

CELESTICA INC  
Form F-4/A  
February 09, 2004

[QuickLinks](#) -- Click here to rapidly navigate through this document

As filed with the Securities and Exchange Commission on February 9, 2004

Registration No. 333-110362

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**PRE-EFFECTIVE AMENDMENT NO. 3**

**TO**

**FORM F-4**

**REGISTRATION STATEMENT**

**UNDER**

**THE SECURITIES ACT OF 1933**

---

**Celestica Inc.**

(Exact name of Registrant as specified in its charter)

**Ontario, Canada**

(State or other jurisdiction  
of incorporation or organization)

**3342**

(Primary Standard Industrial  
Classification Code Number)

**N/A**

(I.R.S. Employer  
Identification Number)

**1150 Eglinton Avenue East  
Toronto, Ontario M3C 1H7 Canada  
(416) 448-5800**

(Address, including zip code, and telephone number,  
including area code, of Registrant's principal executive offices)

**Kaye Scholer LLP  
Attention: Managing Attorney  
425 Park Avenue  
New York, New York 10022  
(212) 836-8000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

---

**Copies to:**

**Lynn Toby Fisher, Esq.  
Joel I. Greenberg, Esq.  
Kaye Scholer LLP  
425 Park Avenue  
New York, New York 10022  
(212) 836-8000**

**Jay E. Bothwick, Esq.  
Thomas S. Ward, Esq.  
Hale and Dorr LLP  
60 State Street  
Boston, Massachusetts 02109  
(617) 526-6000**

---

**Approximate date of commencement of proposed sale to the public:  
Upon completion of the merger described herein. o**

## Edgar Filing: CELESTICA INC - Form F-4/A

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If the form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If the form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Securities Exchange Commission, acting pursuant to said Section 8(a), may determine.**

The information in this proxy statement/prospectus is not complete and may be changed. Celestica may not sell these securities until the registration statement filed with the United States Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**Subject to completion, dated February 9, 2004**

### PROXY STATEMENT

**PROSPECTUS**  
February , 2004

Manufacturers' Services Limited ("MSL") cordially invites you to attend a special meeting of stockholders of MSL to be held on Friday, March 12, 2004, at 10:00 a.m., local time, at the offices of Hale and Dorr LLP, 60 State Street, Boston, Massachusetts 02109. At the special meeting, MSL will ask you to consider and vote upon a proposal to adopt the merger agreement that we entered into on October 14, 2003 with Celestica Inc. ("Celestica") and its wholly-owned subsidiary, MSL Acquisition Sub Inc. The merger agreement provides for the merger of MSL with and into a wholly-owned subsidiary of Celestica, with Celestica's wholly-owned subsidiary surviving.

At the completion of the merger, each share of MSL common stock will be converted into the right to receive 0.375 of a Celestica subordinate voting share, subject to adjustment as described below. Celestica subordinate voting shares are listed and traded on The New York Stock Exchange and the Toronto Stock Exchange under the symbol "CLS". The holders of shares of MSL Series A and Series B preferred stock will be entitled to receive, at the stockholder's election, either cash or Celestica subordinate voting shares, in accordance with the terms of the preferred stock and the merger agreement.

The share exchange ratio will be adjusted, if necessary, to ensure that the value of the consideration received for each share of MSL common stock will be not less than \$6.00 and not more than \$7.25. At the time you vote at the special meeting you may not know how many Celestica subordinate voting shares you will receive in the merger. The closing price of Celestica subordinate voting shares on The New York Stock Exchange on February 6, 2004 was \$17.91. If the merger had been consummated on that date, the share exchange ratio would have been 0.375 of a Celestica subordinate voting share, or an equivalent of \$6.72 (based on such closing price), for each share of MSL common stock.

**MSL's board of directors recommends that you vote "FOR" adoption of the merger agreement at the special meeting.** Whether or not you plan to attend the special meeting, please take the time to vote by completing, signing, dating and mailing the enclosed proxy card to MSL.

## Edgar Filing: CELESTICA INC - Form F-4/A

The proxy statement/prospectus provides you with detailed information about the proposed merger and related matters. We encourage you to read carefully the entire proxy statement/prospectus, including the annexes. **Please pay particular attention to the risk factors beginning on page 14 of this proxy statement/prospectus for a discussion of the description of risks related to the merger.**

---

This proxy statement/prospectus constitutes an offering of Celestica subordinate voting shares. Celestica has two classes of common equity shares, the subordinate voting shares being offered hereby and multiple voting shares. The multiple voting shares are identical to the subordinate voting shares, except that (1) each subordinate voting share is entitled to one vote and each multiple voting share is entitled to 25 votes and (2) each multiple voting share is convertible into one subordinate voting share at any time at the option of the holder, and automatically in certain other circumstances. Based on a 0.375 share exchange ratio, up to 20,271,411 subordinate voting shares would be issued in connection with the merger, including shares issuable upon the exercise of MSL options and warrants outstanding and assuming all holders of Series A and Series B preferred stock elect to receive subordinate voting shares.

---

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the Celestica subordinate voting shares to be issued in the merger or determined if this document is truthful or complete. Any representation to the contrary is a criminal offense.**

---

This document is dated February , 2004 and is first being mailed to MSL stockholders on or about February , 2004.

---

### NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

**MANUFACTURERS' SERVICES LIMITED  
300 BAKER AVENUE  
CONCORD, MA 01742**

**NOTICE OF A SPECIAL MEETING OF STOCKHOLDERS**  
To be Held on Friday, March 12, 2004 at 10:00 a.m., local time

To the Stockholders of Manufacturers' Services Limited:

Notice is hereby given that a special meeting of the stockholders of Manufacturers' Services Limited, a Delaware corporation ("MSL"), will be held at the offices of Hale and Dorr LLP, 60 State Street, Boston, Massachusetts 02109 on Friday, March 12, 2004, 10:00 a.m., local time, for the following purpose:

To consider and vote upon a proposal to adopt the merger agreement by and among Celestica Inc. ("Celestica"), MSL Acquisition Sub Inc., a wholly-owned subsidiary of Celestica, and MSL, pursuant to which MSL will be merged with and into the wholly-owned subsidiary of Celestica. Under the merger agreement, each outstanding share of MSL common stock will be converted into the right to receive 0.375 of a Celestica subordinate voting share, subject to adjustment as described below. In addition, each share of outstanding MSL Series A and Series B preferred stock will be entitled to receive, at the stockholder's election, either (a) \$52.50 per share, plus accrued but unpaid dividends payable in cash or (b) a number of Celestica subordinate voting shares equal to 0.375 times the number of shares of MSL common stock into which the MSL Series A and Series B stock may be converted, subject to adjustment as described below, plus, in the case of holders of Series B preferred shares electing to receive Celestica subordinate voting shares, a "make-whole" payment of \$2.25 per share payable, at the option of MSL as directed by Celestica, in either cash or Celestica subordinate voting shares. The share exchange ratio will be adjusted, if necessary, to ensure that the value of the consideration received for each share of MSL common stock (based on the 20 consecutive trading day volume weighted average NYSE closing price of the Celestica subordinate voting shares determined on the third business day prior to the completion of the transaction) will be not less than \$6.00 and not more than \$7.25.

No other business will be transacted at the special meeting, other than possible adjournments or postponements of the special meeting.

Holders of record of shares of MSL common stock, Series A preferred stock and Series B preferred stock at the close of business on Monday, February 2, 2004, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

Your vote is very important. MSL cannot complete the proposed merger unless the merger agreement is adopted by the affirmative vote of the holders of a majority of the voting power of the shares of MSL capital stock outstanding at the close of business on the record date.

This notice is accompanied by a form of proxy and a proxy statement containing more detailed information with respect to the matters to be considered at the special meeting, including a copy of the merger agreement. You should not send any certificates representing your MSL

## Edgar Filing: CELESTICA INC - Form F-4/A

common stock, Series A preferred stock or Series B preferred stock with your proxy.

Whether or not you plan to attend the special meeting, please sign, date and return the enclosed proxy card. Executed proxies with no instructions indicated thereon will be voted "FOR" the adoption of the merger agreement. Even if you have returned your proxy, you may still vote in person if you attend the special meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the special meeting, you must obtain from the record holder a proxy issued in your name. If you fail to return your proxy or to vote in person at the special meeting, your shares will not be counted for purposes of determining whether a quorum is present at the special meeting, and will effectively be counted as a vote against the adoption of the merger agreement.

By order of the Board of Directors,

Alan R. Cormier  
Secretary

Concord, Massachusetts  
February , 2004

No person is authorized in connection with any offering made by this proxy statement/prospectus to give any information or make any representation not contained in, or incorporated by reference into, this proxy statement/prospectus. If given or made, any such information or representation must not be relied on as having been authorized by Celestica or MSL. This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this proxy statement/prospectus, or the solicitation of a proxy, in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. Neither the delivery of this proxy statement/prospectus nor any distribution of securities pursuant to this proxy statement/prospectus shall, under any circumstances, create any implication that there has been no change in the information set forth or incorporated into this proxy statement/prospectus by reference or in our affairs since the date of this proxy statement/prospectus.

### TABLE OF CONTENTS

|  | Page     |
|--|----------|
| <b>QUESTIONS AND ANSWERS REGARDING THE MERGER</b>      | <b>1</b> |
| <b>SUMMARY</b>   | <b>4</b> |
| The Companies  | 4        |
| The Merger   | 4        |
| Reasons for the Merger                                 | 5        |
| MSL Special Meeting                                    | 5        |
| Stockholder Agreements                                 | 6        |
| Opinions of MSL's Financial Advisors                   | 7        |
| Interests of Certain Persons in the Merger             | 7        |
| When the Merger Will Occur                             | 8        |
| What MSL Stockholders Will Receive in the Merger       | 8        |
| Determination of Share Exchange Ratio                  | 8        |
| Material United States Federal Income Tax Consequences | 10       |
| Appraisal Rights                                       | 10       |
| MSL Prohibited from Soliciting Other Offers            | 11       |
| Conditions to the Merger                               | 11       |
| Affiliate Agreements                                   | 11       |
| Accounting Treatment                                   | 12       |
| Regulatory Approvals                                   | 12       |
| Termination of the Merger Agreement                    | 12       |
| Expenses and Termination Fee                           | 12       |
| Ownership of Celestica Following the Merger            | 13       |
| Markets and Market Prices                              | 13       |

|   | <b>Page</b> |
|---|-------------|
| <b>RISK FACTORS</b>   | 14          |
| Risks Related to the Merger   | 14          |
| Risks Related to Receiving Celestica Subordinate Voting Shares              | 17          |
| Risks Related to the Business of Celestica                                  | 18          |
| <b>ENFORCEABILITY OF CIVIL LIABILITIES</b>                                  | 27          |
| <b>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION</b>           | 27          |
| <b>SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF CELESTICA</b> | 28          |
| <b>SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF MSL</b>       | 33          |
| <b>COMPARATIVE HISTORICAL AND PRO FORMA DATA</b>                            | 35          |
| <b>COMPARATIVE PER SHARE MARKET PRICE DATA</b>                              | 39          |
| <b>THE SPECIAL MEETING OF MSL STOCKHOLDERS</b>                              | 40          |
| Date, Time and Place of the Special Meeting                                 | 40          |
| Matter for Consideration  | 40          |
| Board of Directors' Recommendation  | 41          |
| Record Date; Shares Held by Directors and Executive Officers                | 41          |
| Quorum and Vote Required  | 41          |
| Adjournment and Postponement  | 41          |
| Voting of Proxies   | 42          |
| How to Revoke a Proxy   | 43          |
| Solicitation of Proxies and Expenses  | 43          |
| <b>THE MERGER</b>   | 44          |
| Background of the Merger  | 44          |
| MSL's Reasons for the Merger  | 49          |
| Recommendation of the Merger by the MSL Board of Directors                  | 52          |
| Opinions of MSL's Financial Advisors  | 52          |
| Celestica's Reasons for the Merger  | 64          |
| Interests of MSL's Directors and Executive Officers in the Merger           | 64          |
| Material United States Federal Income Tax Consequences                      | 69          |
| Principal Canadian Federal Income Tax Considerations                        | 75          |
| Accounting Treatment of the Merger  | 76          |
| Regulatory Filings and Approvals Required to Complete the Merger            | 77          |
| Listing of Celestica Subordinate Voting Shares Issued in the Merger         | 77          |

---

|  |    |
|--|----|
| Delisting and Deregistration of MSL Common Stock After the Merger  | 77 |
| Restrictions on Sales of Celestica Subordinate Voting Shares Received in the Merger                      | 77 |
| Appraisal Rights for MSL Series A and Series B Preferred Stock; No Appraisal Rights for MSL Common Stock | 78 |
| <b>THE MERGER AGREEMENT</b>  | 79 |
| Structure of the Merger  | 79 |
| Completion and Effectiveness of the Merger   | 79 |
| Conversion of MSL Common Stock and Series A and Series B Preferred Stock in the Merger                   | 79 |
| Fractional Shares  | 81 |
| Stock Elections Relating to MSL Preferred Stock  | 81 |
| Exchange of Stock Certificates   | 81 |
| Dissenting Shares  | 82 |
| Distributions with Respect to Unexchanged Shares   | 82 |
| Transfers of Ownership and Lost Stock Certificates   | 82 |

## Edgar Filing: CELESTICA INC - Form F-4/A

|  |       |
|--|-------|
| Representations and Warranties   | 83    |
| MSL's Conduct of Business Before Completion of the Merger  | 85    |
| MSL Prohibited from Soliciting Other Offers  | 86    |
| Obligations of the MSL Board of Directors with Respect to Its Recommendation and Holding a Meeting of MSL's Stockholders | 88    |
| Treatment of MSL Stock Options and Warrants  | 88    |
| Treatment of Rights under the MSL Employee Stock Purchase Plan   | 89    |
| Treatment of MSL Employees   | 89    |
| Director and Officer Indemnification and Insurance   | 89    |
| Regulatory Filings; Antitrust Matters; Reasonable Efforts to Obtain Regulatory Approvals                                 | 90    |
| Limitation on Efforts to Obtain Regulatory Approvals   | 90    |
| Conditions to Completion of the Merger   | 91    |
| Definition of Material Adverse Effect  | 93    |
| Termination of the Merger Agreement  | 94    |
| Payment of Expenses and Termination Fee  | 96    |
| Extension, Waiver and Amendment of the Merger Agreement  | 97    |
| <b>THE STOCKHOLDER AGREEMENTS</b>  | 97    |
| <b>COMPARISON OF CELESTICA AND MSL STOCKHOLDERS' RIGHTS</b>  | 100   |
| <b>APPRAISAL RIGHTS FOR MSL PREFERRED STOCK</b>  | 118   |
| <b>FUTURE MSL STOCKHOLDER PROPOSALS</b>  | 121   |
| <b>LEGAL MATTERS</b>   | 121   |
| <b>EXPERTS</b>   | 122   |
| <b>WHERE YOU CAN FIND MORE INFORMATION</b>   | 122   |
| ANNEX A: Agreement and Plan of Merger  | A-1   |
| ANNEX B-1: Stockholder Agreement among Celestica, Merger Sub and Institutional Stockholders                              | B-1-1 |
| ANNEX B-2: Form of Stockholder Agreement among Celestica, Merger Sub and Executives of MSL                               | B-2-1 |
| ANNEX C: Opinion of Credit Suisse First Boston LLC   | C-1   |
| ANNEX D: Opinion of Sonenshine Pastor Advisors LLC   | D-1   |
| ANNEX E: Section 262 of the Delaware General Corporation Law   | E-1   |

All dollar amounts in this proxy statement/prospectus are expressed in United States dollars, except where indicated otherwise. In this proxy statement/prospectus, all references to "\$" are to U.S. dollars.

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 laws of Canada or exchange restrictions affecting the remittance of dividends, interest, royalties or similar payments to non-resident holders of Celestica's securities, except as described under "*The Merger Principal Canadian Federal Income Tax Considerations*" beginning on page 75 of this proxy statement/prospectus.

This proxy statement/prospectus incorporates important business and financial information about Celestica and MSL from documents that each company has filed with the Securities and Exchange Commission but that have not been included in or delivered with this proxy statement/prospectus. For a listing of documents incorporated by reference into this proxy statement/prospectus, please see the section entitled "*Where You Can Find More Information*" beginning on page 122 of this proxy statement/prospectus.

Celestica will provide you with copies of this information relating to Celestica (excluding all exhibits unless Celestica has specifically incorporated by reference an exhibit in this proxy statement/prospectus), without charge, upon written or oral request to:

Celestica Inc.  
1150 Eglinton Avenue East  
Toronto, Ontario M3C 1H7  
Canada  
Attention: Investor Relations

(416) 448-2211

MSL will provide you with copies of this information relating to MSL (excluding all exhibits unless MSL has specifically incorporated by reference an exhibit in this proxy statement/prospectus), without charge, upon written or oral request to:

**Manufacturers' Services Limited**  
300 Baker Avenue  
Suite 106  
Concord, Massachusetts 01742  
Attention: Investor Relations  
(978) 371-5495

**In order to receive timely delivery of the documents, you must make your requests no later than March 5, 2004.**

iii

---

## **QUESTIONS AND ANSWERS REGARDING THE MERGER**

*The following is important information in a question-and-answer format regarding the special meeting and this proxy statement/prospectus.*

### **General Questions and Answers**

**Q:**  
**Why am I receiving this proxy statement/prospectus?**

**A:**  
Celestica has agreed to acquire MSL under the terms of a merger agreement that is described in this proxy statement/prospectus. Please see the section entitled "*The Merger Agreement*" beginning on page 79 of this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A.

In order to complete the merger, MSL stockholders must adopt the merger agreement, and all other conditions to the merger must be satisfied or waived. MSL will hold a special meeting of its stockholders to obtain this stockholder approval. This proxy statement/prospectus contains important information about the merger agreement, the merger and the special meeting, and you should read it carefully. The enclosed voting materials for the special meeting allow you to vote your shares of MSL common stock, Series A preferred stock and Series B preferred stock without attending the special meeting. Stockholders of Celestica are not required to approve the merger, the issuance of Celestica subordinate voting shares in the merger or any matter relating to the merger. Accordingly, Celestica will not hold a special meeting of its stockholders in connection with the merger.

**Q:**  
**What is a subordinate voting share?**

**A:**  
A subordinate voting share is a share of common stock of Celestica that has the right to one vote per share. The subordinate voting shares are listed on The New York Stock Exchange and the Toronto Stock Exchange under the symbol "CLS." Celestica also has multiple voting shares, which are common stock with the right to 25 votes per share. The multiple voting shares are all held by Onex Corporation and its affiliates and represent approximately 85.2% of the voting interest in Celestica prior to the completion of the merger.

**Q:**  
**What should I do now?**

**A:**  
Please carefully review this proxy statement/prospectus and, whether or not you plan to attend the special meeting, vote each proxy card and voting instruction card you receive as soon as possible.

**Q:** **If I hold MSL Series A or Series B preferred stock, how do I make an election to receive Celestica subordinate voting shares in the merger?**

**A:** If you are a holder of Series A or Series B preferred stock, you may make an election to receive the merger consideration relating to your MSL preferred stock in Celestica subordinate voting shares rather than in cash, as described above, by completing, signing, dating and returning the stock election form in the pre-addressed envelope provided with these voting materials. For your election to be considered a "valid stock election", your properly completed and signed stock election form must be actually received by MSL prior to the completion of the merger. We anticipate that the merger will be completed immediately following the MSL special meeting. For further information on making a valid stock election, please see the section entitled "*The Merger Agreement - Stock Elections Relating to MSL Preferred Stock*" beginning on page 81 of this proxy statement/prospectus.

**Q:** **Do I need to send in my MSL stock certificate now?**

**A:** No. You should not send in your MSL stock certificates now. Following the merger, a letter of transmittal will be sent to MSL stockholders informing them where to deliver their MSL stock certificates in order to receive Celestica subordinate voting shares, the cash consideration and any cash in lieu of a fractional Celestica subordinate voting share. You should not send in your MSL stock certificates before receiving this letter of transmittal.

---

**Q:** **As an MSL stockholder, will I be able to trade the Celestica subordinate voting shares I receive in connection with the merger?**

**A:** The Celestica subordinate voting shares issued in connection with the merger will be freely tradable, unless you are an "affiliate" of MSL, as defined in the Securities Act of 1933, as amended. If you are an affiliate of MSL, you will be required to comply with the applicable restrictions of Rule 145 of the Securities Act in order to resell the Celestica subordinate voting shares you receive in the merger. You will be notified if you are an affiliate of MSL.

**Q:** **What periodic reports can I expect to receive as a Celestica shareholder?**

**A:** As a foreign private issuer, Celestica is not required to file with the Securities and Exchange Commission an annual report on Form 10-K, quarterly reports on Form 10-Q or current reports on Form 8-K. Instead, Celestica files an annual report on Form 20-F and furnishes reports on Form 6-K; Celestica generally is required to furnish a Form 6-K when it discloses material information, as required under Canadian law, or distributes information to its shareholders.

After the merger, you will receive the same periodic reports that Celestica currently provides to its shareholders under Canadian law and the U.S. securities laws. These reports include annual reports (which include audited annual consolidated financial statements prepared in accordance with Canadian GAAP with a reconciliation to U.S. GAAP), unaudited quarterly consolidated financial statements (unless you notify Celestica of your desire not to receive these reports) and proxy statements and related materials for annual and special meetings of Celestica shareholders.

## **Questions and Answers About the MSL Special Meeting**

**Q:** **When and where will the MSL special meeting of stockholders be held?**

**A:** The special meeting will take place on Friday, March 12, 2004, at the offices of Hale and Dorr LLP, 60 State Street, Boston, Massachusetts 02109, commencing at 10:00 a.m., local time.

**Q:** **How can I vote?**



## Edgar Filing: CELESTICA INC - Form F-4/A

**A:**

If you are a stockholder of record, you may submit a proxy for the special meeting by completing, signing, dating and returning the proxy card in the pre-addressed envelope provided.

If you hold your shares of MSL common stock in a stock brokerage account or if your shares are held by a bank or nominee (*i.e.*, in "street name"), you must provide the record holder of your shares with instructions on how to vote your shares. Please check the voting instruction card included by your broker or nominee for directions on providing instructions to vote your shares.

If you are a stockholder of record, you may also vote at the special meeting. If you hold shares in street name, you may not vote in person at the special meeting unless you obtain a signed proxy from the record holder giving you the right to vote the shares.

**Q:**

**How will my proxy be exercised with respect to the proposal regarding the merger?**

**A:**

All valid proxies received before the meeting will be exercised. All shares represented by a proxy will be voted, and where a stockholder specifies by means of his or her proxy a choice with respect to the possible adjournment of the special meeting or the merger proposal, the shares will be voted in accordance with the specification so made.

**Q:**

**Will any other business be conducted at the special meeting?**

**A:**

No business will be considered at the special meeting other than the merger proposal described in this proxy statement/prospectus.

2

---

**Q:**

**What happens if I do not indicate how to vote on my proxy card?**

**A:**

If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be counted as a vote "FOR" adoption of the merger agreement.

**Q:**

**What happens if I do not return a proxy card or vote?**

**A:**

If you do not sign and send in your proxy card or vote at the special meeting, or if you mark the "ABSTAIN" box on the proxy card, it will have the same effect as a vote against the adoption of the merger agreement.

**Q:**

**If my shares are held in "street name" by my broker, will my broker vote my shares for me?**

**A:**

Your broker will vote your shares only if you provide instructions on how to vote. Therefore, you should be sure to provide your broker with instructions on how to vote your shares. Without instructions, your shares will not be voted, which will have the effect of a vote against the adoption of the merger agreement.

**Q:**

**What should I do if I receive more than one set of voting materials?**

**A:**

Please complete, sign, date and return each proxy card and voting instruction card you receive. You may receive more than one set of voting materials, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If your shares are held in more than one name, you will receive more than one proxy or voting instruction card.

**Q:**

## Edgar Filing: CELESTICA INC - Form F-4/A

### May I change my vote after I have mailed my signed proxy or voting instruction card?

**A:**

Yes. If you have completed a proxy, you may change your vote at any time before your proxy is voted at the MSL special meeting of stockholders. You can do this one of three ways:

First, you can send a written, dated notice to the Secretary of MSL stating that you would like to revoke your proxy;

Second, you can complete, date and submit a new, later-dated proxy card; or

Third, you can attend the special meeting and vote in person. Your attendance alone will not revoke your proxy.

If you have instructed a broker or bank to vote your shares of MSL capital stock by executing a voting instruction card, you must follow the directions received from your broker or bank to change your instructions.

**Q:**

### Who can answer my questions about the merger or MSL's special meeting of stockholders?

**A:**

If you would like additional copies of this proxy statement/prospectus without charge or if you have questions about the merger or MSL's special meeting of stockholders, including the procedures for voting your shares, you should contact:

Manufacturers' Services Limited  
300 Baker Avenue  
Suite 106  
Concord, Massachusetts 01742  
Attention: Investor Relations  
(978) 371-5495

3

---

## SUMMARY

*This summary highlights information found in greater detail elsewhere in this proxy statement/prospectus. For a more complete description of the legal terms of the merger, we urge you to carefully read the entire proxy statement/prospectus (including the annexes) and the documents to which we have referred you before you decide how to vote and, if you hold MSL preferred stock, whether to elect to receive Celestica subordinate voting shares rather than cash in the merger. For instructions on how to obtain additional information regarding Celestica and MSL, please see the section entitled "Where You Can Find More Information" beginning on page 122 of this proxy statement/prospectus.*

### The Companies

#### Manufacturers' Services Limited

300 Baker Avenue  
Suite 106  
Concord, Massachusetts 01742  
(978) 287-5630

Manufacturers' Services Limited, or MSL, is a leading global provider of advanced electronics manufacturing services, or EMS, to original equipment manufacturers, or OEMs. MSL has developed relationships with leading OEMs in a diverse range of industries, including industrial equipment, commercial avionics, retail infrastructure, medical products, voice and data communications, network storage, office equipment,

## Edgar Filing: CELESTICA INC - Form F-4/A

computers, computer peripherals and consumer electronics. MSL provides OEMs with a range of integrated supply chain solutions designed to address all states of its customers' product life cycle, including engineering and design, new product introduction, global supply chain management, printed circuit board assembly, high speed automated manufacturing, final product assembly including configure-to-order and build-to-order, integration and testing of complex systems, fulfillment and distribution, and after market services.

MSL was incorporated on December 1, 1994 under the Delaware General Corporation Law.

### **Celestica Inc.**

1150 Eglinton Avenue East  
Toronto, Ontario M3C 1H7  
Canada  
(416) 448-5800

Celestica Inc., or Celestica, is a world leader in the delivery of innovative electronics manufacturing services. Celestica operates a highly sophisticated global manufacturing network with operations in Asia, Europe and the Americas, providing a broad range of services to leading original equipment manufacturers. A recognized leader in quality, technology and supply chain management, Celestica provides a competitive advantage to its customers by improving their time-to-market, scalability and manufacturing efficiency.

