

SANMINA-SCI CORP
Form 11-K
June 29, 2005

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 11-K

**ANNUAL REPORT
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

(Mark One):

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
[NO FEE REQUIRED, EFFECTIVE OCTOBER 7, 1996].**

For the fiscal year ended December 31, 2004.

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934 [NO FEE REQUIRED].**

For the transition period from to

Commission file number: 000-21272

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Sanmina-SCI Corporation 401(k) Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Sanmina-SCI Corporation

2700 North First Street
San Jose, CA 95134

SIGNATURES

The Plan. Pursuant to the requirements of the Securities and Exchange Act of 1934, the trustees (or other persons who administer the Sanmina-SCI Corporation 401(k) Plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

SANMINA-SCI CORPORATION 401(k) PLAN
(Name of plan)

Date: June 29, 2005

By: /s/ JUNG JEON

(Signature)

Name: Jung Jeon

Title: VP of Global Compensation
Plan Administrator

Sanmina-SCI Corporation 401(k) Plan

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The following Exhibits are filed as part of this annual report:

| Exhibit Number | Description |
|-----------------------|--|
| 23.1 | Consent of Independent Registered Public Accounting Firm |

Report of Independent Registered Public Accounting Firm

**To the Participants and
Plan Administrator of the
Sanmina SCI Corporation
401(k) Plan**

We have audited the accompanying statements of net assets available for benefits of the Sanmina-SCI Corporation 401(k) Plan (the Plan) as of December 31, 2004 and 2003, and the related statement of changes in net assets available for benefits for the year ended December 31, 2004. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2004 and 2003, and the changes in net assets available for benefits for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule H, line 4i schedule of assets (held at end of year) as of December 31, 2004 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Mohler, Nixon & Williams
MOHLER, NIXON & WILLIAMS

Accountancy Corporation

Campbell, California

June 2, 2005

SANMINA - SCI CORPORATION 401(k) PLAN

Statements of Net Assets Available for Benefits

December 31, 2004 and 2003

| | 2004 | | 2003 |
|-------------------------------------|----------------|----|-------------|
| Assets: | | | |
| Investments, at fair value | \$ 357,752,413 | \$ | 337,845,853 |
| Participant loans | 10,328,294 | | 9,811,264 |
| Assets held for investment purposes | 368,080,707 | | 347,657,117 |
| Due from broker for securities sold | | | 482,123 |
| Other receivables | 997 | | 773 |
| Net assets available for benefits | \$ 368,081,704 | \$ | 348,140,013 |

See accompanying notes to financial statements.

SANMINA - SCI CORPORATION 401(k) PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2004

| | 2004 |
|--|-------------------|
| Additions: | |
| Investment income: | |
| Interest and dividends | \$ 1,055,819 |
| Net appreciation in fair value of investments | 16,610,509 |
| | 17,666,328 |
| Contributions: | |
| Participant | 25,063,654 |
| Employer | 11,411,903 |
| Rollover | 4,052,075 |
| | 40,527,632 |
| Total additions | 58,193,960 |
| Deductions: | |
| Benefits paid to participants | 38,351,290 |
| Administrative expenses | 123,403 |
| Total deductions | 38,474,693 |
| Net increase prior to transfer from other plan | 19,719,267 |
| Transfer from other plan | 222,424 |
| Net increase | 19,941,691 |
| Net assets available for benefits: | |
| Beginning of year | 348,140,013 |
| End of year | \$ 368,081,704 |

See accompanying notes to financial statements.

SANMINA-SCI CORPORATION 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

(1) Description of the Plan

(a) General

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The following description of the Sanmina-SCI Corporation 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

The Plan is a defined contribution plan established by Sanmina-SCI Corporation (Sanmina-SCI, the Plan Sponsor, or the Company) to provide benefits to eligible employees as defined in the Plan document who have completed one month of service. The Plan administrator believes that the Plan is currently designed and operated in compliance with the applicable requirements of the Internal Revenue Code, as amended and the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

(b) Administration

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Under the terms of the Plan, Fidelity Management Trust Company (Fidelity) acts as the trustee. The Company has appointed an Administrative Committee (the Committee) to manage the operation and administration of the Plan and an Investment Committee to monitor the Plan's investments. The Company has contracted with a third-party administrator who processes and maintains the records of participant data.

(c) Contributions

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Participants may elect to have the Company contribute a percentage of their eligible pre-tax compensation as a salary deferral in an amount from 1% to 85% of a participant's compensation per payroll period, not to exceed the amount allowable under current income tax regulations. Participants who elect to have the Company contribute a portion of their compensation to the Plan agree to accept an equivalent reduction in taxable compensation. Contributions withheld are invested in accordance with the participant's direction.

Subject to the approval of the Plan Administrator, participants may transfer or rollover account balances from another qualified plan, an individual retirement account, an annuity contract described in Internal Revenue Code Section 403(b), or a governmental plan described in Internal Revenue Code Section 457.

