as a member of our Board of Directors since July 1993, and served as Chairman of our Board from January 2003 until January 2006. Mr. Sharp is currently the Chairman of the Board of CarMax, Inc. Mr. Sharp served in various positions with Circuit City Stores, Inc., a consumer electronics and personal computer retailer, from 1982 to 2002, most recently as President from 1984 to 1997, Chief Executive Officer from 1986 to 2000 and Chairman of the Board from 1994 to 2002. Mr. Sharp also serves on the board of Crocs, Inc.

Michael E. Marks (age 55) Mr. Marks has served as our Chairman of the Board since January 1, 2006, when he retired from his position as Chief Executive Officer, a position he had held since January 1994. Mr. Marks has been a member of our Board of Directors since 1991, and previously served as Chairman from July 1993 to January 2003. Mr. Marks is currently a member of Kohlberg Kravis Roberts & Co. Mr. Marks also serves on the boards of Crocs, Inc., SanDisk Corporation and Schlumberger Limited.

H. Raymond Bingham (age 60) Mr. Bingham has served as a member of our Board of Directors since October 2005. Mr. Bingham served in various positions with Cadence Design Systems, Inc., a supplier of electronic design automation software and services, from 1997 through 2005, most recently as its Executive Chairman from May 2004 to July 2005, Director from November 1997 to April 2004, President and Chief Executive Officer from April 1999 to May 2004, and Executive Vice President and Chief Financial Officer from April 1993 to April 1999. Mr. Bingham also serves on the boards of Freescale Semiconductor, Inc., KLA-Tencor Corporation, and Oracle Corporation.

Michael M. McNamara (age 49) Mr. McNamara has served as a member of our Board of Directors since October 2005, and as our Chief Executive Officer since January 1, 2006. Prior to his appointment as Chief Executive Officer, Mr. McNamara served as our Chief Operating Officer from January 2002 through January 2006 and as President, Americas Operations from April 1997 to December 2001, and as Vice President, North American Operations from April 1994 to April 1997.

Ajay B. Shah (age 46) Mr. Shah has served as a member of our Board of Directors since October 2005. Mr. Shah is the Managing Partner of Shah Capital Partners, a technology focused private equity firm. Previously, he served as a director of Solectron Corporation from 2002 through 2003 and as its Executive Vice President and President and Chief Executive Officer of its Technology Solutions business from 1999 until March 2002. Mr. Shah also serves on the board of Moser Baer India.

Rockwell A. Schnabel (age 69) Mr. Schnabel has served as a member of our Board of Directors since February 2006. Mr. Schnabel is a partner and co-founder of Trident Capital. From 2001 to 2005, Mr. Schnabel served as the U.S. Representative to the European Union. Prior to that time, he served at the U.S. Department of Commerce as Undersecretary, Deputy Secretary and Acting Secretary of Commerce in the administration of President George H.W. Bush, and under President Reagan as U.S. Ambassador to Finland.

Directors Not Standing for Re-election

James A. Davidson (age 47) Mr. Davidson has served as a member of our Board of Directors since March 2003. He is a co-founder and managing director of Silver Lake Partners, a private equity investment firm. From June 1990 to November 1998, he was an investment banker with Hambrecht & Quist, most recently serving as Managing Director and Head of Technology Investment Banking. From 1984 to 1990, Mr. Davidson was a corporate and securities lawyer with Pillsbury, Madison & Sutro. Mr. Davidson also serves on the board of Seagate Technology.

Lip-Bu Tan (age 46) Mr. Tan has served as a member of our Board of Directors since April 2003. In 1987, he founded and since that time has served as Chairman of Walden International, a venture capital fund. Mr. Tan also serves on the boards of Cadence Design Systems, Inc., Centillum Communications, Inc.,

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Creative Technology Ltd., Integrated Silicon Solution, Inc., Leadis Technology, Inc., Semiconductor Manufacturing International Corporation and SINA Corporation.

**The Board recommends a vote FOR
the re-election of Messrs. Bingham, Marks, McNamara, Schnabel, Shah and Sharp
to the Board of Directors.**

CORPORATE GOVERNANCE

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all of our employees and our Directors. The Code is available on our website at <http://www.flextronics.com/Investors/corporateGovernance.asp>. Any amendment (other than technical, administrative or other non-substantive amendments) to or material waiver (as defined by the SEC) of a provision of the Code that applies to our principal executive officer, principal financial officer, principal accounting officer, controller or persons performing similar functions and relates to elements of the Code specified in the rules of the SEC will be posted on our website.

Director Retirement Age

Under Section 153(2) of the Singapore Companies Act, Cap. 50, the office of a director of a public company or of a subsidiary of a public company becomes vacant at the conclusion of the annual general meeting commencing next after such director attains the age of 70 years, and any re-appointment of such director must be approved by our shareholders by ordinary resolution.

Shareholder Communications With Our Board

Our shareholders may communicate with our Board by sending an e-mail to Board@flextronics.com. All e-mails received will be sent to our Chairman of the Board and Chief Financial Officer and/or Senior Vice President, Finance. The e-mail correspondence is regularly reviewed and summaries are provided to our Board.

Shareholder Nominations to Our Board

Shareholders can recommend qualified candidates for our Board to the Nominating and Corporate Governance Committee by submitting recommendations to our corporate secretary at Flextronics International Ltd., One Marina Boulevard, #28-00, Singapore 018989. Submissions that are received and meet the criteria outlined below under *Board Committees Nominating and Corporate Governance Committee* will be forwarded to the Nominating and Corporate Governance Committee for review and consideration. Shareholder recommendations for our 2007 Annual General Meeting should be made not later than May 17, 2007 to ensure adequate time for meaningful consideration by the Nominating and Corporate Governance Committee.

Board of Directors

Our Articles of Association give our Board of Directors general powers to manage our business. The Board oversees and provides policy guidance on our strategic and business planning processes, oversees the conduct of our business by senior management and is principally responsible for the succession planning for our key executives, including our Chief Executive Officer.

The Board has determined that each of our Directors is an independent director as defined by the applicable rules of the NASDAQ Global Market other than Mr. McNamara, who currently serves as our Chief Executive Officer, and Mr. Marks, who served as our Chief Executive Officer until January 1, 2006.

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Our Board of Directors held a total of 21 meetings during fiscal year 2006, of which six were regularly scheduled meetings and 15 were administrative meetings. During the period for which each current director was a director or a committee member, all Directors attended at least 75% of the aggregate of the total number of regularly scheduled meetings of our Board together with the total number of meetings held by all committees of our Board on which he served. Only Mr. Marks and Mr. McNamara attended 75% of the total number of administrative meetings of our Board (for Mr. McNamara, counting only those meetings during which he was a member of our Board). During fiscal year 2006, our non-employee Directors met at regularly scheduled executive sessions without management participation.

Our Board has adopted a policy that encourages each Director to attend the Annual General Meeting, but attendance is not required. Mr. Marks attended the 2005 Annual General Meeting.

Board Committees

The standing committees of our Board of Directors are the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Finance Committee. The table below provides current membership for each of these committees.

Name	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Finance Committee
H. Raymond Bingham		X		X
James A. Davidson	X			
Michael E. Marks				X
Michael M. McNamara				
Rockwell A. Schnabel				
Ajay B. Shah	X			X
Richard L. Sharp		X		
Lip-Bu Tan	X			X

Audit Committee

The Audit Committee is currently composed of Mr. Davidson, Mr. Tan and Mr. Shah, each of whom the Board has determined to be an independent director and meets the financial experience requirements under both the rules of the SEC and the NASDAQ Global Market listing standards. The Board has also determined that Mr. Davidson is an audit committee financial expert within the meaning of the rules of the SEC and is financially sophisticated within the meaning of the rules of the NASDAQ Global Market. The Audit Committee held four meetings during fiscal year 2006. The Audit Committee's principal functions are to:

monitor and evaluate periodic reviews of the adequacy of the accounting and financial reporting processes and systems of internal control that are conducted by our financial and senior management, and our independent auditors;

be directly responsible for the appointment, compensation and oversight of the work of our independent auditors (including resolution of any disagreements between our management and the auditors regarding financial reporting); and

facilitate communication among our independent auditors, our financial and senior management and our Board. Our Board has adopted an Audit Committee Charter that is available on our website at <http://www.flextronics.com/Investors/corporateGovernance.asp>. A copy of the Charter is also included as Annex A to this proxy statement.