Celestica was incorporated on September 27, 1996 under the Business Corporations Act (Ontario).

### **MSL Acquisition Sub Inc.**

1150 Eglinton Avenue East  
Toronto, Ontario M3C 1H7  
Canada  
(416) 448-5800

MSL Acquisition Sub Inc., or Merger Sub, was incorporated on October 14, 2003, under the Delaware General Corporation Law, for the purpose of effecting the merger. Merger Sub is a wholly-owned subsidiary of Celestica.

### **The Merger**

For more information on the terms of the merger, please see "*The Merger Agreement*" beginning on page 79 of this proxy statement/prospectus.

*The Agreement and Plan of Merger, dated as of October 14, 2003, among Celestica, Merger Sub and MSL is attached as Annex A to this proxy statement/prospectus. We encourage you to read the merger agreement. It is the legal document governing the merger.*

As a result of the merger, MSL will be merged into Merger Sub, with Merger Sub

4

---

surviving as a wholly-owned subsidiary of Celestica. Holders of MSL common stock will receive Celestica subordinate voting shares. Holders of Series A and Series B preferred stock will receive cash or, at their election, Celestica subordinate voting shares and, in certain circumstances, cash.

### **Reasons for the Merger**

The board of directors of MSL, or the MSL board, believes the merger may result in a number of benefits to MSL's stockholders, including, among other benefits:

The combined company will have broader geographic reach and will be more diversified and better positioned to capitalize on market opportunities resulting from its greater scale, and MSL stockholders will have the opportunity to participate in the potential for growth of the combined company after the merger through their ownership of Celestica subordinate voting shares.

## Edgar Filing: CELESTICA INC - Form F-4/A

MSL stockholders will have the opportunity to attain greater stockholder liquidity through ownership of Celestica subordinate voting shares than they have in their MSL capital stock.

The merger will be treated as a reorganization for tax purposes.

To review the background and reasons for the merger in greater detail, as well as the risks of the merger, please see "*The Merger Background of the Merger*" beginning on page 44 of this proxy statement/prospectus, "*MSL's Reasons for the Merger*" beginning on page 49 of this proxy statement/prospectus, "*Recommendation of the Merger by the MSL Board of Directors*" beginning on page 52 of this proxy statement/prospectus, "*Celestica's Reasons for the Merger*" on page 64 of this proxy statement/prospectus and "*Risk Factors Risks Related to the Merger*" beginning on page 14 of this proxy statement/prospectus.

### **MSL Special Meeting**

#### ***Date, Time and Place of MSL Special Meeting***

The MSL special meeting of stockholders will be held at the offices of Hale and Dorr LLP, 60 State Street, Boston, Massachusetts 02109, on Friday, March 12, 2004 at 10:00 a.m. local time.

#### ***Purpose***

The purpose of the MSL special meeting is to adopt the merger agreement. MSL stockholders may also consider and vote upon such other matters as may be properly brought before the MSL special meeting or any adjournments thereof.

#### ***Record Date and Outstanding Shares***

Only stockholders of record of MSL common stock, MSL Series A preferred stock and MSL Series B preferred stock as of the close of business on February 2, 2004, the record date, are entitled to notice of, and to vote at, the MSL special meeting. As of the record date, there were approximately 365 holders of record holding an aggregate of 34,791,990 shares of MSL common stock, 21 holders of record holding an aggregate of 830,000 shares of Series A preferred stock and 12 holders of record holding an aggregate of 460,000 shares of Series B preferred stock.

On or about February 2, 2004, this proxy statement/prospectus, which includes a notice meeting the requirements of Delaware law, is being mailed to all MSL stockholders of record as of the record date.

#### ***Vote Required***

In order to adopt the merger agreement, the holders of shares of MSL common stock, Series A preferred stock and MSL Series B preferred stock, voting together as a single class, representing a majority of the votes entitled to be cast at the MSL special meeting, must be present in person or represented by proxy and vote "FOR" the adoption of the merger agreement.

#### ***Share Ownership of Management and Certain Holders***

As of the record date, the directors and executive officers of MSL, as a group, held together with their affiliates approximately 41.5% of the outstanding MSL common stock, on an as-converted basis and approximately 41.5% of the votes entitled to be cast on the merger proposal. See "*Stockholder Agreements*", below.

See "*Ownership of Celestica Following the Merger*", on page 13, for information on Celestica shares owned by its directors, executive officers and their affiliates.

#### ***Recommendation of MSL Board of Directors***

The MSL board has unanimously approved the merger agreement and the transactions contemplated thereby and has determined that the merger is advisable and in the best interests of MSL and its stockholders. After careful consideration, the MSL board unanimously recommends a vote "FOR" the adoption of the merger agreement.

#### *Voting and Solicitation*

At the MSL special meeting, each stockholder is entitled to one vote for each share of common stock, and a number of votes for the holder's shares of Series A preferred stock and Series B preferred stock equal to the number of shares of common stock into which the preferred stock is convertible. The holders of a majority of the shares of MSL common stock and preferred stock, on an as-converted basis, issued and outstanding and entitled to vote, whether present in person or represented by proxy, will constitute a quorum for the transaction of business at the MSL special meeting.

Shares that are voted "FOR," "AGAINST" or "ABSTAIN" with respect to a matter are treated as being present at the MSL special meeting for purposes of establishing a quorum. For purposes of obtaining the required vote of a majority of the votes entitled to be cast to adopt the merger agreement, the effect of an abstention or a broker non-vote is the same as a vote against the proposal.

All valid proxies received prior to the MSL special meeting will be voted. All shares represented by a proxy will be voted, and where a stockholder specifies by means of the proxy a choice ("FOR," "AGAINST" or "ABSTAIN") with respect to the possible adjournment of the special meeting or the proposal to adopt the merger agreement, the shares will be voted in accordance with the specification so made. **If no choice is indicated on the proxy, the shares will be voted "FOR" the adoption of the merger agreement (other than instances of broker non-votes, which will not be voted).**

The cost of this solicitation will be borne by MSL. In addition, MSL may reimburse brokerage firms, banks and other fiduciaries representing owners of MSL capital stock for expenses incurred in forwarding solicitation material to the beneficial owners. Proxies also may be solicited by certain of MSL's directors, officers and regular employees, personally or by telephone or telecopier. These persons will not receive additional compensation, but may be reimbursed for reasonable out-of-pocket expenses.

#### **Stockholder Agreements**

As of the date of the merger agreement, certain affiliated stockholders of MSL owned 16,353,979 outstanding shares of MSL common and 300,000 shares of Series A preferred stock (which are convertible into approximately 2,331,000 shares of MSL common stock), representing approximately 41.4% of the votes entitled to be cast on the merger proposal. These MSL stockholders, referred to together as the institutional stockholders, have agreed with Celestica and Merger Sub that they will vote their shares of MSL common stock and Series A preferred stock, together with any shares of MSL common stock or preferred stock they may subsequently acquire, in favor of adoption of the merger agreement. In addition, the institutional stockholders have agreed to vote against any proposal that would result in a breach by MSL of the merger agreement or any other action or

agreement that would be reasonably likely to impede, interfere with or delay the merger.

The institutional stockholders have granted proxies to Celestica to vote all of their shares of MSL capital stock with respect to these matters. The proxies cannot be revoked. At October 14, 2003, these proxies represented approximately 41.4% of the votes entitled to be cast on the merger proposal.

The institutional stockholders have each also granted to Celestica an option to purchase a portion of their shares of MSL common stock, totaling 13,525,328 shares of MSL common stock, at an exercise price of \$6.5992, payable in cash, for each share of MSL common stock. The options are exercisable by Celestica only if the merger agreement is terminated because the MSL board has authorized another acquisition proposal.

In addition, some executives of MSL who own, in the aggregate, 18,478 shares of MSL common stock, have each agreed to certain restrictions on their ability to transfer their MSL common stock prior to the merger and the subordinate voting shares they receive following the completion of the merger.

These agreements, referred to collectively as the stockholder agreements, which include the related irrevocable proxies and options, are included as Annexes B-1 and B-2 to this proxy statement/prospectus. For more information on the stockholder agreements, please see "The

*Stockholder Agreements*" beginning on page 97 of this proxy statement/prospectus.

### Opinions of MSL's Financial Advisors

In connection with the merger, Credit Suisse First Boston LLC and Sonenshine Pastor Advisors LLC delivered written opinions to the MSL board as to the fairness, from a financial point of view, to the holders of MSL common stock (other than, in the case of Credit Suisse First Boston's opinion, private equity funds affiliated with Credit Suisse First Boston and those holders of MSL common stock who have entered into stockholder agreements in connection with the merger and their respective affiliates) of the share exchange ratio provided for in the merger. The full text of the written opinions of Credit Suisse First Boston and Sonenshine Pastor, each dated October 14, 2003, are attached to this proxy statement/prospectus as Annex C and Annex D, respectively. We encourage you to read these opinions carefully in their entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. **Each of the written opinions of Credit Suisse First Boston and Sonenshine Pastor was provided to the MSL board in connection with its evaluation of the share exchange ratio, does not address any other aspect of the merger and does not constitute a recommendation to any stockholder as to any matters relating to the merger.** For more information, please see *"The Merger Opinions of MSL's Financial Advisors"* beginning on page 52 of this proxy statement/prospectus.

### Interests of Certain Persons in the Merger

MSL stockholders should note that certain members of MSL management and the MSL board have interests in the merger as employees and/or directors that may be different from, or in addition to, your interests as a stockholder. Options held by directors and executive officers to purchase, in the aggregate, approximately 1,100,000 shares of MSL common stock, at prices ranging from \$3.90 to \$20.00 per share, will vest as a result of the merger. In addition, the executive officers will be entitled to receive payments totaling approximately \$10.7 million if their employment is terminated under certain circumstances after the merger. MSL has made payments to executive officers totalling \$1.8 million for amounts due under these change-in-control provisions. Celestica is obligated to reimburse MSL for these payments if the merger agreement is terminated under certain circumstances. If Celestica and MSL complete the merger, Celestica will continue certain indemnification arrangements for persons serving as directors and officers of MSL at the time of the merger. Celestica will also maintain a policy of directors' and officers' liability insurance for the benefit of those persons for six

7

---

years after the merger. Celestica has had discussions with several of MSL's executive officers concerning their employment opportunities with Celestica after the merger. Celestica has entered into an employment agreement with John Boucher and continues its discussions with Robert C. Bradshaw regarding employment with Celestica following completion of the merger. For more information, please see *"The Merger Interests of MSL's Directors and Executive Officers in the Merger"* beginning on page 64 of this proxy statement/prospectus.

### When the Merger Will Occur

Unless Celestica and MSL otherwise agree, the merger will take place no later than the fifth business day after all of the conditions to closing contained in the merger agreement have been satisfied or waived. Assuming that both companies satisfy or waive all of the conditions in the merger agreement, we anticipate that the merger will occur immediately following the special meeting. For more information on conditions to the merger, please see *"The Merger Agreement Conditions to Completion of the Merger"* beginning on page 91 of this proxy statement/prospectus. We sometimes refer to the time when the merger is completed as the "effective time" of the merger.

### What MSL Stockholders Will Receive in the Merger

#### *MSL Common Stock*

If MSL stockholders adopt the merger agreement, holders of MSL common stock will be entitled to receive 0.375 of a Celestica subordinate voting share for each share of MSL common stock, subject to adjustment. We refer to the fraction of a Celestica subordinate voting share to be issued for each share of MSL common stock as the "share exchange ratio". If the market price for Celestica subordinate voting shares, determined as we describe below, is \$19.33 or more, the share exchange ratio will be adjusted so that each share of MSL common stock is exchanged for that fraction of a Celestica subordinate voting shares with a market price equal to \$7.25. If the market price of a Celestica subordinate voting share is \$16.00 or less, the share exchange ratio will be adjusted so that each share of MSL common stock is exchanged for that fraction of a Celestica subordinate voting shares with a market price equal to \$6.00.

#### *Determination of Share Exchange Ratio*

## Edgar Filing: CELESTICA INC - Form F-4/A

The "market price" we refer to in describing the determination of the share exchange ratio is not the trading price at a single point in time. Instead, it is the weighted average closing price of Celestica subordinate voting shares on The New York Stock Exchange for the 20 consecutive trading days ending on the third business day prior to the day on which the effective time of the merger occurs. This market price is not likely to be the trading price of Celestica subordinate voting shares on the day the merger is completed. For more information, please see "*Risk Factors Risks Related to the Merger*" beginning on page 14 of this proxy statement/prospectus.

The price of Celestica subordinate voting shares has been volatile, with closing prices on The New York Stock Exchange ranging from \$13.20 to \$21.15 over the past six months. Please see "*Comparative Per Share Market Price Data Prices of Celestica Shares*" on page 40 for more detailed information concerning the historical trading prices of subordinate voting shares. Based on this range of prices, the following table illustrates, at the date the Merger Agreement was signed, the range of share exchange ratios, equivalent per share prices of MSL common stock and total number of Celestica subordinate voting shares that would be issued in the merger if no holders of Series A or Series B preferred stock make a stock election (and excluding

8

subordinate voting shares to be issued pursuant to MSL options and warrants).

| Assumed "market price" of Celestica subordinate voting shares | Share exchange ratio | Equivalent MSL per share price | Total number of subordinate voting shares issued in merger |
|---|----------------------|--------------------------------|--|
| \$13.20   | 0.4545               | \$ 6.00                        | 15,633,904   |
| \$13.80   | 0.4348               | \$ 6.00                        | 14,956,263   |
| \$14.85   | 0.4040               | \$ 6.00                        | 13,896,804   |
| \$16.00   | 0.375                | \$ 6.00                        | 12,899,261   |
| \$18.10   | 0.375                | \$ 6.79                        | 12,899,261   |
| \$19.33   | 0.375                | \$ 7.25                        | 12,899,261   |
| \$20.00   | 0.3625               | \$ 7.25                        | 12,469,285   |
| \$21.15   | 0.3428               | \$ 7.25                        | 11,791,644   |

Celestica and MSL expect that the 20-day period for the determination of the share exchange ratio will expire prior to the date of the special meeting. On the business day immediately preceding the special meeting, Celestica and MSL will each issue a press release announcing the share exchange ratio that will be effective, assuming the merger is completed on the day of the special meeting, and will include that press release in a filing with the Securities and Exchange Commission.

### ***Preferred Stock***

If the MSL stockholders adopt the merger agreement, each holder of Series A preferred stock and Series B preferred stock will have the choice of receiving for each share of preferred stock:

\$52.50 in cash, plus dividends accrued and unpaid to the effective time, or

*for Series A preferred*

a number of Celestica subordinate voting shares (which may be less than one) equal to (i) 7.77 times (ii) the share exchange ratio, and

*for Series B preferred*

a number of Celestica subordinate voting shares (which may be less than one) equal to (i) 8.4745 times (ii) the share exchange ratio,

*plus*, in the case of Series B preferred stock for which the holder elects to receive Celestica subordinate voting shares, a payment of \$2.25 per share in cash or, at the election of MSL (as directed by Celestica), a number of Celestica subordinate voting shares issuable in satisfaction of the "optional make whole payment" under the provisions of MSL's certificate of incorporation governing the Series B preferred stock. The election

## Edgar Filing: CELESTICA INC - Form F-4/A

concerning the optional make whole payment will be made, and announced by MSL and Celestica in a press release, prior to the date of the special meeting. For further information, please see "*The Merger Agreement Conversion of MSL Common Stock and Series A and Series B Preferred Stock in the Merger*" beginning on page 79 of this proxy statement/prospectus.

### ***MSL Stock Options and Warrants***

Each stock option or warrant to purchase MSL common stock will convert into a stock option or warrant to purchase 0.375 (or, if adjusted, the share exchange ratio) of a Celestica subordinate voting share for each share subject to the stock option or warrant, at an adjusted exercise price.

The terms and conditions that will apply to the new options and warrants will be substantially the same as the terms and conditions that apply to the existing options and warrants. For more information on conversion of the MSL options and warrants, please see "*The Merger Agreement Treatment of MSL Stock Options and Warrants*" beginning on page 88 of this proxy statement/prospectus.

\* \* \*

The consideration payable with respect to MSL capital stock in the merger, whether in Celestica subordinate voting shares or cash, is collectively referred to in this document as the merger consideration.

### ***Stock Elections Relating to MSL Preferred Stock***

To make a valid election to receive the merger consideration in connection with your shares of Series A or Series B preferred stock in

9

---

Celestica subordinate voting shares rather than in cash, you must complete and return the stock election form provided with this proxy statement/prospectus prior to the completion of the merger. We anticipate that the merger will be completed immediately following the MSL special meeting. For further information on making a valid stock election, please see the section entitled "*The Merger Agreement Stock Elections Relating to MSL Preferred Stock*" beginning on page 81 of this proxy statement/prospectus.

### ***Exchange of Stock Certificates***

You should not surrender your MSL stock certificates until after the merger and until you receive a letter of transmittal. For information on exchanging your stock certificates, please see the section entitled "*The Merger Agreement Exchange of Stock Certificates*" beginning on page 81 of this proxy statement/prospectus.

### ***Material United States Federal Income Tax Consequences***

We intend that the merger qualify as a reorganization within the meaning of section 368(a) of the U.S. Internal Revenue Code. If the merger qualifies as a reorganization and you receive solely Celestica subordinate voting shares as merger consideration, you generally will not recognize taxable gain or loss in the merger (other than gain with respect to cash received in lieu of a fractional share, which will be subject to tax). If you receive solely cash as merger consideration, you will recognize taxable gain or loss equal to the difference between the amount of cash you receive and your tax basis in the shares of MSL preferred stock you surrender. If you receive both Celestica subordinate voting shares and cash (other than cash received in lieu of a fractional share) as merger consideration, the tax consequences of the merger may differ depending on your individual circumstances, as described in more detail in "*The Merger Material United States Federal Income Tax Consequences*" beginning on page 69 of this proxy statement/prospectus. The merger agreement does not require MSL or Celestica to obtain a ruling from the IRS as to the tax consequences of the merger. In connection with the merger agreement, each of MSL and Celestica will receive an opinion from its legal counsel that, based on certain assumptions and certifications, the merger will constitute a reorganization for U.S. federal income tax purposes. For more information, please see "*The Merger Material United States Federal Income Tax Consequences*" beginning on page 69 of this proxy statement/prospectus.

**The summary of tax consequences provided in this proxy statement/prospectus describes only material United States federal income tax consequences of the merger and the ownership of Celestica subordinate voting shares. Tax matters are very complicated. The tax consequences of the merger to you will depend on the facts of your own situation. We urge you to consult your own tax advisor as to the specific tax consequences of the merger, including the applicable federal, state, local and foreign taxes.**



## Appraisal Rights

### *Common Stock*

In connection with the merger, a holder of MSL common stock is not entitled to appraisal rights under Delaware law. Please see "*The Merger Appraisal Rights for MSL Series A and Series B Preferred Stock; No Appraisal Rights for MSL Common Stock*" beginning on page 78 and "*Comparison of Celestica and MSL Stockholders' Rights Appraisal and Dissent Rights MSL*" beginning on page 109 of this proxy statement/prospectus.

### *Preferred Stock*

In connection with the merger, a holder of Series A or Series B preferred stock is entitled to appraisal rights under Delaware law. Please see "*The Merger Appraisal Rights for MSL Series A and Series B Preferred Stock; No Appraisal Rights for MSL Common Stock*", beginning on page 78, "*Comparison of Celestica and MSL Stockholders' Rights Appraisal and Dissent Rights MSL*" beginning on page 109 and "*Appraisal Rights for MSL Preferred Stock*"

10

---

beginning on page 118 of this proxy statement/prospectus.

## MSL Prohibited from Soliciting Other Offers

Under the merger agreement, MSL, its subsidiaries and their officers, directors, advisors and representatives are prohibited from soliciting, facilitating or negotiating an acquisition proposal from a third party. Furthermore, MSL is obligated to promptly notify Celestica if it receives an acquisition proposal from a third party.

However, if, prior to the adoption of the merger agreement by the MSL stockholders, MSL receives an unsolicited superior proposal from a third party, then MSL may provide non-public information to and negotiate with that third party, provided that MSL meets specified conditions. The superior proposal must consist of an offer to acquire all of the outstanding MSL common stock on terms that the MSL board determines in good faith, after consultation with an independent financial advisor of nationally recognized reputation, to be more favorable to the MSL stockholders than the merger and that is reasonably capable of being completed.

For more information on the prohibition on MSL from soliciting other offers, please see "*The Merger Agreement MSL Prohibited from Soliciting Other Offers*" beginning on page 86 of this proxy statement/prospectus.

## Conditions to the Merger

Celestica will complete the merger only if a number of conditions are either satisfied or waived by Celestica, some of which include:

MSL performs certain covenants and obligations contained in the merger agreement in all material respects;

the MSL stockholders adopt the merger agreement;

there is no material adverse change with respect to MSL;

there are no laws, restraining orders, injunctions or other orders preventing the completion of the merger;

there are no proceedings by a governmental body challenging the merger or that would materially and adversely affect Celestica's ownership and control of MSL's operations; and

## Edgar Filing: CELESTICA INC - Form F-4/A

MSL does not receive any notice from which it can reasonably conclude that it is reasonably likely that MSL will not achieve certain sales or profit margin targets in fiscal year 2004.

MSL will complete the merger only if a number of conditions are satisfied or waived by MSL, some of which include:

Celestica performs certain covenants and obligations contained in the merger agreement in all material respects;

the Celestica subordinate voting shares to be issued in the merger are approved for listing on The New York Stock Exchange;

there are no laws, restraining orders, injunctions or other orders preventing the completion of the merger; and

there are no proceedings by a governmental body seeking a remedy against an MSL officer or director and relating to the merger.

For more information on the conditions to the Merger, please see "*The Merger Agreement Conditions to Completion of the Merger*" on page 91 of this proxy statement/prospectus.

### **Affiliate Agreements**

MSL has agreed to use its reasonable efforts to cause certain persons who might be considered affiliates of MSL under applicable securities laws to enter into affiliate agreements. These agreements restrict such persons' ability to dispose of Celestica subordinate voting shares they may receive in the merger. The purpose of these agreements is to comply with the requirements of certain U.S. federal securities laws. A form of these affiliate agreements is included as Exhibit D to the merger agreement. For more information on these agreements, please see "*The Merger Restrictions on Sale of Celestica Subordinate Voting Shares Received in*

11

---

*the Merger;*" beginning on page 77 of this proxy statement/prospectus.

### **Accounting Treatment**

The merger will be accounted for as a purchase. For more information, please see "*The Merger Accounting Treatment of the Merger*" on page 76 of this proxy statement/prospectus.

### **Regulatory Approvals**

The merger must comply with the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, or the HSR Act. We have made the notifications required under the HSR Act and the waiting period under the HSR Act has expired. The merger must also comply with federal and state securities laws and applicable foreign antitrust laws. Celestica and MSL have received all foreign antitrust approvals required to complete the merger.

### **Termination of the Merger Agreement**

Either Celestica or MSL may terminate the merger agreement at any time prior to the effective time, whether before or after MSL obtains the requisite stockholder approval, if:

Celestica and MSL mutually consent;

## Edgar Filing: CELESTICA INC - Form F-4/A

we do not complete the merger by May 31, 2004;

a governmental entity issues an order, decree or ruling or takes any other action which permanently prevents us from completing the merger;

MSL stockholders do not adopt the merger agreement;

the MSL board approves another acquisition proposal; or

the other party's representations and warranties are inaccurate or it has breached a covenant, and the closing conditions cannot be met.

Celestica may terminate the merger agreement at any time prior to the effective time, whether before or after MSL stockholders approve the merger, if the MSL board withdraws or adversely modifies its recommendation to the MSL stockholders regarding the merger agreement.

### **Expenses and Termination Fee**

MSL and Celestica will each pay their own fees and expenses in connection with the merger, whether or not the merger is completed, except that MSL and Celestica will share equally fees and expenses in connection with the filing and printing of this proxy statement/prospectus and the filing of pre-merger notifications under the HSR Act and applicable foreign antitrust laws. MSL has agreed to reimburse Celestica for its expenses in connection with the merger, up to a maximum of \$2.0 million, if the merger agreement is terminated because:

we do not complete the merger by May 31, 2004;

MSL stockholders do not approve the merger; and

at or prior to the termination, another acquisition proposal has been publicly announced and not withdrawn.

In addition, MSL has agreed to pay to Celestica a termination fee of \$10.0 million (less expenses previously reimbursed) if:

Celestica terminates the merger agreement because the MSL board withdraws or adversely modifies its recommendation to the MSL stockholders regarding the merger agreement; or

MSL terminates the merger agreement because the MSL board has approved another acquisition proposal; or

either MSL or Celestica terminates the merger agreement because we do not complete the merger by May 31, 2004 (unless Celestica declines to extend this date under certain circumstances),

*and*

another acquisition proposal for MSL is announced and not withdrawn before the merger agreement is terminated, and

MSL enters into another acquisition agreement and consummates another

acquisition within specified time periods.

For more information, please see "*The Merger Agreement Payment of Expenses and Termination Fee*" beginning on page 96 of this proxy statement/prospectus.

### Ownership of Celestica Following the Merger

Based upon the number of shares of MSL common stock issued and outstanding on the record date and a 0.375 share exchange ratio, and if no MSL preferred stockholder elects to receive subordinate voting shares, Celestica would issue an aggregate of approximately 13,000,000 Celestica subordinate voting shares in connection with the merger (excluding shares that may be issued in the future upon exercise of MSL stock options and warrants). Based on the number of issued and outstanding subordinate voting shares and multiple voting shares of Celestica as of the record date (not including outstanding stock options or warrants), and if no MSL preferred stockholder elects to receive Celestica subordinate voting shares, the former holders of MSL common stock would hold approximately 7.0% of the total number of subordinate voting shares of Celestica issued and outstanding after completion of the merger, representing approximately a 1.1% voting interest. If all of the holders of Series A and Series B preferred stock elect to receive Celestica subordinate voting shares rather than cash, and if Celestica subordinate voting shares are issued to pay the "optional make whole payment" for the Series B preferred stock, approximately 3,900,000 additional subordinate voting shares will be issued in the merger.

Based on the number of outstanding stock options and warrants to purchase MSL common stock as of the record date and a 0.375 share exchange ratio, the total number of outstanding MSL stock options and warrants will become stock options and warrants to purchase an aggregate of approximately 3,300,000 Celestica subordinate voting shares in connection with the merger.

