CELESTICA INC
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File Nos. 333-69278, 333-12272 and 333-50240

PROSPECTUS SUPPLEMENT
(To Prospectus Dated September 10, 2001)

US$500,000,000

Celestica Inc.

$7^7/_8$% Senior Subordinated Notes due 2011

The notes will bear interest at the rate of $7^7/_8$% per year. Interest on the notes is payable on January 1 and July 1 of each year, beginning on January 1, 2005. The notes will mature on July 1, 2011. We may redeem some or all of the notes at any time on or after July 1, 2008 at specified redemption prices, and at any time in the event of certain changes affecting Canadian withholding taxes at 100% of their principal amount. Prior to July 1, 2008, we may redeem some or all of the notes by paying a specified make-whole premium. In addition, prior to July 1, 2007, we may redeem up to 35% of the notes at 107.875% of their principal amount with the proceeds of certain equity offerings. The redemption prices are discussed under the captions "Description of the Notes Optional Redemption" and "Description of the Notes Redemption for Tax Reasons."

The notes will be our senior subordinated unsecured obligations and will rank subordinated in right of payment to all present and future senior indebtedness, *pari passu* with all present and future senior subordinated indebtedness and senior to all of our present and future subordinated indebtedness.

Investing in the notes involves risks. See "Risk Factors" beginning on page S-11 and beginning on page 4 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the related prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public Offering Price	100.000%	$ 500,000,000
Underwriting Commissions	2.000%	$ 10,000,000
Proceeds to Celestica Inc. (before expenses)	98.000%	$ 490,000,000

Interest on the notes will accrue from June 16, 2004 to the date of delivery.

The underwriters expect to deliver the notes to purchasers on or about June 16, 2004.

Joint Book-Running Managers

Citigroup	**Banc of America Securities LLC**	**Deutsche Bank Securities**

Joint Lead Managers

CIBC World Markets	**RBC Capital Markets**	**Scotia Capital**

Wachovia Securities

June 10, 2004

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You should rely only on the information in this document or to which we have referred you. We have not authorized anyone to provide you with additional or different information. This document may only be used where it is legal to sell the notes. The information in this document may only be accurate as of the date of this prospectus supplement, regardless of the time of delivery of this document to you or any sale of the notes.

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the notes we are offering and certain other matters. The second part, the accompanying prospectus, gives more general information, some of which does not apply to the notes we are offering. In the event information contained in the prospectus is inconsistent with this prospectus supplement, the information in the prospectus supplement updates and supersedes the information in the prospectus. Generally, when we refer to the prospectus supplement, we are referring to both parts combined.

In this prospectus supplement, unless we state otherwise, "Celestica," the "Company," "we," "us" and "our" refer to Celestica Inc. and its subsidiaries.

We furnish our shareholders with annual reports containing financial statements prepared in accordance with Canadian generally accepted accounting principles (GAAP) audited by our independent accountants, with a reconciliation of those financial statements to U.S. GAAP. We will make available copies of quarterly reports for each of the first three quarters of each fiscal year containing interim unaudited consolidated financial information.

In this prospectus supplement, all dollar amounts are expressed in United States dollars, except where we state otherwise. All references to "US$" or "$" are to U.S. dollars and all references to "C$" are to Canadian dollars. Unless we indicate otherwise, any reference in this prospectus supplement to a conversion between US$ and C$ is given as of June 10, 2004. At that date, the noon buying rate in New York City for cable transfers in Canadian dollars was US$1.00 = C$1.3572, as certified for customs purposes by the Federal Reserve Bank of New York.

Canada has no system of exchange controls. There are no Canadian restrictions on the repatriation of capital or earnings of a Canadian public company to non-resident investors. There are no exchange restrictions affecting the remittance of dividends, interest, royalties or similar payments to non-resident holders of the notes we are offering.

FORWARD-LOOKING STATEMENTS

Information about us contained under the headings "Prospectus Summary," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and other sections of this prospectus supplement and prospectus contain forward-looking statements within the meaning of section 27A of the Securities Act of 1933, as amended (U.S. Securities Act), and section 21E of the Securities Exchange Act of 1934, as amended (U.S. Exchange Act), including, without limitation, statements concerning our possible or assumed future results of operations preceded by, followed by or that include the words "believes," "expects," "anticipates," "estimates," "intends," "plans," or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. You should understand that the following important factors, in addition to those discussed in "Risk Factors" and elsewhere in this prospectus supplement, could affect our future results and could cause those results to differ materially from those expressed in such forward-looking statements: variability of operating results among periods; the effects of price competition and other business and competitive factors generally affecting the electronics manufacturing services (EMS) industry; the challenges of effectively managing our operations during uncertain economic conditions; our dependence on a limited number of customers; our dependence on industries affected by rapid technological change; the challenge of responding to lower-than-expected customer demand; our ability to successfully manage our international operations; component constraints; our ability to manage our restructuring and the shift of production to lower cost geographies; the success of our new product development efforts; and our ability to achieve the anticipated benefits of our merger with Manufacturers' Services Limited (MSL).

Except as required by applicable law, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise of which we hereafter become aware. You should read this prospectus supplement and the documents, if any, that we incorporate by reference with the understanding that our actual future results may be materially different from what we expect. We may not update these forward-looking statements, even if our situation changes in the future. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

SUMMARY

The following summary highlights selected information from this prospectus supplement to help you understand Celestica Inc. and the notes being offered. For a more complete understanding of Celestica and the notes, we encourage you to read carefully the entire prospectus supplement and accompanying prospectus, as well as information incorporated by reference from the reports we filed with or furnished to the U.S. Securities and Exchange Commission.

Our Business

We are a world leader in the delivery of innovative electronics manufacturing services (EMS). We operate a highly sophisticated global manufacturing network with operations in Asia, Europe and the Americas. We target leading industry original equipment manufacturers (OEMs), historically in the computing and telecommunications industries and increasingly in other manufacturing end markets, such as industrial, aerospace and defense, automotive and consumer electronics. Our expertise in quality, technology and supply chain management enables us to provide competitive advantages to our customers by improving time-to-market, scalability and manufacturing efficiency.

We provide our OEM customers with a broad range of services, including manufacturing, design, new product introduction, engineering services, supply chain management, printed circuit assembly (PCA), system assembly, direct order fulfillment, logistics and after-market services and support. We have built a customer base that is now comprised of over 160 OEMs, including such industry leaders as Avaya Inc., Cisco Systems, Inc., EMC Corporation, Hewlett-Packard Corporation, IBM, Lucent Technologies Inc., Motorola, Inc., NEC Corporation and Sun Microsystems, Inc. During 2003, our top ten customers represented 73% of our total revenue.

For the year ended December 31, 2003 and the quarter ended March 31, 2004, we had revenue of approximately $6.7 billion and $2.0 billion, respectively.

Our Strengths

We have become one of the largest EMS providers by capitalizing on the following competitive strengths:

Advanced Technological Capabilities. We are a leader in manufacturing highly advanced products, particularly in the areas of communications and computing infrastructure. These products include mainframes, routers, photonic devices, wireless base stations, networking equipment and mass storage devices, among others. We have earned a superior reputation with global OEMs in these areas through our skilled engineers and our development of advanced capabilities in the areas of manufacturing and testing processes. We endeavor to remain at the forefront of technology. For example, we have recently expanded our service offerings to include reference designs in next generation computing platforms based on 64-bit architectures.

Large-Scale and Flexible Production Capacity. We have over 9 million square feet of diverse manufacturing capacity in 19 countries around the world. In our lower cost regions of Asia, Eastern Europe and Mexico, we offer a broad range of low cost manufacturing and supply chain solutions for our customers. As of March 31, 2004, approximately 70% of our production facilities and human resources were located in lower cost geographies. In Western Europe and North America, we offer a broad range of capabilities in areas such as design, manufacturing of new technologies, logistics, order fulfillment and after-market services. All of these regions continue to play an important role as we expand our service offerings and deepen our customer relationships.

Global Supply Chain Management Expertise. We have made significant investments in human resources and information technology in order to manage a large and growing portion of our customers' supply chains. We use electronic data interchange with our key suppliers and ensure speed of supply through the use of automated receiving and full-service distribution capabilities. During 2003, we procured and managed approximately $5 billion in materials and related services. We believe this size of procurement enhances our ability to obtain better pricing, influence component packaging and design, and obtain supply of components in constrained markets.

Broad and Global Service Offerings. We provide a full spectrum of products and services that capitalize on the extensive technological know-how and intellectual capital we have developed within our organization. Our broad portfolio of services positions us as a value-added provider within the EMS industry. Selected services within our broad line-up include product design and design for manufacturability, reference designs, component selection and procurement, quick-turn prototyping, PCA testing and full system assembly, product assurance and failure analysis, order fulfillment, worldwide distribution and after-market support, including repair services. A customer may use a selection of our services to complement its own capabilities or use all of our capabilities to better manage its complete supply chain needs.

Experienced Management Team. We have a strong executive and management team with extensive manufacturing and supply chain expertise. Stephen Delaney, prior to becoming our CEO, held a variety of executive and senior management positions at Celestica, as well as executive and senior management roles in operations at Visteon Automotive Services, AlliedSignal's Electronic Systems business, Ford Motor Company's Electronics division, and IBM's Telecommunications division. Marvin M[a]Gee, President, and Anthony Puppi, CFO, have each been with Celestica and its predecessor company, IBM, for over 20 years, where each held a number of executive positions of increasing responsibility. We have established manufacturing and customer management teams in Asia, Europe and the Americas through a mix of external hiring, acquisitions and internal development of management within our global organization.

Our Strategy

We intend to deploy the following strategies in order to maximize customer satisfaction and achieve superior financial performance:

Steadily Improve Operating Margins and Increase Operating Efficiency. We are committed to applying strategies and processes designed to improve margins and return on invested capital around the world. We plan to achieve this by:

- completing our restructuring program;
- leveraging corporate procurement capabilities to lower materials costs;
- increasing utilization of facilities to take advantage of significant operating leverage;
- deploying corporate cost reduction and productivity enhancement initiatives on a global basis;
- applying best practices throughout our operations worldwide;
- compensating our employees based, in part, on the achievement of earnings targets;
- deploying lean manufacturing and Six Sigma techniques;
- maximizing asset turnover; and
- moving production to lower cost regions.

Leverage Expertise in Technology, Quality and Supply Chain Management. We are committed to meeting our customers' needs in the areas of technology, quality and supply chain management to enhance our customer relationships and expand our business. Our modern plants across the world and leading technological capabilities enable us to produce complex and highly sophisticated products to meet the rigorous demands of our OEM customers. Our ongoing commitment to quality in all aspects of our business allows us to deliver consistently reliable products to our OEM customers. The systems and processes associated with our expertise in supply chain management have enabled us to rapidly ramp operations to meet customer needs, adjust capacity in response to product demand fluctuations and effectively distribute products directly to end customers.

Develop and Enhance Profitable, Strategic Relationships with Leading OEMs. We seek to build and sustain profitable, strategic relationships with industry leaders in target sectors and markets that can benefit from the delivery of our innovative electronics manufacturing services. By conducting ourselves as an extension of our customers' organizations, we are able to respond to their needs with agility, speed and a commitment to deliver results.

Expand Range of Service Offerings. We continually assess opportunities to expand the breadth and depth of the services we provide to OEMs in areas that can reduce their design, manufacturing, supply chain and product costs. While we have built our reputation by providing services in connection with the production of higher-end and more complex products, we have significantly broadened our offering of services to facilitate the manufacture of a wider spectrum of products and to support the full product lines of leading OEMs. In the past few years, we have acquired additional capabilities in prototyping and PCA design, embedded system design, enclosure assembly, full system assembly, logistics, order fulfillment and after-market services. We will continue to expand our capabilities and service offerings on a global basis in order to maximize our potential returns and respond to the changing needs of our customers.

Continue to Diversify End Markets and Customer Base. We have historically focused on markets such as enterprise communications and computing, where OEMs require higher value-added services for their complex products. During the downturn that significantly affected the demand for our customers' products, we expanded our marketing efforts to other EMS markets to reduce our reliance on any particular industry. Our strategy includes growing our other end markets, such as aerospace and defense, industrial, consumer electronics and automotive. For the quarter ended March 31, 2004, our revenue from sectors outside of communications and computing approximately doubled to $275 million from $140 million in the corresponding quarter in 2003. In conjunction with end market diversification, we also focused on expanding our customer base. The percentage of our revenue from our non-top ten customers increased to 34% of total sales in the first quarter of 2004 from 22% of total sales in the first quarter of 2003. In addition, our acquisition of Manufacturers' Services Limited (MSL) has enhanced our diversification strategy by increasing the proportion of our customer base in the commercial avionics, automotive, retail systems and peripherals end markets.

Selectively Pursue Strategic Acquisitions. We have completed numerous acquisitions. We will continue to selectively seek acquisition opportunities in order to:

- further develop strategic relationships with leading OEMs;
- expand our capabilities;
- diversify into new market sectors;
- broaden our service offerings; and
- optimize our global positioning.

We have developed and deployed a comprehensive integration strategy that includes establishing a common culture at all locations with broad-based workforce participation, providing a single marketing "face" to customers worldwide, deploying common information technology platforms, leveraging global procurement and transferring best practices among operations worldwide.

Recent Developments

On June 4, 2004, we entered into an agreement to amend our existing 364-day credit facility by increasing the size of the existing unsecured facility from $250.0 million to $600.0 million and extending the expiry to June 2007. Concurrently with this amendment, we terminated our $500.0 million four-year revolving term credit facility. We refer to this amended credit facility as our new senior credit facility in this prospectus supplement. See "Description of Certain Indebtedness $600.0 Million Revolving Term Credit Facility."

On April 22, 2004, we announced our results for the first quarter of 2004. Highlights of our first quarter results include:

- a 27% increase in revenue to $2,016.9 million for the first quarter of 2004 compared to $1,587.4 million for the corresponding quarter in 2003, primarily as a result of an increase in business volumes from some of our top customers and new business, together with the MSL acquisition, offset in part by pricing reductions and changes in product mix;

- 5% sequential revenue growth for the first quarter of 2004 over the fourth quarter of 2003, due to the MSL acquisition, an increase in program wins with existing customers and strengthening in the communications market, despite typical cyclical declines for the first quarter;

- an increase in revenue for the first quarter of 2004 in each of the Americas, Europe and Asia compared to the fourth quarter of 2003; and

- an increase in gross margin to 4.4% in the first quarter of 2004 from 3.8% in the fourth quarter of 2003.

For additional detail, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

On March 12, 2004, we completed our acquisition of MSL, a global electronics manufacturing and supply chain services company with design, manufacturing and fulfillment locations worldwide. For the year ended December 31, 2003, MSL had revenue of approximately $826 million. Pursuant to the merger agreement, in consideration for the acquisition we issued to holders of MSL common stock and certain holders of MSL preferred stock approximately 14.1 million subordinate voting shares and paid cash consideration to certain MSL preferred stockholders totaling approximately $51.6 million.

Our Principal Executive Office

Our principal executive offices are located at 1150 Eglinton Avenue East, Toronto, Ontario, Canada M3C 1H7 and our telephone number is (416) 448-5800.