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Compensation Committee

The Compensation Committee is currently composed of Mr. Bingham and Mr. Sharp, each of whom our Board has determined to be an independent director under applicable NASDAQ Global Market listing standards. The Compensation Committee recommends compensation for our key employees to our Board and administers our stock option plans. The Compensation Committee held nine meetings during fiscal year 2006. Our Board has adopted a Compensation Committee Charter that is available on our website at <http://www.flextronics.com/Investors/corporateGovernance.asp>.

Compensation Committee Interlocks and Insider Participation. None of our executive officers serves on the Compensation Committee. None of our Directors has interlocking or other relationships with other boards, compensation committees or our executive officers that require disclosure under Item 402(j) of Regulation S-K.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee currently is currently composed of Mr. Bingham and Mr. Tan each of whom our Board has determined to be an independent director under applicable NASDAQ Global Market listing standards. The Nominating and Corporate Governance Committee held four meetings during fiscal year 2006. The Nominating and Corporate Governance Committee recruits, evaluates and recommends candidates for appointment or election as members of our Board and recommends corporate governance guidelines to the Board. Our Board has adopted a Nominating and Corporate Governance Committee Charter that is available on our website at <http://www.flextronics.com/Investors/corporateGovernance.asp>.

The goal of the Nominating and Corporate Governance Committee is to ensure that our Board possesses a variety of perspectives and skills derived from high-quality business and professional experience. The Nominating and Corporate Governance Committee seeks to achieve a balance of knowledge, experience and capability on our Board, while maintaining a sense of collegiality and cooperation that is conducive to a productive working relationship within the Board and between the Board and management. To this end, the Nominating and Corporate Governance Committee seeks nominees with the highest professional and personal ethics and values, an understanding of our business and industry, diversity of business experience and expertise, a high level of education, broad-based business acumen, and the ability to think strategically. Although the Nominating and Corporate Governance Committee uses these and other criteria to evaluate potential nominees, we have no stated minimum criteria for nominees. The Nominating and Corporate Governance Committee does not use different standards to evaluate nominees depending on whether they are proposed by our Directors and management or by our shareholders.

The Nominating and Corporate Governance Committee generally recruits, evaluates and recommends nominees for our Board based upon recommendations by our Directors, management and shareholders. The Nominating and Corporate Governance Committee will also consider recommendations submitted by our shareholders. To date, we have not received any such recommendations from our shareholders.

Finance Committee

The Finance Committee is currently composed of Mr. Marks and Mr. Shah. The Finance Committee reviews and approves various financial matters that are not reserved for approval by our Board.

Director Compensation

Under Singapore law, shareholders must approve all compensation paid to our non-employee Directors. In addition to the compensation provided to our non-employee directors detailed below, each non-employee Director receives reimbursement of reasonable out-of-pocket expenses incurred in connection with attending in-person meetings of the Board of Directors and Board Committees as well as reimbursement of fees incurred for attendance at continuing education courses for directors. No Director who is our employee receives compensation for services rendered as a director.

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Initial Option Grants. Each individual who first becomes a non-employee Director is granted stock options to purchase 25,000 ordinary shares under the automatic option grant provisions of our 2001 Equity Incentive Plan, which we refer to as the 2001 Plan. These options vest and are exercisable as to 25% on the first anniversary of the grant date and in 36 equal monthly installments thereafter. During fiscal year 2006, Messrs. Bingham, Schnabel and Shah each received stock options to purchase 25,000 ordinary shares under this program.

Yearly Option Grants. Under the terms of the automatic option grant provisions of the 2001 Plan, on the date of each Annual General Meeting, each individual who is at that time serving as a non-employee Director receives stock options to purchase 12,500 ordinary shares. We are proposing an amendment to our 2001 Plan that would eliminate a provision that pro-rates the yearly grant based on the service of the director during the prior 12 months. See *Proposals Nos. 8, 9 and 10: Ordinary Resolutions to Approve Amendments to our 2001 Equity Incentive Plan.* These options vest and are exercisable as to 25% on the first anniversary of the grant date and in 36 equal monthly installments thereafter. During fiscal year 2006, Mr. Sharp, Mr. Davidson and Mr. Tan each received stock options to purchase 12,500 ordinary shares under this program.

Yearly Stock Bonus Awards. Under the terms of the discretionary stock bonus grant provisions of the 2001 Plan and as approved by the Compensation Committee, each non-employee Director receives a yearly stock bonus consisting of such number of shares having an aggregate fair market value of US\$100,000 on the date of grant. Under this program, during fiscal year 2006 Mr. Davidson and Mr. Tan each received a stock bonus of 7,898 shares, and Mr. Sharp received a stock bonus of 9,596 shares.

Discretionary Grants. Under the terms of the discretionary option grant provisions of the 2001 Plan, non-employee Directors are eligible to receive stock options granted at the discretion of the Compensation Committee. Pursuant to these provisions, during fiscal year 2006, Mr. Davidson and Mr. Tan each received stock options to purchase 25,000 ordinary shares and Mr. Sharp received stock options to purchase 100,000 ordinary shares. The maximum number of ordinary shares that may be subject to awards granted to each non-employee Director under the 2001 Plan is 100,000 ordinary shares in each calendar year.

Cash Compensation. For the 12-month period since the 2005 Annual General Meeting, each non-employee Director except Mr. Marks was eligible to receive:

annual cash compensation of \$40,000, payable quarterly in arrears to each non-employee Director, for services rendered as a director; and

additional annual cash compensation of \$10,000, payable quarterly in arrears to the Chairman of the Audit Committee (if appointed) of the Board of Directors for services rendered as Chairman of the Audit Committee and for his or her participation on the Audit Committee; and

additional annual cash compensation of \$5,000, payable quarterly in arrears to each non-employee Director for his or her participation on each standing committee of the Board of Directors on which he or she serves.

Under the terms of the Agreement entered into between the Company and Michael E. Marks on November 30, 2005, pursuant to which, among other things, Mr. Marks agreed to serve as Chairman of our Board of Directors effective January 1, 2006, Mr. Marks is entitled to receive any cash compensation paid to non-employee directors until October 4, 2006, the date of our Annual General Meeting. After the 2006 Annual General Meeting, Mr. Marks also will be eligible to receive any equity compensation paid to non-employee directors.

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**PROPOSAL NO. 3:
RE-APPOINTMENT OF INDEPENDENT AUDITORS FOR FISCAL YEAR 2007 AND
AUTHORIZATION OF OUR BOARD TO FIX THEIR REMUNERATION**

The Audit Committee has recommended to the Board of Directors the re-appointment of Deloitte & Touche LLP as independent auditors to audit our accounts and records for the fiscal year ending March 31, 2007, and to perform other appropriate services. We expect that a representative from Deloitte & Touche LLP will be present at the 2006 Annual General Meeting. This representative will have the opportunity to make a statement if he or she so desires and is expected to be available to respond to appropriate questions.

Principal Accountant Fees and Services

Set forth below are the aggregate fees paid for the services performed by the Company's principal accounting firm, Deloitte & Touche LLP, a member firm of Deloitte Touche Tohmatsu, and their respective affiliates (collectively,

Deloitte & Touche) during fiscal years 2006 and 2005. All audit and permissible non-audit services reflected in the fees below were pre-approved by the Audit Committee in accordance with established procedures.