Onex Corporation owns or has the right to vote shares that represent approximately 85.5% of the voting interest in Celestica (approximately 84.5% of the voting interest if 13,000,000 subordinate voting shares are issued in the merger). Celestica's directors, executive officers and their affiliates, including Onex, own or have the right to vote shares that represent approximately 86.0% of the voting interest in Celestica.

### Markets and Market Prices

Celestica subordinate voting shares are listed on The New York Stock Exchange and the Toronto Stock Exchange under the symbol "CLS." MSL common stock is listed on The New York Stock Exchange under the symbol "MSV." Following the completion of the merger, MSL common stock will cease to be listed on The New York Stock Exchange.

The following table sets forth the closing sale price per subordinate voting share as reported on The New York Stock Exchange, the closing sale price per share of MSL common stock as reported on The New York Stock Exchange and the equivalent per share price of MSL common stock (representing 0.375 of the price of one subordinate voting share) on October 14, 2003, the last trading day before Celestica and MSL announced that they signed the merger agreement, and February 6, 2004.

|                  | Subordinate<br>Voting Share<br>Price | MSL<br>Share<br>Price | Equivalent<br>MSL Per Share<br>Price |
|------------------|--------------------------------------|-----------------------|--------------------------------------|
| October 14, 2003 | \$ 17.69                             | \$ 5.60               | \$ 6.63                              |
| February 6, 2004 | \$ 17.91                             | \$ 6.55               | \$ 6.72                              |

We cannot guarantee or predict the actual share prices of Celestica subordinate voting shares and MSL common stock prior to or at the time Celestica and MSL complete the merger. For more information on this risk, please see "*Risk Factors Risks Related to the Merger*" beginning on page 14 and "*Risks Related to Receiving Celestica Subordinate Voting Shares*" beginning on page 17 of this proxy statement/prospectus.

### RISK FACTORS

You should carefully consider the following risk factors relating to the merger and ownership of Celestica subordinate voting shares before deciding how to vote your shares and, if you hold MSL Series A or Series B preferred stock, whether you should elect to receive Celestica subordinate voting shares in the merger.

## Edgar Filing: CELESTICA INC - Form F-4/A

This proxy statement/prospectus contains forward-looking statements that involve known and unknown risks and uncertainties. Please see "Cautionary Statement Concerning Forward-Looking Statements" on page 27 of this proxy statement/prospectus.

### Risks Related to the Merger

*Celestica may not realize the anticipated benefits of the merger because of integration and other challenges.*

The merger will not achieve its anticipated benefits unless Celestica can successfully integrate MSL's operations into its business in a timely manner. Realizing the benefits of the merger will depend in part on the integration of technology, operations and personnel. The integration of the companies is a complex, time-consuming and expensive process that, without proper planning and implementation, could significantly disrupt Celestica's and MSL's businesses. The challenges involved in this integration include the following:

combining and integrating MSL's geographically dispersed operations and facilities with Celestica's existing operations;

integrating the operations of the two companies in a timely and efficient manner to maintain uninterrupted service to key customers of both MSL and Celestica;

optimizing the systems network and total supply chain of the two companies;

addressing differences in the business cultures of Celestica and MSL, maintaining employee morale and retaining key employees;

minimizing the strain on Celestica's technical, financial and other resources;

minimizing the diversion of management's attention from on-going business concerns; and

maintaining MSL's current customer relationships.

Celestica may not successfully integrate the operations of Celestica and MSL in a timely manner, or at all, and the costs of such integration may be greater than anticipated. Additionally, Celestica may not realize the anticipated benefits or synergies of the merger to the extent, or in the timeframe, anticipated. The anticipated benefits and synergies are based on projections and assumptions, not actual experience, and assume a successful integration.

*MSL stockholders may not know the number and value of the Celestica subordinate voting shares they will receive as merger consideration before they vote at the special meeting.*

At the closing of the merger, each share of MSL common stock will be exchanged for 0.375 of a subordinate voting share unless the market price of Celestica subordinate voting shares (for the 20 consecutive trading days ending on the third business day prior to the day on which the merger is completed) is:

\$19.33 or more (in which event MSL stockholders will receive a fraction of a Celestica subordinate voting share with a market price of \$7.25, and will therefore receive fewer Celestica subordinate voting shares in exchange for MSL common stock), or

\$16.00 or less (in which event MSL stockholders will receive a fraction of a Celestica subordinate voting share with a market price of \$6.00, and will therefore receive more subordinate voting shares in exchange for MSL common stock).

## Edgar Filing: CELESTICA INC - Form F-4/A

The "market price" for purposes of determining the share exchange ratio will be based on the weighted average closing price of Celestica subordinate voting shares for the 20 consecutive trading days ending on the third business day prior to the day on which the merger is completed.

Accordingly, the number and specific dollar value of Celestica subordinate voting shares that MSL stockholders will receive upon completion of the merger will depend to a large extent upon the market value of Celestica subordinate voting shares leading up to the time the merger is completed. This value may be as low as \$6.00. While Celestica and MSL anticipate completing the merger immediately following the special meeting, completion of the merger may not occur until some time after MSL stockholder approval has been obtained. The number and dollar value of Celestica subordinate voting shares that MSL stockholders will receive upon completion of the merger may substantially fluctuate from the date of the special meeting of MSL stockholders. In addition, MSL may not terminate the merger agreement or refuse to complete the merger solely because of changes in the market price of Celestica subordinate voting shares or MSL common stock.

We urge you to obtain recent market quotations for Celestica subordinate voting shares and MSL common stock. Neither Celestica nor MSL can predict or give any assurances as to the respective market prices of its common equity at any time before or after the completion of the merger.

***Some of the directors and executive officers of MSL have interests and arrangements that could affect their decision to support or approve the merger.***

The directors and executive officers of MSL will receive continuing indemnification against liabilities and some of the directors and executive officers have MSL stock options that provide them with interests in the merger, such as accelerated vesting upon completion of the merger in certain cases, that may be different from, or are in addition to, your interests in the merger. MSL's executive officers are entitled to receive severance benefits pursuant to change of control agreements with MSL if their employment is terminated following the merger under certain circumstances. In addition, Celestica is in discussions with several of MSL's executive officers concerning their employment opportunities with Celestica after the merger. As a result, these directors and officers could be viewed as more likely to vote to approve the merger agreement and the merger and recommend that you adopt the merger agreement than if they did not have these interests. Certain institutional stockholders, which are affiliates of one of MSL's directors, have already agreed to vote their shares of MSL capital stock, representing approximately 41.4% of all votes entitled to be cast on the merger, in favor of the proposal to adopt the merger agreement. For a description of some of these interests, please see the section entitled "*The Merger Interests of MSL Directors and Executive Officers in the Merger*" beginning on page 64 of this proxy statement/prospectus. In addition, the institutional stockholders have each also granted to Celestica an option to purchase a portion of their shares of MSL common stock, totaling 13,525,328 shares of MSL common stock. The options are exercisable by Celestica only if the merger agreement is terminated because the MSL board has authorized another acquisition proposal. For a description of these options, please see the section entitled "*The Stockholder Agreements*" beginning on page 97 of this proxy statement/prospectus.

***MSL may lose an opportunity to enter into a merger or business combination with another party on more favorable terms because of the "no solicitation" provisions in the merger agreement.***

While the merger agreement is in effect, MSL is, with limited exceptions, prohibited from entering into or soliciting, initiating or encouraging any inquiries or proposals that may lead to a proposal or offer for a merger or business combination with a party other than Celestica. As a result of this

prohibition, MSL may lose an opportunity to enter into a transaction with another potential partner on more favorable terms for MSL stockholders.

***The termination fee may discourage other parties from trying to acquire MSL.***

In the merger agreement, MSL has agreed to reimburse Celestica for up to \$2.0 million of expenses incurred in connection with the merger, and to pay Celestica a termination fee of up to \$10.0 million (less any expense reimbursement) if the merger agreement is terminated in specified circumstances. The termination fee and reimbursement of expenses could discourage other companies from trying to acquire MSL even though other companies might be willing to offer greater value to MSL stockholders than Celestica has offered in the merger agreement. In addition, payment of the termination fee may harm MSL's financial condition and results of operations.

***MSL has not obtained an opinion of any financial advisor addressing the consideration payable to MSL preferred stockholders and, therefore, the holders of MSL preferred stock will have to make a decision on whether to vote in favor of adoption of the merger agreement***

*and whether to make a stock election without reference to the opinions of MSL's financial advisors.*

Since the terms of the MSL preferred stock provide that a holder is entitled to a specified cash payment in the event of a merger or other change-in-control event or, at the option of the holder, may elect to receive the same consideration the holder would have received if the holder had converted the preferred stock into MSL common stock immediately prior to the merger, MSL's board of directors did not consult with or obtain an opinion of any financial advisor that the cash or Celestica subordinate voting shares to be received in exchange for the MSL preferred stock are fair, from a financial point of view, to holders of the MSL preferred stock. The opinions of Credit Suisse First Boston and Sonenshine Pastor described in this proxy statement/prospectus relate only to the fairness, from a financial point of view, of the consideration to be received by the holders of MSL common stock and do not address the fairness, from a financial point of view, of the consideration to be received by the holders of MSL preferred stock. Therefore, the holders of MSL preferred stock will have to make a decision on whether to vote in favor of adoption of the merger agreement and whether to make a stock election without reference to the opinions of MSL's financial advisors.

*The stock price and business of MSL may be adversely affected if the merger is not completed.*

Completion of the merger is subject to several closing conditions, including obtaining MSL stockholder approval, requisite regulatory approvals and certain consents. Celestica and MSL may be unable to obtain such approvals on a timely basis or at all. If the merger is not completed, the price of MSL common stock may decline to the extent that the current market prices of MSL common stock reflects a market assumption that the merger will be completed. In addition, MSL's operations may be harmed to the extent that customers believe that MSL cannot effectively compete in the marketplace without the merger, or there is uncertainty surrounding the future direction of the product and service offerings and strategy of MSL on a stand-alone basis. MSL will also be required to pay significant costs incurred in connection with the merger, including legal, accounting and a portion of the financial advisory fees, whether or not the merger is completed. Moreover, under certain circumstances described in the section entitled "*The Merger Agreement Payment of Expenses and Termination Fee*" beginning on page 96 of this proxy statement/prospectus, MSL may be required to reimburse Celestica's expenses in connection with the merger agreement, up to a maximum of \$2.0 million, and pay Celestica a termination fee of \$10.0 million (less any expense reimbursement) in connection with the termination of the merger agreement. Payment of these costs, fees and expenses in the event the merger is not completed may adversely affect MSL's financial condition and results of operations.

16

---

#### **Risks Related to Receiving Celestica Subordinate Voting Shares**

*The interest of Celestica's controlling shareholder may conflict with the interest of the remaining holders of Celestica subordinate voting shares.*

Onex Corporation owns, directly or indirectly, all of the multiple voting shares and less than 1.0% of the outstanding subordinate voting shares of Celestica. The number of shares owned by Onex, together with those shares Onex has the right to vote, represents approximately 85.5% of the voting interest in Celestica and includes approximately 2.0% of the outstanding subordinate voting shares. Following completion of the merger, based on the number of shares of MSL common stock issued and outstanding on the record date and assuming that no MSL preferred stockholder elects to receive Celestica subordinate voting shares in the merger, the shares Onex owns and the shares Onex has the right to vote will represent, in the aggregate, approximately 84.5% of the voting interest in Celestica and approximately 1.9% of the outstanding subordinate voting shares. Accordingly, Onex exercises a controlling influence over the business and affairs of Celestica and has power to determine all matters submitted to a vote of Celestica's shareholders where the capital stock of Celestica votes together as a single class. Onex has the power to elect the directors and approve significant corporate transactions such as amendments to Celestica's articles, mergers, amalgamations and the sale of all or substantially all of Celestica's assets. Onex's voting power could have the effect of deterring or preventing a change in control of Celestica that might otherwise be beneficial to Celestica shareholders. Under Celestica's revolving credit facilities, if Onex ceases to control Celestica and if no one person owns more than 20.0% of the subordinate voting shares, Celestica's lenders could demand repayment. Gerald W. Schwartz, the Chairman, President and Chief Executive Officer of Onex and a director of Celestica, owns shares with a majority of the voting rights of the shares of Onex. Mr. Schwartz, therefore, effectively controls the affairs of Celestica. The interests of Onex and Mr. Schwartz may differ from the interests of the remaining holders of subordinate voting shares.

*Shareholders' ability to bring legal action against Celestica under United States securities laws may be limited.*

Celestica is incorporated under the laws of the Province of Ontario, Canada. Substantially all of Celestica's directors, controlling persons and officers are residents of Canada and all or a substantial portion of the assets of Celestica and such persons are located outside of the United States. As a result, it may be difficult for Celestica shareholders 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 judgments of courts of the

## Edgar Filing: CELESTICA INC - Form F-4/A

United States predicated upon the civil liability provisions of the U.S. federal securities laws.

***The Celestica subordinate voting shares you receive as merger consideration may not maintain their value.***

The share price of Celestica subordinate voting shares, like that of MSL common stock, is subject to the general price fluctuations in the market for publicly-traded equity securities and may decline in value after the merger. The price of Celestica subordinate voting shares has been and may continue to be highly volatile. During 2003, the market price of Celestica subordinate voting shares on The New York Stock Exchange has ranged from \$9.78 to \$19.90 per share. The trading prices of Celestica subordinate voting shares could fluctuate widely in response to:

quarterly variations in operations and financial results of Celestica;

announcements of technological innovations or new products by Celestica or its competitors;

changes in prices of Celestica's or its competitors' products and services;

changes in growth rates for Celestica as a whole or for particular segments of Celestica's business;

general conditions in the EMS industry; and

17

---

systemic fluctuations in the stock market.

For a summary of the historical trading prices of Celestica subordinate voting shares, please see the section entitled "*Comparative Per Share Market Price Data Prices of Celestica Shares*" on page 40 of this proxy statement/prospectus.

***Shares eligible for public sale after the merger could adversely affect Celestica's share price.***

As of January 31, 2004, Celestica had 169,884,577 subordinate voting shares outstanding. As of January 31, 2004, there were 32,720,303 Celestica subordinate voting shares reserved for issuance under Celestica's employee share purchase and option plans and for director compensation, including outstanding options to purchase 26,693,429 Celestica subordinate voting shares. Additionally, as of January 31, 2004, MSL had options to purchase 5,703,875 shares of MSL common stock outstanding under its stock option plans and 3,047,533 shares of MSL common stock issuable upon the exercise of outstanding warrants. Upon completion of the merger, Celestica will assume these stock options and warrants and they will be exercisable for Celestica subordinate voting shares. Moreover, Celestica, pursuant to its articles, may issue an unlimited number of additional subordinate voting shares without further shareholder approval. As a result, a substantial number of subordinate voting shares of Celestica will be eligible for sale in the public market at various times in the future. Sales of substantial amounts of such shares would dilute the holdings of Celestica shareholders and could adversely affect the market price of Celestica subordinate voting shares.

### **Risks Related to the Business of Celestica**

*The following risk factors relate to the business of Celestica. Celestica believes that these risk factors will also be the risk factors applicable to the business of the combined companies immediately following completion of the merger.*

***Celestica's operating results fluctuate, which could have an adverse effect on the market price of its subordinate voting shares.***

Celestica's annual and quarterly results have fluctuated in the past. The causes of these fluctuations may similarly affect Celestica in the future. These fluctuations may have an adverse effect on the market price of Celestica subordinate voting shares. Celestica's operating results may fluctuate in the future as a result of many factors, including:



## Edgar Filing: CELESTICA INC - Form F-4/A

the volume of orders received relative to Celestica's manufacturing capacity;

fluctuations in material costs and the mix in material costs versus labor and manufacturing overhead costs; and

variations in the level and timing of orders placed by a customer due to the customer's attempts to balance its inventory, changes in the customer's manufacturing strategy, and variation in demand for the customer's products. These changes can result from life cycles of customer products, competitive conditions, and general economic conditions.

Any one of the following factors or combinations of these factors could also affect Celestica's results of operations for a financial period:

the level of price competition as a result of the highly competitive nature of Celestica's business;

Celestica's past experience in manufacturing a particular product;

the degree of automation Celestica uses in the assembly process;

whether Celestica is managing its inventories and fixed assets effectively;

Celestica's customer and end-market concentrations;

18

---

the timing of Celestica's expenditures in anticipation of increased sales;

increased or unexpected expenses associated with the shifting of products between manufacturing locations, including transfer delays from higher cost locations;

customer product delivery requirements and shortages of components or labor;

the shifting of production by Celestica's customers from its operations, to one of its competitor's operations, and;

the timing of, and the price Celestica pays for, its acquisitions and related integration costs.

In addition, most of Celestica's customers typically do not commit to firm production schedules for more than 30 to 90 days in advance. Accordingly, Celestica 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 Celestica's manufacturing capacity. In the past, Celestica has been required to increase staffing, purchase materials, and incur other expenses to meet the anticipated demand of its customers. Sometimes these anticipated orders from certain customers have failed to materialize, and sometimes delivery schedules have been deferred as a result of changes in the customer's business needs. On other occasions, customers have required rapid and sudden increases in production which have placed an excessive burden on Celestica's manufacturing capacity. Deferred delivery schedules result in a delay, and may result in a reduction in Celestica's revenue from these customers, and also may lead to excess capacity at affected facilities. Also, certain customers may be unable to pay Celestica or otherwise meet their commitments under their agreements or purchase orders with Celestica.

Any of these factors or a combination of these factors could have a material adverse effect on Celestica's results of operations.

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

***Celestica has had recent operating losses and may experience losses in future periods.***

Celestica generated net earnings in each of the years from 1993 through 1996, and in 1999 and 2000. Celestica recorded net losses of \$6.9 million in 1997, \$48.5 million in 1998, \$39.8 million in 2001, \$445.2 million in 2002 and \$101.0 million in the nine months ended September 30, 2003. In 1997, Celestica incurred \$13.3 million of integration costs related to acquisitions and a \$13.9 million credit loss, with these charges totaling \$27.2 million (\$17.0 million after income taxes). In 1998, Celestica incurred \$8.1 million of integration costs related to acquisitions, a \$41.8 million write-down of intellectual property and goodwill, a write-off of deferred financing fees and debt redemption fees of \$17.8 million, and \$5.1 million of charges related to the acquisition of IMS with these charges totaling \$72.8 million (\$56.5 million after income taxes). In 2001, Celestica 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 and intangible assets, with these charges totaling \$295.9 million (\$245.2 million after income taxes). In 2002, Celestica 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 the nine months ended September 30, 2003, Celestica incurred \$69.1 million of restructuring charges (\$63.9 million after income taxes). Celestica estimates total pre-tax restructuring charge of between \$90.0 million and \$95.0 million, to be recorded during 2003. If end-market conditions were to weaken significantly from current levels, Celestica may undertake additional restructuring activities, thereby reducing profitability in future periods. Celestica may not be profitable in future periods.

***Celestica is exposed to changes in general economic conditions that can adversely impact its business, operating results, and financial condition.***

As a result of unfavorable general economic conditions and reduced demand for technology capital goods, Celestica's sales have been particularly volatile in recent quarters. Specifically, since the first fiscal quarter of 2001, Celestica has seen declines in the demand for products in the end markets that it serves. If global economic conditions in the markets it serves do not improve, Celestica may experience a continued material adverse impact on its business, operating results and financial condition.

***Acts of terrorism and other political and economic developments could adversely affect Celestica's business.***

Increased international political instability, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, sustained military presence 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 Celestica's ability to do business and may adversely affect its stock price. Any escalation in these events or similar future events may disrupt Celestica's operations or those of its customers and suppliers and may affect the availability of materials needed to manufacture its 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 Celestica's revenues and results of operations. The impact of these events on the volatility of the U.S. and world financial markets could increase the volatility in Celestica's stock price and may limit the capital resources available to Celestica and its customers or suppliers.

***Celestica's results can be adversely affected by limited availability of components.***

A significant portion of Celestica's costs reflects component purchases. All of the products Celestica manufactures requires one or more components that it orders from sole-source suppliers of these particular components. 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 services Celestica provides. In the past, Celestica has 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 Celestica's business or cause its results of operations to fluctuate from period to period. Also, Celestica relies on a variety of common carriers for materials transportation and to route materials through various world ports. A work stoppage, strike or shutdown of a major port or airport could result in manufacturing and shipping delays or expediting charges, which could have a material adverse effect on Celestica's results of operations.

***Celestica's dependence on the information technology and communication industries makes it vulnerable to downturns affecting these industries.***

Celestica's financial performance depends on its customers' viability, financial stability, and the demand for its customers' end-market products. Celestica's customers, in turn, depend substantially on the growth of the information technology and communications industries. These

industries are characterized by rapidly changing technologies and shortening product life cycles. These industries have been experiencing severe revenue erosion, pricing and margin pressures, excess inventories and increased difficulty in attracting capital. These factors affecting the information technology and communications industries in general, and the impact these factors might have from time to time on Celestica's customers in particular, could continue to have a material adverse effect on Celestica's business.

***Failure of Celestica's customers to timely pay amounts owed to Celestica may adversely affect Celestica's results of operations.***

Celestica generally provides payment terms ranging from 30 to 45 days. As a result, Celestica generates significant accounts receivable from sales to its customers, historically representing 22% to 26% of current assets. Accounts receivable from sales to customers at September 30, 2003 was \$658.7 million (December 31, 2002 \$785.9 million; December 31, 2001 \$1,054.1 million). At 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 Celestica's customers have insufficient liquidity, Celestica may encounter significant delays or defaults in payments owed to it by customers, which may have an adverse effect on its financial condition and results of operations. Celestica regularly reviews its accounts receivable valuations and makes adjustments when necessary. Celestica's allowance for doubtful accounts at September 30, 2003 was \$52.5 million (December 31, 2002 \$62.4 million; December 31, 2001 \$74.6 million), which represented 7.4% of the gross accounts receivable balance (December 31, 2002 7.4%; December 31, 2001 6.6%). Historically, the credit-related accounts receivable adjustments have not been significant to Celestica's results of operations. For the nine months ended September 30, 2003, Celestica wrote off accounts receivable of \$13.3 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.

***Celestica depends on a limited number of customers.***

Celestica's three largest customers for the nine months ended September 30, 2003 were IBM Corporation, Sun Microsystems Inc. and Lucent Technologies Inc., each of which represented more than 10% of Celestica's revenue for that period. Celestica's top ten customers collectively represented 76% of its revenue for the nine months ended September 30, 2003.

Celestica's three largest customers in 2002 were IBM Corporation, Sun Microsystems Inc. and Lucent Technologies Inc., each of which represented more than 10% of Celestica's total 2002 revenue and collectively represented 48% of Celestica's total 2002 revenue. Celestica's next seven largest customers collectively represented 37% of its total revenue in 2002. IBM Corporation, Sun Microsystems Inc. and Lucent Technologies Inc., Celestica's three largest customers in 2001, each represented more than 10% of Celestica's total 2001 revenue and collectively represented 55% of Celestica's total 2001 revenue. Celestica's next seven largest customers represented 29% of total 2001 revenue. Celestica expects to continue to depend upon a relatively small number of customers for a significant percentage of its revenue.

Celestica's mix of business with customers in higher complexity communications and information technology products had a major impact on its results in 2002 as spending in these areas was adversely affected. Celestica saw the biggest declines in revenues from its top 10 customers, which represent over 80% of its business.

Other than in the case of asset acquisitions, which we refer to as "OEM divestitures," Celestica generally does not enter into long-term supply commitments with its customers. Instead, it bids on a project basis and has supply contracts or purchase orders in place for each project. Celestica is dependent on customers to fulfill the terms associated with these order and/or contracts. Significant reductions in, or the loss of, sales to any of its largest customers would have a material adverse effect on Celestica. OEM divestitures often entail long-term supply agreements between Celestica and the OEM customer, and Celestica is similarly dependent on customers to fulfill their obligations under these contracts.

***Celestica's customers may cancel their orders, change production quantities or delay production which could have an adverse effect on its results of operations.***

Celestica's customers are increasingly dependent on EMS providers for new product introductions and rapid response times to volume requirements. Celestica generally does not obtain firm, long-term purchase commitments from its customers and it often experiences reduced lead-times in customers' orders. Customers may cancel their orders, change production quantities, or delay production for a number of reasons.

The uncertain economic condition of Celestica's customers' end markets and general order volume volatility has resulted, and may continue to result, in some of its customers delaying or canceling the delivery of some of the products Celestica manufactures for them, and placing purchase orders for lower volumes of products than previously anticipated. Cancellation, reduction or delays by a significant customer, or by a group of customers, would seriously harm Celestica's results of operations by reducing the volumes of products manufactured and delivered by it for the customers in that period. Such order changes could also cause a delay in the repayment to Celestica for inventory expenditures it incurs in preparation for the customer orders. Order cancellations and delays could also lower asset utilization, resulting in higher productive assets and lower margins.

***If Celestica fails to successfully restructure its operations its financial condition and results of operations would be adversely affected.***

Celestica has undertaken numerous initiatives to restructure and reduce its 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 Celestica's production facilities, largely to align its capacity and infrastructure with anticipated customer demand, and to rationalize its footprint worldwide. This alignment includes transferring programs from higher cost geographies to lower cost geographies. The process of restructuring entails, among other activities, moving product production between facilities, reducing staff levels, realigning Celestica's business processes and reorganizing its management. Any failure to successfully execute these initiatives can have a material adverse impact on Celestica's results. If, in the future, Celestica's customer demand falls, or Celestica is required to reduce prices, at a rate exceeding the rate at which it is able to reduce its costs by restructuring its operations, this could have a material adverse impact on its operating results.

***Celestica may not be able to restructure quickly enough in some of its key manufacturing regions, such as Europe.***

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

***Celestica may need to move an increased portion of its manufacturing base to lower cost regions and failure to successfully do so could have a material adverse effect on its financial condition and results of operations.***

With the significant and severe weakness in technology end markets over the past few years, Celestica's customers require significant cost reductions in order to maintain sales and improve their financial performance. This environment has resulted in an accelerated movement of Celestica's 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, and additional restructuring costs associated with the decrease in production levels in higher cost geographies.

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

During 2002 and the first nine months of 2003, approximately 40% and 50%, respectively, of Celestica's revenue was produced from locations outside of North America. In addition, Celestica purchased material from international suppliers for much of its business, including its North American business. Celestica believes that its future growth depends in large part on its ability to increase its business in international markets and, as described above, the shift of much of its production to lower cost geographies. Celestica will continue to expand its 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 Celestica, including:

labor unrest;

unexpected changes in regulatory requirements;

## Edgar Filing: CELESTICA INC - Form F-4/A

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;

lack of acceptance of locally manufactured products in foreign countries;

burdens of complying with a wide variety of foreign laws, including changing import and export regulations which could erode Celestica's profit margins or restrict exports;

adverse changes in Canadian and U.S. trade policies with the other countries in which Celestica maintains operations;

political instability;

potential restrictions on the transfer of funds;

inflexible employee contracts that restrict Celestica's flexibility in responding to business downturns; and

foreign exchange risks.