The Offering

Issuer	Celestica Inc.
Notes Offered	$500,000,000 aggregate principal amount of $7^{7}/_{8}$% Senior Subordinated Notes due 2011.
Maturity	July 1, 2011.
Interest Payment Dates	January 1 and July 1 of each year, beginning on January 1, 2005.
Ranking	The notes will be:
	our senior subordinated unsecured obligations;
	effectively subordinated in right of payment to all debt and other obligations (including trade payables) of our subsidiaries;
	effectively subordinated in right of payment to all of our existing and future senior debt, including borrowings under our new senior credit facility described under "Description of Certain Indebtedness $600.0 Million Revolving Term Credit Facility," to the extent of the value of the assets securing that debt;
	equal in right of payment with all of our future senior subordinated debt; and
	senior in right of payment with all of our existing and future subordinated debt.
	As of March 31, 2004, after giving pro forma effect to this offering, the application of the net proceeds therefrom as described in "Use of Proceeds" and the execution of our new senior credit facility:
	we would have had outstanding:
	no senior debt,
	$500.0 million of senior subordinated debt, consisting of the notes, and
	$609.0 million of the Liquid Yield Option Notes due 2020 (LYONs) (not reflecting repurchases of LYONs with proceeds of this offering), which are subordinated to the notes, and
	our subsidiaries would have had outstanding approximately $1.9 billion of external liabilities.
Optional Redemption	At any time on or after July 1, 2008, we may redeem all or a part of the notes at the redemption prices specified in this prospectus supplement under "Description of the Notes Optional Redemption."
	At any time prior to July 1, 2008, we may redeem all or a part of the notes by paying a make-whole premium based on U.S. Treasury rates as specified in this prospectus supplement under "Description of the Notes Optional Redemption."
	At any time prior to July 1, 2007, we may redeem up to 35% of the notes with the net proceeds of certain equity offerings, at a price equal to 107.875% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, provided that at least 65% of the aggregate principal amount of the notes remains outstanding after the redemption.

Change of Control	Following a change of control as defined in the indenture, we will be required to make an offer to purchase all of the notes at a purchase price of 101% of their principal amount, plus accrued and unpaid interest to the date of the repurchase. However, our ability to repurchase your notes pursuant to this offer may be limited by the terms of our new senior credit facility or future credit agreements or other agreements related to our debt. See "Description of the Notes Repurchase at the Option of Holders Upon a Change of Control Offer."

Additional Amounts and Tax Redemptions	We are required to make all payments to you under the notes without withholding or deduction for Canadian taxes. However, if we are required by law or the interpretation or the administration thereof to withhold or deduct amounts for Canadian taxes, we are required to pay you such additional amounts as may be necessary so that the net amount received by you after such withholding or deduction will not be less than the amount you would have received in the absence of such withholding or deduction.
	We may redeem the notes in whole but not in part at any time at a price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, to the redemption date in the event of certain changes in the law or the interpretation or administration thereof affecting Canadian withholding taxes.
Certain Covenants	The indenture governing the notes will contain covenants that, prior to the date, if ever, that the notes are rated at least Baa3 by Moody's Investors Service, Inc. and at least BBB- by Standard & Poor's Ratings Service, will restrict our ability and the ability of our restricted subsidiaries to, among other things:
	incur additional indebtedness;
	pay dividends or make other restricted payments;
	apply the proceeds of asset sales;
	create or permit restrictions on the ability of our restricted subsidiaries to pay dividends or make other distributions to us;
	enter into transactions with affiliates; or
	consolidate, merge or sell all or substantially all of our assets.
	The indenture will also contain covenants that apply even if the notes are rated at least Baa3 by Moody's Investors Service, Inc. and at least BBB- by Standard & Poor's Ratings Service, including covenants that restrict our ability to:
	create or permit liens; or
	incur layered indebtedness.
	All of these restrictive covenants are subject to a number of important exceptions and qualifications. See "Description of the Notes Certain Covenants."
Absence of an Established Market for the Notes	The notes are a new issue of securities, and currently there is no market for them. We do not intend to list the notes on any securities exchange or to arrange for any quotation system to quote them. We cannot assure you that a liquid market will develop for the notes.
Use of Proceeds	We estimate that the net proceeds from the offering after deducting the underwriters' commissions and expenses will be approximately $488.7 million. We intend to use the net proceeds to repurchase LYONs, in the open market, upon the exercise of holders' rights to require us to repurchase LYONs on August 2, 2005 (which we may elect to settle in cash or subordinate voting shares) or otherwise, and for general corporate purposes, including future acquisitions.

For a discussion of certain risks that should be considered in connection with an investment in the notes, see "Risk Factors" starting on page S-11 of this prospectus supplement and starting on page 4 of the accompanying prospectus.

Summary Financial Data

The following tables set forth certain consolidated financial data derived from our consolidated financial statements. The financial data as at December 31, 2002 and 2003 and for each of the years ended December 31, 2001, 2002 and 2003, has been derived from our audited consolidated financial statements for the years ended December 31, 2001, 2002 and 2003 and the unaudited financial data as at March 31, 2004 and for the three months ended March 31, 2003 and 2004, has been derived from our unaudited interim financial statements for the three months ended March 31, 2003 and 2004 that are included in this prospectus supplement. The financial data as at and for the years ended December 31, 1999 and 2000 has been derived from our audited consolidated financial statements not included in this prospectus supplement.

In the opinion of management, our unaudited interim consolidated financial statements for the three months ended March 31, 2003 and 2004 contain all adjustments (consisting solely of normal recurring adjustments) necessary for a fair presentation of the results for such periods. Interim results are not necessarily indicative of the results that may be achieved for the entire fiscal year. You should read the following summary financial data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations," our 2003 consolidated financial statements (including the notes thereto), the other information included in this prospectus supplement and the information we incorporate by reference.

Our consolidated financial statements have been prepared in accordance with Canadian GAAP. These principles conform in all material respects with U.S. GAAP except as described in note 20 to our 2003 consolidated financial statements. For all the periods presented, the summary financial data is prepared in accordance with Canadian GAAP unless otherwise indicated.

	Year ended December 31					Three months ended March 31	
	1999[1]	2000[1]	2001[1]	2002[1]	2003[1]	2003[1]	2004[1]
						(unaudited)	
	(in millions)						
Consolidated Statements of Earnings (Loss) Data (Canadian GAAP):							
Revenue	$ 5,297.2	$ 9,752.1	$ 10,004.4	$ 8,271.6	$ 6,735.3	$ 1,587.4	$ 2,016.9
Cost of sales	4,914.7	9,064.2	9,292.4	7,716.5	6,475.2	1,511.9	1,929.0
Gross profit	382.5	687.9	712.0	555.1	260.1	75.5	87.9
Selling, general and administrative expenses[2]	202.2	326.1	341.4	298.5	273.8	64.2	78.9
Amortization of goodwill and intangible assets[3]	55.6	88.9	125.0	95.9	48.5	12.4	7.2
Integration costs related to acquisitions[4]	9.6	16.1	22.8	21.1			
Other charges[5]			273.1	677.8	175.4	(1.6)	10.9
Operating income (loss)	115.1	256.8	(50.3)	(538.2)	(237.6)	0.5	(9.1)
Interest expense (income), net[6]	10.7	(19.0)	(7.9)	(1.1)	(4.0)	(3.4)	1.0
Earnings (loss) before income taxes	104.4	275.8	(42.4)	(537.1)	(233.6)	3.9	(10.1)
Income tax expense (recovery)	36.0	69.2	(2.1)	(91.2)	33.1	0.7	(1.7)
Net earnings (loss)	$ 68.4	$ 206.6	$ (40.3)	$ (445.9)	$ (266.7)	$ 3.2	$ (8.4)
Other Financial Data:							
Depreciation expense	$ 69.5	$ 121.9	$ 193.1	$ 212.8	$ 172.0	$ 43.4	$ 41.3
Capital expenditures	211.8	282.8	199.3	151.4	175.9	18.1	56.4

	Year ended December 31				Three months ended March 31
Consolidated Statements of Earnings (Loss) Data (U.S. GAAP)[7]:					
Operating income (loss)	$ 113.2	$ 254.4	$ (40.0)	$ (569.8)	$ (210.5)
Net earnings (loss)	66.5	197.4	(51.3)	(494.9)	(258.9)

	As at December 31					As at March 31
	1999(1)	2000(1)	2001(1)	2002(1)	2003(1)	2004(1)
						(unaudited)
	(in millions)					
Consolidated Balance Sheet Data (Canadian GAAP):						
Cash and short-term investments	$ 371.5	$ 883.8	$ 1,342.8	$ 1,851.0	$ 1,028.8	$ 831.0
Working capital(8)	1,000.2	2,262.6	2,339.8	2,093.2	1,513.6	1,506.7
Capital assets	365.4	634.0	917.1	730.2	681.4	732.2
Total assets	2,655.6	5,938.6	6,634.9	5,809.2	5,136.5	5,684.6
Total long-term debt, including current portion(9)	134.2	132.0	147.4	6.9	3.4	6.3
Shareholders' equity	1,658.1	3,469.2	4,745.0	4,202.3	3,466.1	3,736.2
Consolidated Balance Sheet Data (U.S. GAAP)(7):						
Total assets	$ 2,653.6	$ 5,936.0	$ 6,640.3	$ 5,805.4	$ 5,181.3	
Total long-term debt, including current portion	134.2	1,005.1	1,046.8	831.7	626.4	
Shareholders' equity	1,656.2	2,605.4	3,841.1	3,344.4	2,854.7	

(1) Effective January 1, 2004, we retroactively adopted the new Canadian Institute of Chartered Accountants (CICA) Handbook Section 3110, which requires the recognition of liabilities for asset retirement obligations and the associated retirement costs, and have retroactively restated our results of operations for all prior periods. The impact to our cost of sales and net earnings (loss) for Canadian GAAP for the year ended December 31, 2003 was $0.9 million (2002 $0.7 million; 2001 $0.5 million; 2000 $0.1 million) and $0.2 million for the three months ended March 31, 2003. The impact on 1999 was immaterial. See note 23 to the 2003 consolidated financial statements.

The consolidated statements of earnings (loss) data for:

1999, 2000, 2001, 2002, 2003 and the three months ended March 31, 2003 and 2004 include the results of operations of International Manufacturing Services, Inc. (IMS) acquired in December 1998, Signar SRO acquired in April 1999, greenfield operations established in Brazil and Malaysia in June 1999, VXI Electronics, Inc. acquired in September 1999, the assets acquired from Hewlett-Packard's Healthcare Group in October 1999, EPS Wireless, Inc. acquired in December 1999, and certain assets acquired from Fujitsu-ICL Systems Inc. in December 1999;

2000, 2001, 2002, 2003 and the three months ended March 31, 2003 and 2004 include the results of operations of the assets of the Enterprise System Group and the Microelectronics Division of IBM in Minnesota and in Italy acquired in February and May 2000, respectively, NDB Industrial Ltda. acquired in June 2000, Bull Electronics Inc. acquired in August 2000, and NEC Technologies (UK) Ltd. acquired in November 2000;

2001, 2002, 2003 and the three months ended March 31, 2003 and 2004 include the results of operations of Excel Electronics, Inc. acquired in January 2001, certain assets of Motorola, Inc. in Ireland and Iowa acquired in February 2001, certain assets of a repair facility of N.K. Techno Co., Ltd. in Japan acquired in March 2001, certain assets of Avaya Inc. in Arkansas and Colorado acquired in May 2001, Sagem CR s.r.o. acquired in June 2001, certain assets of Avaya Inc. in France acquired in August 2001, certain assets of Lucent Technologies Inc. in Ohio and Oklahoma acquired in August 2001, Primetech Electronics Inc. acquired in August 2001, and Omni Industries Limited acquired in October 2001;

2002, 2003 and the three months ended March 31, 2003 and 2004 include the results of operations of certain assets of NEC Corporation in Miyagi and Yamanashi, Japan acquired in March 2002, and certain assets of Corvis Corporation in the United States acquired in August 2002; and the three months ended March 31, 2004 include the results of operations of MSL acquired in March 2004.

(2)

Selling, general and administrative expenses include research and development costs. During 2003, we adopted the revised CICA Handbook Section 3870, "Stock Based Compensation," which requires that a fair value method of accounting be applied to all stock-based compensation payments to both employees and non-employees. In accordance with the transitional provisions of Section 3870, we have prospectively applied the fair value method of accounting for stock option awards granted after January 1, 2003 and, accordingly, have recorded compensation expense of $0.3 million in 2003 and $1.6 million for the three months ended March 31, 2004. Prior to January 1, 2003, we accounted for our stock options using the settlement method and no compensation expense was recognized.

(3)

In 2001, the CICA approved Handbook Sections 1581, "Business combinations" and 3062, "Goodwill and other intangible assets." The new standards under these sections mandate the purchase method of accounting for business combinations and require that the value of the shares issued in a business combination be measured using the average share price for a reasonable period before and after the date the terms of the acquisition are agreed to and announced. The new standards are substantially consistent with U.S. GAAP.

Effective July 1, 2001, goodwill acquired in business combinations completed after June 30, 2001 has not been amortized. We fully adopted these new standards as of January 1, 2002, and discontinued amortization of all existing goodwill. We also evaluated existing intangible assets, including estimates of remaining useful lives, and have reclassified $9.1 million from intellectual property to goodwill, as of January 1, 2002, to conform with the new criteria.

Section 3062 requires the completion of a transitional goodwill impairment evaluation within six months of adoption. Any transitional impairment would have been recognized as an effect of a change in accounting principles and would have been charged to opening retained earnings as of January 1, 2002. We completed the transitional goodwill impairment assessment during the second quarter of 2002, and determined that no impairment existed as of the date of adoption. Under U.S. GAAP, any transitional impairment charge would have been recognized in earnings as a cumulative effect of a change in accounting principles.

Effective January 1, 2002, we had unamortized goodwill of $1,137.9 million which is no longer being amortized. This change in accounting policy is not applied retroactively and the amounts presented for prior periods have not been restated for this change. The following table shows the impact of this change as if the policy had been applied retroactively to 2001:

	Year ended December 31	
	2001	**2002**
	(in millions, except per share amounts)	
Net loss as reported	$ (40.3)	$ (445.9)
Add back: goodwill amortization	39.2	
Net loss before goodwill amortization	$ (1.1)	$ (445.9)
Basic loss per share:		
As reported	$ (0.26)	$ (1.98)
Before goodwill amortization	$ (0.08)	$ (1.98)
Diluted loss per share:		
As reported	$ (0.26)	$ (1.98)
Before goodwill amortization	$ (0.08)	$ (1.98)

(4) These costs include costs to implement new information systems and processes, including salary and other costs directly related to the integration activities in newly acquired facilities.

(5) In 2001, other charges totaled $273.1 million comprised of (a) a $237.0 million restructuring charge and (b) a non-cash charge of $36.1 million relating to the annual impairment assessment of long-lived assets, comprised primarily of a write-down of goodwill, intangible assets and certain long-term equity investments.

In 2002, other charges totaled $677.8 million comprised primarily of (a) a $385.4 million restructuring charge, (b) a non-cash write-down of $203.7 million relating to the annual goodwill impairment assessment, (c) a non-cash write-down of $81.7 million relating to the annual impairment assessment of long-lived assets, primarily a write-down of intangible assets and capital assets and (d) a $9.6 million charge for the premium paid and related deferred financing costs on the redemption of our senior subordinated notes.