The Company is allowed to make matching contributions as defined in the Plan and as approved by the board of directors. In 2004, the Company matched contributions equal to 75% of each eligible participant's salary deferral contribution up to a maximum of 6% of the participant's compensation per payroll period, not to exceed \$2,700 per year.

(d) Participant Accounts

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Each participant's account is credited with the participant's contribution and allocation of (a) the Company's contribution and (b) Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(e) Vesting

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The portion of the participant's account attributable to salary deferrals is always 100% vested. The portion of the participant's account attributable to Company matching contributions is 100% vested after four years of service at the rate of 25% per year. Former employees of acquired companies may have different vesting schedules as stated in the Plan document.

(f) Forfeited Accounts

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As of December 31, 2004 and 2003, forfeited nonvested accounts totaled approximately \$377,000 and \$230,000, respectively. These accounts are used to restore participant accounts, reduce future employer contributions, or to pay Plan administrative expenses. In 2004 approximately \$55,000 of nonvested forfeited amounts were used to pay administrative expenses.

(g) Payment of Benefits

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Upon termination, the participant or beneficiary will receive benefits in a lump sum amount, or in installments over a reasonable period of time, equal to the value of the participant's vested interest in their account. The Plan allows for automatic lump sum distribution of participant vested account balances that do not exceed \$5,000 determined without regard to any amounts in the participant's rollover account.

(h) Participant Loans

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The Plan allows participants to borrow not less than \$1,000 and up to the lesser of \$50,000 or 50% of their vested account balance. The loans are secured by the participant's vested balance. Such loans bear interest at the available market financing rates and must be repaid to the Plan within a five-year period, unless the loan is used for the purchase of a principal residence in which case the maximum repayment period is determined by the Committee. The specific terms and conditions of such loans are established by the Committee. Outstanding loans at December 31, 2004 carry interest rates which range from 5% to 10.5%.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Investments

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Investments are stated at fair value. Investments in registered investment companies are valued based on quoted market prices. Common stock is valued at quoted market prices based on the last reported sales price on the last business day of the year. Participant loans are valued at cost which approximates fair value.

(c) Administrative Expenses

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All expenses incurred in the administration of the Plan are generally charged to and paid by the Company, except for expenses of approximately \$123,000 for the year ended December 31, 2004, related to recordkeeping services provided by Fidelity.

(d) Risks and Uncertainties

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The Plan provides for various investment options in any combination of mutual funds, common stock, and money market funds offered by the Plan. Investment securities are exposed to various risks, such as interest rate, market fluctuations, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

(e) Estimates

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The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.

(3) Party-In-Interest Transactions

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The Plan has included investment options in funds that are managed by an affiliate of Fidelity, the trustee of the Plan, and shares of common stock of the Plan Sponsor. Such transactions, while considered party-in-interest transactions under ERISA regulations, are permitted under the provisions of the Plan and are specifically exempt from the prohibition of party-in-interest transactions under ERISA.

Participants may direct a portion of their account to the Company Stock Fund (the Fund) so that they may invest in the qualifying employer securities of the Company. No participant is permitted to allocate more than 50% of his or her total vested contributions to the Fund and the maximum amount of the participant's account balance that can be allocated to the Fund is limited to 50% of the participant's account.

The number of shares of the Company common stock in the Fund at December 31, 2004 and 2003 was 2,812,533 and 2,812,017, respectively. The Fund is primarily comprised of shares of Company stock which are traded in the open market. The Fund assigns units of participation to those participants with account balances in the Fund. The total number of units in the Fund at December 31, 2004 and 2003 was 2,233,764 and 2,276,003, respectively, and the net unit value was \$10.96 and \$16.06, respectively at these dates.

The Plan is intended to be an ERISA Section 404(c) plan. Under ERISA Section 404(c), the Plan's fiduciaries are relieved of liability for losses that arise from a participant's investment choices.

(4) Investments

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The following table represents the fair values of investments as of December 31, 2004, and 2003. Investments that represent 5% or more of the Plan's net assets are identified with (*) for 2004 and (**) for 2003.