Celestica has either purchased or built manufacturing facilities in numerous Asian countries, including Thailand, Malaysia, China, Indonesia and Singapore, and is 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, China does not have a comprehensive and highly developed system of laws, 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. Thailand and Indonesia have also had a long history of promoting foreign investment but have experienced economic and political turmoil and a significant devaluation of their currencies in the recent past. There is a risk that economic and political turmoil may result in the reversal of the 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 Celestica.

*Celestica's recent capacity reduction activities and manufacturing restructuring programs may impact its ability to meet the growth needs of its customers.*

## Edgar Filing: CELESTICA INC - Form F-4/A

With the significant and severe weakness in technology end markets over the past two years, Celestica has experienced poor asset utilization and responded by significantly reducing its manufacturing infrastructure. If Celestica's customers were to experience sharp and unforecasted improvements in demand, the removal of this infrastructure could potentially impact customer satisfaction and limit Celestica's ability to grow if it is not able to respond to higher volumes required by its customers.

### ***Celestica faces financial risks due to foreign currency fluctuations.***

The principal currency in which Celestica conducts its operations is U.S. dollars. However, some of Celestica's subsidiaries transact business in foreign currencies, such as Canadian dollars, Mexican pesos, British pounds sterling, Euros, Singapore dollars, Japanese yen, Brazilian reais and the Thai baht. Celestica may sometimes enter into hedging transactions to minimize its exposure to foreign currency and interest rate risks. Celestica's current hedging activity is designed to reduce the variability of its 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 19 months. Celestica's hedging transactions may not successfully minimize foreign currency risk.

### ***If Celestica is unable to recruit or retain highly skilled personnel its business could be adversely affected.***

The recruitment of personnel for the EMS industry is highly competitive. Celestica believes that its future success will depend, in part, on its ability to continue to attract and retain highly skilled executive, technical and management personnel. Celestica generally does not have employment or non-competition agreements with its employees. To date Celestica has 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 Celestica.

### ***Celestica is in a highly competitive industry which has resulted in lower prices, reduced gross margin and loss of revenue.***

Celestica is in a highly competitive industry. It competes against numerous domestic and foreign companies. Two of its competitors, Flextronics International and Soletron Corporation, each had revenue in excess of \$12.0 billion for fiscal 2002 and one of its competitors, Sanmina-SCI Corporation, had revenue in excess of \$8.0 billion for fiscal 2002. Celestica also faces indirect competition from the manufacturing operations of its current and prospective customers, which continually evaluate the merits of manufacturing products internally rather than using electronic manufacturing services providers. Some of Celestica's 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 Celestica has. These competitors may create alliances and rapidly acquire significant market share. Accordingly, Celestica's current or potential competitors may develop or acquire services comparable or superior to those Celestica develops, combine or merge to form significant competitors, or adapt more quickly than Celestica 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 Celestica. Celestica may not be able to compete successfully against current and future competitors, and the competitive pressures that it faces may materially adversely affect it. The EMS industry has been experiencing an increase in excess manufacturing capacity. This has and will continue to exert additional pressures on pricing for

components and services, thereby increasing the competitive pressures in the EMS industry. Excess capacity will limit the industry's ability to attain economics of scale and other synergies.

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

Future growth in Celestica's revenue depends on new outsourcing opportunities in which it assumes additional manufacturing and supply chain management responsibilities from OEMs. To the extent that these opportunities are not available, either because OEMs decide to perform these functions internally or because they use other EMS providers, Celestica's future growth will be limited.

### ***Celestica may be unable to keep pace with technology changes.***

Celestica continues to evaluate the advantages and feasibility of new manufacturing processes. Celestica's future success will depend in part upon its ability to develop and to market manufacturing services which meet changing customer needs, to maintain technological leadership, and to successfully anticipate or respond to technological changes in production and manufacturing processes in cost-effective and timely ways. Celestica's manufacturing processes, test development efforts and design capabilities may not be successful.

### ***Celestica's customers may be adversely affected by rapid technological change which can adversely impact Celestica's business.***

## Edgar Filing: CELESTICA INC - Form F-4/A

Celestica's 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 life cycles. Celestica's success will depend largely on the success achieved by its customers in developing and marketing their products. If technologies or standards supported by Celestica's customers' products become obsolete or fail to gain widespread commercial acceptance, its business could be materially adversely affected.

### ***Celestica may be unable to protect its intellectual property.***

Celestica believes that certain of its proprietary intellectual property rights and information gives it a competitive advantage. Accordingly, Celestica has 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 strict security measures. Celestica's protection measures may not be sufficient to prevent the misappropriation or unauthorized disclosure of its property or information.

There is also a risk that infringement claims may be brought against Celestica or its customers in the future. If someone does successfully assert an infringement claim, Celestica 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. Celestica 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 Celestica even if it is successful in such litigation.

### ***Celestica is subject to the risk of increased income taxes which would adversely affect its results of operations.***

Celestica's business operations are carried on in a number of countries, including countries where:

tax incentives have been extended to encourage foreign investment; or

income tax rates are low.

Celestica develops its tax position based upon the anticipated nature and conduct of its business and the tax laws, administrative practices and judicial decisions now in effect in the countries in which

it has assets or conduct business. All of these are subject to change or differing interpretations, possibly with retroactive effect. Any such change could increase Celestica's income taxes.

### ***Celestica's compliance with environmental laws could be costly.***

Like others in similar businesses, Celestica is subject to extensive environmental laws and regulations in numerous jurisdictions. Celestica's environmental policies and practices have been designed to ensure compliance with these laws and regulations consistent with local practice. Future developments and increasingly stringent regulation could require Celestica to incur additional expenditures relating to environmental matters at any of the facilities. Achieving and maintaining compliance with present, changing and future environmental laws could restrict Celestica's ability to modify or expand its facilities or continue production. This compliance could also require Celestica 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 Celestica has 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 Celestica's operating sites have a history of industrial use. Soil and groundwater contamination have occurred at some of Celestica's facilities. From time to time Celestica investigates, remediates and monitors soil and groundwater contamination at certain of its operating sites. In certain instances where soil or groundwater contamination existed prior to Celestica's 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 Celestica being required to remediate

such contamination.

Celestica generally obtains environmental assessments, or reviewed recent assessments initiated by others, for most of the manufacturing facilities that it owns or leases at the time it acquires or leases such facilities. Celestica's 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 Celestica is not aware. In addition, ongoing clean up and containment operations may not be adequate for purposes of future laws. The conditions of Celestica's 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 its operations, may cause Celestica to incur significant costs and liabilities that could have a material adverse effect on it.

***Celestica's loan agreements contain restrictive covenants that may impair its ability to conduct its business.***

Certain of Celestica's outstanding loan agreements contain financial and operating covenants that limit its management's discretion with respect to certain business matters. Among other things, these covenants restrict Celestica's ability and its subsidiaries' ability to incur additional debt, create liens or other encumbrances, change the nature of its business, sell or otherwise dispose of assets, and merge or consolidate with other entities. At September 30, 2003, Celestica was in compliance with these covenants.

26

---

## **ENFORCEABILITY OF CIVIL LIABILITIES**

Celestica is incorporated under the laws of the Province of Ontario, Canada. Substantially all of Celestica's directors, controlling persons and officers and certain of the experts named in this proxy statement/prospectus are residents of Canada, and all or a substantial portion of the assets of Celestica and such persons are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon Celestica or such other persons, or to enforce against Celestica or them in the United States, judgments of courts of the United States predicated upon the civil liability provisions of the U.S. federal securities laws or other laws of the United States. Celestica has been advised that there is doubt as to the enforceability in Canada against Celestica, its directors, controlling persons and officers and the experts named in this proxy statement/prospectus who are not residents of the United States, in original actions or in actions for enforcements of judgment of U.S. courts, of liabilities predicated solely upon U.S. federal securities laws.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

This proxy statement/prospectus and the documents incorporated by reference into this proxy statement/prospectus contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, as well as assumptions, that, if they never materialize or prove incorrect, could cause the results of Celestica or MSL to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including:

any projections of earnings, revenues, synergies, cost savings or other financial items;

any statements of the plans, strategies and objectives of management for future operations, including the execution of integration plans and the anticipated timing of filings and approvals relating to the merger;

any statements regarding future economic conditions or performance;

any statements of belief; and

any statements of assumptions underlying any of the foregoing.



## Edgar Filing: CELESTICA INC - Form F-4/A

The risks, uncertainties and assumptions referred to above include:

the possibility that the merger may not close or that Celestica or MSL may be required to modify some aspects of the merger in order to obtain regulatory approvals;

the challenges of integration associated with the merger and the challenges of achieving anticipated synergies; and

other risks that are described in the section entitled "Risk Factors," beginning on page 14 of this proxy statement/prospectus, and in the documents that are incorporated by reference into this proxy statement/prospectus.

If any of these risks or uncertainties materialize or any of these assumptions prove incorrect, results of Celestica and MSL could differ materially from the expectations in these statements. Celestica and MSL are not under any obligation and do not intend to update their respective forward-looking statements.

27

### SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF CELESTICA

The table below presents a summary of selected historical consolidated financial data with respect to Celestica as of the dates and for the periods indicated. The historical consolidated statement of earnings (loss) data presented below for the fiscal years ended December 31, 2002, 2001 and 2000 and the historical balance sheet data as of December 31, 2002 and 2001 have been derived from Celestica's audited historical consolidated financial statements which are incorporated by reference into this proxy statement/prospectus and which have been audited by KPMG LLP, independent accountants. The historical consolidated statement of earnings (loss) data for the nine months ended September 30, 2003 and 2002 and the historical balance sheet data as of September 30, 2003 and 2002 have been derived from Celestica's unaudited historical interim consolidated financial statements which are incorporated by reference into this proxy statement/prospectus. Operating results of the nine months ended September 30, 2003 and 2002 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2003 or any other period. In the opinion of Celestica's management, the accompanying unaudited financial data include all adjustments necessary for their fair presentation. The historical consolidated statement of earnings (loss) data presented below for the fiscal years ended December 31, 1999 and 1998 and the historical balance sheet data as of December 31, 2000, 1999 and 1998 are derived from Celestica's audited historical consolidated financial statements which are not incorporated by reference into this proxy statement/prospectus, and which were also audited by KPMG LLP. The historical results are not necessarily indicative of results to be expected for any future period.

You should read the summary consolidated financial data set forth below in conjunction with Celestica's annual report on Form 20-F for the fiscal year ended December 31, 2002 and its report on Form 6-K furnished to the Securities and Exchange Commission on November 3, 2003 and the financial statements and management's discussion and analysis of such financial statements included therein, all of which are incorporated by reference into this proxy statement/prospectus.

Celestica's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, or GAAP. These principles conform in all material respects with U.S. GAAP except as described in note 22 to the consolidated financial statements included in Celestica's annual report on Form 20-F. Celestica's report on Form 6-K furnished to the Securities and Exchange Commission on December 24, 2003 describes the reconciliation of Celestica's financial information for the nine months ended September 30, 2003 and 2002 to U.S. GAAP. For all the years

28

presented, the selected financial data is prepared in accordance with Canadian GAAP unless otherwise indicated.

| Year ended December 31, |         |         |         |         | Nine months ended September 30, |         |
|-------------------------|---------|---------|---------|---------|---------------------------------|---------|
| 1998(1)                 | 1999(1) | 2000(1) | 2001(1) | 2002(1) | 2002(1)                         | 2003(1) |

Edgar Filing: CELESTICA INC - Form F-4/A

|  | Year ended December 31,                 |         |      |         |      | Nine months ended September 30, |      |          |    |         |    |         |    |         |
|--|---|---------|------|---------|------|---------------------------------|------|----------|----|---------|----|---------|----|---------|
|  |   |         |      |         |      |                                 |      |          |    |         |    |         |    |         |
|  |   |         |      |         |      | (unaudited)                     |      |          |    |         |    |         |    |         |
|  | (in millions, except per share amounts) |         |      |         |      |                                 |      |          |    |         |    |         |    |         |
| Consolidated Statements of Earnings (Loss) Data (Canadian GAAP): |   |         |      |         |      |                                 |      |          |    |         |    |         |    |         |
| Revenue  | \$                                      | 3,249.2 | \$   | 5,297.2 | \$   | 9,752.1                         | \$   | 10,004.4 | \$ | 8,271.6 | \$ | 6,359.6 | \$ | 4,820.5 |
| Cost of sales  |   | 3,018.7 |      | 4,914.7 |      | 9,064.1                         |      | 9,291.9  |    | 7,715.8 |    | 5,914.1 |    | 4,631.7 |
| Gross profit   |   | 230.5   |      | 382.5   |      | 688.0                           |      | 712.5    |    | 555.8   |    | 445.5   |    | 188.8   |
| Selling, general and administrative expenses(2)                  |   | 130.5   |      | 202.2   |      | 326.1                           |      | 341.4    |    | 298.5   |    | 230.0   |    | 197.5   |
| Amortization of goodwill and intangible assets(3)                |   | 45.4    |      | 55.6    |      | 88.9                            |      | 125.0    |    | 95.9    |    | 72.7    |    | 36.5    |
| Integration costs related to acquisitions(4)                     |   | 8.1     |      | 9.6     |      | 16.1                            |      | 22.8     |    | 21.1    |    | 17.1    |    |         |
| Other charges(5)   |   | 64.7    |      |         |      |                                 |      | 273.1    |    | 677.8   |    | 136.4   |    | 69.1    |
| Operating income (loss)  |   | (18.2)  |      | 115.1   |      | 256.9                           |      | (49.8)   |    | (537.5) |    | (10.7)  |    | (114.3) |
| Interest expense (income), net(6)                                |   | 32.3    |      | 10.7    |      | (19.0)                          |      | (7.9)    |    | (1.1)   |    | 2.0     |    | (5.1)   |
| Earnings (loss) before income taxes                              |   | (50.5)  |      | 104.4   |      | 275.9                           |      | (41.9)   |    | (536.4) |    | (12.7)  |    | (109.2) |
| Income tax expense (recovery)                                    |   | (2.0)   |      | 36.0    |      | 69.2                            |      | (2.1)    |    | (91.2)  |    | (2.2)   |    | (8.2)   |
| Net earnings (loss)  | \$                                      | (48.5)  | \$   | 68.4    | \$   | 206.7                           | \$   | (39.8)   | \$ | (445.2) | \$ | (10.5)  | \$ | (101.0) |
| Basic earnings (loss) per share(7)                               | \$                                      | (0.47)  | \$   | 0.41    | \$   | 1.01                            | \$   | (0.26)   | \$ | (1.98)  | \$ | (0.09)  | \$ | (0.45)  |
| Diluted earnings (loss) per share(7)                             | \$                                      | (0.47)  | \$   | 0.40    | \$   | 0.98                            | \$   | (0.26)   | \$ | (1.98)  | \$ | (0.09)  | \$ | (0.45)  |
| Consolidated Statements of Earnings (Loss) Data (US GAAP)(8):    |   |         |      |         |      |                                 |      |          |    |         |    |         |    |         |
| Operating income (loss)  | \$                                      | (24.4)  | \$   | 113.2   | \$   | 254.4                           | \$   | (40.0)   | \$ | (569.8) | \$ | (13.5)  | \$ | (106.4) |
| Net earnings (loss)  | \$                                      | (54.7)  | \$   | 66.5    | \$   | 197.4                           | \$   | (51.3)   | \$ | (494.9) | \$ | (30.5)  | \$ | (107.4) |
| Other Data:  |   |         |      |         |      |                                 |      |          |    |         |    |         |    |         |
| Capital expenditures   | \$                                      | 65.8    | \$   | 211.8   | \$   | 282.8                           | \$   | 199.3    | \$ | 151.4   | \$ | 119.3   | \$ | 87.1    |
|  | As at December 31,                      |         |      |         |      | As at September 30,             |      |          |    |         |    |         |    |         |
|  | 1998                                    | 1999    | 2000 | 2001    | 2002 | 2002                            | 2003 |          |    |         |    |         |    |         |
|  | (unaudited)                             |         |      |         |      |                                 |      |          |    |         |    |         |    |         |
|  | (in millions)                           |         |      |         |      |                                 |      |          |    |         |    |         |    |         |

# Edgar Filing: CELESTICA INC - Form F-4/A

As at December 31,

As at September 30,

|                      |    |       |    |         |    |         |    |         |    |         |    |         |
|----------------------|----|-------|----|---------|----|---------|----|---------|----|---------|----|---------|
| Shareholders' equity | \$ | 853.0 | \$ | 1,650.0 | \$ | 2,605.4 | \$ | 3,841.1 | \$ | 3,344.4 | \$ | 3,004.0 |
|----------------------|----|-------|----|---------|----|---------|----|---------|----|---------|----|---------|

1.

The consolidated statements of earnings (loss) data for:

1998, 1999, 2000, 2001 and 2002 and the nine months ended September 30, 2002 and 2003 include the results of operations of the manufacturing operation acquired from Madge Networks N.V. in February 1998, the manufacturing operation

29

acquired from Lucent Technologies Inc. in April 1998, Analytic Design, Inc. acquired in May 1998, the manufacturing operation acquired from Silicon Graphics Inc. in June 1998, and AccuTronics, Inc. acquired in September 1998;

1999, 2000, 2001 and 2002 and the nine months ended September 30, 2002 and 2003 include the results of operations of International Manufacturing Services, Inc., or IMS, acquired 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 and 2002 and the nine months ended September 30, 2002 and 2003 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 and 2002 and the nine months ended September 30, 2002 and 2003 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; and

2002 and the nine months ended September 30, 2002 and 2003 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.

2.

Selling, general and administrative expenses include research and development costs.

3.

Effective January 1, 1998, Celestica revised the estimated useful life of its goodwill and intellectual property for accounting purposes from 20 years each to 10 years and 5 years, respectively.

In 2001, the Canadian Institute of Chartered Accountants (CICA) approved Handbook Sections 1581, "Business combinations" and 3062, "Goodwill and other intangible assets." The new standards 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. Celestica has fully adopted these new standards as of January 1, 2002, and discontinued amortization of all existing goodwill. Celestica also evaluated existing intangible assets, including estimates of remaining useful lives, and has reclassified \$9.1 million from intellectual property to goodwill, as of January 1, 2002, to conform with the new criteria.

Section 3062 required 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 principle and would have been charged to opening retained earnings as of January 1, 2002. Celestica 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 principle.

Effective January 1, 2002, Celestica 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                  | \$ (39.8)                               | \$ (445.2) |
| Add back: goodwill amortization       | 39.2                                    |            |
| Net loss before goodwill amortization | \$ (0.6)                                | \$ (445.2) |
| Basic loss per share:                 |   |            |
| As reported                           | \$ (0.26)                               | \$ (1.98)  |
| Before goodwill amortization          | \$ (0.07)                               | \$ (1.98)  |
| Diluted loss per share:               |   |            |
| As reported                           | \$ (0.26)                               | \$ (1.98)  |
| Before goodwill amortization          | \$ (0.07)                               | \$ (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 1998, other charges totaled \$64.7 million comprised of non-cash charges of \$35.0 million relating to the write-down of intellectual property, \$6.8 million of goodwill which became impaired as a result of the merger with IMS, a write-off of deferred financing fees and debt redemption fees of \$17.8 million relating to the prepayment of debt with the net proceeds of Celestica's initial public offering, and other charges of \$5.1 million.

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 and intangible assets.

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 (d) a \$9.6 million charge for the premium paid and related deferred financing costs on the redemption of Celestica's Senior Subordinated Notes.

In the nine months ended September 30, 2002, other charges totaled \$136.4 million comprised primarily of (a) a \$126.8 million restructuring charge and (b) a \$9.6 million charge for the premium paid and related deferred financing costs on the redemption of Celestica's Senior Subordinated Notes.

In the nine months ended September 30, 2003, other charges totaled \$69.1 million comprised of (a) a \$70.7 million restructuring charge and (b) a \$1.6 million gain realized on the sale of surplus land.

Effective January 1, 2003, Celestica 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

## Edgar Filing: CELESTICA INC - Form F-4/A

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 standard, 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, Celestica 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. The Company has 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) is comprised primarily of interest expense incurred on indebtedness less interest income earned on cash and short-term investments.

31

7.

In 2001, Celestica 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, |       |       |       |       | Nine months ended September 30, |       |
|---------|-------------------------|-------|-------|-------|-------|---------------------------------|-------|
|         | 1998                    | 1999  | 2000  | 2001  | 2002  | 2002                            | 2003  |
|         |                         |       |       |       |       | (unaudited)                     |       |
|         | (in millions)           |       |       |       |       |                                 |       |
| Basic   | 103.0                   | 167.2 | 199.8 | 213.9 | 229.8 | 230.0                           | 218.9 |
| Diluted | 103.0                   | 171.2 | 211.8 | 213.9 | 229.8 | 230.0                           | 218.9 |

8.

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

for 1998: non-cash charges for compensation expense;

for 1999: non-cash charges for compensation expense:

for 2000: non-cash charges for compensation expense, interest on the convertible debt Celestica issued in August 2000 and classification of the convertible debt as a long-term liability rather than as an equity instrument;

for 2001: 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 and gains 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 and gains on repurchase of convertible debt;

## Edgar Filing: CELESTICA INC - Form F-4/A

for the nine months ended September 30, 2002: non-cash charges for compensation expense, interest on convertible debt classified as a long-term liability rather than an equity instrument and gains on repurchase of convertible debt;

for the nine months ended September 30, 2003: interest on convertible debt classified as a long-term liability rather than an equity instrument, impairment on certain long-lived assets, recognition of asset retirement obligations and gains on repurchase of convertible debt; and

for the nine months ended September 30, 2003: the net loss of \$107.4 is before cumulative effect of a change in accounting policy.

9. Calculated as current assets less current liabilities.
10. Long-term debt includes capital lease obligations.

32

---

### SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF MSL

The table below presents a summary of selected historical consolidated financial data with respect to MSL as of the dates and for the periods indicated. The historical consolidated statement of operations data presented below for the fiscal years ended December 31, 2002, 2001 and 2000 and the historical balance sheet data as of December 31, 2002 and 2001 have been derived from MSL's audited historical consolidated financial statements which are incorporated by reference into this proxy statement/prospectus and which have been audited by PricewaterhouseCoopers LLP, independent accountants. The historical consolidated statement of operations data for the nine months ended September 28, 2003 and September 29, 2002 and the historical balance sheet data as of September 28, 2003 and September 29, 2002 have been derived from MSL's unaudited historical interim consolidated financial statements which are incorporated by reference into this proxy statement/prospectus. Operating results of the nine months ended September 28, 2003 and September 29, 2002 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2003 or any other period. In the opinion of MSL's management, the accompanying unaudited financial data included all adjustments (consisting only of normal recurring adjustments) necessary for their fair presentation. The historical consolidated statement of operations data presented below for the fiscal years ended December 31, 1999 and 1998 and the historical balance sheet data as of December 31, 2000, 1999 and 1998 are derived from MSL's audited historical consolidated financial statements which are not incorporated by reference into this proxy statement/prospectus, and which were also audited by PricewaterhouseCoopers LLP. The historical results are not necessarily indicative of results to be expected for any future period.

MSL adopted Statement of Financial Accounting Standards, or FAS, No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment to FASB Statement No. 13, and Technical Corrections" as of January 1, 2003. The adoption of FAS No. 145 retroactively changes guidance related to the reporting of gains and losses from extinguishment of debt as extraordinary items. The effect of FAS No. 145 on MSL's statement of operations data for the five years ended December 31, 2002, and for the nine months ended September 29, 2002 is for amounts previously recorded as "Extraordinary loss on extinguishment of debt" to instead be recorded as "Loss from extinguishment of debt" in deriving "Income (loss) from operations before provision for income taxes". MSL has reclassified extraordinary losses of \$2.2 million, \$3.1 million and \$4.0 million for the years ended December 31, 1998, 2000 and 2002, respectively. There were no extraordinary items in the years ended December 31, 1999 and 2001.

You should read the summary consolidated financial data set forth below in conjunction with MSL's annual report on Form 10-K for the fiscal year ended December 31, 2002 and its report on Form 10-Q filed with the Securities and Exchange Commission on November 3, 2003 and the financial

33

---

statements and management's discussion and analysis of such financial statements included therein, all of which are incorporated by reference into this proxy statement/prospectus.

Year ended December 31,

Nine months ended

# Edgar Filing: CELESTICA INC - Form F-4/A

| Year ended December 31, |      |      |      |      | Nine months ended     |                       |
|-------------------------|------|------|------|------|-----------------------|-----------------------|
| 1998                    | 1999 | 2000 | 2001 | 2002 | September 29,<br>2002 | September 28,<br>2003 |
| (unaudited)             |      |      |      |      |                       |                       |

(in thousands, except per share amounts)

## Statement of Operations

|   |    |         |    |         |    |           |    |           |    |          |    |          |    |         |
|---|----|---------|----|---------|----|-----------|----|-----------|----|----------|----|----------|----|---------|
| Data:   |    |         |    |         |    |           |    |           |    |          |    |          |    |         |
| Net sales (a)                                       | \$ | 837,993 | \$ | 920,722 | \$ | 1,758,101 | \$ | 1,522,000 | \$ | 853,745  | \$ | 644,790  | \$ | 532,531 |
| Gross profit  |    | 45,259  |    | 55,233  |    | 97,790    |    | 110,023   |    | 75,612   |    | 58,232   |    | 43,085  |
| Operating income (loss) (b)                         |    | 8,695   |    | 16,411  |    | 21,449    |    | (86,094)  |    | (8,219)  |    | (5,860)  |    | (2,005) |
| Net income (loss)                                   | \$ | (6,241) | \$ | 2,010   | \$ | (4,035)   | \$ | (95,140)  | \$ | (20,728) | \$ | (15,380) | \$ | (5,085) |
| Net income (loss) applicable to common stockholders | \$ | (6,241) | \$ | 1,201   | \$ | (25,959)  | \$ | (95,140)  | \$ | (23,390) | \$ | (17,107) | \$ | (8,103) |

## Basic income (loss) per share:

|                                     |    |        |    |        |    |        |    |        |    |        |    |        |    |        |
|-------------------------------------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Net income (loss)                   | \$ | (0.33) | \$ | 0.06   | \$ | (0.98) | \$ | (2.86) | \$ | (0.72) | \$ | (0.53) | \$ | (0.24) |
| Weighted average shares outstanding |    | 18,746 |    | 19,384 |    | 26,411 |    | 33,304 |    | 32,622 |    | 32,474 |    | 33,607 |

## Diluted income (loss) per share:

|                                     |    |        |    |        |    |        |    |        |    |        |    |        |    |        |
|-------------------------------------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|
| Net income (loss)                   | \$ | (0.33) | \$ | 0.06   | \$ | (0.98) | \$ | (2.86) | \$ | (0.72) | \$ | (0.53) | \$ | (0.24) |
| Weighted average shares outstanding |    | 18,746 | \$ | 19,608 |    | 26,411 |    | 33,304 |    | 32,622 |    | 32,474 |    | 33,607 |

## Balance Sheet Data:

|   |    |         |    |         |    |         |    |         |    |         |    |         |    |         |
|---|----|---------|----|---------|----|---------|----|---------|----|---------|----|---------|----|---------|
| Working capital   | \$ | 54,340  | \$ | 98,273  | \$ | 234,425 | \$ | 151,999 | \$ | 106,914 | \$ | 105,922 | \$ | 127,212 |
| Total assets  | \$ | 277,608 | \$ | 411,783 | \$ | 933,517 | \$ | 436,820 | \$ | 331,407 | \$ | 333,121 | \$ | 358,280 |
| Total long-term debt and capital lease obligations, including current portion | \$ | 62,127  | \$ | 127,343 | \$ | 189,081 | \$ | 120,560 | \$ | 23,657  | \$ | 23,243  | \$ | 24,206  |
| Preferred stock   | \$ |         | \$ | 39,204  | \$ |         | \$ |         | \$ | 35,551  | \$ | 36,258  | \$ | 58,484  |
| Total stockholders' equity  | \$ | 39,174  | \$ | 48,621  | \$ | 215,448 | \$ | 113,706 | \$ | 100,697 | \$ | 102,065 | \$ | 102,265 |

(a)

Increase in revenues from 1999 to 2000 mainly resulted from the purchase of certain assets from 3Com in November 1999 and September 2000, which included its Salt Lake City manufacturing facility in November 1999. Revenues related to these acquisitions contributed to \$546 million of revenue in 2000.