	Fiscal Year 2006	Fiscal Year 2005
	(In millions)	
Audit Fees	\$ 7.0	\$ 7.6
Audit-Related Fees	2.2	
Tax Fees	1.1	2.6
All Other Fees		
Total:	\$ 10.3	\$ 10.2

Audit Fees consist of fees for professional services rendered by our independent auditors for the audit of our annual financial statements included in our Annual Report on Form 10-K (including services incurred with rendering an opinion under Section 404 of the Sarbanes-Oxley Act of 2002) and the review of our quarterly financial statements included in our Quarterly Reports on Form 10-Q. These fees include fees for services that are normally incurred in connection with statutory and regulatory filings or engagements, such as comfort letters, statutory audits, consents and review of documents filed with the SEC.

Audit-Related Fees consist of fees for assurance and related services by our auditors that are reasonably related to the performance of the audit or review of our financial statements and not included in Audit Fees. In fiscal year 2006, these fees related primarily to assurance services performed in conjunction with the divestitures of our Network Services division, Semiconductor division and our pending divestiture of our Software Development and Solutions business.

Tax Fees consist of fees for professional services rendered by our independent auditors for tax compliance, tax advice, tax consultation and tax planning services.

All Other Fees consist of fees for professional services rendered by our independent auditors for permissible non-audit services, if any. We did not incur fees under this category during fiscal years 2006 and 2005.

Audit Committee Pre-Approval Policy

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year, and any pre-approval is detailed as to the particular service or category of services. The independent auditors and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent

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auditors in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

The Audit Committee has determined that the provision of non-audit services under appropriate circumstances may be compatible with maintaining the independence of Deloitte & Touche LLP, and that all such services provided by Deloitte & Touche LLP to us in the past were compatible with maintaining such independence. The Audit Committee is sensitive to the concern that some non-audit services, and related fees, could impair independence and the Audit Committee believes it important that independence be maintained. However, the Audit Committee also recognizes that in some areas, services that are identified by the relevant regulations as tax fees or other fees are sufficiently related to the audit work performed by Deloitte & Touche LLP that it would be highly inefficient and unnecessarily expensive to use a separate firm to perform those non-audit services. The Audit Committee intends to evaluate each such circumstance on its own merits, and to approve the performance of non-audit services where it believes efficiency can be obtained without meaningfully compromising independence.

The Board recommends a vote FOR the re-appointment of Deloitte & Touche LLP, upon the recommendation of the Audit Committee, as independent auditors for fiscal year 2007 and authorization of the Board, upon the recommendation of the Audit Committee, to fix their remuneration.

PROPOSAL NO. 4:

**ORDINARY RESOLUTION TO AUTHORIZE
ORDINARY SHARE ISSUANCES**

We are incorporated in the Republic of Singapore. Under Singapore law, our Directors may only issue ordinary shares and make or grant offers, agreements or options that might or would require the issuance of ordinary shares, with the prior approval from our shareholders. If this proposal is approved, the authorization would be effective from the date of the 2006 Annual General Meeting until the earlier of (i) the conclusion of the 2007 Annual General Meeting or (ii) the expiration of the period within which the 2007 Annual General Meeting is required by law to be held. The 2007 Annual General Meeting is required to be held no later than 15 months after the date of the 2006 Annual General Meeting and no later than six months after the date of our 2007 fiscal year end (Singapore law allows for a one-time application for an extension of up to a maximum of three months to be made with the Singapore Accounting and Corporate Regulatory Authority).

The Board believes that it is advisable and in the best interests of our shareholders for our shareholders to authorize the Directors to issue ordinary shares and to make or grant offers, agreements or options that might or would require the issuance of ordinary shares. In the past, the Board has issued shares or made agreements that would require the issuance of new ordinary shares in the following situations:

in connection with strategic transactions and acquisitions;

pursuant to public and private offerings of our ordinary shares as well as instruments convertible into our ordinary shares; and

in connection with our equity compensation plans and arrangements.

Notwithstanding this general authorization to issue our ordinary shares, we will be required to seek shareholder approval with respect to future issuances of ordinary shares where required under the rules of the NASDAQ Global Market, such as where we propose to issue ordinary shares that will result in a change in control of the company or in connection with a transaction involving the issuance of ordinary shares representing 20% or more of our outstanding ordinary shares.

The Board expects that we will continue to issue ordinary shares and grant options and stock bonus awards in the future under circumstances similar to those in the past. As of the date of this Proxy Statement, other than issuances of ordinary shares or agreements that would require the issuance of new ordinary shares in connection with our equity compensation plans and arrangements, we have no specific plans, agreements or

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commitments to issue any ordinary shares for which approval of this proposal is required. Nevertheless, the Board believes that it is advisable and in the best interests of our shareholders for our shareholders to provide this general authorization in order to avoid the delay and expense of obtaining shareholder approval at a later date and to provide us with greater flexibility to pursue strategic transactions and acquisitions and raise additional capital through public and private offerings of our ordinary shares as well as instruments convertible into our ordinary shares.

As of March 31, 2006:

578,621,330 ordinary shares were issued and outstanding;

55,524,248 ordinary shares were reserved for issuance upon the exercise of outstanding options and pursuant to other awards under our equity compensation plans;

22,537,149 ordinary shares were available for grant under our equity compensation plans; and

50,777,547 shares were reserved for issuance upon conversion of our outstanding convertible notes.

If this proposal is approved, our Directors would be authorized to issue, during the period described above, ordinary shares subject to applicable Singapore laws and the rules of the NASDAQ Global Market. The issuance of a large number of ordinary shares could be dilutive to existing shareholders or reduce the trading price of our ordinary shares on the NASDAQ Global Market.

We are submitting this proposal because we are required to do so under Singapore law before we can issue any ordinary shares in connection with strategic transactions, public and private offerings and in connection with our equity compensation plans. We are not submitting this proposal in response to a threatened takeover. In the event of a hostile attempt to acquire control of our company, we could seek to impede the attempt by issuing ordinary shares, which may dilute the voting power of our existing shareholders. This could also have the effect of impeding the efforts of our shareholders to remove an incumbent Director and replace him with a new Director of their choice. These potential effects could limit the opportunity for our shareholders to dispose of their ordinary shares at the premium that may be available in takeover attempts.

**The Board recommends a vote FOR the resolution
to authorize ordinary share issuances.**

PROPOSAL NO. 5:

**ORDINARY RESOLUTION TO APPROVE DIRECTOR
CASH COMPENSATION AND CASH COMPENSATION FOR THE CHAIRMAN OF
THE AUDIT COMMITTEE (IF APPOINTED) AND FOR COMMITTEE PARTICIPATION**

Under Singapore law, we may only provide cash compensation to our Directors for services rendered in their capacity as directors with the prior approval from our shareholders at a general meeting. We believe that it is advisable and in the best interests of our shareholders for our shareholders to authorize us to provide the following annual cash compensation to our Directors:

annual cash compensation of \$40,000, payable quarterly in arrears, to each of our non-employee Directors for services rendered as a director;

additional annual cash compensation of \$10,000, payable quarterly in arrears to the Chairman of the Audit Committee (if appointed) of the Board of Directors for services rendered as Chairman of the Audit Committee and for his or her participation on the Audit Committee and

additional annual cash compensation of \$5,000, payable quarterly in arrears to each non-employee Director for his or her participation on each standing committee of the Board of Directors on which he or she serves.

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Our standing committees of the Board of Directors are currently the Audit, Compensation, Nominating and Corporate Governance and Finance Committees.

We believe that this authorization will benefit our shareholders by enabling us to attract and retain qualified individuals to serve as members of our Board of Directors and to continue to provide leadership for our company.

The cash compensation for our non-employee directors is unchanged from the amounts approved by our shareholders at the 2005 Annual General Meeting.

**The Board recommends a vote FOR the resolution
to approve Directors cash compensation and cash compensation
for the Chairman of the Audit Committee (if appointed) and for committee participation.**

PROPOSAL NO. 6:

**SPECIAL RESOLUTION TO APPROVE THE AMENDED AND RESTATED
ARTICLES OF ASSOCIATION OF THE COMPANY**

Background

Our shareholders are being asked to approve the amendment and restatement of the Company's Articles of Association.