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| Description | 2004 | 2003 |
|--|----------------|-------------|
| Mutual funds: | | |
| PIMCO Total Return Fund** | \$ | 14,243,671 |
| State Street Research Aurora Fund Class A*/** | 21,028,715 | 18,183,418 |
| Fidelity Magellan Fund*/** | 33,800,914 | 33,280,242 |
| Fidelity Equity Income Fund*/** | 23,673,865 | 21,630,580 |
| Fidelity Growth Company Fund*/** | 64,470,272 | 60,861,403 |
| Others | 117,567,468 | 82,138,293 |
| | 260,541,234 | 230,337,607 |
| Money market funds: | | |
| Fidelity Retirement Money Market Portfolio*/** | 39,760,990 | 39,084,007 |
| Others | 602,397 | 602,368 |
| | 40,363,387 | 39,686,375 |
| Fidelity Managed Income Fund*/** | 32,966,804 | 32,357,087 |
| Noninterest bearing cash | 58,834 | 5,250 |
| Sanmina SCI Corporation Common Stock */** | 23,822,154 | 35,459,534 |
| Participant loans | 10,328,294 | 9,811,264 |
| Total investments | \$ 368,080,707 | 347,657,117 |

During the year ended December 31, 2004, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

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| | | |
|--------------|----|--------------|
| Mutual funds | \$ | 27,921,471 |
| Common stock | | (11,310,962) |
| | \$ | 16,610,509 |

(5) Tax Status

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The Plan has been amended since receiving its latest favorable determination letter dated February 22, 2002 from the Internal Revenue Service. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

(6) Plan Transfer

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During December 2003, the Company acquired a business unit of CoorsTek. In conjunction with the acquisition, employees who were hired by the Company were allowed to elect to transfer their loan balance from the CoorsTek Savings and Investment Plan (CoorsTek Plan) to the Plan. If a

former CoorsTek employee elected to transfer his loan, their entire account balance in the CoorsTek Plan was required to be transferred. During 2004, \$222,424 was transferred from the CoorsTek Plan to the Plan.

(7) Plan Termination

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Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue contributions at any time and terminate the Plan subject to the provisions of ERISA. In the event of termination of the Plan, participants will become 100% vested in their accounts.

(8) Subsequent Events

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Effective April 15, 2005, the Plan document was amended allowing employees who are active participants on and after this date to be 100% vested in employer matching contributions.

Effective May 1, 2005, the Plan document was amended to allow the Committee to limit the amount of salary deferrals for highly compensated employees.

As of June 2, 2005, the share price of the Sanmina-SCI Corporation Common Stock held by the Plan decreased by approximately 38% since December 31, 2004.

SANMINA - SCI CORPORATION 401(k) PLAN

Schedule H, Line 4i Schedule of Assets (Held at End of Year)

December 31, 2004

| Identity of issuer, borrower, lessor, or similar party | Units/ shares | Market Value |
|--|------------------|-----------------------|
| Mutual Funds: | | |
| Baron Growth | 128,043 | \$ 5,745,302 |
| AIM Constellation Fund Class A | 186,753 | 4,265,437 |
| EuroPacific Growth Fund Class A | 88,508 | 3,153,536 |
| AF Fundamental Investment - Class A | 80,660 | 2,601,285 |
| PIMCO Total Return Fund | 1,418,202 | 15,132,210 |
| American Century Ultra Fund | 220,922 | 6,517,212 |
| Calamos Growth - Class A | 133,803 | 7,088,870 |
| State Street Research Aurora Fund Class A | 519,484 | 21,028,715 |
| T. Rowe Price U.S. Treasury Long-Term Fund | 318,268 | 3,774,664 |
| H&W Mid Cap Valuation I | 292,514 | 7,982,719 |
| Fidelity Magellan Fund | 325,666 | 33,800,914 |
| * Fidelity Equity Income Fund | 448,539 | 23,673,865 |
| * Fidelity Growth Company Fund | 1,149,818 | 64,470,272 |
| * Fidelity Diversified International Fund | 529,351 | 15,160,623 |
| * Spartan U.S. Equity Index Fund | 410,429 | 17,591,006 |
| * Fidelity Freedom Income Fund | 133,915 | 1,509,228 |
| * Fidelity Freedom 2000 Fund | 122,418 | 1,478,805 |
| * Fidelity Freedom 2005 Fund | 13,632 | 147,222 |
| * Fidelity Freedom 2010 Fund | 358,571 | 4,883,735 |
| * Fidelity Freedom 2015 Fund | 20,383 | 225,229 |
| * Fidelity Freedom 2020 Fund | 480,018 | 6,701,050 |
| * Fidelity Freedom 2025 Fund | 32,796 | 369,937 |
| * Fidelity Freedom 2030 Fund | 483,028 | 6,801,039 |
| * Fidelity Freedom 2035 Fund | 1,326 | 15,172 |
| * Fidelity Freedom 2040 Fund | 776,685 | 6,423,187 |
| * Fidelity Retirement Money Market Portfolio | 39,760,990 | 39,760,990 |
| * Fidelity Managed Income Fund | 32,966,804 | 32,966,804 |
| * Interest bearing cash | 603,040 | 602,397 |
| * Non-interest bearing cash | | 58,834 |
| * Sanmina SCI Corporation Common Stock | 2,812,533 | 23,822,154 |
| * Participant loans 2,459 loans with interest rates from 5% to 10.5% | | 10,328,294 |
| Assets held for investment purposes | | \$ 368,080,707 |

*Represents a party-in-interest.