In 2003, other charges totaled $175.4 million comprised primarily of (a) a $94.9 million restructuring charge and (b) a non-cash write-down of $82.8 million relating to the annual impairment assessment of long-lived assets, primarily a write-down of intangible assets and capital assets.

Effective January 1, 2003, we adopted the new CICA Handbook Section 3063, "Impairment or Disposal of Long-Lived Assets" and the revised Section 3475, "Disposal of Long-Lived Assets and Discontinued Operations," which are consistent with U.S. GAAP. These sections establish standards for recognizing, measuring and disclosing impairment for long-lived assets held-for-use, and for measuring and separately classifying assets available-for-sale. Previously, long-lived assets were written down to net recoverable value if the undiscounted future cash flows were less than net book value. Under the new standards, assets must be classified as either held-for-use or available-for-sale. Impairment losses for assets held-for-use are measured based on fair value which is measured by discounted cash flows. Available-for-sale assets are measured based on expected proceeds less direct costs to sell.

Effective January 1, 2003, we adopted the new CICA Emerging Issues Committee Abstracts EIC-134, "Accounting for Severance and Termination Benefits," and EIC-135, "Accounting for Costs Associated with Exit and Disposal Activities," which establishes standards for recognizing, measuring and disclosing costs relating to an exit or disposal activity. These standards are similar to U.S. GAAP. We have applied the new standards to restructuring plans initiated after January 1, 2003. These EICs allow recognition of a liability for an exit or disposal activity only when the costs are incurred and can be measured at fair value. Previously, a commitment to an exit or disposal plan was sufficient to record the majority of costs.

(6) Interest expense (income), net is comprised of interest expense incurred on indebtedness and debt facilities, less interest income earned on cash and short-term investments.

(7) The significant differences between the line items under Canadian GAAP and those as determined under U.S. GAAP arise from:

- for 1999: non-cash charges for compensation expense;
- for 2000: non-cash charges for compensation expense, interest on the convertible debt we issued in August 2000 and classification of the convertible debt as a long-term liability rather than as an equity instrument and retroactive recognition of asset retirement obligations for Canadian GAAP;
- for 2001: non-cash charges for compensation expense, interest on convertible debt classified as a long-term liability rather than as an equity instrument, retroactive recognition of asset retirement obligations for Canadian GAAP, impairment charges to write-down certain assets and gain on a foreign exchange contract;
- for 2002: non-cash charges for compensation expense, interest on convertible debt classified as a long-term liability rather than as an equity instrument, impairment charges to write-down certain assets, retroactive recognition of asset retirement obligations for Canadian GAAP and gain on repurchase of convertible debt; and
- for 2003: interest on convertible debt classified as a long-term liability rather than as an equity instrument, impairment on certain long-lived assets, retroactive recognition of asset retirement obligations for Canadian GAAP, gain on repurchase of convertible debt and the adoption of fair value accounting for stock compensation expense for Canadian GAAP only.

For 2003, net loss in accordance with U.S. GAAP reflects the accumulated effect of the change in accounting policy for asset retirement obligations.

(8) Calculated as current assets less current liabilities.

(9) Long-term debt includes capital lease obligations.

RISK FACTORS

This offering involves a high degree of risk. You should carefully consider each of the following risks and all of the other information set forth in this prospectus supplement and prospectus, before deciding to invest in our notes. If any of the risks and uncertainties we describe develop into actual events, our business, financial condition and results of operation could be materially adversely affected and you may lose all or part of your investment.

Risks Related to the Notes and the Offering

Our indebtedness could impair our financial condition and prevent us from fulfilling our obligations under the notes.

After giving effect to the offering and the execution of our new senior credit facility, as reported under Canadian GAAP, we would have had $506.3 million of debt outstanding and shareholders' equity of $3,736.2 million at March 31, 2004, and our deficiency of earnings to cover fixed charges would have been $256.0 million and $15.7 million for the year ended December 31, 2003 and the three months ended March 31, 2004, respectively.

Our indebtedness could:

- make it more difficult to fulfill our obligations under the notes;
- require us to dedicate a substantial portion of our cash flow from operations to required payments on indebtedness, thereby reducing the availability of cash flow for working capital, capital expenditures and other general corporate activities;
- limit our ability to obtain additional financing in the future for working capital, capital expenditures and other general corporate activities;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- detract from our ability to successfully withstand a downturn in our business or the economy in general; and
- place us at a competitive disadvantage against other less leveraged competitors.

Despite our debt levels, we may incur additional debt.

We may be able to incur significant additional indebtedness. Our new senior credit facility permits, and the indenture governing the notes will permit, additional borrowings after the offering of the notes under certain circumstances. See "Description of Certain Indebtedness" and "Description of the Notes Certain Covenants." As of March 31, 2004, after giving pro forma effect to the issuance of the notes, we would have had approximately $160 million of additional borrowings available to us under our new senior credit facility, subject to compliance with our financial and other covenants under the terms of the agreement governing our new senior credit facility. The holders of our LYONs may also require us to repurchase their LYONs on August 2, 2005, and we may need to incur additional debt in order to meet this obligation.

We may be unable to generate sufficient cash flow or obtain additional financing to meet our debt service obligations, which could impair our ability to repay the notes.

In recent periods, we have experienced negative cash flow, and we cannot assure you that our future cash flow will be sufficient to meet the payment obligations under the notes or our other indebtedness. Our ability to generate cash flow from operations to make scheduled payments on our indebtedness, including the notes, as they become due will depend on our future financial performance, which will be affected by a range of economic, competitive and business factors. Many of these factors, such as general economic and financial conditions in the computing and communications industry, the economy at large or the initiatives of our competitors, are beyond our control.

If we do not generate sufficient cash flow from operations to satisfy our debt obligations or fund our liquidity needs, we may have to seek additional capital or undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets or reducing or delaying capital investments. Any of these actions could result in unanticipated costs, disrupt the implementation of our business plan or otherwise hinder our growth. Moreover, we may be unable to take any of these actions on satisfactory terms, in a timely manner or to the extent necessary to enable us to service our debt. The recent downgrading of our credit rating by Standard & Poor's and of our senior implied rating by Moody's, or any future downgrades, could reduce the availability and flexibility of our future financings and increase our financing costs. Our inability to generate sufficient cash flow or to raise additional capital in order to satisfy our debt obligations or to refinance our indebtedness on commercially reasonable terms, would have a material adverse effect on our business, financial condition and results of operations and could impair our ability to repay the notes.

We conduct substantially all of our operations through our subsidiaries, which may affect our ability to make payments on the notes.

The notes are our obligations and are not obligations of our subsidiaries. We are a holding company and, accordingly, substantially all of our operations are conducted through our subsidiaries. As a result, our cash flow and our ability to service our debt, including the notes, depend upon the earnings of our subsidiaries. In addition, we depend on the distribution of earnings, loans or other payments by our subsidiaries to us.

Our subsidiaries are separate and distinct legal entities. Our subsidiaries have no obligation to pay any amounts due on the notes. In addition, our material subsidiaries provide unsecured guarantees of our obligations under our new senior credit facility; however, our subsidiaries are not providing guarantees of our obligations under the notes. Our subsidiaries are not required to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. The indenture will not prohibit restrictions on our subsidiaries making dividend or other payments to us. As a result, our subsidiaries will be able to incur debt subject to financial maintenance and other covenants that, if not satisfied, may restrict these subsidiaries from making dividend and other payments to us. In addition, contractual restrictions and provisions of law, such as those requiring that dividends be paid only out of surplus, and laws limiting the ability of a subsidiary to render "financial assistance" to its parent by way of loan or otherwise, will limit the ability of our subsidiaries to make distributions, loans or other payments to us. Payments to us by our subsidiaries will also be contingent upon our subsidiaries' earnings and business considerations.

Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

The restrictive covenants in our debt instruments may affect our ability to operate our business successfully.

Our new senior credit facility contains, and the indenture governing the notes will contain, a number of restrictive covenants that, among other things, limit our ability to incur additional indebtedness, create liens, pay dividends on or redeem capital stock or make certain restricted payments, make certain investments, dispose of assets, engage in transactions with affiliates, engage in certain business activities and engage in mergers or consolidations. In addition, our new senior credit facility requires us to meet or exceed specified financial ratios, which are measured on a quarterly basis. These restrictions could limit our ability to obtain future financing, make needed capital expenditures, take advantage of business opportunities, including acquisitions and dispositions, withstand a future downturn in our business or the economy in general or otherwise conduct necessary corporate or business activities. Our failure to comply with any of these covenants would cause a default under the applicable instrument, which in turn could cause an event of default under instruments governing our other existing and future indebtedness, all of which would have a material adverse effect on our business, financial condition and results of operations. We urge you to read the information under "Description of Certain Indebtedness" and "Description of the Notes Certain Covenants" for a more detailed discussion of these restrictions and covenants.

In the event of a default and acceleration of any of our debt, we may be unable to repay the notes.

If there were an event of default under our new senior credit facility, the notes or any other future indebtedness, the holders of the affected indebtedness could declare all of that indebtedness immediately due and payable, which, in turn, could cause the acceleration of the maturity of all of our other indebtedness. We cannot assure you that we would have sufficient funds available, or access to sufficient capital from other sources, to repay any accelerated debt. Even if we could obtain additional financing, we cannot assure you that the terms would be favorable to us. Our new senior credit facility ranks senior to the notes in right of payment. We cannot assure you that our assets would be sufficient to repay borrowings under our new senior credit facility and the amounts due under the notes in full.

Your right to receive payment on the notes will be subordinated to all our existing and future senior debt.

The notes will be unsecured and subordinated in right of payment to all of our existing and future senior debt, including our obligations under our new senior credit facility. The notes will not be secured by any of our assets and, therefore, they will be subordinated to any secured debt or unsecured senior debt that we may have now or may incur in the future. Subject to certain limitations, our new senior credit facility permits us to incur additional senior debt in the future. The indebtedness under our new senior credit facility will also become due prior to the time the principal obligations under the notes become due.

In the event that we are declared bankrupt, become insolvent or are liquidated or reorganized, our assets will be available to pay obligations on the notes only after all of our senior debt and the debt of our subsidiaries has been paid in full. Substantially all of our assets including the equity we hold in our subsidiaries and our subsidiaries' assets will be pledged to secure the indebtedness under our new senior credit facility, and there may not be sufficient assets remaining to pay amounts due on any or all of the notes. Holders of the notes will participate with all other holders of our subordinated indebtedness in the assets remaining after we have paid all of our senior debt. We may not have sufficient funds to pay all of our creditors and holders of notes may receive less, ratably, than the holders of our senior debt. In addition, all payments on the notes will be blocked in the event of a payment default on certain of our senior debt and may be blocked for up to 179 consecutive days in the event of certain non-payment defaults on certain of our senior debt.

As at March 31, 2004, after giving effect to the offering and our new senior credit facility, approximately $160 million of senior debt would have been available for borrowing under our new senior credit facility, and our subsidiaries, some of which guarantee our borrowings under our new senior credit facility but none of which guarantee the notes, would have had approximately $1.9 billion in outstanding external liabilities.

We may be unable to repurchase the notes following a change of control.

If a change of control (as defined in the indenture) occurs, we will be required to make an offer to purchase all the outstanding notes. Our failure to make this offer upon a change of control or to repurchase notes tendered pursuant to the offer would cause an event of default under the indenture. Certain events described in the indenture's change of control provisions would also result in an event of default under our new senior credit facility and may result in the acceleration of the new senior credit facility, in which case we would be required to pay all amounts outstanding under our new senior credit facility. A change of control (as defined in the indenture governing the LYONs) on or before August 1, 2005 will also require us to make an offer to repurchase all of the outstanding LYONs. If a change of control were to occur, our available funds could be insufficient to repurchase the notes, the LYONs and any other securities we were required to purchase, and to repay outstanding borrowings under the new senior credit facility. We expect that we would require additional financing to fund any such payments, which may not be available on commercially reasonable terms or at all. We urge you to read the information under "Description of the Notes Repurchase at the Option of Holders Upon a Change of Control Offer" for more information regarding the treatment of a change of control under the indenture.

You may be unable to sell the notes because there is no active trading market for the notes.

The notes are a new issue for which there is no established public market. Subsequent to their initial issuance, the notes may trade at a discount from their initial offering price depending upon prevailing interest rates, the market for similar notes, our performance and other factors. The underwriters have advised us that they currently intend to make a market in the notes. However, the underwriters of the offering are not obligated to make a market in the notes, and they may discontinue their market-making activities at any time without notice. Therefore, we cannot assure you that an active market for the notes will develop or, if one develops, that it will continue.

Canadian bankruptcy and insolvency laws may impair the enforcement of remedies under the notes.

The rights of the trustee who represents the holders of the notes to enforce remedies are likely to be significantly impaired by the restructuring provisions of applicable Canadian federal bankruptcy, insolvency and other restructuring legislation if the benefit of such legislation is sought with respect to us. For example, both the Canadian Bankruptcy and Insolvency Act and the Canadian Companies' Creditors Arrangement Act contain provisions enabling an insolvent person to obtain a stay of proceedings against its creditors and others and to prepare and file a proposal or plan of compromise or arrangement to be voted on by the various classes of its affected creditors. A proposal, compromise or arrangement, if accepted by the requisite majorities of each affected class of creditors, and if approved by the relevant Canadian court, would be binding on all creditors within each affected class that did not vote to accept the proposal, compromise or arrangement. Moreover, this legislation permits the insolvent debtor to retain possession and administration of its property, subject to court oversight, even though it may be in default under the applicable debt instrument during the period the stay against proceedings remains in place.

The powers of the court under the Bankruptcy and Insolvency Act and particularly under the Companies' Creditors Arrangement Act have been exercised broadly to protect an entity attempting to restructure its affairs from actions taken by creditors and other parties. Accordingly, we cannot predict whether payments under the notes would be made during any proceedings in bankruptcy, insolvency or other restructuring, whether or when the trustee could exercise its rights under the indenture governing the notes or whether and to what extent holders of the notes would be compensated for any delays in payment, if any, of principal, interest and costs, including the fees and disbursements of the trustee.

The interest of our controlling shareholder may conflict with the interest of our other securityholders.

Onex Corporation owns, directly or indirectly, or has the right to vote, shares representing 84.1% of the voting interest in us. See "Principal Shareholders." Accordingly, Onex exercises a controlling influence over our business and affairs and has the power to determine all matters submitted to a vote of our shareholders where our shares vote together as a single class. Onex has the power to elect our directors and to approve significant corporate transactions such as certain amendments to our articles of incorporation, the sale of all or substantially all of our assets and plans of arrangement in certain circumstances. Onex's voting power could have the effect of deterring or preventing a change in control of our company that might otherwise be beneficial to our other securityholders. Gerald W. Schwartz, the Chairman, President and Chief Executive Officer of Onex and one of our directors, owns shares with a majority of the voting rights of the shares of Onex. Mr. Schwartz, therefore, effectively controls our affairs. The interests of Onex and Mr. Schwartz may differ from the interests of our other securityholders.

Civil liabilities and judgments in the United States may be unenforceable.