The Singapore Companies (Amendment) Act 2005, which became effective on January 30, 2006, introduced key changes to the Singapore Companies Act, Cap. 50 that included, among other things:

eliminating the concepts of par value and authorized share capital, pursuant to which the ordinary shares of the Company no longer have any par or nominal value;

eliminating the corresponding concepts of share premium and the issuance of shares at a discount;

enabling a company to repurchase shares out of its capital, as well as from distributable profits; and

allowing ordinary shares that are the subject of a share repurchase by a company to be held as treasury shares instead of being cancelled, as previously required.

Our Articles of Association need to be amended as a result of certain changes made by the Singapore Companies (Amendment) Act 2005, including the elimination of the concepts of par value, share premium, shares issued at a discount and authorized share capital. In addition, we are proposing that our shareholders approve amendments to provide for the holding of treasury shares and to modernize and streamline certain provisions to be more consistent with, and take greater advantage of, the Singapore Companies Act, as amended. Finally, the proposed amendment and restatement of our Articles of Association includes the re-wording of a number of provisions in order to improve clarity and readability.

The full text of the Articles of Association, as amended, is set forth as *Annex B* to this proxy statement. This text is marked to show changes from our existing Articles of Association of the Company. You are urged to read the text of *Annex B* in its entirety.

Proposal

The following information summarizes the material modifications to our Articles of Association relating to (i) the changes made by the Singapore Companies (Amendment) Act 2005 and (ii) other modifications consisting of a more general nature.

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Changes Relating to the Singapore Companies (Amendment) Act 2005

The proposed changes to our Articles of Association relating to the changes made by the Singapore Companies (Amendment) Act 2005 include:

modification of Article 2 (Interpretation) to clarify that the term *Members* and references to *holders* of shares or a class of shares shall generally not include the Company in its holding of treasury shares;

modification of or deletion of existing provisions to reflect the elimination of the concepts of authorized share capital, share premium, par or nominal value and shares issued at a discount, in Articles 5, 7, 29, 32, 34, 44, 48 through 52, 59, 64(iv), 115, 123, and 133;

addition of a new provision in Article 5 and modification of existing provisions in Articles 6(b), 64(iv), 70 and 73 to provide for the holding of treasury shares or to specify that the Company may not deal with its treasury shares in any matter that is not authorized by or prescribed pursuant to the Singapore Companies Act;

modification of Article 11 (Power to Pay Commission and Brokerage) to address a repeal of the Singapore Companies Act provision relating to the powers to pay certain commissions by providing that the Company may pay commissions or brokerage on any issuance of shares at such rate or amount and in such manner as the Directors may deem fit (Article 11 currently allows for the payment of such commissions, but includes certain limitations on amounts and other requirements intended to conform to the repealed provision of the Singapore Companies Act);

modification of Article 49 (Power to Reduce Capital) to explain the effect of share buy backs on the share capital of the Company when made out of the share capital of the Company;

modification of Articles 133 (Power to Capitalize Profits) and 134 (Implementation of Resolution to Capitalize Profits) to delete the references to the share premium account and the capital redemption reserve fund because, under the Singapore Companies (Amendment) Act 2005, any amounts standing to the credit of the Company's share premium account and the capital redemption reserve became part of its share capital; and

modification of Articles 133 and 134 to permit the Company, by an Ordinary Resolution of the Shareholders and recommendation of the Board, to issue bonus shares to all of our shareholders on a pro-rata basis without receiving any consideration for such shares. The elimination of the concept of par value pursuant to the Singapore Companies (Amendment) Act 2005 made the issuance of such bonus shares permissible and is in addition to the Company's current ability to issue bonus shares by capitalizing our reserve accounts or any sum standing to our profit and loss account to our shareholders and applying such sum in paying up in full the bonus shares to be issued.

Other Substantive Changes

Other proposed changes to our Articles of Association include:

modification of Article 2 (Interpretation) to clarify that any reference in the Articles of Association to any enactment is a reference to that enactment as amended or re-enacted from time to time;

modification of Article 19 (New Certificates may be Issued) to delete the references to stamp duty payable on share certificates since, under current law, no stamp duty is payable on share certificates;

modification of Article 22 to provide that the Directors may refuse to register any instrument of transfer of shares unless such instrument is accompanied by a certificate of payment of stamp duty (if any) since registering such an instrument may be an offence under Section 66 of the Singapore Stamp Duties Act, Cap. 312;

deletion of Article 46 (Issue of New Shares to Members), which provides a form of pre-emptive rights to our shareholders, in order to provide our Board with greater flexibility in capital-raising activities;

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modification of Article 49 (Power to Reduce Capital) to clarify that the Company may reduce its share capital by a Special Resolution of our shareholders, which is a restatement of the Company's power to reduce its share capital under the Singapore Companies Act;

modification of Article 58(ii) (Routine Business) to delete the reference to the term "adopting" and replacing it with the term "laying" so as to clarify that the provision is limited to providing shareholders the opportunity at the Annual General Meeting to read and ask questions in connection with the presentation of the balance sheet, the reports of the Directors and Auditors, and other accounts and documents required to be annexed to the balance sheet;

modification of Article 63 (Adjournment) to clarify that an Annual General Meeting may be adjourned without specifying a particular day for reconvening;

modification of Article 64(ii) (Method of Voting) to clarify that each of the three members required to demand a poll must be entitled to vote at the meeting at which the resolution is put to the vote;

modification of Article 79 (Form of Proxies) to clarify that, as a procedural matter, an appointed proxy shall be deemed to have the right to move any resolution and to speak at the Annual General Meeting;

deletion of Article 83 (Directors), which identifies the first directors of the Company, and which is no longer required under the Singapore Companies Act;

modification of Articles 90 through 93 and 95 to replace the term "Managing Director" with a broadened reference to the Chief Executive Officer (or any person holding an equivalent position) in order to clarify what is meant by the term "Managing Director", which the Articles permit the Board to appoint from time to time;

modification of Articles 91 and 95 to provide that the Board may decide whether or not to exempt the position currently referred to as the "Managing Director" from retirement by rotation (Articles 91 and 95 currently provide that such position is automatically exempt from retirement by rotation);

modification of Article 95 to provide that the number of directors subject to retirement by rotation at each Annual General Meeting, if the number of directors taken into account is not a multiple of three, shall be rounded down to the number closest to, but not more than, one-third of the total number of directors that are taken into account (Article 95 currently provides that, if such number of directors is not a multiple of three, the number of directors subject to retirement by rotation shall be rounded up so that not less than one-third of the directors taken into account must retire);

modification of Article 100 (Notice of Intention to Appoint Director) to change the date prior to which shareholders must notify the Company of their intent to nominate a person to be a Director from 10 days before the Annual General Meeting to 45 days prior to the date on which the previous year's proxy statement was first mailed and to specify what information is required in such notice;

modification of Articles 103 (Meetings of Directors) and 108 (Resolutions in Writing) to expand the permitted use of electronic communications for meetings of the Board and written resolutions of the Board, respectively, and to clarify the requirements of such electronic communications;

modification of Article 112 (General Powers of Directors to Manage Company's Business) to conform with Section 157A of the Singapore Companies Act, which provides that the powers of management of the Company reside with the Directors of the Company, except for those powers which the Singapore Companies Act or the

Company's Memorandum of Association or Articles of Association specify are to be exercised by the Company in General Meeting;

modification of Article 115 (Directors' Borrowing Powers) to clarify that in borrowing or raising money the Directors shall comply with any applicable provisions of the Singapore Companies Act and every other applicable statute, and the Articles of Association; and

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modification of Articles 145 (Service of Notice) and 149 (When Service Effected) to permit the Company to use electronic communications to give, send or serve on members, auditors and officers any notice to be given by the Company.

Although the proposed modification to Article 95 to provide that the number of directors subject to retirement by rotation at each Annual General Meeting shall be rounded down from one-third of the total number of directors that are taken into account (instead of rounded up) could, under certain circumstances, be construed as having an anti-takeover effect (for example, by making it more difficult for a person or group to obtain a majority of the Board), the Board is not proposing the modification in response to any effort known to them to obtain control of the Company.