(b)

During 2001, MSL recorded restructuring charges totaling \$91.9 million, mainly related to the closure of its Salt Lake City facility.

## COMPARATIVE HISTORICAL AND PRO FORMA DATA

The following table presents certain unaudited historical per share data of MSL and Celestica and unaudited combined pro forma per share and other selected financial data of MSL and Celestica after giving effect to the acquisition of MSL by Celestica using the purchase method of accounting. The unaudited combined pro forma data includes the effects of the proposed acquisition of MSL by Celestica. The unaudited combined pro forma data does not purport to be indicative of the results of future operations or the results that would have occurred had the acquisition been consummated at the beginning of the periods presented. The information set forth below should be read in conjunction with the historical consolidated financial statements and notes thereto of Celestica and MSL, both of which are incorporated by reference in this proxy statement/prospectus. The unaudited combined pro forma and unaudited pro forma per equivalent MSL share data and unaudited combined pro forma selected financial data combine the results of operations of Celestica and MSL for the year ended December 31, 2002, the results of

# Edgar Filing: CELESTICA INC - Form F-4/A

operations of Celestica and MSL for the nine months ended September 30, 2003 and September 28, 2003, respectively, and Celestica's financial position at September 30, 2003 with MSL's financial position at September 28, 2003. The historical and unaudited combined pro forma data for Celestica and MSL is prepared in accordance with U.S. GAAP. To date, no cash dividends have been declared or paid on Celestica subordinate voting shares or MSL common stock.

## Celestica (U.S. GAAP)

|                                   | Year ended<br>December 31, 2002 | Nine months ended<br>September 30, 2003 |
|-----------------------------------|---------------------------------|---|
|                                   |                                 | (unaudited)                             |
| <b>Historical per share data:</b> |                                 |   |
| Net loss per basic share          | \$ (2.15)                       | \$ (0.50)                               |
| Net loss per diluted share        | \$ (2.15)                       | \$ (0.50)                               |
| Net book value per share (1)      | \$ 14.63                        | \$ 14.34                                |

## MSL (U.S. GAAP)

|  | Year ended<br>December 31, 2002 | Nine months ended<br>September 28, 2003 |
|--|---------------------------------|---|
|  |                                 | (unaudited)                             |
| <b>Historical per common share data:</b> |                                 |   |
| Net income (loss) per basic share        | \$ (0.72)                       | \$ (0.24)                               |
| Net income (loss) per diluted share      | \$ (0.72)                       | \$ (0.24)                               |
| Net book value per share (1)             | \$ 3.04                         | \$ 3.01                                 |

35

## Celestica and MSL (U.S. GAAP)

|   | Year ended<br>December 31, 2002 | Nine months ended<br>September 30, 2003 |
|---|---------------------------------|---|
|   |                                 | (unaudited)                             |
| (in millions, except per share amounts)           |                                 |   |
| <b>Pro forma combined selected financial data</b> |                                 |   |
| Revenue   | \$ 9,125.3                      | \$ 5,353.0                              |
| Operating loss (4)                                | \$ (579.9)                      | \$ (109.9)                              |
| Net loss (4)                                      | \$ (517.2)                      | \$ (115.0)                              |
| Total assets (5)                                  |                                 | \$ 5,657.9                              |
| Shareholders' equity (6)                          |                                 | \$ 3,262.4                              |
| Capital stock (6)                                 |                                 | \$ 3,582.1                              |

## Pro forma combined per share data

|   |           |           |
|---|-----------|-----------|
| Net loss per combined company's basic share (2)   | \$ (2.13) | \$ (0.50) |
| Net loss per combined company's diluted share (2) | \$ (2.13) | \$ (0.50) |
| Net loss per equivalent MSL basic share (3)       | \$ (0.80) | \$ (0.19) |
| Net loss per equivalent MSL diluted share (3)     | \$ (0.80) | \$ (0.19) |



# Edgar Filing: CELESTICA INC - Form F-4/A

|   | Year ended<br>December 31, 2002 | Nine months ended<br>September 30, 2003 |
|---|---------------------------------|---|
| Net book value per combined company's share (1) | \$ 14.91                        | \$ 14.66                                |
| Net book value per equivalent MSL share (3)     | \$ 5.59                         | \$ 5.50                                 |

1. The historical net book value per Celestica share is computed by dividing shareholders' equity by the number of subordinate voting shares and multiple voting shares outstanding at the specified dates. The historical net book value per MSL share is computed by dividing stockholders' equity by the number of shares of common stock outstanding at the specified dates. The pro forma net book value per combined company's share is computed by dividing the pro forma shareholders' equity by the pro forma number of Celestica subordinate voting shares and multiple voting shares outstanding as of the specified dates, assuming the merger had occurred as of that date.
2. Shares used to calculate unaudited combined pro forma net loss per basic share were computed by adding 13,000,000 subordinate voting shares assumed to be issued in the merger in exchange for the outstanding MSL common stock (assuming no subordinate voting shares are issued in respect of Series A or Series B preferred stock) to Celestica's weighted average shares outstanding. Shares used to calculate unaudited combined pro forma net loss per diluted share were computed by adding 13,000,000 subordinate voting shares to Celestica's weighted average shares outstanding. The weighted average shares outstanding excludes the effects of all options and convertible securities, as they are anti-dilutive. The number of Celestica subordinate voting shares issued in the merger is subject to change based on the finalization of the share exchange ratio and any stock elections made by holders of Series A or Series B preferred stock.
3. The unaudited combined pro forma per equivalent MSL share is calculated by multiplying the pro forma combined amounts by the exchange ratio of 0.375 of a Celestica subordinate voting share for each share of MSL common stock.
4. The unaudited combined pro forma operating loss and net loss include estimated amortization expense of \$1.9 million for intangible assets acquired in the merger, amortized over a five year useful life. Celestica will be obtaining third party valuations of intangible assets and, therefore, the purchase price allocation and estimated amortization expense are subject to change.
5. Assuming 13,000,000 subordinate voting shares are issued in exchange for all the outstanding common stock of MSL and no subordinate voting shares are issued in respect of Series A or

Series B preferred stock, the preliminary purchase price is estimated at \$329.6 million. The preliminary purchase price of \$329.6 million is primarily comprised of (a) the issuance of \$227.4 million Celestica subordinate voting shares in exchange for outstanding MSL common stock, (b) \$31.0 million ascribed to MSL options and warrants and (c) \$67.7 million paid to holders of Series A and Series B preferred stock. The value of the Celestica subordinate voting shares was determined using the average of the closing prices on The New York Stock Exchange in a range of two trading days before and after the measurement date of October 15, 2003, which is subject to change if the application of the share exchange ratio formula in the merger agreement results in a change in the number of shares to be issued. The fair value of the options and warrants was estimated using the Black-Scholes option pricing model assuming a risk-free rate of 3.5%, a dividend yield of 0.0%, a volatility factor of 70.0% and a range of expected option lives depending on the holder's vesting provisions. The pro forma total assets reflects a preliminary allocation of the purchase price to total assets, including goodwill of \$166.3 million and amortizable intangible assets of \$9.7 million. The majority of the intangible assets are expected to consist of intellectual property and process technology. The valuation of the purchase consideration is subject to change if the share exchange ratio is adjusted and if any Celestica subordinate voting shares are issued to holders of Series A or Series B preferred stock. The allocation of the purchase price to net assets and liabilities is subject to change when fair value information and any restructuring plans are finalized.

Celestica is in the preliminary stages of determining the nature and extent of any restructuring actions. Assuming the plans for restructuring are at an appropriately advanced and detailed stage on the effective date of the merger, liabilities for the related costs will be accrued and included in the allocation of the purchase price. Celestica intends to accrue any restructuring costs associated with

## Edgar Filing: CELESTICA INC - Form F-4/A

planned MSL employee terminations and site closures as long as those restructuring plans and costs meet the relevant criteria in EITF 95-3. Celestica expects that the majority of liabilities to be recognized will relate to employee termination benefits and lease exit costs. Any costs incurred with respect to Celestica employees or facilities would be expensed.

Assuming that the market price of Celestica subordinate voting shares remains in the range of \$16.00 to \$19.33 and the holders of the Series A and Series B preferred stock elect to receive Celestica subordinate voting shares rather than cash in the merger, the cash consideration of \$67.7 million would be replaced by the issuance of approximately 3.9 million subordinate voting shares in respect of Series A and Series B preferred stock, valued at approximately \$69.0 million (based on the average closing price on The New York Stock Exchange, two days before and after the announcement date of October 15, 2003), resulting in an approximately \$1.3 million increase to the purchase price allocated to goodwill.

If the market price of Celestica subordinate voting shares falls below \$16.00, the share exchange ratio will be adjusted so that the market price (calculated as set forth in the merger agreement) of the consideration for one share of MSL common stock will be \$6.00. For example, assuming the market price of Celestica subordinate voting shares is \$14.00, the share exchange ratio will be 0.4286, resulting in approximately 14.9 million subordinate voting shares being issued for the outstanding MSL common stock. If the market price of Celestica subordinate voting shares falls below \$16.00, the value of the Celestica subordinate voting shares that would be issued with respect to the MSL Series A and Series B preferred stock, if all of the holders make a stock election, would be approximately \$63.0 million. It is therefore reasonable to assume that the holders of the Series A and Series B preferred stock will not make a stock election, and will receive total cash consideration of \$67.7 million. Based on these assumptions, the estimated preliminary purchase price if the market price of Celestica subordinate voting shares falls below \$16.00 would be approximately \$307.0 million. The difference in the purchase price would reduce goodwill in the allocation of purchase price to net assets and liabilities.

37

---

Alternatively, if the market price of Celestica subordinate voting shares rises above \$19.33, the share exchange ratio will be adjusted so that the market price (calculated as set forth in the merger agreement) of the consideration for one share of MSL common stock will be \$7.25. For example, assuming the market price of Celestica subordinate voting shares is \$20.00, the share exchange ratio will be 0.3625, resulting in approximately 12.6 million subordinate voting shares being issued for the outstanding MSL common stock. If the market price of Celestica subordinate voting shares rises above \$19.33, the value of the Celestica subordinate voting shares that would be issued with respect to the MSL Series A and Series B preferred stock, if all of the holders make a stock election, would be approximately \$76.2 million. It is therefore reasonable to assume that the holders of the Series A and Series B preferred stock will make a stock election and not elect to receive cash consideration of \$67.7 million. Based on these assumptions, the estimated preliminary purchase price if the market price of Celestica subordinate voting shares rises above \$19.33 would be approximately \$367.8 million. The difference in the purchase price would increase goodwill in the allocation of purchase price to net assets and liabilities.

6.

The unaudited pro forma combined shareholders' equity and capital stock reflect the issuance of \$258.4 million of Celestica subordinate voting shares, options and warrants as purchase consideration.

38

---

### COMPARATIVE PER SHARE MARKET PRICE DATA

Celestica subordinate voting shares trade on The New York Stock Exchange and the Toronto Stock Exchange under the symbol "CLS." MSL common stock trades on The New York Stock Exchange under the symbol "MSV."

The following table shows the closing sales prices per Celestica subordinate voting share and per share of MSL common stock, each as reported on The New York Stock Exchange on (1) October 14, 2003, the last full trading day preceding the public announcement that Celestica and MSL had entered into the merger agreement, and (2) February 6, 2004, the last full trading day for which closing sales prices were available before the printing of this proxy statement/prospectus.

## Edgar Filing: CELESTICA INC - Form F-4/A

The table also includes the equivalent closing sales prices per share of MSL common stock on those dates. These equivalent closing sales prices per share reflect the value of the 0.375 of a Celestica subordinate voting share that MSL stockholders would receive in exchange for each share of MSL common stock if the merger was completed on either of these dates.

|                  | Celestica<br>Subordinate Voting<br>Shares | MSL<br>Common Stock | Equivalent MSL<br>Price Per Share |
|------------------|---|---------------------|-----------------------------------|
| October 14, 2003 | \$ 17.69                                  | \$ 5.60             | \$ 6.63                           |
| February 6, 2004 | \$ 17.91                                  | \$ 6.55             | \$ 6.72                           |

The above table shows only historical comparisons. These comparisons may not provide meaningful information to MSL stockholders in determining whether to adopt the merger agreement, or whether a holder of Series A or Series B preferred stock should elect to receive Celestica subordinate voting shares in the merger. MSL stockholders are urged to obtain current market quotations for Celestica subordinate voting shares and MSL common stock and to review carefully the other information contained in this proxy statement/prospectus or incorporated by reference into this proxy statement/prospectus in considering whether to adopt the merger agreement and, in the case of holders of MSL preferred stock, whether to elect to receive Celestica subordinate voting shares. For a description of the adjustment in the share exchange ratio under certain circumstances, please see "*The Merger Agreement Conversion of MSL Common Stock and Series A and Series B Preferred Stock in the Merger*" beginning on page 79 of this proxy statement/prospectus. Please also see the section entitled "*Where You Can Find More Information*" beginning on page 122 of this proxy statement/prospectus.

39

### Prices of Celestica Shares

The subordinate voting shares are listed on The New York Stock Exchange and the Toronto Stock Exchange. The range of closing prices and trading volume of the subordinate voting shares on The New York Stock Exchange for the periods indicated are set forth below:

| NYSE                         |                 |          |             |  |
|------------------------------|-----------------|----------|-------------|--|
|                              | High            | Low      | Volume      |  |
|                              | Price per Share |          |             |  |
| Year ended December 31, 2002 |                 |          |             |  |
| First quarter                | \$ 47.08        | \$ 31.50 | 141,144,200 |  |
| Second quarter               | 36.98           | 21.14    | 127,727,400 |  |
| Third quarter                | 26.70           | 12.95    | 153,867,600 |  |
| Fourth quarter               | 19.28           | 9.89     | 122,175,600 |  |

|                              |       |       |             |
|------------------------------|-------|-------|-------------|
| Year ended December 31, 2003 |       |       |             |
| First quarter                | 17.43 | 10.45 | 95,056,800  |
| Second quarter               | 16.78 | 9.78  | 110,235,200 |
| Third quarter                | 19.90 | 13.80 | 98,883,700  |
| Fourth quarter               | 18.10 | 13.20 | 88,762,000  |

#### *Six months ended January 2004*

| NYSE           |                 |       |            |
|----------------|-----------------|-------|------------|
|                | High            | Low   | Volume     |
|                | Price per Share |       |            |
| August 2003    | 17.55           | 13.80 | 28,452,000 |
| September 2003 | 19.90           | 15.86 | 34,565,400 |

## NYSE

|               |       |       |            |
|---------------|-------|-------|------------|
| October 2003  | 18.10 | 13.20 | 38,796,900 |
| November 2003 | 15.96 | 13.81 | 24,142,400 |
| December 2003 | 15.69 | 13.70 | 25,822,700 |
| January 2004  | 21.15 | 15.50 | 41,001,500 |

**THE SPECIAL MEETING OF MSL STOCKHOLDERS**

This proxy statement/prospectus is being sent to you as an MSL stockholder in order to provide you with important information regarding the proposed merger in connection with the solicitation of proxies by MSL's board for use at the special meeting of MSL stockholders and at any adjournment or postponement of the special meeting.

**Date, Time and Place of the Special Meeting**

MSL will hold a special meeting of its stockholders on Friday, March 12, 2004, at 10:00 a.m., local time, at the offices of Hale and Dorr LLP, 60 State Street, Boston, Massachusetts 02109.

**Matter for Consideration**

At the MSL special meeting, MSL stockholders will be asked to consider and vote upon a proposal to adopt the merger agreement. MSL does not currently contemplate that any other matters will be presented at the special meeting. MSL's by-laws provide that no matter may be brought before a special meeting which is not related to the purpose or purposes stated in the notice of the special meeting.

40

**Board of Directors' Recommendation**

After careful consideration, the MSL board has unanimously approved the merger agreement and the merger. The MSL board has unanimously declared the merger agreement and the transactions contemplated by the merger agreement advisable, and has declared that it is in the best interests of MSL's stockholders that MSL consummate the merger on the terms and conditions set forth in the merger agreement. The MSL board unanimously recommends that the MSL stockholders vote "FOR" the adoption of the merger agreement.

**Record Date; Shares Held by Directors and Executive Officers**

The record date for determining the MSL stockholders entitled to vote at the special meeting is Monday, February 2, 2004. Only holders of record of MSL common stock and Series A and Series B preferred stock as of the close of business on that date are entitled to vote at the special meeting. As of the record date, there were 34,791,990 shares of MSL common stock issued and outstanding, held of record by approximately 365 holders, 830,000 shares of Series A preferred stock issued and outstanding, held of record by approximately 21 holders, and 460,000 shares of Series B preferred stock issued and outstanding, held of record by approximately 12 holders. Each share of MSL common stock is entitled to one vote, the 830,000 shares of Series A preferred stock are entitled to a total of 6,449,100 votes in the aggregate (7.77 votes per share) and the 460,000 shares of Series B preferred stock are entitled to a total of 3,898,270 votes (8.4745 votes per share), on all matters that may properly come before the special meeting.

As of the record date, the directors and executive officers of MSL and their affiliates held 16,406,859 outstanding shares of MSL common stock and 300,000 shares of Series A preferred stock, or approximately 41.5% of the outstanding MSL common stock on an as-converted basis. Some executives of MSL and the institutional stockholders, which are affiliates of one of MSL's directors, have entered into stockholder agreements with respect to MSL capital stock representing approximately 41.4% of the votes entitled to be cast on the merger proposal. Under the stockholder agreements, these stockholders have granted to Merger Sub a proxy to vote their shares in favor of adoption of the merger agreement. For more information regarding the stockholder agreements, please see the section entitled "*The Stockholder Agreements*" beginning on page 97 of this proxy statement/prospectus.

**Quorum and Vote Required**

In order to conduct business at the special meeting, a quorum must be present. The holders of a majority of the common stock and the Series A and Series B preferred stock, on an as-converted basis, issued and outstanding on the record date for the special meeting, present in

person or represented by proxy at the special meeting, constitute a quorum under MSL's by-laws. MSL will treat shares of capital stock represented by a properly signed and returned proxy, including abstentions and broker non-votes, as present at the meeting for purposes of determining the existence of a quorum.

The affirmative vote of the holders of shares of MSL's common stock and Series A and Series B preferred stock, voting together as a single class, representing a majority of the votes entitled to be cast at the special meeting, is required to adopt the merger agreement. The inspector of elections appointed for the special meeting will tabulate the votes.

### **Adjournment and Postponement**

If a quorum is not present or represented at a meeting, MSL's by-laws permit a majority of the stockholders entitled to vote at the special meeting, present in person or represented by proxy, to adjourn the meeting, without notice other than announcement at the meeting, until a quorum is present or represented. The MSL proxy accompanying this proxy statement/prospectus seeks authority for the proxy holders to vote the proxies "FOR" any adjournments of the special meeting to obtain

41

---

sufficient votes for a quorum or to adopt the merger agreement. If a proxy does not contain voting instructions with respect to adjournment of the meeting, the persons named as proxies will have the authority to vote in their discretion on any adjournment, and MSL anticipates that they will be voted "FOR" any adjournment necessary to obtain a quorum or the votes required to adopt the merger agreement. If sufficient votes to constitute a quorum or to adopt the merger agreement are not received by the date of the special meeting, MSL anticipates that the persons named as proxies may propose one or more adjournments of the meeting to permit further solicitation of proxies and would generally exercise their authority to vote in favor of adjournment.

### **Voting of Proxies**

The MSL proxy accompanying this proxy statement/prospectus is solicited on behalf of the MSL board for use at the MSL special meeting. Albert A. Notini and Alan R. Cormier, officers of MSL, are named as the proxy holders in the accompanying proxy.

#### ***General***

Shares represented by a properly signed and dated proxy will be voted at the special meeting in accordance with the instructions indicated on the proxy. Proxies that are properly signed and dated but which do not contain voting instructions will be voted "FOR" the adoption of the merger agreement, and MSL anticipates that they also will be voted "FOR" any adjournment necessary to obtain a quorum or the votes to adopt the merger agreement. The proxy holder may vote the proxy in its discretion as to any other matter that may properly come before the MSL special meeting.

#### ***Abstentions***

MSL will count a properly executed proxy marked "ABSTAIN" as present for purposes of determining whether a quorum is present, but the shares represented by that proxy will not be voted at the special meeting. Because the affirmative vote of the holders of shares of MSL common stock and Series A and Series B preferred stock, voting together as a single class, representing a majority of the votes entitled to be cast is required to adopt the merger agreement, if you mark your proxy "ABSTAIN," it will have the effect of a vote against the adoption of the merger agreement.

#### ***Broker Non-Votes***

If your shares are held in street name, your broker will vote your shares for you only if you provide instructions to your broker on how to vote your shares. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Your broker cannot vote your shares of MSL capital stock without specific instructions from you. Because the affirmative vote of the holders of shares of MSL common stock and Series A and Series B preferred stock, voting together as a single class, representing a majority of the votes entitled to be cast is required to adopt the merger agreement, if you do not instruct your broker how to vote, it will have the effect of a vote against the adoption of the merger agreement. Please review the voting instruction card provided with this proxy statement/prospectus or contact your bank or brokerage firm for information.

#### ***Voting Shares in Person that Are Held in Street Name***

If your shares are held in street name and you wish to vote those shares in person at the special meeting, you must obtain from your broker holding your MSL capital stock a properly executed legal proxy identifying you as an MSL stockholder, authorizing you to act on behalf of the nominee at the special meeting and identifying the number of shares with respect to which the authorization is granted.

42

---

### **How to Revoke a Proxy**

If you submit a proxy, you may revoke it at any time before it is voted by:

delivering to the Corporate Secretary of MSL a written notice, dated later than the proxy you wish to revoke, stating that the proxy is revoked;

submitting to the Corporate Secretary of MSL a new, signed proxy with a date later than the proxy you wish to revoke; or

attending the special meeting and voting in person.

Notices to the Corporate Secretary of MSL should be addressed to Corporate Secretary, Manufacturers' Services Limited, 300 Baker Avenue, Concord, Massachusetts 01742.

If you hold your shares in street name, you must give new instructions to your broker prior to the special meeting or obtain a signed "legal proxy" from the broker to revoke your prior instructions and vote in person at the meeting.

### **Solicitation of Proxies and Expenses**

MSL has retained a proxy solicitation firm, Georgeson Shareholder Communications, to assist in the solicitations of proxies from MSL stockholders. MSL will pay that firm an estimated fee of \$12,000, plus reimbursement of expenses. Certain directors, officers and employees of MSL may solicit proxies, without additional remuneration, by telephone, facsimile, electronic mail, telegraph and in person. Following the mailing of this proxy statement/prospectus, MSL will request brokers, custodians, nominees and other record holders to forward copies of this proxy statement/prospectus to persons for whom they hold shares of MSL capital stock and to request authority for the exercise of proxies. In such cases, MSL, upon the request of the record holder, will reimburse such holder for their reasonable expenses.

43

---

## **THE MERGER**

### **Background of the Merger**

Since its incorporation in 1994, MSL has pursued a strategy of growth through acquisitions and combinations. MSL management believes that the electronic manufacturing services industry has undergone, and will continue to experience consolidation. In connection with this strategy, MSL has had discussions concerning potential transactions, both as a buyer and seller, with other industry participants in connection with possible industry consolidation scenarios and the role that MSL might play in this consolidation.

In September 2001, members of MSL's senior management, including Kevin Melia, the then chief executive officer, Robert Donahue, the then chief operating officer, and Albert Notini, chief financial officer, met with senior management of Celestica, including Eugene Polistuk, chief executive officer, and Anthony Puppi, chief financial officer. They discussed, in general terms, the electronics manufacturing services industry and trends, as well as the potential benefits of a possible strategic combination between MSL and Celestica. No specific proposals were made by either MSL or Celestica and it was mutually determined that, in light of the general economic conditions, there was not enough interest by either party to pursue further discussions at that time.

On May 27, 2003, Robert Bradshaw, chief executive officer of MSL, and Mr. Polistuk spoke by telephone and determined that it would be appropriate to meet and discuss trends in the industry and prospects for a possible combination. On May 29, 2003, MSL and Celestica executed

a mutual non-disclosure agreement.

On June 16, 2003, Messrs. Bradshaw, Notini and Santosh Rao, the executive vice president and chief operating officer of MSL, met in Toronto with Messrs. Polistuk, Puppi and Rahul Suri, senior vice president of corporate development, marketing and integration for Celestica. The MSL representatives provided publicly available information regarding MSL and discussed with the Celestica representatives the industry generally, and their respective product and service offerings. The participants at the meeting also discussed the potential benefits of a possible strategic combination of the two entities. Later that month, Mr. Suri reported to Mr. Notini that Celestica had an interest in receiving additional information regarding MSL to further consider a possible transaction.