We are incorporated under the laws of the Province of Ontario, Canada. Substantially all of our directors, controlling persons and officers are residents of Canada. Also, a substantial portion of our assets and the assets of these persons are located outside of the United States. As a result, it may be difficult to effect service within the United States upon those directors, controlling persons and officers who are not residents of the United States or to realize in the United States upon a judgment of courts of the United States predicated upon the civil liability provisions of the U.S. federal securities laws.

Holders of the notes are subject to restrictions on the resale of the notes outside of the United States.

We are selling the notes in reliance on exemptions from applicable Canadian provincial securities laws and the laws of other jurisdictions where the notes are being offered and sold, and therefore the notes may be transferred and resold only in compliance with the laws of those jurisdictions to the extent applicable to the transaction, the transferor and/or the transferee. Although the notes are registered under the U.S. Securities Act, we did not, and do not intend to, qualify by prospectus the notes for sale to the public in Canada and, accordingly, the notes will remain subject to restrictions on resale in Canada. In addition, other non-U.S. holders will remain subject to restrictions imposed by the jurisdiction in which the holder is resident.

Risks Related to our Business

We have had recent operating losses and significant restructuring charges and may experience losses and restructuring charges in future periods.

We generated net earnings in 1999 and 2000. We recorded net losses of $40.3 million in 2001, $445.9 million in 2002, $266.7 million in 2003 and $8.4 million in the three months ended March 31, 2004. In 2001, we incurred $22.8 million of integration costs related to acquisitions, $237.0 million of restructuring charges and a $36.1 million write-down of certain assets, primarily goodwill, intangible assets and certain long-term equity investments, with these charges totaling $295.9 million ($245.2 million after income taxes). In 2002, we incurred $21.1 million of integration costs related to acquisitions, $385.4 million of restructuring charges, a $285.4 million write-down of certain assets, primarily goodwill and intangible assets, and $9.6 million in deferred financing costs and debt redemption fees, with these charges totaling $701.5 million ($582.2 million after income taxes). In 2003, we incurred $94.9 million of restructuring charges, a $25.3 million write-down of intangible assets and a $57.5 million impairment against capital assets, with these charges totaling $177.7 million ($166.8 million after income taxes). In April 2004, we announced additional pre-tax restructuring charges of between $175.0 million and $200.0 million to be recorded over the next 12 months. We have undertaken numerous initiatives to restructure and reduce our capacity in response to the difficult economic climate, with the intention of improving utilization and realizing cost savings in the future. These initiatives have included changing the number and location of our production facilities, largely to align our capacity and infrastructure with anticipated customer demand, and to rationalize our operations worldwide. We will continue to evaluate our operations, and may propose future restructuring actions as a result of changes in the marketplace, including the possibility of exiting service offerings no longer sought by our customers. Any failure to successfully execute these initiatives, including any delay in effecting these initiatives, can have a material adverse impact on our results. Furthermore, we may not be profitable in future periods.

We are in a highly competitive industry which has resulted in lower prices, reduced gross margins and loss of revenue.

We are in a highly competitive industry. We compete on a global basis to provide EMS services to OEMs in the communications, high-end computing, personal computing, storage, aerospace and defense, automotive, industrial and consumer end markets. Our competitors include major domestic and foreign companies such as Flextronics International Ltd., Hon Hai Precision Industry Co., Ltd., Sanmina-SCI Corporation, Solectron Corporation and Jabil Circuit, Inc., as well as smaller EMS companies that often have a regional product, service or industry specific focus. In addition, in recent years, original design manufacturers (ODMs), which are companies that provide design and manufacturing services to OEMs, have been increasing their share of outsourced manufacturing services provided to OEMs in several markets, such as notebook and desktop computers, personal computer motherboards, and consumer electronic products, such as cell phones. While we have not, to date, encountered significant competition from ODMs, such competition may increase if our business in these markets grows or if ODMs expand further into or beyond these markets. We also face indirect competition from the manufacturing operations of our current and prospective customers, which continually evaluate the merits of manufacturing products internally rather than using EMS providers.

Some of our competitors have more geographically diversified international operations, a greater production presence in lower cost geographies, as well as substantially greater manufacturing, financial, procurement, research and development and marketing resources than we have. These competitors may create alliances and rapidly acquire significant market share. Accordingly, our current or potential competitors may develop or acquire services comparable or superior to those we develop, combine or merge to form larger competitors, or adapt more quickly than we will to new technologies, evolving industry trends and changing customer requirements.

Competition has caused and may continue to cause price reductions, reduced profits or loss of market share, any of which could materially and adversely affect us. In addition, the EMS industry has been experiencing an increase in excess manufacturing capacity as well as increased competition from Asian competitors. This has and will continue to exert additional pressures on pricing for components and services, thereby increasing the competitive pressures in the EMS industry. We may not be able to compete successfully against current and future competitors, and the competitive pressures we face may materially adversely affect us.

We are dependent on the computing and communications industries and are exposed to changes in general economic conditions that can adversely impact our business, operating results and financial condition.

As a result of unfavorable general economic conditions over the past three years and the reduced demand for technology capital goods, our sales have been negatively affected. Our financial performance depends on our customers' viability, financial stability, and the end-market demand for our customers' products. Most of our customers, in turn, depend substantially on the growth of the computing and communications industries. The computing and communications industries are characterized by rapidly changing technologies and shortening product lifecycles. These industries have experienced severe revenue erosion, pricing and margin pressures, excess inventories, and increased difficulty in attracting capital over the past few years. As a result of these factors, since the first quarter of 2001, we have seen declines in the demand for products in the end markets that we serve. Although we experienced some improvements during the fourth quarter of 2003 and the first quarter of 2004, these factors and their impact on our customers could continue to have a material adverse effect on our business.

We depend on a limited number of customers for a substantial portion of our revenue and declines in sales to these customers could adversely affect our operating results.

Our three largest customers for the three months ended March 31, 2004 were Cisco Systems, Inc., IBM and Lucent Technologies Inc., each of which represented more than 10% of our total first quarter 2004 revenue and which in aggregate represented 34% of our total first quarter 2004 revenue.

Our four largest customers in 2003 were Cisco Systems, Inc., IBM, Lucent Technologies Inc. and Sun Microsystems, Inc., each of which represented more than 10% of our total 2003 revenue and in the aggregate represented 44% of our total 2003 revenue. Our top ten customers represented 73% of total 2003 revenue. Our three largest customers in 2002 were IBM, Lucent Technologies Inc. and Sun Microsystems, Inc. each of which represented more than 10% of our total 2002 revenue and collectively represented 48% of our total 2002 revenue. Our top ten largest customers represented 85% of our total revenue in 2002. We expect to continue to depend upon a relatively small number of customers for a significant percentage of our revenue. There was a steady decline in revenue from our top three customers in 2003, as their volumes were most negatively impacted by the broad-based reductions in corporate spending for computing and communications infrastructure products. In addition, some of our customers have in the past significantly reduced or delayed the volume of manufacturing services ordered from us. We cannot assure you that present or future large customers will not terminate their manufacturing arrangements with us or significantly change, reduce or delay the amount of manufacturing services ordered from us, any of which would adversely affect our operating results.

Other than in connection with asset acquisitions, otherwise known as "OEM divestitures," we generally do not enter into long-term supply commitments with our customers. Instead, we bid on a project basis and typically have supply contracts or purchase orders in place for the project. We are dependent on customers to fulfill the terms associated with these orders and/or contracts. Significant reductions in, or the loss of, sales to any of our large customers would have a material adverse effect on us. OEM divestitures often entail long-term supply agreements between ourselves and the OEM customer, and we are similarly dependent on customers to fulfill their obligations under these contracts.

Inherent difficulties in managing capacity utilization place strains on our planning and affect our results of operations.

Our customers are increasingly dependent on EMS providers for new product introductions and rapid response times to volume requirements. Most of our customers typically do not commit to firm production schedules for more than 30 to 90 days in advance and we often experience reduced lead-times in customers' orders. Accordingly, we cannot forecast the level of customer orders with certainty. This makes it difficult to order appropriate levels of materials and to schedule production and maximize utilization of our manufacturing capacity. In the past, we have been required to increase staffing, purchase materials, and incur other expenses to meet the anticipated demand of our customers. In addition, customers may cancel their orders, change production quantities, or delay production for a number of reasons. The uncertain economic condition of our customers' end markets, intense competition with respect to some of our customers' products and general order volume volatility has resulted, and may continue to result, in some of our customers delaying or canceling the delivery of some of the products we manufacture for them, and placing purchase orders for lower volumes of products than previously anticipated. Cancellation, reduction or delays by a significant customer, by a group of customers, or by a single customer whose production is material to an individual facility would seriously harm our results of operations by reducing the volumes of products manufactured and delivered by us for the customers in that period. Such order changes could also cause a delay in the repayment to us for inventory expenditures we incurred in preparation for the customer orders or, in certain circumstances, require us to return the inventory to our suppliers, re-sell the inventory to another customer or continue to hold the inventory, in any case absorbing some of the cost. Order cancellations and delays could also lower asset utilization, resulting in higher levels of unproductive assets and lower margins. On other occasions, customers have required rapid and sudden increases in production, which has placed an excessive burden on our manufacturing capacity. Any of these factors or a combination of these factors could have a material adverse effect on our results of operations.

Prospective investors should not rely on results of operations in any past period to indicate what our results will be for any future period.

Any failure to successfully manage our international operations would have a material adverse effect on our financial condition and results of operations.

During 2003, more than half of our revenue was produced from locations outside of North America. In addition, we purchased material from international suppliers for much of our business, including our North American business. We believe that our future growth depends largely on our ability to increase our business in international markets and, as we describe above, to shift much of our production to lower cost geographies. We will continue to expand our operations outside of North America.

This expansion will require significant management attention and financial resources. International operations are subject to inherent risks, which may adversely affect us, including:

- labor unrest and differences in regulations and statutes governing employee relations;
- changes in regulatory requirements;
- tariffs, import and export duties, value-added taxes and other barriers;
- less favorable intellectual property laws;
- difficulties in staffing and managing foreign sales and support operations;
- longer accounts receivable payment cycles and difficulties in collecting payments;
- changes in local tax rates and other potentially adverse tax consequences, including the cost of repatriation of earnings;
- burdens of complying with a wide variety of foreign laws, including changing import and export regulations, which could erode our profit margins or restrict exports;
- adverse changes in trade policies between countries in which we maintain operations;

political instability;

potential restrictions on the transfer of funds;

inflexible employee contracts that restrict our flexibility in responding to business downturns; and

foreign exchange risks.

We have either purchased or built manufacturing facilities in numerous Asian countries, including Thailand, Malaysia, China, Indonesia, Singapore and the Philippines, and are subject to the significant political, economic and legal risks associated with doing business in these countries. For instance, under its current leadership, the Chinese government has instituted a policy of economic reform which has included encouraging foreign trade and investment, and greater economic decentralization. However, the Chinese government may discontinue or change these policies, and these policies may not be successful. Moreover, despite progress in developing its legal system, particularly as it relates to foreign investment activities and foreign trade, enforcement of existing and future laws and contracts is uncertain, and implementation and interpretation of such laws may be inconsistent. As the Chinese legal system develops, new laws and changes to existing laws may adversely affect foreign operations in China. While Hong Kong has had a long history of promoting foreign investment, its incorporation into China means that the uncertainty related to China and its policies may now also affect Hong Kong. The Philippines, Thailand and Indonesia have each also had a long history of promoting foreign investment but have experienced economic and political turmoil and significant fluctuations in the value of their currencies in the recent past. There is a risk that economic and political turmoil may result in the reversal of current policies encouraging foreign investment and trade, restrictions on the transfer of funds overseas, employee turnover, labor unrest or other domestic problems that could adversely affect us.

Our results can be affected by limited availability of components.

A significant portion of our costs is for electronics components. All of the products we manufacture require one or more components that we order from suppliers of these particular components. In many cases, there may be only one supplier of a particular component. Supply shortages for a particular component can delay production and thus delay revenue of all products using that component or cause price increases in the products and services we provide. In the past, we have secured sufficient allocations of constrained components so that revenue was not materially impacted. In addition, at various times there have been industry-wide shortages of electronic components. Such shortages, or future fluctuations in material costs, may have a material adverse effect on our business or cause our results of operations to fluctuate from period to period.

Restrictions on our ability to restructure quickly enough in some of our key manufacturing regions, such as Europe, can affect the timing and effectiveness of our restructuring efforts.

We have operations in multiple regions around the world. As a result, we are subject to different regulatory requirements governing how quickly we are able to reduce manufacturing capacity and terminate related employees, and these requirements are particularly stringent in Europe. Restrictions on our ability to close under-performing facilities will result in higher expenses associated with carrying excess capacity and infrastructure during our restructuring activities.

Our increased reference design activity may reduce our profitability.

We have recently begun providing reference design services, in which we design and develop off-the-shelf hardware that enables OEMs to enhance their own products roadmaps with standard or easily customizable systems that we or our key technology partners develop. The success of our product development efforts in 64-bit and other technologies is dependent on market acceptance and the adoption of these new technologies, the competitiveness of our offerings and our investment levels. In connection with this undertaking, we have made investments in the resources and assets necessary to design, develop and supply these products that are more significant than our typical service offerings, and we may not generate sales sufficient to cover our expenses or earn any profits from these efforts if our customers do not approve the designs in a timely manner or at all. We may design and develop products for our customers prior to receiving purchase orders or other firm commitments from them, and sell standard products through distributors. Accordingly, we may purchase inventory for production runs before we have any purchase commitments.

Our customers may be adversely affected by rapid technological change which can adversely impact our business.

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

Failure of our customers to timely pay the amounts owed to us may adversely affect our results of operations.

We generally provide payment terms ranging from 30 to 60 days. As a result, we generate significant accounts receivable from sales to our customers, historically representing 22% to 26% of current assets. Accounts receivable from sales to customers at March 31, 2004 was $931.4 million (December 31, 2003 $771.5 million; December 31, 2002 $785.9 million; December 31, 2001 $1,054.1 million). At March 31, 2004, one customer represented 15% of our total accounts receivable (December 31, 2003 one customer represented 18% of total accounts receivable; December 31, 2002 one customer represented 28% of total accounts receivable; December 31, 2001 two customers represented 14% and 26% of total accounts receivable, respectively). If any of our customers have insufficient liquidity, we may encounter significant delays or defaults in payments owed to us by customers, and may extend our payment terms, which may have a significant adverse effect on our financial condition and results of operations. We regularly review our accounts receivable valuations and make adjustments when necessary. Our allowance for doubtful accounts at March 31, 2004 was $48.1 million (December 31, 2003 $50.3 million; December 31, 2002 $62.4 million; December 31, 2001 $74.6 million), which represented 4.9% of the gross accounts receivable balance (December 31, 2003 6.1%; December 31, 2002 7.4%; December 31, 2001 6.6%). Historically, the credit-related accounts receivable adjustments have not been significant to our results of operations. For the three months ended March 31, 2004, we wrote off accounts receivable of $1.0 million (December 31, 2003 $14.2 million; December 31, 2002 $30.0 million; December 31, 2001 $11.8 million) against the allowance for doubtful accounts in the normal course of business.

Moving our manufacturing base to lower cost regions could have a material adverse effect on our financial condition and results of operations.