**The Board recommends a vote FOR
the approval of the amendment and restatement of the Company's Articles of Association.**

PROPOSAL NO. 7:

ORDINARY RESOLUTION TO RENEW THE SHARE PURCHASE MANDATE

Our purchases or acquisitions of our ordinary shares must be made in accordance with, and in the manner prescribed by, the Companies Act, the applicable listing rules of the NASDAQ Global Market and such other laws and regulations as may from time to time be applicable.

Singapore law requires us to obtain shareholder approval of a general and unconditional share purchase mandate given to our directors if we wish to purchase or otherwise acquire our ordinary shares. We refer to this general and unconditional mandate as the Share Purchase Mandate, and it allows our directors to exercise all of our powers to purchase or otherwise acquire our own shares. Although our shareholders approved a renewal of the Share Purchase Mandate at the 2005 Annual General Meeting, our Directors have not exercised any of our powers to purchase or otherwise acquire any of our ordinary shares pursuant to the 2005 renewal of the Share Purchase Mandate. The Share Purchase Mandate renewed at the 2005 Annual General Meeting will expire on the date of the 2006 Annual General Meeting. Accordingly, we are submitting this proposal to seek approval from our shareholders at the 2006 Annual General Meeting for another renewal of the Share Purchase Mandate. This resolution will be proposed as an Ordinary Resolution pursuant to which the Share Purchase Mandate will be given to our Directors to exercise all powers to purchase or otherwise acquire our issued ordinary shares on the terms of the Share Purchase Mandate.

If renewed by shareholders at the 2006 Annual General Meeting, the authority conferred by the Share Purchase Mandate will, unless varied or revoked by our shareholders at a general meeting, continue in force until the earlier of the date of the 2007 Annual General Meeting or the date by which the 2007 Annual General Meeting is required by law to be held.

The authority and limitations placed on our share purchases or acquisitions under the proposed Share Purchase Mandate, if renewed at the 2006 Annual General Meeting, are summarized below:

Limit on Allowed Purchases

We may purchase or acquire only ordinary shares that are issued and fully paid up. We may not purchase or acquire more than 10% of the total number of issued ordinary shares outstanding at the date of the 2006 Annual General Meeting. Any of our ordinary shares which are held as treasury shares will be disregarded for purposes of computing this 10% limit.

Purely for illustrative purposes, on the basis of 578,775,915 issued ordinary shares outstanding as of July 28, 2006, and assuming that no additional ordinary shares are issued on or prior to the 2006 Annual General Meeting, and that no ordinary shares are held as treasury shares, pursuant to the proposed Share Purchase Mandate, we would be able to purchase not more than 57,877,591 issued ordinary shares.

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Duration of Share Purchase Mandate

Purchases or acquisitions of ordinary shares may be made, at any time and from time to time, on and from the date of approval of the Share Purchase Mandate up to the earlier of:

the date on which our next Annual General Meeting is held or required by law to be held; or

the date on which the authority conferred by the Share Purchase Mandate is revoked or varied.

Manner of Purchases or Acquisitions of Ordinary Shares

Purchases or acquisitions of ordinary shares may be made by way of:

market purchases on the NASDAQ Global Market or any other stock exchange on which our ordinary shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by us for that purpose; and/or

off-market purchases (if effected other than on the NASDAQ Global Market or, as the case may be, any other stock exchange on which our ordinary shares may for the time being be listed and quoted), in accordance with an equal access scheme as prescribed by the Companies Act.

If we decide to purchase or acquire our ordinary shares in accordance with an equal access scheme, our Directors may impose any terms and conditions as they see fit and as are in our interests, so long as the terms are consistent with the Share Purchase Mandate, the applicable listing rules of the NASDAQ Global Market, the rules of the Companies Act and other applicable laws. In addition, an equal access scheme must satisfy all of the following conditions:

offers for the purchase or acquisition of ordinary shares must be made to every person who holds ordinary shares to purchase or acquire the same percentage of their ordinary shares;

all of those persons must be given a reasonable opportunity to accept the offers made; and

the terms of all of the offers must be the same (except differences in consideration that result from offers relating to ordinary shares with different accrued dividend entitlements and differences in the offers solely to ensure that each person is left with a whole number of ordinary shares).

Purchase Price

The purchase price (excluding brokerage commission, applicable goods and services tax and other related expenses of the purchase or acquisition) to be paid for an ordinary share will be determined by our Directors. The maximum purchase price to be paid for the ordinary shares as determined by our Directors must not exceed:

in the case of a market purchase, the highest independent bid or the last independent transaction price, whichever is higher, of our ordinary shares quoted or reported on the NASDAQ Global Market at the time the purchase is effected; and

in the case of an off-market purchase pursuant to an equal access scheme, 150% of the Prior Day Close Price of our ordinary shares.

For the above purposes, the term Prior Day Close Price means the closing price of an ordinary share as quoted on the NASDAQ Global Market or, as the case may be, any other stock exchange on which our ordinary shares may for the time being be listed and quoted, on the day immediately preceding the date of the making of the offer pursuant to the off-market purchase. The date of the making of the offer refers to the date on which we announce our intention to make an offer for the purchase or acquisition of our ordinary shares from holders of our ordinary shares, stating therein the purchase price (which shall not be more than the maximum purchase price calculated on the foregoing basis) for each ordinary share and the relevant terms of the equal access scheme for effecting the off-market purchase.

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Treasury Shares

Under the Companies Act, as amended by the Companies (Amendment) Act 2005 of Singapore (effective January 30, 2006), which we refer to as the Amendment Act, ordinary shares purchased or acquired by us may be held as treasury shares. Some of the provisions on treasury shares under the Companies Act, as amended by the Amendment Act, are summarized below:

Maximum Holdings. The number of ordinary shares held as treasury shares may not at any time exceed 10% of the total number of issued ordinary shares.

Voting and Other Rights. We may not exercise any right in respect of treasury shares. In particular, we may not exercise any right to attend or vote at meetings and for the purposes of the Companies Act, we shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights. In addition, no dividend may be paid, and no other distribution of our assets may be made, to us in respect of treasury shares. However, the allotment of ordinary shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

Disposal and Cancellation. Where ordinary shares are held as treasury shares, we may at any time:

sell the treasury shares for cash;

transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;

transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

cancel the treasury shares; or

sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

Sources of Funds

Only funds legally available for purchasing or acquiring ordinary shares in accordance with our Articles of Association and applicable laws of Singapore shall be used. We intend to use our internal sources of funds to finance any purchase or acquisition of our ordinary shares. We do not intend to borrow money to finance any purchase or acquisition of our ordinary shares. Our Directors do not propose to exercise the Share Purchase Mandate in a manner and to such an extent that would materially affect our working capital requirements and those of our subsidiaries.

Previously, any payment made by us in consideration of the purchase or acquisition of ordinary shares was required to be made out of our distributable profits. The Amendment Act now permits us to purchase and acquire our ordinary shares out of our capital or profits. Acquisitions or purchases made out of capital are permissible only so long as the company is solvent for the purposes of section 76F(4) of the Companies Act. A company is solvent if (a) it is able to pay its debts in full at the time of the payment made in consideration of the purchase or acquisition (or the acquisition of any right with respect to the purchase or acquisition) of ordinary shares and will be able to pay its debts as they fall due in the normal course of business during the 12-month period immediately following the date of the payment; and (b) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after giving effect to the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

Status of Purchased or Acquired Ordinary Shares

Any ordinary share that we purchase or acquire will be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to the ordinary share will expire on cancellation (unless such ordinary share is held by us as treasury shares). The total number of issued shares will be diminished by the number of ordinary shares purchased or acquired by us and which are not held by us as treasury shares.

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We will cancel and destroy certificates in respect of purchased or acquired ordinary shares not held by us as treasury shares as soon as reasonably practicable following settlement of any purchase or acquisition of such ordinary shares.