A special telephonic meeting of the board of directors of MSL was held on July 2, 2003 at which management reported on the preliminary discussions with, and the feedback from, Celestica. The MSL board authorized management to provide non-public information to Celestica under the terms of the previously executed non-disclosure agreement. The MSL board also authorized management to retain one or more financial advisors to advise MSL specifically in connection with a possible transaction should discussions progress to a point where the need for external financial advisory services might arise. At the meeting representatives of Credit Suisse First Boston presented a general overview of the electronic manufacturing services industry. Following the meeting, the MSL board determined that Credit Suisse First Boston would be an appropriate financial advisor given its knowledge of MSL and its significant experience in, and knowledge of, the electronic manufacturing services industry. In light of the ownership stake in MSL held by DLJ Merchant Banking Partners, L.P., an affiliate of Credit Suisse First Boston, and certain other affiliates of Credit Suisse First Boston, and the fact that Robin Esterson, a director of MSL, is a director of DLJ Merchant Banking Partners, the MSL board also determined that it would be appropriate to retain a second financial advisor that did not have such an affiliation with DLJ Merchant Banking and MSL. MSL determined that Sonenshine Pastor would be an appropriate second advisor.

For several days beginning on July 7, 2003, management representatives of MSL and Celestica met in Boston to review certain MSL financial information.

44

---

On July 10, 2003, Messrs. Bradshaw and Notini spoke by telephone with Messrs. Polistuk and Suri to discuss the potential strategic merits of a business combination based upon the information previously disclosed. Messrs. Polistuk and Suri communicated Celestica's preliminary determination not to proceed with a transaction unless there were significant benefits to be derived from an acquisition. The Celestica representatives outlined additional information they would need in order to determine the potential benefits of an acquisition. During the week of July 13, 2003 representatives of MSL and Celestica met at Celestica's offices in Toronto and continued to discuss financial information, the potential benefits of a combination and other industry information relating to MSL.

On July 23, 2003, Messrs. Notini, Rao and Michael Rossi, director of corporate development for MSL, met with Mr. Suri and Darren Myers, director of corporate development for Celestica, in Toronto to discuss MSL's capabilities and position in the industry, as well as the potential benefits to the respective customers of each entity that might flow from a business combination. On July 28, Mr. Suri telephoned Mr. Notini and indicated that Celestica would like to commence a review of certain operations of MSL. From the date of that call and continuing through September 8, 2003, representatives of MSL and Celestica had numerous telephone conversations regarding preliminary financial and operational due diligence to be performed by Celestica and its legal and accounting advisors, and MSL provided financial, industry and operating data to Celestica. In these discussions, MSL provided Celestica with estimates as to the future financial performance of MSL, which indicated that MSL management anticipated revenue of approximately \$241 million and a net loss of approximately \$1 million, including restructuring charges of approximately \$3.5 million, for the fourth quarter of 2003, and revenue of approximately \$926 million and net income of approximately \$13 million for the 2004 fiscal year. The estimates were not prepared to comply with guidelines for projected financial statements published by the American Institute of Certified Public Accountants and were not examined or compiled by MSL's independent accountants or financial advisors, who do not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report incorporated by reference in this proxy statement/prospectus relates to MSL's historical financial information. It does not extend to these estimates and should not be read to do so. Due to the significant lapse of time and change in market dynamics since the time they were prepared, there can be no assurance that these estimates will be realized and MSL assumes no responsibility to update or to revise these estimates.

During the weeks of August 11 and 18, representatives of Celestica toured operating facilities of MSL in Charlotte, North Carolina, Reynosa, Mexico, Arden Hills, Minnesota and Valencia, Spain. On August 18, representatives of MSL and Celestica met to discuss MSL's financial performance and to review customer and program management information.

On August 20, 2003, at a regularly scheduled meeting of the MSL board, management provided an update on the status of discussions with representatives of Celestica and were authorized to continue such discussions. Management also reported on preliminary discussions with another industry participant that, based upon management's prior contacts and knowledge of the industry, it believed might present an attractive alternative to a potential combination with Celestica.

## Edgar Filing: CELESTICA INC - Form F-4/A

On a September 3, 2003 conference call between Messrs. Notini and Rossi for MSL and Messrs. Suri and Myers for Celestica, Mr. Suri indicated that Celestica would like to perform additional financial due diligence, including the inspection of various financial records, and to commence legal due diligence. It was agreed that MSL would establish a data room for such a purpose. Mr. Suri also indicated that Celestica would provide MSL with a preliminary transaction proposal on or before September 11, 2003, subject to completing the required due diligence.

During the week of September 8, 2003, representatives of Celestica, as well as representatives of its legal counsel and its independent auditors, commenced due diligence at the MSL data room. This

financial and legal due diligence continued at various points at the data room, through in person meetings, and by exchange of documents through October 14, 2003.

On September 11, 2003, Celestica delivered a preliminary expression of interest for a proposed acquisition of MSL. This expression of interest included a fixed exchange ratio of 0.325 of a Celestica subordinate voting share for each share of MSL common stock, a voting agreement and Celestica call option as to the outstanding MSL voting securities held by certain institutional stockholders and an \$8.0 million termination fee. On that day Messrs. Notini and Rossi of MSL spoke by telephone with Messrs. Suri, Myers and Robert Kowalik, manager of corporate development for Celestica, regarding Celestica's expression of interest.

On September 12, 2003, a special telephonic meeting of the MSL board was held to review the expression of interest received from Celestica. At that meeting, representatives of Credit Suisse First Boston reviewed with the MSL board the terms of Celestica's proposal, as well as electronic manufacturing services industry trends.

During the week of September 15, 2003, representatives of Credit Suisse First Boston, on behalf of MSL, had telephone conversations with representatives of Celestica, seeking clarifications of the requested call option and potential improvements to the exchange ratio proposed in Celestica's September 11 expression of interest.

On September 18, 2003, a special meeting of the MSL board was held in Boston at which representatives of Credit Suisse First Boston, Sonenshine Pastor and Hale and Dorr LLP, legal counsel to MSL, were present. Hale and Dorr made a presentation to the MSL board regarding its legal duties and responsibilities in connection with considering a potential acquisition. MSL management reviewed the status of discussions with representatives of Celestica, as well as the history of prior negotiations with other industry participants, the historical and expected future consolidation of the industry and other potential alternatives for MSL, including the possibility of combining with other industry participants or remaining an independent, stand-alone entity. Representatives of Credit Suisse First Boston and Sonenshine Pastor again reviewed with the MSL board the Celestica proposal and certain clarifications that had been made by Celestica, financial information of MSL provided to the financial advisors by MSL management, and trends and prospects for the electronic manufacturing services industry. The MSL board authorized management and its advisors to continue negotiations with representatives of Celestica.

On September 22, 2003, Messrs. Notini and Rossi of MSL and representatives of Credit Suisse First Boston and Sonenshine Pastor attended a meeting in Boston with Messrs. Suri, Myers and Kowalik to discuss Celestica's September 11 proposal and the basis for any possible modifications to the proposal, including the prospects for an increase in the exchange ratio contained in the proposal. At this meeting, potential valuation metrics for MSL were discussed. Through the remainder of that week, representatives of MSL and Celestica further discussed financial information, including potential benefits of a business combination. On September 25, Kaye Scholer LLP, legal counsel to Celestica, provided an initial draft of the merger agreement. From September 25 through October 14, 2003, Kaye Scholer, Celestica, MSL and Hale and Dorr negotiated the terms of the definitive merger agreement and related documents.

On September 24, 2003, Messrs. Bradshaw and Polistuk had a telephone conference call during which they discussed their respective rationales for the proposed transaction and trends in the electronic manufacturing services industry.

On September 29, 2003, Messrs. Notini and Rossi of MSL met with Messrs. Suri, Myers and Kowalik of Celestica at Celestica's offices in Toronto. At this meeting there was a further review of the financial information for MSL, as well as continued discussion of potential benefits that might result from the combination.



## Edgar Filing: CELESTICA INC - Form F-4/A

On September 30, 2003, Celestica provided a revised expression of interest which included a fixed exchange ratio of 0.375 of a Celestica subordinate voting share for each share of MSL common stock, a voting agreement and related option as to the outstanding MSL voting securities held by certain institutional stockholders and a \$10.0 million termination fee. This expression of interest indicated that it would expire on October 4, 2003 at 5:00 p.m. unless agreed to in principle and, if agreed to in principle, Celestica would expect MSL to deal with Celestica exclusively to finalize due diligence and the negotiation of definitive documentation.

On October 2, 2003, a special telephonic meeting of the MSL board was held to discuss the revised expression of interest from Celestica. At the meeting, management updated the directors on the status of negotiations and representatives of Credit Suisse First Boston and Sonenshine Pastor reviewed with the board the terms of Celestica's revised proposal. These representatives also reviewed potential alternatives to a transaction with Celestica, including the possibility of combining with another industry participant or remaining an independent stand-alone entity, and responded to questions regarding Celestica and the electronic manufacturing services industry as a whole.

After this meeting and through October 4, 2003, representatives of Credit Suisse First Boston, at the direction of MSL, had several telephone conversations with representatives of Celestica relating to Celestica's revised proposal. During these conversations, representatives of Credit Suisse First Boston and Celestica discussed a possible increase in the proposed exchange ratio and possible price protection for MSL stockholders.

On October 3, 2003, a special meeting of the MSL board was held by telephone conference call to further discuss Celestica's revised proposal. Representatives of Credit Suisse First Boston reported on their discussions with Celestica. The MSL board also discussed potential alternatives to the proposed transaction, including the prospect of combining with other industry participants or remaining an independent entity. The MSL board authorized management and its financial advisors to continue negotiations and to seek an improvement in the financial terms of Celestica's revised proposal.

On October 3, 2003, in a conversation between a representative of Credit Suisse First Boston and Mr. Suri, Mr. Suri indicated that Celestica would not be willing to further increase the fixed exchange ratio, but would be willing to adjust the exchange ratio if the market price of the Celestica subordinate voting shares decreased below \$16.00 per share to maintain an equivalent value of \$6.00 for each share of MSL common stock and, in exchange, would require an adjustment decreasing the exchange ratio if the market price of the Celestica subordinate voting shares increased beyond \$19.33 per share to maintain a maximum equivalent value of \$7.25 per share for each share of MSL common stock exchanged in the proposed merger.

On October 4, 2003, a special telephonic meeting of the MSL board was held. Representatives of Credit Suisse First Boston reported that Celestica had modified its revised proposal and that MSL had received a non-binding indication of interest from another industry participant with respect to a proposed acquisition of MSL. Representatives of Credit Suisse First Boston and Sonenshine Pastor reviewed the modified proposal from Celestica and the indication of interest from the other industry participant, which was subject to completion of a due diligence investigation. The indication of interest, which was conveyed to Credit Suisse First Boston, proposed a merger in which each share of MSL common stock would be exchanged for a specified fraction of a share of the other participant's common stock valued at \$5.50 at the date of the execution of a definitive merger agreement plus \$0.75 in cash. The indication of interest also provided for an increase in the amount of cash paid per share of MSL common stock, up to a maximum of \$1.75, in order to maintain an overall value of cash and common stock at closing of at least \$5.35 per share of MSL common stock so long as the value of the specified fraction of the other participant's common stock did not fall below \$3.60. The MSL directors discussed the modified Celestica proposal, and the indication of interest from the other industry participant, as well as the possibility of remaining an independent entity. The MSL board authorized

management to indicate to Celestica its conceptual approval of the modified Celestica proposal, subject to the negotiation of appropriate documentation, including resolution of issues relating to the requested merger and stockholder agreements and requested management and its financial advisors to seek improvements in the indication of interest from the other industry participant and to inform it of the need to act quickly given the status of negotiations with Celestica.

On October 6, 2003, Messrs. Bradshaw and Polistuk discussed the MSL management changes that would likely result from the proposed transaction, including employment arrangements that Celestica might seek to put into place in connection with the transaction.

On October 6, 2003, a special meeting of the MSL board was held by telephone conference call. MSL management reported on discussions with representatives of Celestica regarding the proposed transaction. Representatives of Credit Suisse First Boston and Sonenshine Pastor reported on Celestica's modified proposal, a revised indication of interest discussed between the other industry participant and Credit Suisse First Boston, and other potential alternatives that might be available to MSL. The revised indication of interest was still subject to the completion of a due diligence investigation and proposed to exchange a specified fraction of a share of the other participant's common stock and \$2.10 in cash

that, based on market values at October 5, 2003, had an aggregate value of \$6.50 per share of MSL common stock. In the event of increases in the market value of the other participant's common stock, the fraction of a share exchanged would decrease to maintain a maximum aggregate value of \$7.15 per share of MSL common stock at closing. In the event of decreases in the market value of the other participant's common stock, the amount of cash would be increased, to a maximum of \$2.85 per share of MSL common stock, to maintain an aggregate value of at least \$5.70 per share of MSL common stock at closing. It was noted by the MSL board that this revised indication of interest could provide for less than \$5.70 per share of MSL common stock in the event of a very significant decline in the other industry participant's common stock, since the amount of cash that would be paid to offset such decline was limited to \$2.85 per share of MSL common stock, and that in such event the transaction may fail to qualify as a reorganization for tax purposes. The MSL board authorized management and its financial and legal advisors to continue negotiations with Celestica and to seek further improvements in the revised indication of interest from the other industry participant and a proposed form of agreement. Later that day, representatives of Celestica required that MSL execute an exclusivity agreement to avoid having Celestica withdraw its proposal and terminate discussions.

On October 7, a special meeting of the MSL board was held by telephone conference call. Credit Suisse First Boston reported that the other industry participant had been informed that MSL must enter into an exclusivity agreement or face termination of a definitive merger proposal and in response had confirmed that it would not further improve its indication of interest. In light of Celestica's position, that absent an exclusivity agreement, it would withdraw its proposal and terminate discussions, the higher range of value in the Celestica proposal and the greater perceived risk of being able to successfully negotiate an agreement with the other industry participant because of the continued due diligence investigation and the fact that no merger documentation had yet been provided by the other industry participant, the MSL board authorized MSL to execute an exclusivity agreement with Celestica through October 15, 2003. The exclusivity agreement was executed on October 8, 2003.

On October 9, 10 and 11, 2003, legal counsel to and representatives of Celestica and MSL met in Boston to negotiate the definitive acquisition agreements, including the merger agreement. During this period, legal counsel to and representatives of Celestica also negotiated the terms of the stockholder agreements with the relevant parties and their counsel. Such negotiations continued by telephone through October 14, 2003 and were directed to the scope of the representations, warranties, covenants and conditions in the merger agreement, the terms and conditions of the stockholder agreements and the terms and conditions of the call option upon certain MSL voting securities held by proposed parties to the stockholder agreements. On October 10, 2003, a special meeting of the MSL board was held by

telephone conference call to review the current status of those negotiations. At this meeting, representatives of Credit Suisse First Boston and Sonenshine Pastor reported on certain financial due diligence they had performed with respect to Celestica, including two telephone conferences with senior Celestica management, including Messrs. Polistuk and Puppi.

At a meeting held on October 10, 2003, Mr. Polistuk and other members of senior management of Celestica reviewed with the board of directors of Celestica MSL's business and results of operations, the strategic rationale for the acquisition and the principal proposed terms of the merger and stockholder agreements. The merger was unanimously approved by the directors present at the meeting and Celestica senior management was authorized to proceed to finalize the terms of the merger agreement and the merger and related matters.

On October 12, 2003, a special telephonic meeting of the MSL board was held at which representatives of Hale and Dorr reviewed the terms of the proposed merger agreement and the related agreements with certain stockholders and executive officers. The MSL board authorized management and legal counsel to continue negotiations of the definitive documentation.

On October 14, 2003, a special meeting of the MSL board was held in Boston. Representatives of Hale and Dorr reported on the definitive merger agreement and the related stockholder agreements, identifying the differences from the documents presented at the October 12 board meeting. Management of MSL again reviewed the strategic rationale for the proposed transaction and representatives of Credit Suisse First Boston and Sonenshine Pastor delivered oral opinions, confirmed by delivery of written opinions, each to the effect that, based upon and subject to the matters stated in their opinions, the share exchange ratio in the merger was fair, from a financial point of view, to the holders of MSL common stock (other than, in the case of Credit Suisse First Boston's opinion, certain private equity funds affiliated or associated with Credit Suisse First Boston and those holders who had entered into stockholder agreements in connection with the merger). Following these presentations, the MSL board further discussed the potential merger. Thereafter, by unanimous vote of all directors, the MSL board determined that the merger was advisable and in the best interests of MSL and its stockholders, approved the merger agreement and related matters, and recommended that the MSL stockholders adopt the merger agreement.

At a meeting held on October 14, 2003, the board of directors of Merger Sub determined that the merger was advisable and in the best interests of Celestica, its sole stockholder, and unanimously approved the merger agreement and the merger and related matters.

## Edgar Filing: CELESTICA INC - Form F-4/A

During the early morning of October 15, 2003, Celestica, MSL and the other parties thereto executed the merger agreement and the related stockholder agreements. Prior to the opening of trading on October 15, 2003, Celestica and MSL issued a joint press release announcing the merger.

### MSL's Reasons for the Merger

**The MSL board of directors has unanimously approved the merger agreement and recommends that the holders of shares of MSL common and preferred stock vote "FOR" the adoption of the merger agreement.**

In the course of reaching its decision to approve the merger agreement and the merger, the MSL board of directors consulted with senior management, as well as MSL's financial advisors and outside legal counsel, and considered the following material factors.

The MSL board reviewed the current electronic manufacturing services industry and believed it to be highly competitive from both a price and service perspective, with relatively low operating and profit margins. They observed a distinction between many significantly larger companies and several other smaller industry participants, including MSL, that had annual revenues of \$3 billion or less. The MSL

49

---

board identified a number of strategic advantages they believed are available to the larger companies in the electronic manufacturing services industry resulting from their greater scale, including:

the operation of manufacturing facilities in many more low cost geographic locations throughout the world, in particular in China and elsewhere in Asia, resulting in better overall manufacturing cost efficiencies;

the ability to negotiate greater savings as a result of higher volume purchases of components and other materials;

lower general and administrative expense levels, as a percentage of revenues, resulting from an ability to spread fixed costs over larger sales volumes;

a trend among certain customers for electronic manufacturing services to view size and financial stability of the service provider as factors to consider when making their purchasing decisions;

increased customer diversification resulting from higher revenue levels and an increased number of customers; and

the ability to offer a broader array of services to customers who are increasingly looking to outsource design and post-sale services such as warranty repair, returns and replacements.

The MSL board believed these strategic advantages were reflected in the trading multiples of companies in the industry, with higher multiples generally being afforded to the larger participants.

The MSL board believed that these benefits could be made available to MSL stockholders, employees and customers through a continuing equity participation in Celestica as a significantly larger participant in the industry following the merger. The MSL board believes that MSL, as an independent entity, would face significant challenges in achieving and sustaining profitable growth in light of these competitive advantages enjoyed by the many other significantly larger players in the industry.

The MSL board considered the following additional factors weighing in favor of the merger:

the historical market prices and recent trading activity and trading range of MSL's and Celestica's common stock, including the fact that the 0.375 exchange ratio offered to MSL's common stockholders in the merger represented a premium of approximately 18.5% and 17.8% over MSL's common stock price one day and 30 days, respectively, prior to the public

## Edgar Filing: CELESTICA INC - Form F-4/A

announcement of the merger by MSL and Celestica;

the financial condition, results of operations and cash flows of MSL, as well as the current and likely future economic and market conditions affecting MSL as a stand-alone entity, including its limited ability to access the capital markets and the need for significant working capital levels in the electronic manufacturing services industry;

increased competition from original design manufacturing companies that are beginning to successfully target services previously offered by electronic manufacturing services companies;

the opinions of Credit Suisse First Boston and Sonenshine Pastor delivered on October 14, 2003, to the effect that, as of such date and based upon and subject to the matters stated in the opinions, the exchange ratio is fair, from a financial point of view, to holders of MSL common stock (other than, in the case of Credit Suisse First Boston's opinion, certain private equity funds affiliated or associated with Credit Suisse First Boston and those holders party to stockholder agreements);

presentations by, and discussions with, senior management of MSL and representatives of MSL's financial and legal advisors regarding the merger and the merger agreement;

the fact that the other industry participant that made a non-binding indication of interest was free to make further proposals to MSL and that the MSL board could, under certain

50

---

circumstances, terminate the merger agreement to enter into an agreement with respect to a superior proposal (as defined in the merger agreement);

the opportunity for MSL stockholders to receive stock in an entity with a significantly larger capitalization and greater liquidity than the MSL common stock;

the fact that other industry participants did not present desirable alternatives or had expressed no interest in pursuing a potential strategic combination with MSL, or in the case of the only other industry participant that made a non-binding indication of interest, involved proposed valuation levels and a form of consideration which, on the whole, were considered less attractive than in the proposed merger with Celestica;

the treatment of the merger as a reorganization for tax purposes; and

the economic effects on the employees, customers, suppliers and other constituents of MSL and its subsidiaries and other communities in which MSL and its subsidiaries operate or are located.

The MSL board also considered the following material factors potentially adverse to the merger:

the possibility that the merger would not be consummated and the effect of the public announcement of the merger on MSL sales and operating results and MSL's ability to attract and retain customers, as well as key management, sales and marketing personnel;

the risk that the potential benefits sought in the merger might not be realized fully or within the timeframe contemplated, if at all, and the potential restructuring costs that may be associated with integrating the combined operations;

the fact that, pursuant to the merger agreement, MSL and its representatives may not participate in discussions or negotiations with any third party who might submit an unsolicited acquisition proposal (as defined in the merger agreement) unless the board of directors (1) determines that the offer specifies a valuation that, if entered into, would be on terms the board determines in good faith would be more favorable to the MSL stockholders than the merger and is reasonably likely to result in a superior proposal (as defined by the merger agreement) and (2) concludes in good faith, after consultation with its outside legal counsel, that such action is required to comply with the board's fiduciary obligations to the MSL stockholders; and

the fact that the termination fee and expense reimbursement required by the terms of the merger agreement to be paid by MSL under certain circumstances would make it more costly for another potential purchaser to acquire MSL.

The MSL board believes that the potential benefits of the merger outweigh the potential negative factors.

The above discussion addresses the material information and factors considered by MSL's board of directors and their consideration of the merger, including factors that support the merger, as well as those that may weigh against it.

In evaluating the merger, the members of the MSL board considered their knowledge of the business, financial condition and prospects of MSL, and the views of its senior management, financial and legal advisors. In view of the variety of factors considered in connection with this evaluation of the merger, the MSL board did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determinations and recommendations. In addition, individual members of the MSL board may have given different weights to different factors.

Other than in their capacity as members of the MSL board, no director or executive officer of MSL has made a recommendation either in support of or in opposition to the transaction.

#### **Recommendation of the Merger by the MSL Board of Directors**

**For the reasons discussed above, the MSL board of directors has approved the merger agreement and recommends that holders of shares of MSL common stock and preferred stock vote "FOR" the adoption of the merger agreement.**

In considering the recommendation of the MSL board of directors with respect to the merger agreement, you should be aware that some of the directors and officers of MSL have interests in the merger that may be different from, or are in addition to, the interests of holders of MSL common stock and preferred stock generally. Please see the section entitled " *Interests of MSL's Directors and Executive Officers in the Merger*" beginning on page 64 of this proxy statement/prospectus.

#### **Opinions of MSL's Financial Advisors**

##### **Credit Suisse First Boston**

Credit Suisse First Boston has acted as MSL's financial advisor in connection with the merger. MSL selected Credit Suisse First Boston based on Credit Suisse First Boston's experience and reputation, and its familiarity with MSL and its business. Credit Suisse First Boston is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

Credit Suisse First Boston and its affiliates in the past have provided, currently are providing and may in the future provide, financial and investment banking services to MSL and Celestica unrelated to the merger, for which services they have received, and expect to receive, compensation. In connection with past services unrelated to the merger provided to MSL, Credit Suisse First Boston and its affiliates have received compensation totaling approximately \$1.3 million in the past two years. Certain private equity funds affiliated or associated with Credit Suisse First Boston own approximately 47.5% of the outstanding shares of MSL common stock, as well as shares of MSL Series A Preferred Stock and have entered into a stockholder agreement with Celestica. Please see the section entitled "*The Stockholder Agreements*" beginning on page 97 of this proxy statement/prospectus. In the ordinary course of business, Credit Suisse First Boston and its affiliates may actively trade the securities of MSL and Celestica for their own accounts and for the accounts of customers and, accordingly, may at any time hold long or short positions in those securities.

In connection with Credit Suisse First Boston's engagement, MSL requested that Credit Suisse First Boston evaluate the fairness, from a financial point of view, to the holders of MSL common stock of the share exchange ratio provided for in the merger agreement. On October 14, 2003, at a meeting of the MSL board held to evaluate the merger, Credit Suisse First Boston rendered to the MSL board an oral opinion, which opinion was confirmed by delivery of a written opinion dated October 14, 2003, to the effect that, as of that date and based on and subject to the matters described in its opinion, the share exchange ratio was fair, from a financial point of view, to the holders of MSL common stock (other than certain private equity funds affiliated with Credit Suisse First Boston and those holders of MSL common stock who have entered into stockholder agreements in connection with the merger and their respective affiliates).

**The full text of Credit Suisse First Boston's written opinion, dated October 14, 2003, to the MSL board which sets forth the procedures followed, assumptions made, matters considered and limitations on the review undertaken, is attached as Annex C and is incorporated by reference into this proxy statement/prospectus. Holders of MSL common stock are encouraged to read this opinion carefully in its entirety. Credit Suisse First Boston's opinion is addressed to the MSL board and relates only to the fairness, from a financial point of view, of the share exchange ratio, does not address any other aspect**

**of the merger or any related transaction and does not constitute a recommendation to any MSL stockholder as to any matters relating to the merger. The summary of Credit Suisse First Boston's opinion in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.**

In arriving at its opinion, Credit Suisse First Boston reviewed the merger agreement and related documents, as well as publicly available business and financial information relating to MSL and Celestica. Credit Suisse First Boston also reviewed other information relating to MSL and Celestica, including internal financial forecasts in the case of MSL and publicly available financial forecasts in the case of Celestica, provided to or discussed with Credit Suisse First Boston by MSL and Celestica. Credit Suisse First Boston also met with the managements of MSL and Celestica to discuss the businesses and prospects of MSL and Celestica. Credit Suisse First Boston also considered financial and stock market data of MSL and Celestica, and compared such data with similar data for publicly held companies in businesses that Credit Suisse First Boston deemed similar to MSL and Celestica and considered, to the extent publicly available, the financial terms of other business combinations and transactions which have been announced or effected. Credit Suisse First Boston also considered other information, financial studies, analyses and investigations and financial, economic and market criteria that it deemed relevant.