With the significant and severe weakness in technology end markets over the past few years, our customers require significant cost reductions in order to maintain sales and improve their financial performance. This environment has resulted in an accelerated movement of our production from higher cost regions such as North America and Western Europe to lower cost regions such as Asia, Latin America and Central Europe. This accelerated move could impact current and future results by such factors as increasing the risks associated with transferring production to new regions where skills or experience may be more limited than in higher cost regions, higher operating expenses during the transition, additional restructuring costs associated with the decrease in production levels in higher cost geographies and the risks of operating in new foreign jurisdictions.

We may encounter difficulties completing or integrating our acquisitions which could adversely affect our results of operations.

A significant portion of our growth in prior years was generated through acquisitions. These transactions have involved acquisitions of entire companies and acquisitions of selected assets from OEMs. These assets typically consist primarily of equipment, inventory and, in certain cases, facilities or facility leases. OEM asset divestiture transactions also typically involve our entering into new supply agreements with OEMs. Acquisitions may involve difficulties, including:

- integrating acquired operations, systems and businesses;
- maintaining customer, supplier or other favorable business relationships of acquired operations and restructuring or terminating unfavorable relationships;
- addressing unforeseen liabilities of acquired businesses;
- lack of experience operating in the geographic market or industry sector of the business acquired;

- losing key employees of acquired operations; and

- not achieving the anticipated business volumes.

Any of these factors could prevent us from realizing the anticipated benefits of the acquisition, including operational synergies, economies of scale and increases in the value of our business. Our failure to realize the anticipated benefits of acquisitions could adversely affect our business and operating results.

If our products are subject to warranty claims, our business reputation may be damaged and we may incur significant costs.

In certain of our contracts, we provide a warranty against defects in our designs or deficiencies with respect to our manufacturing processes. A successful product liability claim in excess of our insurance coverage, or any material claim for which insurance coverage was denied or limited and for which indemnification was not available, could have a material adverse effect on our business, results of operations and financial condition.

We are subject to the risk of increased income taxes which could adversely affect our results of operations.

We conduct business operations in a number of countries, including countries where:

- tax incentives have been extended to encourage foreign investment; or

- income tax rates are low.

We develop our tax position based upon the anticipated nature and structure of our business and the tax laws, administrative practices and judicial decisions now in effect in the countries in which we have assets or conduct business, all of which are subject to change or differing interpretations, possibly with retroactive effect. Any such change would increase our income taxes and adversely affect our results of operations and our liquidity.

We face financial risks due to foreign currency fluctuations.

The principal currency in which we conduct our operations is U.S. dollars. However, some of our subsidiaries transact business in foreign currencies, such as Canadian dollars, Mexican pesos, British pounds sterling, Euros, Singapore dollars, Japanese yen, Chinese renminbi, Czech koruna and the Thai baht. We sometimes enter into hedging transactions to minimize our exposure to foreign currency and interest rate risks. Our current hedging activity is designed to reduce the variability of our foreign currency costs and consists of contracts to purchase or sell these foreign currencies at future dates. In general, these contracts extend for periods of less than 25 months. Our hedging transactions may not successfully minimize foreign currency risk, which could have a material adverse effect on our results of operations.

The efficiency of our operations could be adversely affected by any delay in delivery from our suppliers.

We rely on a variety of common carriers for materials and product transportation and for routing these through various world ports. A work stoppage, strike or shutdown of any important supplier's facility, or any major port or airport could result in manufacturing and shipping delays or expediting charges, which could have a material adverse effect on our results of operations.

If we are unable to recruit or retain highly skilled personnel our business could be adversely affected.

The recruitment of personnel in the EMS industry is highly competitive. We believe that our future success will depend, in part, on our ability to continue to attract and retain highly skilled executive, technical, and management personnel. We generally do not have employment or non-competition agreements with our employees. To date we have been successful in recruiting and retaining executive, managerial, and technical personnel. However, the loss of services of certain of these employees could have a material adverse effect on us.

We may be unable to keep pace with technology changes.

We continue to evaluate the advantages and feasibility of new manufacturing processes. Our future success will depend in part upon our ability to develop and to market manufacturing services which meet

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changing customer needs, to maintain technological leadership, and to successfully anticipate or respond to technological changes in production, manufacturing and supply chain processes in cost-effective and timely ways. Our manufacturing and supply chain processes, test development efforts and design capabilities may not be successful.

We may be unable to protect our intellectual property.

We believe that certain of our proprietary intellectual property rights and information give us a competitive advantage. Accordingly, we have taken, and intend to continue to take, appropriate steps to protect this proprietary information. These steps include signing non-disclosure agreements with customers, suppliers, employees, and other parties and implementing rigid security measures. Our protection measures may not be sufficient to prevent the misappropriation or unauthorized disclosure of our property or information.

There is also a risk that infringement claims may be brought against us or our customers in the future. If someone does successfully assert an infringement claim, we may be required to spend significant time and money to develop a manufacturing process that does not infringe upon the rights of such other person or to obtain licenses for the technology, process or information from the owner. We may not be successful in such development or any such licenses may not be available on commercially acceptable terms, if at all. In addition, any litigation could be lengthy and costly and could adversely affect us even if we are successful in such litigation.

We may not be able to increase revenue if the trend of outsourcing by OEMs slows.

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

Acts of terrorism and other political and economic developments could adversely affect our business.

Increased international political instability, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, sustained military action in Iraq, other conflicts in the Middle East and Asia, strained international relations arising from these conflicts and the related decline in consumer confidence and continued economic weakness, may hinder our ability to do business and may adversely affect our stock price. Any escalation in these events or similar future events may disrupt our operations or those of our customers and suppliers and may affect the availability of materials needed to manufacture our products or the means to transport those materials to manufacturing facilities and finished products to customers. These events have had and may continue to have an adverse impact on the U.S. and world economy in general and customer confidence and spending in particular, which in turn adversely affects our revenue and results of operations. The impact of these events on the volatility of the U.S. and world financial markets could increase the volatility of our stock price and may limit the capital resources available to us and our customers or suppliers.

Our compliance with environmental laws could be costly.

We are subject to extensive environmental laws and regulations in numerous jurisdictions. Our environmental approach and practices have been designed to ensure compliance with these laws and regulations in a manner consistent with local practice. Future developments and increasingly stringent regulations could require us to incur additional expenditures relating to environmental matters at any of our facilities. Achieving and maintaining compliance with present, changing and future environmental laws could restrict our ability to modify or expand our facilities or continue production. This compliance could also require us to acquire costly equipment or to incur other significant expenses.

Certain environmental laws impose liability for the costs of removal or remediation of hazardous or toxic substances on an owner, occupier or operator of real estate, even if such person or company was not aware of or responsible for the presence of such substances. In addition, in some countries in which we have operations, any person or company who arranges for the disposal or treatment of hazardous or toxic substances at a disposal or treatment facility may be liable for the costs of removal or remediation of such substances at such facility, whether or not the person or company owns or operates the facility.

Some of our operating sites have a history of industrial use. Soil and groundwater contamination have occurred at some of our facilities. From time to time we investigate, remediate, and monitor soil and groundwater contamination at certain of our operating sites. In certain instances where soil or groundwater contamination existed prior to our ownership or occupation of a site, landlords or former owners have contractually retained responsibility and liability for the contamination and its remediation. However, failure of such former owners or landlords to perform, as the result of financial inability or otherwise, could result in our company being required to remediate such contamination.

We generally obtained environmental assessments, or reviewed recent assessments initiated by others, for most of the manufacturing facilities that we own or lease at the time we either acquired or leased such facilities. Our assessments may not reveal all environmental liabilities and current assessments are not available for all facilities. Consequently, there may be material environmental liabilities of which we are not aware. In addition, ongoing clean up and containment operations may not be adequate for purposes of future laws. The conditions of our properties could be affected in the future by the condition of the land or operations in the vicinity of the properties, such as the presence of underground storage tanks. These developments and others, such as increasingly stringent environmental laws, increasingly strict enforcement of environmental laws by governmental authorities, or claims for damage to property or injury to persons resulting from the environmental, health or safety impact of our operations may cause us to incur significant costs and liabilities that could have a material adverse effect on us.

USE OF PROCEEDS

Our estimated net proceeds from this offering will be $488.7 million after deducting the underwriters' commissions and estimated offering expenses.

We intend to use the net proceeds to repurchase LYONs, in the open market, upon the exercise of holders' rights to require us to repurchase LYONs on August 2, 2005 or otherwise, and for general corporate purposes, including future acquisitions. The repurchase price for the LYONs on August 2, 2005 will be $572.82 per LYON. We may elect to settle our repurchase obligation in cash or subordinate voting shares, or any combination thereof. We have agreed to repurchase, concurrently with this offering, LYONs with an aggregate principal amount at maturity of approximately $84 million, for approximately $46 million in cash.

Pending these uses, we will invest the net proceeds in short-term, interest bearing, investment-grade securities. We regularly review acquisition opportunities. We have no contract or arrangement with respect to any material acquisition.

CAPITALIZATION

The following table sets forth our actual capitalization and our capitalization as adjusted to give effect to this offering as at March 31, 2004. This table should be read in conjunction with "Selected Financial Data" elsewhere in this prospectus supplement. This table was prepared with Canadian GAAP information.

	As at March 31, 2004	
	Actual	**As adjusted**
	(in millions)	
Cash and short-term investments	$ 831.0	$ 1,319.7
Long-term debt[1]		
Revolving credit facility due 2004	$	$
Revolving credit facility due 2005		
New senior credit facility[2]		
Senior subordinated notes offered hereby		500.0
Capital lease obligations	6.3	6.3
Other long-term debt		
Total long-term debt	$ 6.3	$ 506.3
Shareholders' equity[3]		
LYONs[4][5]	$ 609.0	$ 609.0
Subordinate voting shares[6][7][8]	3,402.6	3,402.6
(outstanding: 184.4 million shares)		
Subordinate voting shares to be issued	5.9	5.9
(0.5 million shares)		
Multiple voting shares	138.8	138.8
(outstanding: 39.1 million shares)		
Warrants[7]	8.9	8.9
Contributed surplus[8]	133.2	133.2
Deficit	(593.1)	(593.1)
Foreign currency translation adjustment	30.9	30.9
Total shareholders' equity	$ 3,736.2	$ 3,736.2
Total capitalization	$ 3,742.5	$ 4,242.5

(1) Includes current portion of long-term debt.

(2) As at March 31, 2004, after giving pro forma effect to the offering of the notes, we would have had approximately $160 million of additional borrowings available to us under our new senior credit facility, subject to compliance with our financial and other covenants under the terms of the agreement governing our new senior credit facility.

(3) Our authorized capital consists of an unlimited number of preference shares, issuable in series, an unlimited number of subordinate voting shares and an unlimited number of multiple voting shares.

(4) The LYONs are recorded as equity pursuant to Canadian GAAP. Under U.S. GAAP, the LYONs would be classified as long-term debt and, accordingly, the accrued yield on the LYONs during any period would be classified as interest expense for that period.

(5) As adjusted amount does not reflect repurchase of LYONs for approximately $46 million in cash.

(6) Does not include approximately (a) 26.4 million subordinate voting shares issuable upon exercise of outstanding options granted under our employee share purchase and option plans, (b) up to 0.5 million subordinate voting shares that may be issued as compensation to our directors or (c) 6.6 million subordinate voting shares reserved for issuance upon conversion of the LYONs.

(7) We have reserved approximately 1.1 million subordinate voting shares issuable upon exercise of outstanding warrants granted by MSL which we assumed on March 12, 2004.

(8) We have reserved approximately 2.1 million subordinate voting shares issuable upon exercise of outstanding options granted under certain stock option plans of MSL which we assumed on March 12, 2004.

RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges for each of the periods indicated is as follows:

	Year ended December 31					Three months ended March 31	
	1999	2000	2001	2002	2003	2003	2004
				(unaudited)			
Ratio of earnings to fixed charges	5.1x	9.3x	(0.5x)	(18.0x)	(13.2x)	2.0x	(1.7x)
Deficiency of earnings available to cover fixed charges ($ millions)			$ 42.4	$ 537.1	$ 233.6		$ 10.1

For the purposes of computing the ratio of earnings to fixed charges and the deficiency of earnings available to cover fixed charges, earnings consist of income (loss) before income taxes plus fixed charges. Fixed charges consist of interest expense and discount or premium related to indebtedness, whether expensed or capitalized, and that portion of rental expense we believe to be representative of interest.

For purposes of computing the ratio of earnings to fixed charges and the deficiency of earnings available to cover fixed charges, we record our LYONs as equity in accordance with Canadian GAAP and we have recorded the related accretion costs through retained earnings. If the LYONs were recorded as debt, the related accretion costs would be added to our fixed charges. The deficiency of earnings available to cover fixed charges, treating the LYONs as debt, would be as follows: $263.3 million for 2003; $578.8 million for 2002; $69.6 million for 2001; $16.2 million for the three months ended March 31, 2004; and $4.0 million for the three months ended March 31, 2003. For the year ended December 31, 2003 and for the three months ended March 31, 2004, assuming completion of the offering and related interest rate swap arrangements, the deficiency of earnings available to cover fixed charges would have been $256.0 million and $15.7 million, respectively.

SELECTED FINANCIAL DATA

The following tables set forth certain consolidated financial data derived from our consolidated financial statements. The financial data as at December 31, 2002 and 2003 and for each of the years ended December 31, 2001, 2002 and 2003, has been derived from our audited consolidated financial statements for the years ended December 31, 2001, 2002 and 2003 and the unaudited financial data as at March 31, 2004 and for the three months ended March 31, 2003 and 2004, has been derived from our unaudited interim financial statements for the three months ended March 31, 2003 and 2004 that are included in this prospectus supplement. The financial data as at and for the years ended December 31, 1999 and 2000 has been derived from our audited consolidated financial statements not included in this prospectus supplement.

In the opinion of management, our unaudited interim consolidated financial statements for the three months ended March 31, 2003 and 2004 contain all adjustments (consisting solely of normal recurring adjustments) necessary for a fair presentation of the results for such periods. Interim results are not necessarily indicative of the results that may be achieved for the entire fiscal year. You should read the following selected financial data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations," our 2003 consolidated financial statements (including the notes thereto), the other information included in this prospectus supplement and the information we incorporate by reference.

Our consolidated financial statements have been prepared in accordance with Canadian GAAP. These principles conform in all material respects with U.S. GAAP except as described in note 20 to our 2003 consolidated financial statements. For all the periods presented, the selected financial data is prepared in accordance with Canadian GAAP unless otherwise indicated.