Financial Effects

Our net tangible assets and the consolidated net tangible assets of our subsidiaries will be reduced by the purchase price of any ordinary shares purchased or acquired and cancelled or held as treasury stock. We do not anticipate that the purchase or acquisition of our ordinary shares in accordance with the Share Purchase Mandate would have a material impact on our consolidated results of operations, financial condition and cash flows.

The financial effects on us and our group (including our subsidiaries) arising from purchases or acquisitions of ordinary shares which may be made pursuant to the Share Purchase Mandate will depend on, among other things, whether the ordinary shares are purchased or acquired out of our profits and/or capital, the number of ordinary shares purchased or acquired, the price paid for the ordinary shares and whether the ordinary shares purchased or acquired are held in treasury or cancelled.

Under the Companies Act, as amended by the Amendment Act, purchases or acquisitions of ordinary shares by us may be made out of our profits and/or our capital. Where the consideration paid by us for the purchase or acquisition of ordinary shares is made out of our profits, such consideration (excluding brokerage, commission, goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by us. Where the consideration that we pay for the purchase or acquisition of ordinary shares is made out of our capital, the amount available for the distribution of cash dividends by us will not be reduced.

Rationale for the Share Purchase Mandate

We believe that a renewal of the Share Purchase Mandate at the 2006 Annual General Meeting will benefit our shareholders by providing our Directors with appropriate flexibility to repurchase ordinary shares if our Directors believe that such repurchases would be in the best interests of our shareholders. Our decision to repurchase our ordinary shares from time to time will depend on our continuing assessment of then-current market conditions, our need to use available cash to finance acquisitions and other strategic transactions, the level of our debt and the terms and availability of financing.

Take-Over Implications

If, as a result of our purchase or acquisition of our issued ordinary shares, a shareholder's proportionate interest in our voting capital increases, such increase will be treated as an acquisition for the purposes of The Singapore Code on Take-overs and Mergers. If such increase results in a change of effective control, or, as a result of such increase, a shareholder or a group of shareholders acting in concert obtains or consolidates effective control of our company, such shareholder or group of shareholders acting in concert could become obliged to make a take-over offer for our company under Rule 14 of The Singapore Code on Take-overs and Mergers.

The circumstances under which shareholders (including Directors or a group of shareholders acting together) will incur an obligation to make a take-over offer under Rule 14 of The Singapore Code on Take-overs and Mergers, Appendix 2. The effect of Appendix 2 is that, unless exempted, shareholders will incur an obligation to make a take-over offer under Rule 14 if, as a result of us purchasing or acquiring our issued ordinary shares, the voting rights of such shareholders would increase to 30% or more, or if such shareholders hold between 30% and 50% of our voting rights, the voting rights of such shareholders would increase by more than 1% in any period of six months. Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under The Singapore Code on Take-overs and Mergers as a result of any share purchase by us should consult the Securities Industry Council of Singapore and/or their professional advisers at the earliest opportunity.

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**The Board recommends a vote FOR the resolution
to approve the proposed renewal of the Share Purchase Mandate.
PROPOSALS NOS. 8, 9 AND 10:
ORDINARY RESOLUTIONS TO APPROVE AMENDMENTS TO OUR 2001
EQUITY INCENTIVE PLAN**

Overview of Amendments

Our shareholders are being asked to approve amendments to our 2001 Equity Incentive Plan, which we refer to below as the 2001 Plan. The principal features of the 2001 Plan are summarized below. However, this summary is not a complete description of all of the provisions of the 2001 Plan. The full text of the 2001 Plan as proposed to be amended is attached to this proxy statement as *Annex C*.

The amendments to the 2001 Plan provide for:

(a) elimination of the two million share limit on the number of ordinary shares subject to stock bonus awards that may be outstanding at any time during the term of the 2001 Plan so that stock bonus awards will be subject only to the existing limitation that we may not issue more than an aggregate of 10 million shares under stock bonuses;

(b) modification of the automatic option grant to non-employee directors of 12,500 options following each Annual General Meeting to non-employee directors so that the option grant will not be pro-rated based on the service of the director during the prior 12 months; and

(c) an increase of the share reserve by 5,000,000 ordinary shares to an aggregate of 32,000,000 ordinary shares (not including shares available under plans consolidated into the 2001 Plan).

Reasons for Amendments

The Board believes these amendments are necessary for us to continue to attract and retain the services of well-qualified employees (including officers) and directors who will contribute to the Company's success by their ability, ingenuity and industry knowledge, and to provide incentives to such personnel and Board members that are linked directly to increases in shareholder value, and will therefore inure to the benefit of all shareholders of the Company.

When our shareholders approved the addition of stock bonus awards—either an outright stock bonus or a type of contingent stock award sometimes referred to as restricted stock units—as a form of award under the 2001 Plan in 2004, we included two limitations on the award of stock bonuses. One limitation is that we may not issue more than an aggregate of 10 million shares under stock bonuses. The second limitation, which we are proposing to eliminate, provides that there may not be outstanding at any time, stock bonuses for more than 2 million shares. We are proposing that the 2 million share limitation be eliminated so that we may continue to award stock bonuses to attract and retain employees and directors, subject only to the aggregate 10 million share limitation on stock bonuses. As of July 19, 2006, there were outstanding stock bonus awards under the 2001 Plan covering 1,971,188 shares. Accordingly, unless our shareholders approve the elimination of the 2 million share limitation, we will be significantly limited in our ability to make stock bonus awards.

The second amendment proposes that the automatic annual grants of options for 12,500 shares received by our non-employee director will no longer be pro-rated based on the prior service of the non-employee director. We are proposing this modification to the automatic option grants, which vest over a period of 4 years from the date of the grant, in order to better reflect the intention of the grants as awards for future (and not prior) service to the Company.

As of July 19, 2006, there were 16,463,399 ordinary shares available for issuance pursuant to additional options and stock bonus awards under the 2001 Plan. If Proposal No. 10 is passed, 21,463,399 ordinary shares will be available for issuance pursuant to additional options and stock bonus awards under the 2001 Plan. We have used and intend to continue using stock option and stock bonus awards as incentives to attract, retain and motivate our directors and employees. With the growing worldwide demand for talent, the appropriate use of equity awards remains an essential component of our overall compensation philosophy. Consequently, we

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believe the approval of the increase in the 2001 Plan share reserve is important to our continued growth and success.

2001 Plan History

The Board of Directors adopted the 2001 Plan in August 2001 and our shareholders approved our Board's adoption of the 2001 Plan in September 2001 with an initial reserve of 7,000,000 ordinary shares. On June 29, 2004, our Board adopted amendments to the 2001 Plan that were approved by our shareholders in September of 2004. Those amendments increased the share reserve by 20,000,000 ordinary shares to 27,000,000 ordinary shares and added stock bonus awards as a type of award under the 2001 Plan. In addition, the 2001 Plan consolidates ordinary shares that were available for issuance under prior company plans and certain assumed plans, and any ordinary shares that were issuable upon exercise of options or other awards granted under those plans that expire or become unexercisable for any reason without having been exercised in full become available for grant under the 2001 Plan.

Ordinary Shares Subject to the 2001 Plan

As of July 19, 2006, there were 40,952,931 ordinary shares subject to outstanding options and other awards granted under our 2001 Plan, which includes shares subject to outstanding options and other awards that were previously granted under our 1993 Share Option Plan, the 1999 Interim Option Plan, the 1998 Interim Option Plan, the 1997 Interim Option Plan, and all assumed plans. If Proposal No. 10 is passed, 21,463,399 ordinary shares will be available for issuance pursuant to additional options and stock bonus awards under the 2001 Plan. In addition, shares that are subject to issuance under outstanding awards that cease to be subject to such awards for any reason other than exercise or vesting of such awards, as well as shares that cease to be subject to awards under prior and assumed plans that were consolidated into the 2001 Plan, will be available for grant under the 2001 Plan.