In connection with its review, Credit Suisse First Boston did not assume any responsibility for independent verification of any of the information that was provided to or otherwise reviewed by it and relied on that information being complete and accurate in all material respects. With respect to the financial forecasts relating to MSL, Credit Suisse First Boston was advised, and assumed, that the forecasts were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of MSL as to the future financial performance of MSL. With respect to the publicly available financial forecasts relating to Celestica referred to above, Credit Suisse First Boston reviewed and discussed such forecasts with Celestica management and has been advised with respect to the forecasts for 2003 generally, and based on such discussions has assumed, with MSL's consent, with respect to all such forecasts that such forecasts represented reasonable estimates as to the future financial performance of Celestica. Credit Suisse First Boston also assumed, with MSL's consent, that the merger would be treated as a tax-free reorganization for federal income tax purposes. Credit Suisse First Boston further assumed, with MSL's consent, that the merger would be consummated in accordance with the terms of the merger agreement, without amendment, modification or waiver of any material term, condition or agreement contained in the merger agreement, and that, in the course of obtaining any necessary regulatory and third party approvals and consents relating to the merger, no modification, condition, restriction, limitation or delay would be imposed that would have an adverse effect on MSL, Celestica or the contemplated benefits of the merger.

Credit Suisse First Boston was not requested to make, and has not made, an independent evaluation or appraisal of the assets or liabilities, contingent or otherwise, of MSL or Celestica, and Credit Suisse First Boston was not furnished with any such evaluations or appraisals. Credit Suisse First Boston's opinion was necessarily based on information available to it as of the date of the opinion, and financial, economic, market and other conditions as they existed and could be evaluated as of the date of the opinion. Credit Suisse First Boston did not express any opinion as to the actual value of Celestica subordinate voting shares when issued in the merger or the prices at which Celestica subordinate voting shares would trade at any time. In connection with its engagement, Credit Suisse First Boston was not requested to, and it did not, solicit third party indications of interest in acquiring all or a part of MSL. Credit Suisse First Boston's opinion did not address the relative merits of the merger as compared to other business strategies that may be available to MSL, and it did not address the underlying business decision of MSL to engage in the merger. Although Credit Suisse First Boston evaluated the fairness of the share exchange ratio from a financial point of view, Credit Suisse First Boston was not requested to, and it did not, recommend the specific consideration payable in the

merger, which consideration was determined between MSL and Celestica. Except as described above, MSL imposed no other limitations on Credit Suisse First Boston with respect to the investigations made or procedures followed in rendering its opinion.

In preparing its opinion to the MSL board, Credit Suisse First Boston performed a variety of financial and comparative analyses, including those described below. The summary of Credit Suisse First Boston's analyses described below is not a complete description of the analyses underlying Credit Suisse First Boston's opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Credit Suisse First Boston made qualitative judgments as to the significance and relevance of each analysis and factor that it considered. Accordingly, Credit Suisse First Boston believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Credit Suisse First Boston considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of MSL and Celestica. No company, transaction or business used in Credit Suisse First Boston's analyses as a comparison is identical to MSL or Celestica or the merger, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in Credit Suisse First Boston's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, Credit Suisse First Boston's analyses and estimates are inherently subject to substantial uncertainty.

Credit Suisse First Boston's opinion and financial analyses were only one of many factors considered by the MSL board in its evaluation of the proposed merger and should not be viewed as determinative of the views of the MSL board or management with respect to the merger or the share exchange ratio.

The following is a summary of the material financial analyses underlying Credit Suisse First Boston's opinion dated October 14, 2003 delivered to the MSL board in connection with the merger. **The financial analyses summarized below include information presented in tabular format. In order to fully understand Credit Suisse First Boston's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Credit Suisse First Boston's financial analyses.**

*Selected Companies Analysis.* Credit Suisse First Boston compared financial, operating and stock market data of MSL to the following eight publicly traded companies in the electronics manufacturing

services industry, referred to as the EMS companies, five of which had revenues of \$3 billion or more in fiscal year 2002 and three of which had revenues of less than \$3 billion in fiscal year 2002:

| EMS Companies with<br>\$3 billion or more in Revenue  | EMS Companies with<br>less than \$3 billion in Revenue      |
|---|---|
| Celestica Inc.<br>Flextronics International Ltd.<br>Jabil Circuit, Inc.<br>Sanmina-SCI Corporation<br>Solelectron Corporation | Benchmark Electronics, Inc.<br>Pemstar Inc.<br>Plexus Corp. |

Credit Suisse First Boston reviewed, among other things, enterprise values, calculated as equity value, plus net debt, as multiples of estimated calendar years 2003 and 2004 revenue and earnings before interest, taxes, depreciation and amortization, commonly referred to as EBITDA. Credit Suisse First Boston also reviewed equity values per share of the selected companies as a multiple of estimated calendar years 2003 and 2004 earnings per share, commonly referred to as EPS. Estimated financial data for the selected companies were based on publicly

## Edgar Filing: CELESTICA INC - Form F-4/A

available research analysts' estimates. All multiples were based on closing stock prices on October 13, 2003. Credit Suisse First Boston then applied ranges of selected multiples derived from publicly available financial data described above for the selected EMS companies to corresponding financial data of MSL based on two scenarios for MSL the Management Base Case and the Adjusted Case. The Management Base Case was based on MSL management's internal estimates for fiscal years 2003 through 2008, which assume fiscal year 2003 estimated revenue of \$779.3 million, estimated revenue growth rates of 18.9% in fiscal year 2004, 7.5% in fiscal years 2005 and 2006 and 5.0% in fiscal years 2007 and 2008, and an increase in EBITDA margin from 3.3% in fiscal year 2003 to 5.5% in fiscal year 2008. The Management Base Case also assumes that MSL will retain significant customers. The Adjusted Case was based on adjustments by MSL's management to the estimates for fiscal years 2004 through 2008 in the Management Base Case to reflect, among other things, generally flat revenues in fiscal year 2004, an estimated revenue growth rate of 5.0% in fiscal years 2005 through 2008 and an EBITDA margin increase to 4.2% in fiscal year 2008. Credit Suisse First Boston then derived the following implied exchange ratio reference ranges based on Celestica's closing stock price on October 13, 2003 of \$18.10:

|                               | Implied Exchange Ratio Reference Range |                  |
|-------------------------------|--|------------------|
|                               | Management Base Case                   | Adjusted Case    |
| Calendar Year 2003 Estimated: |  |                  |
| Revenue                       | 0.205x to 0.416x                       | 0.205x to 0.416x |
| EBITDA                        | 0.242x to 0.319x                       | 0.242x to 0.319x |
| EPS                           | 0.156x to 0.207x                       | 0.156x to 0.207x |
| Calendar Year 2004 Estimated: |  |                  |
| Revenue                       | 0.252x to 0.477x                       | 0.211x to 0.425x |
| EBITDA                        | 0.271x to 0.378x                       | 0.154x to 0.234x |
| EPS                           | 0.318x to 0.411x                       | 0.041x to 0.071x |

In its analysis, Credit Suisse First Boston placed particular emphasis on 2004 EBITDA and EPS multiples given that, in Credit Suisse First Boston's experience, the market performance of the stock of companies with profitability and growth profiles substantially similar to those of MSL tends to

55

correspond to such companies' projected EBITDA and EPS, which resulted in the following implied exchange ratio reference ranges, as compared to the share exchange ratio provided for in the merger:

| Implied Exchange Ratio Reference Range |                  | Share Exchange Ratio in the Merger |
|--|------------------|------------------------------------|
| Management Base Case                   | Adjusted Case    |                                    |
| 0.271x to 0.411x                       | 0.041x to 0.234x | 0.375x                             |

*Selected Transactions Analysis.* Credit Suisse First Boston reviewed the enterprise values of the following 12 selected transactions involving EMS companies:

| Acquiror                       | Target                        |
|--------------------------------|-------------------------------|
| Flextronics International Ltd. | Microcell Group               |
| Plexus Corp.                   | MCMS, Inc.                    |
| Solelectron Corporation        | C-MAC Industries Inc.         |
| Sanmina Corporation            | SCI Systems, Inc.             |
| Celestica Inc.                 | Omni Industries Limited       |
| Sanmina Corporation            | AB Segerstrom & Svensson      |
| Solelectron Corporation        | Centennial Technologies, Inc. |
| Solelectron Corporation        | NatSteel Electronics Ltd.     |
| Flextronics International Ltd. | JIT Holdings Ltd.             |
| Sanmina Corporation            | Hadco Corporation             |
| Flextronics International Ltd. | The Dii Group, Inc.           |



# Edgar Filing: CELESTICA INC - Form F-4/A

## Acquiror

## Target

Soletron Corporation

SMART Modular Technologies, Inc.

Credit Suisse First Boston compared enterprise values in the selected transactions as multiples of latest 12 months revenue and EBITDA. Credit Suisse First Boston also reviewed equity values per share in the selected transactions as a multiple of latest 12 months EPS. All multiples for the selected transactions were based on information available at the time of the announcement of the relevant transaction. The following are the ranges of selected multiples derived by Credit Suisse First Boston from the selected transactions:

### Latest 12 Months

|         |                |
|---------|----------------|
| Revenue | 0.5x to 1.0x   |
| EBITDA  | 7.0x to 12.0x  |
| EPS     | 22.0x to 28.0x |

Taking into account these selected multiples, Credit Suisse First Boston then derived the following implied exchange ratio reference ranges based upon estimated fiscal year 2003 financial data for MSL and Celestica's closing stock price on October 13, 2003 of \$18.10:

|                   | Implied Exchange Ratio Reference Range |
|-------------------|--|
| Latest 12 Months: |  |
| Revenue           | 0.497x to 0.898x                       |
| EBITDA            | 0.242x to 0.411x                       |
| EPS               | 0.177x to 0.237x                       |

In its analysis, Credit Suisse First Boston placed particular emphasis on latest 12 months EBITDA multiples given that, in Credit Suisse First Boston's experience, acquirors tend to focus on EBITDA when evaluating potential targets with profitability and growth profiles substantially similar to those of

56

MSL, which resulted in the following implied exchange ratio reference range, as compared to the share exchange ratio provided for in the merger:

| Implied Exchange Ratio Reference Range | Share Exchange Ratio in the Merger |
|--|------------------------------------|
| 0.242x to 0.411x                       | 0.375x                             |

*Premiums Paid Analysis.* Credit Suisse First Boston analyzed the premiums paid for U.S. public companies in all stock-for-stock acquisitions with a value of \$50 million or greater, all stock-for-stock acquisitions in the technology industry with a value of \$50 million or greater and all stock-for-stock acquisitions in the technology industry with a value of between \$50 million and \$300 million, in each case since January 1, 2001. The median premiums based on the target's stock price one day and four weeks prior to the merger announcement were applied to MSL's closing stock prices one day prior and four weeks prior to October 14, 2003. Credit Suisse First Boston then derived the following implied exchange ratio reference range based on Celestica's closing stock price on October 13, 2003 of \$18.10, as compared to the share exchange ratio provided for in the merger:

| Implied Exchange Ratio Reference Range | Share Exchange Ratio in the Merger |
|--|------------------------------------|
| 0.372x to 0.457x                       | 0.375x                             |

The implied exchange ratio reference ranges derived from the three categories of stock-for-stock acquisitions reviewed by Credit Suisse First Boston are as follows:

| All Stock-For-Stock Acquisitions:       | Implied Exchange Ratio Reference Range |
|---|--|
| With a value of \$50 million or greater | 0.372x to 0.424x                       |

# Edgar Filing: CELESTICA INC - Form F-4/A

## All Stock-For-Stock Acquisitions:

## Implied Exchange Ratio Reference Range

In the technology industry with a value of \$50 million or greater

0.378x to 0.436x

In the technology industry with a value of between \$50 million and \$300 million

0.405x to 0.457x

*Discounted Cash Flow Analysis.* Credit Suisse First Boston calculated the estimated present value of the stand-alone, unlevered, after-tax free cash flows that MSL could generate for fiscal years 2004 through 2008 under the Management Base Case and the Adjusted Case. Credit Suisse First Boston calculated ranges of estimated terminal values for MSL by multiplying the estimated fiscal year 2008 EBITDA of MSL by selected multiples ranging from 6.0x to 8.0x. The estimated after-tax free cash flows and terminal values were then discounted to present value using discount rates of 15% to 19%. Credit Suisse First Boston then derived the following implied exchange ratio reference ranges based on Celestica's closing stock price on October 13, 2003 of \$18.10, as compared to the share exchange ratio provided for in the merger:

## Implied Exchange Ratio Reference Range

| Management Base Case | Adjusted Case    | Share Exchange Ratio in the Merger |
|----------------------|------------------|------------------------------------|
| 0.270x to 0.400x     | 0.136x to 0.235x | 0.375x                             |

*Stock Trading Analysis.* Credit Suisse First Boston reviewed the high and low closing stock price for MSL over the 52-week period ending on October 13, 2003. Credit Suisse First Boston then derived

57

the following implied exchange ratio range based on Celestica's closing stock price on October 13, 2003 of \$18.10, as compared to the share exchange ratio provided for in the merger:

## Implied Exchange Ratio Reference Range

## Share Exchange Ratio in the Merger

0.174x to 0.334x

0.375x

*Other Factors.* In the course of preparing its opinion, Credit Suisse First Boston also reviewed and considered other information and data, including:

historical price performance and trading volumes of MSL common stock and Celestica subordinate voting shares during the 12-month period from October 10, 2002 to October 13, 2003;

the relationship between movements in MSL common stock, movements in Celestica subordinate voting shares, movements in the common stock of selected EMS companies and movements in the Standard & Poor's index from December 31, 2002 to October 13, 2003;

selected publicly available research analysts' reports for MSL and Celestica, including EPS, revenue and share price targets of those analysts for MSL and Celestica;

potential cost savings and other synergies anticipated by the management of MSL to result from the merger; and

the potential pro forma effect of the merger on Celestica's estimated EPS for calendar years 2003 and 2004 under both the Management Base Case and the Adjusted Case.

## Edgar Filing: CELESTICA INC - Form F-4/A

*Miscellaneous.* MSL has agreed to pay Credit Suisse First Boston an aggregate fee equal to a specified percentage of the total consideration, including specified liabilities assumed, to be paid by Celestica in the merger. It is currently estimated that the aggregate fee payable to Credit Suisse First Boston will be approximately \$3.4 million, of which approximately \$2.4 million is contingent upon completion of the merger. MSL also has agreed to reimburse Credit Suisse First Boston for its expenses arising out of its engagement, including reasonable fees and expenses of legal counsel and any other advisor retained by Credit Suisse First Boston, and to indemnify Credit Suisse First Boston and related parties against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

### **Sonenshine Pastor**

Sonenshine Pastor has acted as MSL's financial advisor in connection with the merger. MSL selected Sonenshine Pastor based on Sonenshine Pastor's experience and reputation, and its familiarity with MSL and its business. Sonenshine Pastor is an investment banking firm that advises companies on mergers, acquisitions, restructurings and other corporate finance transactions. The firm is regularly engaged in the valuation of businesses and securities in connection with these activities.

In connection with Sonenshine Pastor's engagement, MSL requested that Sonenshine Pastor evaluate the fairness, from a financial point of view, to the holders of MSL common stock of the share exchange ratio provided for in the merger. On October 14, 2003, at a meeting of the MSL board held to evaluate the merger, Sonenshine Pastor rendered to the MSL board an oral opinion, which opinion was subsequently confirmed by delivery of a written opinion dated October 14, 2003, to the effect that, as of that date and based on and subject to the matters described in its opinion, the share exchange ratio was fair, from a financial point of view, to the holders of MSL common stock.

**The full text of Sonenshine Pastor's written opinion, dated October 14, 2003, to the MSL board, which sets forth the procedures followed, assumptions made, matters considered and limitations on the review undertaken, is attached as Annex D and is incorporated into this document by reference.**

58

---

**Holders of MSL common stock are encouraged to read this opinion carefully in its entirety. Sonenshine Pastor's opinion is addressed to the MSL board and relates only to the fairness, from a financial point of view, of the share exchange ratio, does not address any other aspect of the proposed merger or any related transaction and does not constitute a recommendation to any stockholder as to any matters relating to the merger. The summary of Sonenshine Pastor's opinion in this document is qualified in its entirety by reference to the full text of the opinion.**

In arriving at its opinion, Sonenshine Pastor:

reviewed the merger agreement and related documents, as well as publicly available business and financial information relating to MSL and Celestica;

reviewed other information relating to MSL and Celestica, including internal financial forecasts in the case of MSL and publicly available financial information, including certain publicly available forward-looking information in the case of Celestica, provided to or discussed with Sonenshine Pastor by MSL and Celestica;

conducted discussions with members of the management of each of MSL and Celestica concerning the businesses and prospects of MSL and Celestica on a stand-alone basis and in the context of the merger;

considered financial and stock market data of MSL and Celestica, and compared those data with similar data for publicly held companies in businesses similar to MSL and Celestica;

considered, to the extent publicly available, the financial terms of other business combinations and transactions which have been announced or effected; and

considered such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sonenshine Pastor deemed relevant.

## Edgar Filing: CELESTICA INC - Form F-4/A

In connection with its review, Sonenshine Pastor did not assume any responsibility for independent verification of any of the information that was provided to or otherwise reviewed by it and relied on that information being complete and accurate in all material respects. With respect to the financial forecasts relating to MSL, Sonenshine Pastor was advised, and assumed, that the forecasts were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of MSL as to the future financial performance of MSL. In addition, in the case of information concerning Celestica, Sonenshine Pastor has been asked to rely and has relied solely on certain publicly available information and certain additional information provided orally by MSL or certain representatives of senior management of Celestica, all without independent verification by Sonenshine Pastor or any other party. Sonenshine Pastor also assumed, with MSL's consent, that the merger would be treated as a tax-free reorganization for federal income tax purposes, that the merger would be consummated in accordance with the terms of the merger agreement, without amendment, modification or waiver of any material term, condition or agreement contained in the merger agreement, and that, in the course of obtaining any necessary regulatory and third party approvals and consents relating to the merger, no modification, condition, restriction, limitation or delay would be imposed that would have an adverse effect on MSL, Celestica or the contemplated benefits of the merger.

Sonenshine Pastor was not requested to make, and has not made, an independent evaluation or appraisal of the assets or liabilities, contingent or otherwise, of MSL or Celestica, and Sonenshine Pastor was not furnished with any such evaluations or appraisals. Sonenshine Pastor's opinion was necessarily based on information available to it as of the date of the opinion, and financial, economic, market and other conditions as they existed and could be evaluated as of the date of the opinion. Sonenshine Pastor did not express any opinion as to the actual value of Celestica subordinate voting shares when issued in the merger or the prices at which Celestica subordinate voting shares would

59

---

trade at any time. In connection with its engagement, Sonenshine Pastor was not requested to, and it did not, solicit third party indications of interest in acquiring all or a part of MSL. Sonenshine Pastor's opinion did not address the relative merits of the merger as compared to other business strategies that may be available to MSL, and it did not address the underlying business decision of MSL to engage in the merger. Although Sonenshine Pastor evaluated the share exchange ratio from a financial point of view, Sonenshine Pastor was not requested to, and it did not, recommend the specific consideration payable in the merger, which consideration was determined between MSL and Celestica. Except as described above, MSL imposed no other limitations on Sonenshine Pastor with respect to the investigations made or procedures followed in rendering its opinion.

In preparing its opinion to the MSL board, Sonenshine Pastor performed a variety of financial and comparative analyses, including those described below. The summary of Sonenshine Pastor's analyses described below is not a complete description of the analyses underlying Sonenshine Pastor's opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Sonenshine Pastor made qualitative judgments as to the significance and relevance of each analysis and factor that it considered. Accordingly, Sonenshine Pastor believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Sonenshine Pastor considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of MSL and Celestica. No company, transaction or business used in Sonenshine Pastor's analyses as a comparison is identical to MSL or Celestica or the merger, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in Sonenshine Pastor's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, Sonenshine Pastor's analyses and estimates are inherently subject to substantial uncertainty.

Sonenshine Pastor's opinion and financial analyses were only one of many factors considered by the MSL board in its evaluation of the merger and should not be viewed as determinative of the views of the MSL board or management with respect to the merger or the share exchange ratio.

The following is a summary of the material financial analyses underlying Sonenshine Pastor's opinion dated October 14, 2003 delivered to the MSL board connection with the merger. **The financial analyses summarized below include information presented in tabular format. In order to fully understand Sonenshine Pastor's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the**

analyses, could create a misleading or incomplete view of Sonenshine Pastor's financial analyses.

**Selected Companies Analysis.** Sonenshine Pastor compared financial, operating and stock market data of MSL to the following twelve publicly traded companies in the electronics manufacturing services industry, referred to as the EMS companies, five of which had revenues of \$3 billion or more

60

in fiscal year 2002, two of which had revenues \$700 million or more in fiscal year 2002, and five of which had revenues below \$700 million in fiscal year 2002:

| EMS Companies with<br>\$3 billion or more in Revenue | EMS Companies with<br>\$700 million-\$3 billion in Revenue | EMS Companies with<br>Below \$700 million in<br>Revenue |
|--|--|---|
| Celestica Inc.                                       | Benchmark Electronics                                      | IEC Electronics   |
| Flextronics International Ltd.                       | Plexus Corp.   | Merix   |
| Jabil Circuit, Inc.                                  |  | Pemstar   |
| Sanmina-SCI Corporation                              |  | SMTC  |
| Soletron Corporation                                 |  | TTM Technologies  |

Sonenshine Pastor reviewed, among other things, enterprise values, calculated as equity value, plus net debt, as a multiple of revenues, earnings before interest and taxes, also referred to as EBIT, and earnings before interest, taxes, depreciation and amortization, also referred to as EBITDA, all on an actual latest twelve month basis, as well as enterprise values as a multiple of estimated calendar year 2003 revenues. Sonenshine Pastor also reviewed equity values per share of the selected EMS companies as a multiple of estimated calendar years 2003 and 2004 earnings per share, commonly referred to as EPS, as well as book equity per share. Estimated financial data for the selected EMS companies were based on publicly available research analysts' estimates. All multiples were based on closing stock prices on October 13, 2003. Sonenshine Pastor then applied ranges of selected multiples derived from publicly available financial data described above for the selected companies to corresponding financial data of MSL based on MSL's Management Base Case. Management Base Case reflects MSL management's internal estimates for fiscal years 2003 through 2008, which assume fiscal year 2003 estimated revenue of \$779.3 million, estimated revenue growth rates of 18.9% in fiscal year 2004, 7.5% in fiscal years 2005 and 2006 and 5.0% in fiscal year 2007 and 2008, and an increase in EBIT margin from 0.9% in fiscal year 2003 to 3.9% in fiscal year 2008. Sonenshine Pastor then derived the following implied consideration reference ranges, as compared to the implicit consideration provided for in the merger. "Floor" represents the implicit value assuming that Celestica's closing stock price upon closing of the merger is \$16.00 or below, "Current" represents the implicit value based on Celestica's closing stock price as of October 13, 2003, and "Ceiling" represents the implicit value assuming that Celestica's closing stock price upon closing of the merger is \$19.33 or above.

| Implied Consideration |        | Merger Consideration |         |         |
|-----------------------|--------|----------------------|---------|---------|
| Reference Range       |        | Floor                | Current | Ceiling |
| \$4.87                | \$7.77 | \$ 6.00              | \$ 6.79 | \$ 7.25 |

**Selected Transactions Analysis.** Sonenshine Pastor reviewed the enterprise values of the following six selected transactions involving EMS companies:

| Acquiror             | Target                        |
|----------------------|-------------------------------|
| Soletron Corporation | C-MAC Industries Inc.         |
| Sanmina Corporation  | SCI Systems, Inc.             |
| Celestica Inc.       | Omni Industries Limited       |
| Celestica Inc.       | Primetech Electronics Inc.    |
| Soletron Corporation | Centennial Technologies, Inc. |
| Avnet, Inc.          | Savoir Technology Group Inc   |

Sonenshine Pastor compared enterprise values in the selected transactions as multiples of latest 12 months earnings before interest and taxes, where available.