	Year ended December 31					Three months ended March 31	
	1999(1)	**2000(1)**	**2001(1)**	**2002(1)**	**2003(1)**	**2003(1)**	**2004(1)**
						(unaudited)	
	(in millions, except per share amounts)						
Consolidated Statements of Earnings (Loss) Data (Canadian GAAP):							
Revenue	$ 5,297.2	$ 9,752.1	$ 10,004.4	$ 8,271.6	$ 6,735.3	$ 1,587.4	$ 2,016.9
Cost of sales	4,914.7	9,064.2	9,292.4	7,716.5	6,475.2	1,511.9	1,929.0
Gross profit	382.5	687.9	712.0	555.1	260.1	75.5	87.9
Selling, general and administrative expenses(2)	202.2	326.1	341.4	298.5	273.8	64.2	78.9
Amortization of goodwill and intangible assets(3)	55.6	88.9	125.0	95.9	48.5	12.4	7.2
Integration costs related to acquisitions(4)	9.6	16.1	22.8	21.1			
Other charges(5)			273.1	677.8	175.4	(1.6)	10.9
Operating income (loss)	115.1	256.8	(50.3)	(538.2)	(237.6)	0.5	(9.1)
Interest expense (income), net(6)	10.7	(19.0)	(7.9)	(1.1)	(4.0)	(3.4)	1.0
Earnings (loss) before income taxes	104.4	275.8	(42.4)	(537.1)	(233.6)	3.9	(10.1)
Income tax expense (recovery)	36.0	69.2	(2.1)	(91.2)	33.1	0.7	(1.7)
Net earnings (loss)	$ 68.4	$ 206.6	$ (40.3)	$ (445.9)	$ (266.7)	$ 3.2	$ (8.4)
Basic earnings (loss) per share	$ 0.41	$ 1.01	$ (0.26)	$ (1.98)	$ (1.23)	$ 0.02	$ (0.06)
Diluted earnings (loss) per share(7)	$ 0.40	$ 0.98	$ (0.26)	$ (1.98)	$ (1.23)	$ 0.02	$ (0.06)

	Year ended December 31					Three months ended March 31	
Other Financial Data:							
Depreciation expense	$ 69.5	$ 121.9	$ 193.1	$ 212.8	$ 172.0	$ 43.4	$ 41.3
Capital expenditures	211.8	282.8	199.3	151.4	175.9	18.1	56.4

	Year ended December 31				
	1999[1]	2000[1]	2001[1]	2002[1]	2003[1]
	(in millions)				
Consolidated Statements of Earnings (Loss) Data (U.S. GAAP)[8]:					
Operating income (loss)	$ 113.2	$ 254.4	$ (40.0)	$ (569.8)	$ (210.5)
Net earnings (loss)	66.5	197.4	(51.3)	(494.9)	(258.9)

	As at December 31					As at March 31
	1999[1]	2000[1]	2001[1]	2002[1]	2003[1]	2004[1]
						(unaudited)
	(in millions)					
Consolidated Balance Sheet Data (Canadian GAAP):						
Cash and short-term investments	$ 371.5	$ 883.8	$ 1,342.8	$ 1,851.0	$ 1,028.8	$ 831.0
Working capital[9]	1,000.2	2,262.6	2,339.8	2,093.2	1,513.6	1,506.7
Capital assets	365.4	634.0	917.1	730.2	681.4	732.2
Total assets	2,655.6	5,938.6	6,634.9	5,809.2	5,136.5	5,684.6
Total long-term debt, including current portion[10]	134.2	132.0	147.4	6.9	3.4	6.3
Shareholders' equity	1,658.1	3,469.2	4,745.0	4,202.3	3,466.1	3,736.2
Consolidated Balance Sheet Data (U.S. GAAP)[8]:						
Total assets	$ 2,653.6	$ 5,936.0	$ 6,640.3	$ 5,805.4	$ 5,181.3	
Total long-term debt, including current portion	134.2	1,005.1	1,046.8	831.7	626.4	
Shareholders' equity	1,656.2	2,605.4	3,841.1	3,344.4	2,854.7	

(1)

Effective January 1, 2004, we retroactively adopted the new Canadian Institute of Chartered Accountants (CICA) Handbook Section 3110, which requires the recognition of liabilities for asset retirement obligations and the associated retirement costs, and have retroactively restated our results of operations for all prior periods. The impact to our cost of sales and net earnings (loss) for Canadian GAAP for the year ended December 31, 2003 was $0.9 million (2002 $0.7 million; 2001 $0.5 million; 2000 $0.1 million) and $0.2 million for the three months ended March 31, 2003. The impact on 1999 was immaterial. See note 23 to the 2003 consolidated financial statements.

The consolidated statements of earnings (loss) data for:

1999, 2000, 2001, 2002, 2003 and the three months ended March 31, 2003 and 2004 include the results of operations of International Manufacturing Services, Inc. (IMS) acquired in December 1998, Signar SRO acquired in April 1999, greenfield operations established in Brazil and Malaysia in June 1999, VXI Electronics, Inc. acquired in September 1999, the assets acquired from Hewlett-Packard's Healthcare Group in October 1999, EPS Wireless, Inc. acquired in December 1999, and certain assets acquired from Fujitsu-ICL Systems Inc. in December 1999;

2000, 2001, 2002, 2003 and the three months ended March 31, 2003 and 2004 include the results of operations of the assets of the Enterprise System Group and the Microelectronics Division of IBM in Minnesota and in Italy acquired in February and May 2000, respectively, NDB Industrial Ltda. acquired in June 2000, Bull Electronics Inc. acquired in August 2000, and NEC Technologies (UK) Ltd. acquired in November 2000;

2001, 2002, 2003 and the three months ended March 31, 2003 and 2004 include the results of operations of Excel Electronics, Inc. acquired in January 2001, certain assets of Motorola, Inc. in Ireland and Iowa acquired in February 2001, certain assets of a repair facility of N.K. Techno Co., Ltd. in Japan acquired in March 2001, certain assets of Avaya Inc. in Arkansas and Colorado acquired in May 2001, Sagem CR s.r.o. acquired in June 2001, certain assets of Avaya Inc. in France acquired in August 2001, certain assets of Lucent Technologies Inc. in Ohio and Oklahoma acquired in August 2001, Primetech Electronics Inc. acquired in August 2001, and Omni Industries Limited acquired in October 2001;

2002, 2003 and the three months ended March 31, 2003 and 2004 include the results of operations of certain assets of NEC Corporation in Miyagi and Yamanashi, Japan acquired in March 2002, and certain assets of Corvis Corporation in the United States acquired in August 2002; and

the three months ended March 31, 2004 include the results of operations of MSL acquired in March 2004.

(2)

Selling, general and administrative expenses include research and development costs. During 2003, we adopted the revised CICA Handbook Section 3870, "Stock Based Compensation," which requires that a fair value method of accounting be applied to all stock-based compensation payments to both employees and non-employees. In accordance with the transitional provisions of Section 3870, we have prospectively applied the fair value method of accounting for stock option awards granted after January 1, 2003 and, accordingly, have recorded compensation expense of $0.3 million in 2003 and $1.6 million for the three months ended March 31, 2004. Prior to January 1, 2003, we accounted for our stock options using the settlement method and no compensation expense was recognized.

(3)

In 2001, the CICA approved Handbook Sections 1581, "Business combinations" and 3062, "Goodwill and other intangible assets." The new standards under these sections mandate the purchase method of accounting for business combinations and require that the value of the shares issued in a business combination be measured using the average share price for a reasonable period before and after the date the terms of the acquisition are agreed to and announced. The new standards are substantially consistent with U.S. GAAP.

Effective July 1, 2001, goodwill acquired in business combinations completed after June 30, 2001 has not been amortized. We fully adopted these new standards as of January 1, 2002, and discontinued amortization of all existing goodwill. We also evaluated existing intangible assets, including estimates of remaining useful lives, and have reclassified $9.1 million from intellectual property to goodwill, as of January 1, 2002, to conform with the new criteria.

Section 3062 requires the completion of a transitional goodwill impairment evaluation within six months of adoption. Any transitional impairment would have been recognized as an effect of a change in accounting principles and would have been charged to opening retained earnings as of January 1, 2002. We completed the transitional goodwill impairment assessment during the second quarter of 2002, and determined that no impairment existed as of the date of adoption. Under U.S. GAAP, any transitional impairment charge would have been recognized in earnings as a cumulative effect of a change in accounting principles.

Effective January 1, 2002, we had unamortized goodwill of $1,137.9 million which is no longer being amortized. This change in accounting policy is not applied retroactively and the amounts presented for prior periods have not been restated for this change. The following table shows the impact of this change as if the policy had been applied retroactively to 2001:

	Year ended December 31	
	2001	**2002**
	(in millions, except per share amounts)	
Net loss as reported	$ (40.3)	$ (445.9)
Add back: goodwill amortization	39.2	
Net loss before goodwill amortization	$ (1.1)	$ (445.9)
Basic loss per share:		
As reported	$ (0.26)	$ (1.98)
Before goodwill amortization	$ (0.08)	$ (1.98)
Diluted loss per share:		
As reported	$ (0.26)	$ (1.98)
Before goodwill amortization	$ (0.08)	$ (1.98)

(4)

These costs include costs to implement new information systems and processes, including salary and other costs directly related to the integration activities in newly acquired facilities.

(5)

In 2001, other charges totaled $273.1 million comprised of (a) a $237.0 million restructuring charge and (b) a non-cash charge of $36.1 million relating to the annual impairment assessment of long-lived assets, comprised primarily of a write-down of goodwill, intangible assets and certain long-term equity investments.

In 2002, other charges totaled $677.8 million comprised primarily of (a) a $385.4 million restructuring charge, (b) a non-cash write-down of $203.7 million relating to the annual goodwill impairment assessment, (c) a non-cash write-down of $81.7 million relating to the annual impairment assessment of long-lived assets, primarily a write-down of intangible assets and capital assets and (d) a $9.6 million charge for the premium paid and related deferred financing costs on the redemption of our senior subordinated notes.

In 2003, other charges totaled $175.4 million comprised primarily of (a) a $94.9 million restructuring charge and (b) a non-cash write-down of $82.8 million relating to the annual impairment assessment of long-lived assets, primarily a write-down of intangible assets and capital assets.

Effective January 1, 2003, we adopted the new CICA Handbook Section 3063, "Impairment or Disposal of Long-Lived Assets" and the revised Section 3475, "Disposal of Long-Lived Assets and Discontinued Operations," which are consistent with U.S. GAAP. These sections establish standards for recognizing, measuring and disclosing impairment for long-lived assets held-for-use, and for measuring and separately classifying assets available-for-sale. Previously, long-lived assets were written down to net recoverable value if the undiscounted future cash flows were less than net book value. Under the new standards, assets must be classified as either held-for-use or available-for-sale. Impairment losses for assets held-for-use are measured based on fair value which is measured by discounted cash flows. Available-for-sale assets are measured based on expected proceeds less direct costs to sell.

Effective January 1, 2003, we adopted the new CICA Emerging Issues Committee Abstracts EIC-134, "Accounting for Severance and Termination Benefits," and EIC-135, "Accounting for Costs Associated with Exit and Disposal Activities," which establishes standards for recognizing, measuring and disclosing costs relating to an exit or disposal activity. These standards are similar to U.S. GAAP. We have applied the new standards to restructuring plans initiated after January 1, 2003. These EICs allow recognition of a liability for an exit or disposal activity only when the costs are incurred and can be measured at fair value. Previously, a commitment to an exit or disposal plan was sufficient to record the majority of costs.

(6)

Interest expense (income), net is comprised of interest expense incurred on indebtedness and debt facilities, less interest income earned on cash and short-term investments.

(7)

In 2001, we retroactively adopted the new CICA Handbook Section 3500, "Earnings per share," which requires the retroactive use of the treasury stock method for calculating diluted earnings per share. This change results in an earnings (loss) per share calculation which is consistent with U.S. GAAP.

For purposes of the basic and diluted earnings (loss) per share calculations, the weighted average number of shares outstanding were:

	Year ended December 31					Three months ended March 31	
	1999	**2000**	**2001**	**2002**	**2003**	**2003**	**2004**
						(unaudited)	
			(in millions)				
Basic	167.2	199.8	213.9	229.8	216.5	227.0	213.2
Diluted	171.2	211.8	213.9	229.8	216.5	230.2	213.2

(8)

The significant differences between the line items under Canadian GAAP and those as determined under U.S. GAAP arise from:

for 1999: non-cash charges for compensation expense;

for 2000: non-cash charges for compensation expense, interest on the convertible debt we issued in August 2000 and classification of the convertible debt as a long-term liability rather than as an equity instrument and retroactive recognition of asset retirement obligations for Canadian GAAP;

for 2001: non-cash charges for compensation expense, interest on convertible debt classified as a long-term liability rather than as an equity instrument, retroactive recognition of asset retirement obligations for Canadian GAAP, impairment charges to write-down certain assets and gain on a foreign exchange contract;

for 2002: non-cash charges for compensation expense, interest on convertible debt classified as a long-term liability rather than as an equity instrument, impairment charges to write-down certain assets, retroactive recognition of asset retirement obligations for Canadian GAAP and gain on repurchase of convertible debt; and

for 2003: interest on convertible debt classified as a long-term liability rather than as an equity instrument, impairment on certain long-lived assets, retroactive recognition of asset retirement obligations for Canadian GAAP, gain on repurchase of convertible debt and the adoption of fair value accounting for stock compensation expense for Canadian GAAP only.

For 2003, net loss in accordance with U.S. GAAP reflects the accumulated effect of the change in accounting policy for asset retirement obligations.

(9)

Calculated as current assets less current liabilities.

(10)
Long-term debt includes capital lease obligations.

EXCHANGE RATE INFORMATION

The following table sets forth the exchange rates for the conversion of US$1.00 into Canadian dollars for the following periods. The rates of exchange set forth herein are shown as, or are derived from, the reciprocals of the noon buying rates in New York City for cable transfers payable in Canadian dollars, as certified for customs purposes by the Federal Reserve Bank of New York. The source of this data is the Federal Reserve Statistical Releases.

	1999	2000	2001	2002	2003
Average[1]	1.4858	1.4855	1.5487	1.5704	1.3916

	December 2003	January 2004	February 2004	March 2004	April 2004	May 2004
High	1.3405	1.3265	1.3480	1.3480	1.3771	1.3970
Low	1.2973	1.2690	1.3108	1.3080	1.3095	1.3580

(1)
Calculated by using the averages of the exchange rates as of the last day of each month during the period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a world leader in providing EMS services to OEMs in the computing, communications and other industries. We provide a wide variety of products and services to our customers, including the high-volume manufacture of complex printed circuit board assemblies and the system assembly of final products. In addition, we are a leading-edge provider of engineering, design and after-market services, supply chain management and power products. We operate facilities in the Americas, Europe and Asia.

During the past three years, the EMS industry has experienced continued demand weakness, particularly in the computing and communications end markets, as spending on higher complexity and infrastructure products was reduced or cut. Our concentration of business with customers in these higher complexity products had an adverse effect on our revenue and margins for 2002 and 2003. The downturn also created excess capacity in the EMS industry, resulting in continued pricing pressures as EMS providers competed for a reduced amount of business. Declining end markets and volumes have led to lower utilization rates which continued to adversely impact margins. Our revenue for 2003 was $6.7 billion, down 19% from $8.3 billion in 2002 and down 33% from $10.0 billion in 2001.

During these difficult periods, we have responded by focusing on improving operating efficiency, rebalancing our global manufacturing network, reducing capacity by restructuring, diversifying into new markets and expanding our customer base.

In 2001, we announced our first restructuring plan in response to the weakened end markets. As the downturn continued, we announced further restructuring plans in 2002 and 2003. In April 2004, we announced an additional restructuring plan to be recorded over the next 12 months. The restructuring plans are focused on consolidating facilities and increasing capacity utilization in lower cost geographies. We expect to have an improved balance in our global manufacturing network when all of the planned restructuring actions are completed. As a result of our restructuring efforts, approximately 70% of our production facilities as of March 31, 2004 were in lower cost geographies, up from approximately 50% at the end of 2002.