In the event any change is made to our outstanding ordinary shares by reason of any recapitalization, bonus issue, stock split, combination of shares, exchange of shares, spinoff or other changes affecting the outstanding shares as a class, appropriate adjustments will be made to the maximum number and/or class of securities issuable under the 2001 Plan, the maximum number and/or class of securities for which any participant may be granted awards under the terms of the 2001 Plan or that may be granted generally under the terms of the 2001 Plan, the number and/or class of securities and price per share in effect under each outstanding award, and the number and/or class of securities for which automatic option grants are to be subsequently made to newly-elected or continuing non-employee directors.

Administration

The 2001 Plan contains two separate equity incentive programs: a discretionary stock option/stock bonus program, and an automatic stock option grant program. The discretionary program is administered by the Compensation Committee with respect to executive officers and directors and by our Chief Executive Officer, Mr. Michael McNamara, with respect to all other employees. The Compensation Committee and Mr. McNamara are referred to in this section as the Plan Administrator. The Plan Administrator has complete discretion, subject to the provisions of the 2001 Plan, to authorize option grants and awards of stock bonuses under the 2001 Plan (provided, however, that any grants to our executive officers or directors must be approved by the Compensation Committee). All grants under the automatic option grant program must be made in strict compliance with the provisions of that program, and no administrative discretion may be exercised by the Plan Administrator with respect to the automatic grants.

Eligibility

Our executive officers, members of our Board of Directors, and all of our employees and those of our subsidiaries are eligible to participate in the discretionary program. Non-employee directors are also eligible to participate in the automatic option grant program. Non-employee directors may not participate in the

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automatic option grant program if such participation is prohibited or restricted, either absolutely or subject to various securities requirements, whether legal or administrative, then being complied with in the jurisdiction in which such director is a resident. Non-employee directors may not receive awards in excess of an aggregate of 100,000 ordinary shares per calendar year. In no event may any one participant in the 2001 Plan receive awards for more than 4,000,000 ordinary shares in the aggregate per calendar year under the 2001 Plan.

As of March 31, 2006, five executive officers, six non-employee directors and approximately 5,000 employees were eligible to participate in the 2001 Plan, and six non-employee directors were eligible to participate in the automatic option grant program. (Pursuant to his agreement with us, Michael E. Marks is not eligible to receive equity compensation for his board service until after the 2006 Annual General Meeting.)

Transferability

In general, awards granted under the 2001 Plan may not be transferred in any manner other than by will or by the laws of descent and distribution. Awards may be transferred to family members through a gift or domestic relations order. Subject to applicable laws, certain optionees who reside outside of the United States and Singapore may assign their award to a financial institution located outside of the United States and Singapore.

Equity Incentive Programs***Discretionary Stock Option/ Stock Bonus Program***

Options may be granted under the discretionary program at an exercise price per share not less than 100% of the fair market value per ordinary share on the option grant date. Each option granted under this program generally is exercisable as determined by the Plan Administrator. Options will not be exercisable more than 10 years after the date of grant, and options granted to non-employees will not be exercisable more than five years after the date of grant.

Options granted under the 2001 Plan generally may be exercised as to vested shares for a period of time after the termination of the option holder's service to us or a subsidiary. Generally, the Plan Administrator has complete discretion to extend the period following the optionee's cessation of service during which his or her outstanding options may be exercised and/or to accelerate the exercisability or vesting of such options in whole or in part. Such discretion may be exercised at any time while the options remain outstanding, whether before or after the optionee's actual cessation of service.

Singapore law prevents us from granting restricted stock. As a result, we expanded our compensation program in 2004 by adding stock bonus awards—either an outright stock bonus or a type of contingent stock award sometimes referred to as restricted stock units—as a type of award under the 2001 Plan. Stock bonuses may be granted outright or contingent upon satisfaction of conditions determined by the Plan Administrator and communicated to the potential recipient in advance. As the conditions to issuance of shares must be met in advance, the shares when issued are not subject to vesting and no additional payment is required (satisfaction of the condition(s) being viewed as a form of payment). The condition(s) to issuances of shares under a stock bonus could be a single requirement, such as remaining in our service for a period of time, or many requirements, such as meeting individual or company-wide performance goals.

Automatic Option Grant Program

Under the automatic option grant program, each individual who initially becomes a non-employee director will automatically be granted at that time options to purchase 25,000 ordinary shares. In addition, on the date of each Annual General Meeting, continuing non-employee directors automatically will be granted options to purchase 12,500 ordinary shares.

Each option granted under this program must have an exercise price per share equal to 100% of the fair market value per ordinary share on the grant date and a maximum term of five years. Each option becomes

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exercisable as to 25% of the total shares one year after the date of grant and as to ¹/₄₈ of the total shares each month thereafter.

Each automatic option grant will automatically accelerate upon an acquisition of us by merger or asset sale or a hostile change in control of us. In addition, upon the successful completion of a hostile take-over, each automatic option grant which has been outstanding for at least six months may be surrendered to us for a cash distribution per surrendered option share in an amount equal to the excess of (a) the take-over price per share over (b) the exercise price payable for such share.

Valuation

The fair market value per ordinary share on any relevant date under the 2001 Plan is the closing sales price per share on that date on the Nasdaq Global Market. As of July 28, 2006, the closing price of our ordinary shares on the Nasdaq Global Market was \$11.25 per share.

Acceleration

Except for grants made under the automatic option grant program described above, in the event of a dissolution or liquidation or if we are acquired by merger or asset sale, each outstanding award under the discretionary program shall automatically accelerate so that each such award shall, immediately prior to the effective date of such transaction, become fully vested with respect to the total number of shares then subject to such award. However, subject to the specific terms of a given award, vesting shall not so accelerate if, and to the extent, such award is either to be assumed or replaced with a comparable right covering shares of the capital stock of the successor corporation or parent thereof, or is replaced with a cash incentive program of the successor corporation which preserves the inherent value existing at the time of such transaction or the acceleration of vesting of such award is subject to other limitations imposed by the Plan Administrator at the time of its grant.

The acceleration of vesting in the event of a change in the ownership or control of us may be seen as an anti-takeover provision and may have the effect of discouraging a merger proposal, a takeover attempt or other efforts to gain control of us.

Payment for Shares

The consideration for shares to be issued under the 2001 Plan may be paid in cash, by executing a same-day sale, by cancellation of indebtedness, by conversion of a convertible note issued by us or through waiver of compensation due.

Amendment and Termination

The Board of Directors may at any time amend or modify the 2001 Plan in any or all respects, except that any such amendment or modification may not adversely affect the rights of any holder of an award previously granted under the 2001 Plan unless such holder consents. The Board may terminate the 2001 Plan at any time. In addition, the automatic option grant program may not be amended more frequently than once every six months, other than to the extent necessary to comply with applicable U.S. income tax laws and regulations. In addition, the Board may not, without the approval of our shareholders:

amend the 2001 Plan to materially increase the maximum number of ordinary shares issuable under the 2001 Plan, the number of ordinary shares for which options may be granted to newly-elected or continuing non-employee directors, or the maximum number of ordinary shares for which any one individual participating in the 2001 Plan may be granted awards;

materially modify the eligibility requirements for participation in the 2001 Plan; or

materially increase the benefits accruing to participants in the 2001 Plan.

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Term of the 2001 Plan

Unless terminated earlier, the 2001 Plan will continue until August 2011, 10 years after the date the 2001 Plan was adopted by the Board of Directors.

U.S. Federal Income Tax Consequences of Option Grants and Stock Bonus Awards

The following is a general summary as of the date of this proxy statement of the United States federal income tax consequences to us and employees participating in the 2001 Plan. Federal tax laws may change and the federal, state and local tax consequences for any participating employee will depend upon his or her individual circumstances. Each participating employee has been and is encouraged to seek the advice of a qualified tax adviser regarding the tax consequences of participation in the 2001 Plan. The following discussion does not purport to describe state or local income tax consequences in the United States, nor tax consequences for participants in other countries.

Options granted under the 2001 Plan may be either incentive stock options which satisfy the requirements of Section 422 of the Internal Revenue Code or non-statutory options which are not intended to meet such requirements. The United States federal income tax treatment for the two types of options differs as follows:

Incentive Stock Options. No taxable income is recognized by the optionee at the time of the option grant, and no taxable income is generally recognized at the time the option is exercised unless the optionee is subject to the alternative minimum tax. The optionee will, however, recognize taxable income in the year in which the purchased shares are sold or otherwise disposed of. For United States federal tax purposes, dispositions are divided into either qualifying or disqualifying. A qualifying disposition occurs if the sale or other disposition is made after the optionee has held the shares for more than two years after the option grant date and more than one year after the exercise date. Upon a qualifying disposition, any gain or loss, measured by the difference between the option exercise price and amount realized on the sale of shares, will be treated as capital gain or loss. If either of these two holding periods is not satisfied, then a disqualifying disposition results. Upon a disqualifying disposition, any gain up to the difference between the option exercise price and the fair market value of the shares on the date of exercise, or, if less, the amount realized on the sale of shares, will be treated as ordinary income. Any additional gain will be capital gain.

If the optionee makes a disqualifying disposition of the purchased shares, then we may be entitled to a deduction from our income taxed by the United States for the taxable year in which such disposition occurs, equal to the excess of the fair market value of such shares on the option exercise date over the exercise price paid for the shares. In no other instance will we be allowed a deduction with respect to the optionee's disposition of the purchased shares.

Non-Statutory Options. No taxable income is recognized by an optionee upon the grant of a non-statutory option. The optionee will, in general, recognize ordinary income, in the year in which the option is exercised, equal to the excess of the fair market value of the purchased shares on the exercise date over the exercise price paid for the shares, and we will be entitled to a deduction with respect to, and be required to satisfy the tax withholding requirements applicable to, such income.

Stock Bonuses. Upon issuance of shares pursuant to a stock bonus, the employee will have ordinary income in the amount of the fair market value of the issued stock on the date of issuance. Any further gain or loss upon disposition of the stock will be short- or long-term capital gain or loss, depending on the employee's holding period as measured from the date of issuance. We will generally have a withholding obligation, and be entitled to a deduction, in the amount the employee recognizes as ordinary income.

Section 162(m). Any United States income tax deductions that would otherwise be available to us are subject to a number of restrictions under the Internal Revenue Code, including Section 162(m), which can limit the deduction for compensation paid to our Chief Executive Officer and our other four most highly compensated executive

officers.

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New Plan Benefits Under 2001 Plan

Under the automatic option grant program for non-employee directors described above, on the date of each Annual General Meeting, continuing non-employee directors automatically will be granted options to purchase 12,500 ordinary shares. The number of shares to be issued under the 2001 Plan to the individuals and groups listed below and the net values to be realized upon such issuances are discretionary, and therefore, not determinable:

our Chief Executive Officer;

each of our four other most highly compensated executive officers;

all current executive officers as a group; and

all employees, including all current officers who are not executive officers, as a group.

The Board recommends a vote FOR

the approval to amend the 2001 Equity Incentive Plan to eliminate the 2 million share limit on the number of ordinary shares subject to stock bonus awards that may be outstanding at any point during the term of the 2001 Plan.

The Board recommends a vote FOR

the approval to amend the 2001 Equity Incentive Plan to provide that the automatic option grant to non-employee directors of 12,500 options following each Annual General Meeting will not be pro-rated based on the service of the director during the prior 12 months.

The Board recommends a vote FOR

the approval of the increase in the number of ordinary shares authorized for issuance under the 2001 Equity Incentive Plan.

EXECUTIVE OFFICERS

The names, ages and positions of our executive officers and directors as of June 30, 2006 are as follows:

Name	Age	Position
Michael M. McNamara	49	Chief Executive Officer
Thomas J. Smach	46	Chief Financial Officer
Nicholas Brathwaite	47	Chief Technology Officer
Peter Tan		President and Managing Director,
	57	Flextronics Asia
Werner Widmann	54	President, Multek

Michael M. McNamara. Mr. McNamara has served as our Chief Executive Officer since January 2006, and as a member of our Board of Directors since October 2005. Prior to his promotion, Mr. McNamara served as our Chief Operating Officer from January 2002 through January 2006, as President, Americas Operations from April 1997 to December 2001, and as Vice President, North American Operations from April 1994 to April 1997. Mr. McNamara received a B.S. from the University of Cincinnati and an M.B.A. from Santa Clara University.

Thomas J. Smach. Mr. Smach has served as our Chief Financial Officer since December 2004. Prior to his promotion, he served as Senior Vice President, Finance from April 2000 to December 2004 following our acquisition of the Dii Group, Inc., a provider of electronics manufacturing services. From August 1997 to April 2000, he served as the Senior Vice President, Chief Financial Officer and Treasurer of the Dii Group, Inc. Mr. Smach is a certified public accountant and he received a B.S. in Accounting from State University of New York at Binghamton.

Nicholas Brathwaite. Mr. Brathwaite has served as our Chief Technology Officer since April 2002. Mr. Brathwaite joined Flextronics with the acquisition by Flextronics of nChip in 1995, where he held the

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position of Vice President and General Manager of Operations. Before joining nChip, Mr. Brathwaite spent six years with Intel Corporation in various engineering management positions in Technology Development and Manufacturing. He has a B.S. in Applied Chemistry, an M.S. in Polymer Engineering, a BSc (Hons) from McMaster University Canada and an MSc from the University of Waterloo, Canada.

Peter Tan. Mr. Tan has served as President and Managing Director, Flextronics Asia since March 2006. Prior to his promotion, Mr. Tan served as Executive Vice President, Asia Operations, following our acquisition of JIT Electronics in August 2000, where he held the position of Executive Director. Prior to joining JIT Electronics in 1997, Mr. Tan served as Managing Director, Asia Pacific Operations for Apple Computer, and previously as General Manager and Managing Director at Molex Singapore for five years. Preceding Molex Singapore, Mr. Tan spent 18 years with National Semiconductor Asia Pacific, where he held various positions in manufacturing, materials management, operations and product lines planning. Mr. Tan received a Graduate Diploma in Management Studies from the University of Chicago Graduate School of Business and an M.B.A. from Golden Gate University, San Francisco.

Werner Widmann. Mr. Widmann has served as President, Multek since January 2004. Prior to his promotion, he served as General Manager of Multek Germany beginning in October 2002. Prior to joining Multek, Mr. Widmann was Managing Director of Inboard from 1999 to 2002 and held various technical and managerial positions with STP, NPI, Siemens AG and IBM Sindelfingen throughout his 25 year-career in the PCB industry. Mr. Widmann received his degree in mechanical/electrical engineering from the University for Applied Sciences (Fachhochschule), Karlsruhe.

EXECUTIVE COMPENSATION

The following table presents information concerning the compensation paid or accrued by us for services rendered during fiscal year 2006, fiscal year 2005 and fiscal year 2004 by (i) our Chief Executive Officer and (ii) each of our four other most highly compensated executive officers. The individuals listed in the following table are referred to in this Proxy Statement as the Named Executive Officers.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Annual Compensation		Long Term Compensation Awards	All Other Compensation
		Salary	Bonus	Securities Underlying Options	
Michael E. Marks(1) Chief Executive Officer	2006	\$ 738,750	\$ 7,423,214(2)		\$ 1,565,859(3)
	2005	985,000	2,795,350	2,375,000	1,567,595(4)
	2004	785,442	605,000		17,599(5)
Michael M. McNamara(6) Chief Executive Officer	2006	\$ 850,000	\$ 1,100,000(7)	3,000,000	\$ 4,510,108(8)
	2005	800,000	1,143,860	600,000	6,780(9)
	2004	700,110	393,750		17,183(10)
Thomas J. Smach(14) Chief Financial Officer	2006	\$ 530,000	\$ 667,500(11)	500,000	\$ 2,709,407(12)
	2005	441,250	642,750	500,000	12,075(13)
Nicholas E. Brathwaite(14)	2006	\$ 530			