We have also added more than 80 new customers since 2002, with approximately one-third outside the traditional communications and computing markets. For the first quarter of 2004, revenue from our non-top 10 customers approximately doubled from the first quarter of 2003, representing approximately 34% of revenue. The cost of expanding into new markets and services and adding new customers in 2003 has impacted margins in the near term. This, combined with depressed volumes, significant program transfers and ramping activities, reduced gross margins for 2003 to 3.9%, down from 6.7% in 2002. As these activities stabilize, and restructuring benefits materialize, profitability is expected to improve during 2004. Gross margins in the first quarter of 2004 were 4.4%.

In line with our strategy to diversify our revenue base, we recently completed the acquisition of MSL, a mid-tier EMS provider with a broad customer base in diversified markets. We will continue to evaluate acquisition opportunities to support our future growth strategies. See "   Acquisition History."

We maintained a strong balance sheet in 2003 and finished the year with over $1.0 billion in cash. During 2003, we continued to utilize our strong financial position to reduce debt by repurchasing convertible debt and expand our share repurchase program. Our stronger balance sheet provides us with greater flexibility to grow our business and to continue our debt and share repurchase activities.

By the end of 2003, we began to see improvements in the technology end markets. This was evident by the number of program wins with existing and new customers and increased volumes from existing customers. Throughout 2003, revenue continued to improve each quarter, growing 21% from the first quarter to the fourth quarter. Sequentially, revenue in the first quarter of 2004 grew 5% from the fourth quarter of 2003.

Critical Accounting Policies and Estimates

We prepare our financial statements in accordance with Canadian GAAP with a reconciliation to U.S. GAAP, as disclosed in note 20 to the 2003 consolidated financial statements.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant accounting policies and methods used in preparation of the financial statements are described in note 2 to the 2003 consolidated financial statements and updated in note 2 to the March 31, 2004 interim consolidated financial statements. We evaluate our estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Actual results could differ materially from these estimates and assumptions. The following critical accounting policies are impacted by judgments, assumptions and estimates used in preparation of the 2003 and first quarter 2004 consolidated financial statements.

Revenue recognition

We derive most of our revenue from OEM customers. The contractual agreements with our key customers generally provide a framework for our overall relationship with the customers. We recognize product manufacturing revenue upon shipment as title has passed, persuasive evidence of an arrangement exists, performance has occurred, customer specified test criteria have been met, and the earnings process is complete. We have contractual arrangements with the majority of our customers that require the customer to purchase unused inventory that we have purchased to fulfill that customer's forecasted manufacturing demand. We account for raw material returns as reductions in inventory and do not record revenue on these transactions.

Allowance for doubtful accounts

We record an allowance for doubtful accounts related to accounts receivable that are considered to be impaired. The allowance is based on our knowledge of the financial condition of our customers, the aging of the receivables, current business environment, customer and industry concentrations, and historical experience. A change to these factors could impact the estimated allowance and the provision for bad debts recorded in selling, general and administrative expenses.

Inventory valuation

We value our inventory on a first-in, first-out basis at the lower of cost and replacement cost for production parts, and at the lower of cost and net realizable value for work in progress and finished goods. We regularly adjust our inventory valuation based on shrinkage and management's estimates of net realizable value, taking into consideration factors such as inventory aging, future demand for the inventory, and the nature of the contractual agreements with customers and suppliers, including the ability to return inventory to them. A change to these assumptions could impact the valuation of inventory and have a resulting impact on margins.

Income tax valuation allowance

We record a valuation allowance against deferred income tax assets when management believes it is more likely than not that some portion or all of the deferred income tax assets will not be realized. Management considers factors such as the reversal of deferred income tax liabilities, projected future taxable income, the character of the income tax asset, tax planning strategies, changes in tax laws and other factors. A change to these factors could impact the estimated valuation allowance and income tax expense.

Goodwill

We perform our annual goodwill impairment test in the fourth quarter of each year (to correspond with our planning cycle), and more frequently if events or changes in circumstances indicate that an impairment loss may have been incurred. Impairment is tested at the reporting unit level by comparing the reporting unit's carrying amount to its fair value. The fair values of the reporting units are estimated using a combination of a market approach and discounted cash flows. The process of determining fair values is subjective and requires management to exercise judgment in making assumptions about future results, including revenue and cash flow projections at the reporting unit level, and discount rates. We recorded an impairment loss in 2002. There was no impairment identified in 2003. Future goodwill impairment tests may result in further impairment charges.

Long-lived assets

We perform our annual impairment tests on long-lived assets in the fourth quarter of each year (to correspond with our planning cycle), and more frequently if events or changes in circumstances indicate that an impairment loss may have been incurred. We estimate the useful lives of capital and intangible assets based on the nature of the asset, historical experience and the terms of any related supply contracts. The valuation of long-lived assets is based on the amount of future net cash flows these assets are estimated to generate. Revenue and expense projections are based on management's estimates, including estimates of current and future industry conditions. A significant change to these assumptions could impact the estimated useful lives or valuation of long-lived assets resulting in a change to depreciation or amortization expense and impairment charges. We recorded long-lived impairment losses in 2002 and 2003. Future impairment tests may result in further impairment charges.

Restructuring charges

We have recorded restructuring charges relating to facility consolidations and workforce reductions. The restructuring charges include employee severance and benefit costs, costs related to leased facilities that have been abandoned or subleased, owned facilities which are no longer used and are available-for-sale, the cost of leased equipment that has been abandoned, impairment of owned equipment available-for-sale, and impairment of related intangible assets, primarily intellectual property. The recognition of these charges requires management to make certain judgments and estimates regarding the nature, timing and amount associated with these plans. For owned facilities and equipment, the impairment loss recognized was based on the fair value less costs to sell, with fair value estimated based on existing market prices for similar assets. For leased facilities that will be abandoned or subleased, the estimated lease cost represents future lease payments subsequent to abandonment less estimated sublease income. To estimate future sublease income, we worked with independent brokers to determine the estimated tenant rents that we could realize. The estimated amount of future liability may change, requiring additional restructuring charges or a reduction of the liabilities already recorded. At the end of each reporting period, we evaluate the appropriateness of the remaining accrued balances.

Costs associated with restructuring activities initiated on or after January 1, 2003 are recorded in accordance with CICA Emerging Issues Committee Abstracts EIC-134, "Accounting for Severance and Termination Benefits," and EIC-135, "Accounting for Costs Associated with Exit and Disposal Activities."

Pension and non-pension post-employment benefits

We have pension and non-pension post-employment benefit costs and liabilities, which are determined from actuarial valuations. Actuarial valuations require management to make certain judgments and estimates on expected plan investment performance, salary escalation, compensation levels at the time of retirement, retirement ages, and expected health care costs. We evaluate these assumptions on a regular basis taking into consideration current market conditions and historical data. A change in these factors could impact future pension expense.

Acquisition History

A significant portion of our growth in prior years was generated by strengthening customer relationships, building a global manufacturing network, and increasing the breadth of our service offerings through asset and business acquisitions. We focused on investing strategically in acquisitions that better positioned us for future outsourcing opportunities. Our most active year for acquisitions was 2001. With a global manufacturing network established, the historical pace of our acquisitions did not continue in 2002 or in 2003, and may not continue in the future.

As a result of the downturn in technology manufacturing, some of the sites acquired in prior years have been closed or have experienced headcount reductions. Supply agreements entered into in connection with certain acquisitions were also affected by order cancellations and reschedulings, as base business volumes decreased. See discussion below in "Operating Results."

In March 2002, we acquired certain assets located in Miyagi and Yamanashi, Japan from NEC Corporation and signed a five-year supply agreement. In August 2002, we acquired certain assets from Corvis Corporation in the United States and signed a multi-year supply agreement. The aggregate purchase price for these acquisitions in 2002 of $111.0 million was financed with cash and allocated to the net assets acquired, based on their relative fair values at the date of acquisition.

On March 12, 2004, we acquired all the shares of MSL, a full-service global electronics manufacturing and supply chain services company, headquartered in Concord, Massachusetts. This acquisition provided us with an expanded customer base and service offering. This acquisition also supports our strategy of diversifying our markets. MSL's customers come from diverse industries including industrial, commercial avionics, automotive, retail systems, communications and network storage, and peripherals. The purchase price for MSL of $321.2 million was financed with the issuance of 14.1 million subordinate voting shares, the issuance of options to purchase 2.1 million subordinate voting shares, the issuance of warrants to purchase 1.1 million subordinate voting shares, and $51.6 million in cash. MSL contributed approximately $59 million in revenue and $0.01 earnings per share for the first quarter of 2004.

In April 2004, we paid approximately $11 million in cash to acquire certain assets located in the Philippines from NEC Corporation.

We may at any time be engaged in ongoing discussions with respect to several possible acquisitions of widely varying sizes, including small single facility acquisitions, significant multiple facility acquisitions and company acquisitions. We identify possible acquisitions that would enhance our global manufacturing network, increase our penetration in several industries and establish strategic relationships with new customers. There can be no assurance that any of these discussions will result in a definitive purchase agreement and, if they do, what the terms or timing of any agreement would be. We expect to actively pursue and consider other acquisition opportunities.

Operating Results

Our annual and quarterly operating results vary from period to period as a result of the level and timing of customer orders, fluctuations in materials and other costs, and the relative mix of value-add products and services. The level and timing of customers' orders will vary due to customers' attempts to balance their inventory, changes in their manufacturing strategies, variation in demand for their products and general economic conditions. Our annual and quarterly operating results are also affected by capacity utilization, geographic manufacturing mix and other factors, including price competition, manufacturing effectiveness and efficiency, the degree of automation used in the assembly process, the ability to manage labor, inventory and capital assets effectively, the timing of expenditures in anticipation of forecasted sales levels, the timing of acquisitions and related integration costs, customer product delivery requirements, shortages of components or labour, the costs of transferring and ramping up programs, and other factors. Weak end-market conditions began to emerge in early to mid-2001 and have continued through 2003 for most of our communications and computing industries customers. This has resulted in customers rescheduling or canceling orders which have negatively impacted our results of operations.

The table below sets forth certain operating data expressed as a percentage of revenue for the periods indicated:

	Year ended December 31			Three months ended March 31	
	2001	2002	2003	2003	2004
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	92.9	93.3	96.1	95.2	95.6
Gross profit	7.1	6.7	3.9	4.8	4.4
Selling, general and administrative expenses	3.2	3.4	3.7	3.8	3.7
Research and development costs	0.2	0.2	0.4	0.3	0.2
Amortization of goodwill and intangible assets	1.3	1.2	0.7	0.8	0.4
Integration costs related to acquisitions	0.2	0.2			
Other charges	2.7	8.2	2.6	(0.1)	0.5
Operating loss	(0.5)	(6.5)	(3.5)		(0.4)
Interest expense (income), net	(0.1)		(0.1)	(0.2)	0.1
Earnings (loss) before income taxes	(0.4)	(6.5)	(3.4)	0.2	(0.5)
Income taxes (recovery)		(1.1)	0.5		(0.1)
Net earnings (loss)	(0.4)%	(5.4)%	(3.9)%	0.2%	(0.4)%

Effective January 1, 2004, we retroactively adopted the new CICA Handbook Section 3110, which requires the recognition of liabilities for asset retirement obligations and the associated retirement costs, and have retroactively restated our results of operations for all periods in 2003, 2002 and 2001. The impact to cost of sales and net earnings (loss) for the year ended December 31, 2003 is $0.9 million ($0.2 million for the three months ended March 31, 2003; $0.7 million December 31, 2002; $0.5 million December 31, 2001). See note 2(ii) to the March 31, 2004 interim consolidated financial statements and note 23 to the 2003 consolidated financial statements.

Results of Operations Three months ended March 31, 2003 and 2004

Revenue

Revenue increased 27%, to $2,016.9 million for the three months ended March 31, 2004 from $1,587.4 million for the same period in 2003. The most significant factors contributing to the increase were the increase in business volumes from some of our top customers, new business wins and acquisition revenue, offset, in part, by a change in product mix and by continued reductions to prices of components and services. The increase in base business volumes drove an increase in revenue of approximately 40%, while pricing reductions and changes in product mix reduced revenue by approximately 17%. The MSL acquisition accounted for an increase of approximately 4% in revenue for the quarter.

We manage our operations on a geographic basis. The three reporting segments are the Americas, Europe and Asia. The following table is a breakdown of revenue by reporting segment:

	Three months ended March 31		
	2003	2004	% Increase
	(in millions)		
Americas	$ 769.3	$ 861.5	12%
Europe	336.4	429.4	28
Asia	525.6	802.2	53
Inter-segment	(43.9)	(76.2)	

	Three months ended March 31		
Total	$ 1,587.4	$ 2,016.9	27%

Revenue increased for all regions for the three months ended March 31, 2004 compared to the same period in 2003. All regions have benefited from new business wins from existing and new customers and, to a lesser extent, acquisition revenue. Asia continues to benefit from the transfer of programs from other regions and its increased manufacturing capabilities. Program transfers account for approximately 10% of the revenue increase in Asia.

The following table shows industry market segmentation as a percentage of revenue for the indicated periods:

	Three months ended March 31		Three months ended December 31
	2003	2004	2003
Enterprise communications	24%	27%	26%
Telecommunications	23	24	23
Servers	22	19	22
Storage	14	12	14
Other	9	13	9
Workstations and PCs	8	5	6

The following customers represented more than 10% of total revenue for each of the indicated periods:

	Three months ended March 31	
	2003	2004
Sun Microsystems	X	
IBM	X	X
Lucent Technologies	X	X
Cisco Systems		X

Our top 10 customers in aggregate represented 66% of total revenue for the three months ended March 31, 2004, compared to 78% for the same period in 2003. We have been focusing on diversifying our customer base by adding new customers in areas outside of our major position in communications and computing markets, such as aerospace and defense, automotive, industrial and consumer. Revenue from our non-top 10 customers represented in the aggregate 34% of total revenue for the three months ended March 31, 2004, up from 22% for the same period a year ago.

We are dependent upon continued revenue from our top customers. There can be no assurance that revenue from these or any other customers will not decrease in absolute terms or as a percentage of total revenue either individually or as a group. Any material decrease in revenue from these or other customers could have a material adverse effect on our results of operations. See notes 15 (concentration of risk) and 17 to the 2003 consolidated financial statements.

We believe our growth depends on increasing sales to existing customers for their current and future product generations, and on successfully attracting new customers. Customer contracts can be cancelled and volume levels can be changed or delayed. The timely replacement of delayed, cancelled or reduced orders with new business cannot be assured. In addition, we have no assurance that any of our current customers will continue to utilize our services, which could have a material adverse effect on our results of operations.

We have also focused on expanding our product and service offerings by investing in reference design activities for next generation servers, workstations and other products. We have incurred start-up costs for this business which have negatively impacted the quarter's results. The cost of this investment, included in cost of sales, selling, general and administrative expenses, and research and development expenses, totaled approximately 0.5% of total revenue for the quarter. Revenue and profitability are expected to improve over the coming years, as we expand this new business and as the adoption of 64-bit computing gains broader deployment.

Gross profit

Gross profit increased 16%, to $87.9 million for the three months ended March 31, 2004 from $75.5 million for the same period in 2003. Gross margin decreased to 4.4% for the three months ended March 31, 2004 from 4.8% for the same period in 2003. The gross margin decrease was due principally to industry pricing pressures, a change in the mix of products manufactured (from higher complexity, higher value-add products to lower complexity, lower value-add products), costs of ramping new customer programs, costs to support the new reference design activities, higher costs to support current volumes, and higher costs in certain geographies due to the weakened U.S. dollar, which more than offset the improvements due to higher volumes, the addition of MSL, and the savings from restructuring.

As of March 31, 2004, we have transitioned most of our high volume products to low cost geographies, with approximately 70% of our production facilities in lower cost geographies, up from 50% at the end of 2002. Although asset utilization rates have improved, due to higher volumes and reduction of capacity, certain operations continued to be affected by lower utilization levels and higher fixed costs. Additional restructuring actions were announced in the Americas in the first quarter of 2004 to address these conditions. The Americas operations were also affected by the investment in new product and service offerings, specifically the reference design activities. The European operations have benefited from improved utilization and cost reductions. The Asian operations have benefited from higher production volumes offset, in part, by program ramping costs and overall pricing pressures.

The nature of our business is that gross margin levels fluctuate based on product volume and mix, production efficiencies, utilization of manufacturing capacity, geographic manufacturing mix, start-up and ramp-up activities, new product introductions, pricing within the electronics industry, cost structures at individual sites, and other factors, including the overall highly competitive nature of the EMS industry. Also, the availability of raw materials, which is subject to lead time and other constraints, could possibly affect our gross profit from quarter to quarter.

Selling, general and administrative expenses (SG&A)

SG&A expenses increased 25%, to $74.5 million (3.7% of revenue) for the three months ended March 31, 2004 from $59.7 million (3.8% of revenue) for the same period in 2003. The increase in SG&A, on an absolute basis, reflects the costs to support higher volumes and the new products and new markets, higher costs in certain geographies due to the weakened U.S. dollar, and the inclusion of MSL's SG&A expenses offset, in part, by the benefits from our restructuring programs.

SG&A was $69.6 million for the three months ended December 31, 2003. The sequential increase was primarily due to increased costs due to the weakened U.S. dollar and the inclusion of SG&A expenses from MSL.

Research and development costs (R&D)

R&D was $4.4 million (0.2% of revenue) for the three months ended March 31, 2004, compared to $4.5 million (0.3% of revenue) for the same period in 2003. R&D was $6.7 million for the three months ended December 31, 2003. The sequential decrease was due to spending cuts and timing of program development activities.

Amortization of intangible assets

Amortization of intangible assets decreased 42%, to $7.2 million for the three months ended March 31, 2004 from $12.4 million for the same period in 2003. In the fourth quarter of 2003, we recorded an impairment charge to write down our intangible assets. As a result of the write down in 2003, the amortization expense for the first quarter of 2004 decreased. Amortization expense is expected to increase in future periods as a result of the amortization of the intangible assets acquired in the MSL acquisition.

Other charges

	Year ended December 31			Three months ended March 31	
	2001	2002	2003	2004	Total
	(in millions)				
2001 restructuring	$ 237.0	$ 1.9	$ 7.9	$ 0.4	$ 247.2
2002 restructuring		383.5	15.7	2.6	401.8
2003 restructuring			71.3	1.0	72.3
2004 restructuring				9.5	9.5
Total restructuring	237.0	385.4	94.9	13.5	730.8
2002 goodwill impairment		203.7			203.7
Other impairment	36.1	81.7	82.8		200.6
Deferred financing costs and debt redemption fees		9.6	1.3		10.9
Gain on sale of surplus land		(2.6)	(3.6)	(2.6)	(8.8)
	$ 273.1	$ 677.8	$ 175.4	$ 10.9	$ 1,137.2

Further details of the other charges are included in note 11 to the 2003 consolidated financial statements and note 6 to the March 31, 2004 interim consolidated financial statements.

As of March 31, 2004, we have recorded charges in connection with four separate restructuring plans in response to the challenging economic climate. These actions, which included reducing workforce, consolidating facilities and re-positioning the number and location of production facilities, were largely intended to align our capacity and infrastructure to anticipated customer requirements for more capacity in lower cost regions, as well as to rationalize our manufacturing network to the lower demand levels. We have recorded charges totaling $247.2 million for our 2001 restructuring plan, $401.8 million for our 2002 restructuring plan, $72.3 million relating to our 2003 restructuring plan, and $9.5 million in the first quarter of 2004 as part of our 2004 restructuring plan. A total restructuring charge of $13.5 million was recorded in the first quarter of 2004, consistent with the $10.0 to $15.0 million pre-tax charge announced in January 2004.

We recorded a combined total of $730.8 million for our four restructuring plans. The focus of these restructuring plans was in the Americas and Europe, as they were hit the hardest by the downturn. As of March 31, 2004, a total of 18,717 employees have been released from the business in connection with these restructurings. Approximately 1,000 employee positions remain to be eliminated by the end of 2004 relating to the restructurings previously announced. Approximately 70% of the employee terminations were in the Americas and 30% in Europe. A total of 31 facilities were closed or downsized in the Americas and Europe, and included the transfer of programs from these higher cost geographies to lower cost geographies. The remaining lease facilities costs are estimated to be paid out through 2015. All cash outlays are expected to be funded from cash on hand.

We have benefited and expect to continue to benefit from the restructuring measures taken in prior years through reduced depreciation, lease and labour costs in cost of sales and SG&A expenses. These year-over-year incremental benefits amounted to approximately $40 million in the first quarter of 2004 of which approximately 75% was realized in lower cost of sales and the balance in lower SG&A. We have completed the major components of the 2001 and 2002 restructuring plans, except for certain employee termination costs in the Americas and certain long-term lease and other contractual obligations. We expect to complete the 2003 restructuring actions in Europe by mid-2004, and our first quarter 2004 restructuring actions in the Americas by the end of 2004 or early 2005.

We will continue to evaluate our operations and could propose future restructuring actions as a result of changes in the marketplace, including the possibility of exiting service offerings no longer sought by our customers. In April 2004, we announced that we will incur further restructuring charges to better align our capacity with customer requirements and accelerate our margin expansion plans. We expect to record total pre-tax restructuring charges over the next 12 months of between $175.0 million and $200.0 million. As part of this charge, $13.5 million has been recorded in the first quarter of 2004. We expect to reduce our manufacturing footprint and reduce our global workforce by approximately 10% to 15% over the next 12 months. We estimate that approximately 75% of the charges will be cash costs.

We have decided to consolidate some of the acquired MSL facilities, resulting in a workforce reduction. The cost of this restructuring totals $35.4 million and was recorded as part of the purchase price. See note 3(ii) to the March 31, 2004 interim consolidated financial statements.

We conduct an annual review of goodwill and long-lived assets in the fourth quarter of each year to correspond with our planning cycle, absent any triggering factors which have necessitated a review earlier in the year. In the course of finalizing our annual plans, we made certain decisions regarding our restructuring plans and the transfer of customer programs from higher cost to lower cost geographies. These actions, coupled with weakened end markets, significantly impacted forecasted revenue and reduced the net cash flows for certain sites, resulting in impairment when compared to the carrying value of long-lived assets. In the fourth quarters of 2003, 2002 and 2001, we recorded non-cash charges against goodwill, intangible assets and capital assets. There was no impairment for the first quarter of 2004.

We may continue to experience goodwill and long-lived asset impairment charges in the future as a result of changes in the electronics industry, customer demand and other market conditions, which may have a material adverse effect on our financial condition.

Interest income, net

There was no net interest income for the three months ended March 31, 2004, compared to $4.6 million for the same period in 2003. The reduction in interest income is due to lower cash balances being invested at lower interest rates compared to the prior period. Interest income was offset by interest expense of $1.0 million for the three months ended March 31, 2004, compared to $1.2 million for the same period in 2003.

Income taxes

Income tax recovery for the three months ended March 31, 2004 was $1.7 million, compared to a tax expense of $0.7 million for the same period in 2003, both periods reflecting an effective tax rate of 17%.

Our effective tax rate is impacted by the mix and volume of business in lower tax jurisdictions within Europe and Asia, tax holidays and tax incentives that have been negotiated with the respective tax authorities (which expire between 2004 and 2012), restructuring charges, operating losses, the time period in which losses may be used under tax laws, and the impairment of deferred income tax assets. The tax holidays are subject to conditions with which we expect to continue to comply.

The net deferred income tax assets as at March 31, 2004 of $219.8 million ($225.0 million as at December 31, 2003), arises from available income tax losses and future income tax deductions. Our ability to use these income tax losses and future income tax deductions is dependent upon our operations in the tax jurisdictions in which such losses or deductions arose. Management records a valuation allowance against deferred income tax assets when management believes it is more likely than not that some portion or all of the deferred income tax assets will not be realized. Based on the reversal of deferred income tax liabilities, projected future taxable income, and the character of the income tax assets and tax planning strategies, management has determined that a valuation allowance of $245.5 million, is required in respect of our deferred income tax assets as at March 31, 2004 ($185.3 million as at December 31, 2003). Included in the valuation allowance is $58.1 million attributable to the acquisition of MSL, which may be subject to refinement upon finalization of the purchase price allocation. In order to fully utilize the net deferred income tax assets of $219.8 million, we will need to generate future taxable income of approximately $628.0 million. Based on our current projection of taxable income for the periods in which the deferred income tax assets are deductible, it is more likely than not that we will realize the benefit of the net deferred income tax assets as at March 31, 2004.

Results of Operations Years ended December 31, 2003, 2002 and 2001

The higher cost manufacturing geographies in Europe and North America experienced the greatest declines in revenue and operating profits due to declining volumes, significant pricing pressures and inefficiencies associated with our product transfer activities to lower cost manufacturing sites. Our Asian operations had production levels that enabled the region to maintain profitability throughout 2003. Asia benefited from higher demand and from product transfers from Europe and North America, as customers wanted the benefits of that region's lower cost structure.

Revenue

Revenue decreased 19%, to $6.7 billion in 2003 from $8.3 billion in 2002. The most significant factors causing the decline were the reductions in volume as a result of the prolonged weakened end-market conditions and reduced prices on components and services caused by continued excess capacity in the EMS industry. The reductions in volume accounted for approximately 75% of the revenue decrease and the rest was reduced pricing driven primarily by lower component costs.

We manage our operations on a geographic basis. The three reporting segments are the Americas, Europe and Asia. The following table is a breakdown of revenue by reporting segment:

	Year ended December 31		
	2001	**2002**	**2003**
		(in billions)	
Americas	$ 6.3	$ 4.6	$ 3.1
Europe	3.0	1.8	1.4
Asia	1.0	2.1	2.5
Inter-segment	(0.3)	(0.2)	(0.3)
Total	$ 10.0	$ 8.3	$ 6.7

Revenue from the Americas operations decreased 33% from 2002. Revenue from European operations decreased 22% from 2002. Operations in the Americas and Europe were significantly impacted by customer order reductions due to the downturn in end-market demand for their products as well as severe pricing pressures. We have completed the majority of our 2003 plans to reduce manufacturing capacity in these geographies by downsizing and/or closing facilities. In addition, the customers' continued demands for significantly lower product manufacturing costs has resulted in the transfer of programs from higher cost geographies to lower cost geographies, which further reduced the revenue in these higher cost geographies. Revenue from Asian operations increased 17% from 2002. Our Asian operations have benefited from new business wins, the transfer of production from other geographies and the flow-through of acquisitions. Offsetting this is the impact of continued softness in end markets and pricing pressures. Of the net increase in Asian revenue, approximately half resulted from the transfer of programs and from the flow-through of the acquisition in Japan which closed on March 31, 2002.

In 2002, revenue decreased 17% from 2001, primarily due to a reduction in base business volumes as a result of the prolonged weakened end-market conditions. Excess capacity in the EMS industry put pressure on pricing for components and services, also reducing revenue. Revenue from the Americas operations decreased 27% from 2001. Revenue from European operations decreased 40% from 2001. Americas and European operations were hardest hit by customer cancellations and delays of orders because of the downturn in end-market demand for their products, as well as the customers' demands for lower product manufacturing costs. We had initiated restructuring actions in 2002 to reduce the manufacturing capacity in these geographies, which included downsizing and closure of manufacturing facilities. The restructuring actions also included transferring programs from higher cost geographies to lower cost geographies. Revenue from Asian operations increased 113% from 2001, primarily due to acquisitions and an increase in base business volumes.

The industry market segmentation as a percentage of revenue for 2003 is: enterprise communications 25%, telecommunications 23%, servers 22%, storage 13%, other 10%, and workstations and PCs 7%. At the beginning of 2003, as we continued to diversify into new markets, we separated our communications market segment into enterprise and telecommunications and also separated storage from other. The prior year's comparatives have not been adjusted to reflect the new market segmentation. The industry market segmentation as a percentage of revenue for 2002 is: communications 45%, servers 26%, storage and other 22%, and workstations and PCs 7%. For 2001, the industry market segmentation as a percentage of revenue is: communications 36%, servers 31%, storage and other 18%, and workstations and PCs 15%. Historically, revenue is highest in the fourth quarter, with the exception of 2002, when we were hardest hit by the downturn. Throughout 2003, revenue continued to improve sequentially each quarter, with a 17% increase in the fourth quarter of 2003 over the third quarter.

The following customers represented more than 10% of total revenue for each of the indicated periods:

	Year ended December 31		
	2001	**2002**	**2003**
Sun Microsystems	X	X	X
IBM	X	X	X
Lucent Technologies	X	X	X
Cisco Systems			X

Our top ten customers represented in the aggregate 73% of total revenue in 2003, compared to 85% in 2002 and 84% in 2001. There has been a steady decline in revenue from our top three customers over the past year, as their volumes were most negatively impacted by the broad-based reductions in corporate spending for computing and communications infrastructure products. At the same time, we have been focused on diversifying our customer base by adding new customers in areas outside of the traditional communications and computing markets, such as aerospace and defense, automotive, industrial and consumer. Revenue from our non-top ten customers represented in the aggregate 27% of total revenue in 2003, up from 15% a year ago.

We are dependent upon continued revenue from our top customers. There can be no assurance that revenue from these or any other customers will not decrease in absolute terms or as a percentage of total revenue either individually or as a group. Any material decrease in revenue from these or other customers could have a material adverse effect on our results of operations. See notes 15 (concentration of risk) and 17 to the 2003 consolidated financial statements.

We believe our growth depends on increasing sales to existing customers for their current and future product generations, and on successfully attracting new customers. Customer contracts can be cancelled and volume levels can be changed or delayed. The timely replacement of delayed, cancelled or reduced orders with new business cannot be assured. In addition, we have no assurance that any of our current customers will continue to utilize our services, which could have a material adverse effect on our results of operations.

We have also focused on expanding our product and service offerings. During the year, we announced that we would make investments to support our reference design activities for next generation servers, workstations and other products. Revenue earned during the year was minimal, however, management expects revenue to increase as we expand this new business. Our start-up costs for this business negatively impacted the year's results. The cost of the new investments included in cost of sales, selling, general and administrative expenses, and research and development expenses totaled approximately 1% of total revenue for 2003.

Gross profit

Gross profit decreased 53% to $260.1&nb