61

# Edgar Filing: CELESTICA INC - Form F-4/A

All multiples for the selected transactions were based on information available at the time of the relevant transaction. Sonenshine Pastor derived the following range of EBIT multiples after omitting both the highest and lowest multiple values from the selected transactions:

|                       |               |
|-----------------------|---------------|
| Latest 12 Months EBIT | 7.7x to 18.6x |
|-----------------------|---------------|

Sonenshine Pastor then applied this range of selected multiples derived from the selected transactions to the corresponding estimated fiscal year 2003 financial data for MSL. Sonenshine Pastor then derived the following implied consideration reference range, as compared to the consideration provided for in the merger:

| Implied Consideration |        | Merger Consideration |         |         |
|-----------------------|--------|----------------------|---------|---------|
| Reference Range       |        | Floor                | Current | Ceiling |
| NM                    | \$3.16 | \$ 6.00              | \$ 6.79 | \$ 7.25 |

**Premiums Paid Analysis.** Sonenshine Pastor analyzed the premiums paid in the same transactions shown above as well as in the following additional selected transactions involving EMS companies:

| Acquiror                       | Target                   |
|--------------------------------|--------------------------|
| Andrew Corp                    | Allen Telecom Inc        |
| Teradyne Inc.                  | GenRad, Inc.             |
| Sanmina Corporation            | Segerstrom & Svensson AB |
| Flextronics International Ltd. | Li Xin Industries Ltd.   |

The selected premium ranges derived from the transactions reviewed were applied to MSL's closing stock price one day prior to October 14, 2003 and to MSL's average closing stock price for the thirty days prior to October 14, 2003. Sonenshine Pastor then derived the following implied consideration reference range after removing both the highest and lowest premiums from the selected transactions, as compared to the price provided for in the merger:

| Implied Consideration |        | Merger Consideration |         |         |
|-----------------------|--------|----------------------|---------|---------|
| Reference Range       |        | Floor                | Current | Ceiling |
| \$5.38                | \$7.29 | \$ 6.00              | \$ 6.79 | \$ 7.25 |

Sonenshine Pastor also supplementally reviewed selected transactions from the immediately preceding 12-month period in the range of \$250 million - \$500 million of total enterprise value across a broad range of industries to analyze transactions of comparable total enterprise value and selected low-premium transactions across a broad range of industries from the immediately preceding 12-month period to analyze the market dynamics of proposed transactions similar to Celestica's initial acquisition proposal for MSL. Sonenshine Pastor reviewed 28 transactions in the range of \$250 million - \$500 million in enterprise value across a broad range of industries in the immediately preceding 12-month period and 22 low-premium transactions across a broad range of industries in the immediately preceding 12-month period. These transactions would imply the following consideration reference ranges as compared to the price provided for in the merger:

|  | Implied Consideration |  | Merger Consideration |         |                         |
|--|-----------------------|--|----------------------|---------|-------------------------|
|  | Reference Range       |  | Floor                | Current | Ceiling                 |
| Transactions \$250 million - \$500 million |                       |  | \$6.71               | \$7.48  | \$ 6.00 \$ 6.79 \$ 7.25 |
| Low Premium Transactions                   |                       |  | 5.40                 | 6.16    | 6.00 6.79 7.25          |

**Discounted Cash Flow Analysis.** Sonenshine Pastor calculated the estimated present value of the stand-alone, unlevered, after-tax free cash flows that MSL could generate for fiscal years 2004 through 2008 based on three scenarios for MSL: Management Base Case, Adjusted Case and Adjusted Case 2. Adjusted Case was based on adjustments by MSL's management to the estimates for fiscal years 2004 through 2008 in Management Base Case to reflect, among other things, generally flat revenue in 2004 and lower growth in revenues and lower profitability in future periods from those estimated in Management Base Case. The Adjusted Case assumes estimated revenue growth rates of 2.7% in fiscal year 2004 and 5.0% in fiscal years 2005 through 2008 and an EBIT margin increase to 2.4% in fiscal year 2008. Adjusted Case 2 was also based

## Edgar Filing: CELESTICA INC - Form F-4/A

on further adjustments by MSL's management to the estimates for fiscal years 2004 through 2008 in Management Base Case to reflect, among other things, the potential for future decreases in revenue and profitability associated with the loss of certain large, global customers due to a preference for the services of larger electronic manufacturing services companies, generally with greater than \$3 billion of annual revenues, combined with a significant and prolonged downturn in industry spending. Adjusted Case 2 takes into consideration attributes of larger electronic manufacturing services companies such as more complete global networks of manufacturing facilities (including an established presence in low-cost manufacturing locales, particularly China) and a more robust suite of manufacturing service offerings, including advanced design services, as compared to smaller companies in the industry. Adjusted Case 2 assumes estimated revenue growth of 2.7% in fiscal year 2004, and estimated revenue declines of 16.9% in fiscal year 2005, 29.8% in fiscal year 2006, 15.0% in fiscal year 2007 and 11.3% in fiscal year 2008, and a decrease in EBIT margin to 0.0% in fiscal year 2008. Sonenshine Pastor calculated ranges of estimated terminal values for MSL by multiplying the estimated fiscal year 2008 EBITDA of MSL by selected multiples ranging from 6.0x to 8.0x. The estimated after-tax free cash flows and terminal values were then discounted to present value using discount rates of 12% to 16%. Sonenshine Pastor then derived the following implied consideration reference ranges, as compared to the consideration provided for in the merger:

| Implied Consideration Reference Range |        |               |        |                 |        | Merger Consideration |         |         |
|---------------------------------------|--------|---------------|--------|-----------------|--------|----------------------|---------|---------|
| Management Base Case                  |        | Adjusted Case |        | Adjusted Case 2 |        | Floor                | Current | Ceiling |
| \$5.67                                | \$8.07 | \$2.96        | \$5.02 | \$0.92          | \$1.78 | \$ 6.00              | \$ 6.79 | \$ 7.25 |

**Stock Trading Analysis.** Sonenshine Pastor reviewed the high and low closing stock price for MSL over the 52-week period ending on October 13, 2003. Sonenshine Pastor then derived the following implied consideration reference range, as compared to the implied consideration provided for in the merger:

| Implied Consideration |        | Merger Consideration |         |         |
|-----------------------|--------|----------------------|---------|---------|
| Reference Range       |        | Floor                | Current | Ceiling |
| \$3.00                | \$6.20 | \$ 6.00              | \$ 6.79 | \$ 7.25 |

**Other Factors.** In the course of preparing its opinion, Sonenshine Pastor also reviewed and considered other information and data, consisting of:

the relative historical stock prices, expressed as a percentage, and trading volumes, of MSL common stock and Celestica subordinate voting shares since MSL's initial public offering on June 23, 2000, and for various periods of time since then. Sonenshine Pastor then compared these exchange ratios to the share exchange ratio in the merger of 0.375, subject to adjustments pursuant to the merger agreement;

the relationship between movements in MSL common stock, movements in Celestica subordinate voting shares, movements in the common stock of selected EMS companies and movements in the Standard & Poor index from June 23, 2000 to October 13, 2003;

selected publicly available research analysts' reports for MSL and Celestica, including EPS, revenue and share price targets of those analysts for MSL and Celestica;

recent general mergers and acquisitions transactions between \$250 million and \$500 million of enterprise value and recent trends concerning premiums paid in certain merger and acquisition transactions; and

potential cost savings and other synergies anticipated by the management of MSL to result from the merger, and the potential effects of such synergies, to the extent realized, on the future value of the pro forma combined business.

**Miscellaneous.** MSL has agreed to pay Sonenshine Pastor an aggregate fee equal to a specified percentage of the total consideration, including specified liabilities assumed, to be paid by Celestica in the merger. It is currently estimated that the aggregate fee payable to

## Edgar Filing: CELESTICA INC - Form F-4/A

Sonenshine Pastor, including an annual retainer fee, will be approximately \$1.4 million, of which approximately \$800,000 is contingent upon completion of the merger. MSL also has agreed to reimburse Sonenshine Pastor for its expenses, including reasonable fees and expenses of legal counsel and any other advisor retained by Sonenshine Pastor, and to indemnify Sonenshine Pastor and related parties against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

### **Celestica's Reasons for the Merger**

Customer and end-market diversification are important components of Celestica's growth strategy. The acquisition of MSL will provide Celestica with additional access to a broad customer base in diversified end markets, including industrial and avionics. The acquisition also supports Celestica's strategy to continue to expand and deepen its suite of integrated services and solutions. Celestica believes that MSL's strengths in order fulfillment, build-to-order assembly and high-speed automated manufacturing will complement Celestica's existing offerings. In addition, Celestica anticipates achieving cost synergies as it integrates and optimizes the footprints, network and total supply chain of the two companies. Finally, Celestica has been impressed with MSL's proven operational track record and customer-focused approach.

### **Interests of MSL's Directors and Executive Officers in the Merger**

In considering the recommendation of MSL's board of directors that you, as an MSL stockholder, adopt the merger agreement, you should be aware that some of MSL's executive officers and directors have interests in the transaction that may be different from, or in addition to, your interests as an MSL stockholder. The MSL board of directors was aware of these interests and took these interests into account in approving the merger agreement and the merger. These interests are summarized below.

#### ***Change of Control Agreements***

MSL has an employment contract with Robert C. Bradshaw, MSL's chief executive officer and president. The contract provides that in the event of termination, other than for Cause, after a change of control, Mr. Bradshaw will be entitled to:

his base salary and his target annual bonus in monthly increments until January 7, 2005;

acceleration of any stock options to purchase shares in MSL which will become exercisable for up to four years after the event of termination;

continue to participate, during the period commencing on the Termination Date and ending on the earlier of January 7, 2005 and the date Mr. Bradshaw becomes eligible for comparable benefits from a subsequent employer, in MSL's or the successor to its business' plans, programs

64

---

or arrangements for its senior executives and their family members in the same manner as provided before the Termination Date; and

be paid any accrued but unpaid benefits in accordance with MSL's or the successor to its business' plans programs or arrangements in effect for its senior executives on the Termination Date.

Additionally, under the employment contract, Mr. Bradshaw has agreed that, until January 7, 2005 or such longer period as Mr. Bradshaw is employed by MSL, he will not (1) own, manage, control or otherwise participate in any business competing with the business of MSL or (2) induce any employee of MSL to leave the employ of MSL or any of its subsidiaries.

The employment contract generally defines the terms used as follows:

Cause means that the executive:

(i)



## Edgar Filing: CELESTICA INC - Form F-4/A

is convicted of or pleads guilty or *nolo contendere* to a felony or to a crime which has a materially detrimental effect to the property of MSL or the successor to its business,

- (ii) commits any act involving dishonesty, fraud or disloyalty, or breach of his fiduciary duty to MSL or the successor to its business which is materially detrimental to MSL or the successor to its business,
- (iii) continually fails in any material respect or refuses to perform his duties as directed by the board or continually does not direct his attention and give his best effort to the affairs of MSL or the successor to its business,
- (iv) engages in gross negligence or willful misconduct with respect to his duties, or
- (v) engages in any breach of the employment contract.

Termination Date means the date the executive's employment is terminated.

MSL also has entered into change of control severance agreements with John Boucher, Gerald Campenella, Alan R. Cormier, Richard Gaynor, Sean Lannan, Bruce Leasure, Albert A. Notini, Santosh Rao and Dewayne Rideout, who are executives of MSL. The merger constitutes a change of control for purposes of these agreements.

These change in control agreements provide for the following in the event of a change of control:

If the executive fails to perform his duties to the company as a result of incapacity due to physical or mental illness, MSL or the successor to its business shall pay the executive's base salary plus all compensation and benefits payable under the terms of any compensation or benefit plan, program or arrangement until the executive is terminated for disability.

In addition, if the executive is terminated for any reason, he will be entitled to:

his base salary and all compensation and benefits payable to him through the Date of Termination under the terms of MSL's or the successor to its business' compensation and benefits plans as in effect immediately prior to the Date of Termination, and

his normal post-termination compensation and benefits as they become due.

In addition, if an executive's employment is terminated within 36 months of a change in control of MSL (1) other than for Cause, (2) by reason of death or Disability or (3) by the executive for Good Reason, MSL or the successor to its business will provide the following to the executive:

a lump sum in cash equal to 2.5 times the sum of (a) the executive's base salary, and (b) the target annual bonus available to the executive pursuant to any annual bonus or incentive plan of the company during the fiscal year in which the Date of Termination occurs;

a pro-rated portion of the executive's bonus compensation for the fiscal year in which the Date of Termination occurs calculated by multiplying (a) the maximum amount of such bonus by (b) a fraction with the numerator being the number of days in the fiscal year through termination and the denominator being 365;

## Edgar Filing: CELESTICA INC - Form F-4/A

a lump sum amount in cash equal to the sum of (a) any unpaid incentive compensation awarded or allocated to the executive for a completed fiscal year preceding the Date of Termination which is contingent on the continued employment of the executive until a particular date, and (b) a pro rata portion to the Date of Termination of the aggregate value of all contingent incentive compensation awards to the executive for all uncompleted periods under the plan calculated as to each award by multiplying the (i) award amount to be received on the last day of such period (assuming achievement of the performance goals established for such award) by (ii) a fraction in which the numerator is the number of full months and any fractional month during the performance award period until the Date of Termination and the denominator is the number of months contained in such period;

for 18 months following the Date of Termination, MSL or the successor to its business shall arrange for the executive and his dependents to receive life, disability and accident health insurance benefits substantially similar to the benefits received prior to the Date of Termination; and

if any payment received by the executive is subject to excise tax, the executive shall receive any amount such that the net amount retained by the executive, after deduction of such excise tax amount and any tax on this additional receipt, shall be equal to the payments received or to be received in connection with the change in control.

In addition, MSL or the successor to its business will be liable for all legal fees and expenses incurred by the executive in disputing in good faith any issues relating to the termination of his employment, in seeking in good faith to obtain or enforce any benefit or right provided for in the change in control agreement or in connection with any tax audit to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided under the change in control agreement.

The change in control agreements generally define the terms used as follows:

Cause means:

willful and continued failure of the executive to substantially perform his duties with the company not cured within 30 days of written demand for substantial performance, or

willful engagement in conduct resulting in demonstrable and material monetary harm to the MSL or the successor to its business.

Date of Termination means:

if the employment is terminated for Disability, 30 days after Notice of Termination is given if the executive has not returned to his full-time duties during those thirty days, and

if the employment is terminated for any other reason, the date specified in the Notice of Termination.

Good Reason means:

assignment of duties inconsistent with the executive's position or diminution or alteration of such position;

reduction of or failure to pay the executive's base salary or reduction in the executive's total cash and stock compensation opportunity to less than 100% of the opportunity made available the previous year;

## Edgar Filing: CELESTICA INC - Form F-4/A

relocation of the executive's principal place of employment by more than 40 miles;

failure by MSL or the successor to its business to pay the executive any compensation within seven days of the date such compensation is due;

failure of MSL or the successor to its business to continue any material compensation plans, unless an equitable arrangement has been made on terms no less favorable than the existing plan in which the executive participates;

failure by MSL or the successor to its business, directly or indirectly, to continue benefits substantially similar to those enjoyed by the executive prior to any change in control; or

any purported termination of the executive's employment which is not effected pursuant to the terms of the applicable agreement.

Disability means an executive's absence from full-time performance of his duties with MSL or the successor to its business for a period of six consecutive months, plus 30 days after a Notice of Termination has been sent as a result of the executive's incapacity due to physical or mental illness.

Notice of Termination means a notice indicating the specific termination provision of the change of control agreement relied on and setting forth the facts and circumstances claimed to provide a basis for termination under such provision.

Messrs. Boucher, Campenella, Cormier, Gaynor, Lannan, Leasure, Rao and Rideout is each also party to a non-competition, invention and non-disclosure agreement with MSL. Under these agreements, each executive agrees generally that:

all inventions, developments and other discoveries devised or made by him during his employment with MSL are the exclusive property of MSL;

during his employment with MSL and thereafter he will not disclose or otherwise publish, other than in the ordinary course of MSL business, any proprietary or confidential information of MSL; and

for one year following the termination of his employment with MSL, he will not

- (1) engage or have any financial interest in any business that competes with MSL,
- (2) induce employees of MSL to join in any business that competes with MSL or
- (3) solicit any customers or suppliers of MSL in competition with MSL.

MSL has made payments to executive officers totaling \$1.8 million for amounts due under these change-in-control provisions. These payments were made to the following executives: Mr. Boucher, \$119,045; Mr. Campenella, \$286,636; Mr. Cormier, \$292,541; Mr. Gaynor, \$147,745; Mr. Lannan, \$93,780; Mr. Notini, \$771,608; Mr. Rideout, \$121,604. Celestica is obligated to reimburse to MSL for these payments if the merger agreement is terminated under certain circumstances.

### ***Non-Employee Directors' Stock Options***

In the event that a non-employee director's membership on the MSL board terminates, any stock options previously granted by MSL and held by such director will vest in full and be immediately exercisable. None of the current directors of MSL is expected to remain a director of MSL following the merger and, accordingly, all stock options held by the non-employee directors will vest and become immediately exercisable, and will remain exercisable for one year. As of the record date, the non-employee directors of MSL held, in the aggregate, stock options to

purchase a total of 224,200 shares of MSL common stock at a weighted average price of \$5.74 per share.

### ***Effect of the Merger on MSL Stock Options***

When the merger is completed, Celestica will assume outstanding stock options to purchase shares of MSL common stock, except for stock options outstanding under MSL's employee stock purchase plan, and will convert these stock options into stock options to purchase Celestica subordinate voting shares. Each assumed stock option will have the same terms and conditions they have just prior to their assumption, adjusted as necessary to reflect the substitution of Celestica shares for MSL common stock, except that substantially all options granted prior to the date of the merger agreement will vest as a result of the merger. Prior to the effective time of the merger, the MSL employee stock purchase plan will be terminated. Any offering period then underway under the MSL employee stock purchase plan will be shortened by setting a new exercise date that is prior to the effective time of the merger, and each participant's option to purchase MSL common stock under the employee stock purchase plan will be exercised automatically on the new exercise date. For more information, please see the sections entitled "*The Merger Agreement Treatment of MSL Stock Options and Warrants*" beginning on page 88 of this proxy statement/prospectus and "*The Merger Agreement Treatment of Rights under the MSL Employee Stock Purchase Plan*" beginning on page 89 of this proxy statement/prospectus.

With respect to grants to each non-employee director under MSL's director compensation programs, stock options will become exercisable and vested when the non-employee director ceases to be a member of MSL's board of directors. None of the current directors of MSL is expected to remain a director of MSL following the merger. Accordingly, all stock options owned by the non-employee directors are expected to vest and be immediately exercisable upon completion of the merger, and remain exercisable for one year. For more information, please see the section entitled "*Interests of MSL Directors and Executive Officers in the Merger Non-Employee Directors' Stock Options*", above.

Celestica intends to file a registration statement on Form S-8 with the Securities and Exchange Commission as soon as practicable following the completion of the merger, but not later than five business days following the completion of the merger, in connection with the subordinate voting shares issuable on the exercise of the assumed MSL stock options.

### ***Celestica Discussions Concerning Employment***

In connection with the merger, Celestica has had discussions with several of MSL's executive officers concerning their employment opportunities with Celestica after the merger. Celestica has entered into an employment agreement with Mr. Boucher to serve as Celestica's senior vice president, U.S. operations. The agreement, which is conditioned upon completion of the merger, includes a compensation package commensurate with other senior vice presidents of Celestica, including a grant of options to purchase subordinate voting shares and participation in Celestica's employee benefit and incentive plans. In addition, Celestica is continuing discussions with Mr. Bradshaw regarding employment with Celestica following completion of the merger.

### ***Indemnification; Directors' and Officers' Insurance***

For the period from the effective time of the merger through the sixth anniversary of the effective time, Celestica and the company surviving the merger will indemnify and hold harmless each person who is now, has been at any time, or becomes prior to the effective time of the merger, a director or officer of MSL or any of its subsidiaries against all claims, losses, liabilities, damages, judgments, fines and reasonable fees, costs and expenses, including attorneys' fees and disbursements incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to the fact that such person is or was an officer or director of MSL or any of its subsidiaries, whether asserted or claimed prior to, at or after the effective time of the merger. Each of these persons is also entitled to advancement of any expenses incurred in defense of any such claim, action, suit, proceeding or investigation. In addition, Celestica has agreed to cause the certificate of incorporation and by-laws of the company surviving the merger to

contain provisions no less favorable than those contained in the current charter documents of MSL with respect to indemnification, advancement of expenses and exculpation of present and former directors and officers of MSL and its subsidiaries. The certificate of incorporation and by-laws of MSL generally provide its current and former directors and officers indemnification to the fullest extent permitted by applicable law.

For a period of six years after the effective time of the merger, Celestica also will cause the company surviving the merger to use all reasonable efforts to maintain directors' and officers' liability insurance covering those directors and officers of MSL who are currently covered by MSL's directors' and officers' liability insurance on terms comparable to those applicable to the current directors and officers with respect to matters existing or occurring at or prior to the effective time of the merger. However, the company surviving the merger will not be required to

## Edgar Filing: CELESTICA INC - Form F-4/A

pay, in total, an annual premium for the insurance described in this paragraph in excess of 200% of the current annual premium paid by MSL for its existing insurance coverage. If the annual premiums of such insurance coverage exceed that amount, or if such insurance coverage expires, is terminated or cancelled within such six-year period, the company surviving the merger will use all reasonable efforts to cause to be maintained the maximum amount of coverage as is available for 200% of MSL's current annual premium.

As a result of the interests described above, certain executive officers and directors of MSL could be viewed as being more likely to vote "FOR", and recommend a vote "FOR", the adoption of the merger agreement, than MSL's stockholders generally or than they would if they did not hold these interests.

### *Stockholder Agreements*

In connection with the merger agreement, Celestica has entered into stockholder agreements with each of John Boucher, Robert C. Bradshaw, Gerald Campenella, Alan R. Cormier, Richard Gaynor, Sean Lannan, Bruce Leasure, Albert A. Notini, Santosh Rao and Dewayne Rideout, and certain institutional stockholders. Each of the named individuals is an executive officer of MSL and Mr. Bradshaw and Mr. Notini are also directors. For a discussion of these stockholder agreements, please see the section entitled "*The Stockholder Agreements*" beginning on page 97 of this proxy statement/prospectus.

### **Material United States Federal Income Tax Consequences**

The following is a summary of the material U.S. federal income tax consequences of the merger to U.S. Holders (as defined below) and the material U.S. federal income tax considerations applicable to the ownership of Celestica subordinate voting shares by U.S. Holders following the merger. For purposes of this discussion, the term "U.S. Holder" means a beneficial owner of MSL common stock, MSL preferred stock or Celestica subordinate voting shares that is:

an individual who is a citizen or resident of the United States;

a corporation, other entity taxable as a corporation, partnership or limited liability company, created or organized under the laws of the United States or any state or political subdivision thereof;

an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust that (i) is subject to the primary supervision of a U.S. court and which has one or more U.S. fiduciaries who have the authority to control all substantial decisions of the trust, or (ii) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

---

This summary is based on the Internal Revenue Code of 1986, as amended, or the Code, and final, proposed and temporary U.S. Treasury Regulations, and administrative and judicial interpretations thereof (all as of the date of this proxy statement/prospectus). Legislative, administrative or judicial changes or interpretations may be forthcoming that could alter or modify the statements and conclusions set forth in this proxy statement/prospectus. Any such changes or interpretations may or may not be retroactive and could affect the tax consequences discussed below. We cannot assure you that the U.S. Internal Revenue Service, or the IRS, will not take a contrary view to such statements and conclusions, and no ruling from the IRS has been, or will be, sought on the issues discussed in this proxy statement/prospectus.

This summary is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described in this proxy statement/prospectus will have on special classes of taxpayers, some of which may be subject to special tax rules, such as S corporations, mutual funds, insurance companies, banks and other financial institutions, small business investment companies, foreign companies, nonresident alien individuals and other taxpayers that are not U.S. Holders, regulated investment companies, real estate investment trusts, dealers in securities or currencies, broker-dealers and tax-exempt organizations, persons who are owners of an interest in a partnership or other pass-through entity that is a holder of shares, persons who are subject to the alternative minimum tax, persons who acquired their MSL stock pursuant to the exercise of employee stock options or otherwise as compensation, persons who hold, directly, constructively or by attribution, 5% or more of either the total voting power or total value of the capital stock of Celestica immediately after the merger, or 10% or more of the total voting power of the capital stock of Celestica at any time, persons that hold MSL common stock, MSL preferred stock or Celestica subordinate voting shares as part of a position in a "straddle," or as part of a "hedging," "conversion" or other integrated investment transaction for U.S. federal income tax purposes, or persons whose functional currency is not the

U.S. dollar.

The summary below assumes that stockholders hold their shares of MSL common stock, MSL preferred stock or Celestica subordinate voting shares as capital assets within the meaning of section 1221 of the Code, and that MSL does not have current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Currently, MSL does not have current or accumulated earnings and profits and it does not anticipate that it will have any prior to the closing of the merger. Furthermore, the summary below does not discuss non-U.S. tax consequences or state, local, estate, gift or other tax consequences. Finally, Celestica believes that it is not a "passive foreign investment company" within the meaning of section 1297(a) of the Code and the summary below so assumes.

**Each MSL stockholder is advised to consult his or her own tax advisor as to the U.S. federal income tax consequences to him, her or it of the merger and the ownership and disposition of Celestica subordinate voting shares, in each case in light of the facts and circumstances that may be unique to him, her or it, and as to any U.S. estate, gift, state, local and non-U.S. tax consequences of the merger.**

#### *Tax Opinions*

MSL has received an opinion of Hale and Dorr LLP and Celestica has received an opinion of Kaye Scholer LLP to the effect that:

- (a) for United States federal income tax purposes, the Merger will constitute a reorganization within the meaning of Section 368(a) of the Code, which we refer to in this proxy statement/prospectus as a "reorganization"; and
- (b) for United States federal income tax purposes, a U.S. Holder of Parent subordinate voting shares:

70

---

will be required to include in gross income as dividend income the amount of any distributions (including constructive distributions) paid on the Parent subordinate voting shares (including any foreign taxes withheld from the amount received) on the date such distribution is includable in the income of a holder to the extent such distributions are paid out of Parent's current or accumulated earnings and profits as determined for United States federal income tax purposes; and

will, unless a nonrecognition provision applies, recognize taxable gain or loss on any sale, exchange or other disposition of Parent subordinate voting shares in an amount equal to the difference between the United States dollar value of the amount realized on such sale, exchange or other disposition and such holder's adjusted tax basis, determined in United States dollars, in such shares.

It is a condition to the obligations of MSL and Celestica to consummate the merger that each of MSL and Celestica shall have received opinions, dated the closing date, from Hale and Dorr LLP and Kaye Scholer LLP, respectively, to the effect that for U.S. federal income tax purposes the merger will constitute a reorganization.

The opinions of Hale and Dorr LLP and Kaye Scholer LLP will be based on facts existing on the date of this proxy statement/prospectus and at the closing date, will assume the absence of changes in existing facts and will rely on representations and covenants made by MSL, Celestica and Merger Sub. These opinions of counsel are not binding on the IRS.

#### ***Material Federal Income Tax Consequences of the Merger to MSL, Celestica, Holders of MSL Common Stock and Holders of MSL Preferred Stock***

The merger will qualify as a reorganization. Subject to the limitations and qualifications referred to in this section, and as a result of the merger qualifying as a reorganization, the following U.S. federal income tax consequences will result:

***MSL and Celestica.*** MSL and Celestica will not have taxable gain or loss as a result of the merger.

***Holders who receive solely Celestica subordinate voting shares.*** Holders of MSL common stock and/or MSL preferred stock who exchange their MSL common stock and MSL preferred stock solely for Celestica subordinate voting shares will not have taxable gain or loss as

a result of the merger (except with respect to any cash received in lieu of fractional shares, as described below). The aggregate tax basis of the Celestica subordinate voting shares received by any such holder will be equal to the aggregate tax basis of the MSL common stock and MSL preferred stock surrendered (excluding any portion of the holder's tax basis allocated to fractional shares) and the holding period of the Celestica subordinate voting shares will include the holding period of the MSL common stock and MSL preferred stock surrendered.

**Holders of MSL preferred stock who do not own any shares of MSL common stock and who elect to receive solely cash.** Holders of MSL preferred stock who do not own any shares of MSL common stock and who elect to receive solely cash in exchange for their shares of MSL preferred stock will have taxable gain or loss equal to the difference between the amount of cash received and their tax basis in the shares of MSL preferred stock surrendered. Any such gain or loss generally will constitute capital gain or loss, and will be long-term capital gain or loss with respect to MSL shares held for more than one year at the effective time of the merger. The deductibility of capital losses is subject to limitations.

**Holders of MSL preferred stock who receive a combination of cash and Celestica subordinate voting shares.** Holders of MSL preferred stock may receive a combination of cash (excluding, for purposes of this discussion, cash received in lieu of fractional shares, as described below) and Celestica subordinate voting shares by reason of electing to receive Celestica subordinate voting shares for only a portion of their MSL preferred stock, or by reason of owning both MSL common stock and MSL preferred stock.

71

---

Generally, such holders will have a gain or loss for each block of MSL preferred stock surrendered for which some cash is received measured by the difference between (a) the sum of the amount of cash and the fair market value of Celestica subordinate voting shares received that is allocable to such block of MSL preferred stock and (b) the tax basis of such block. Any such gain will be taxable to the extent of the amount of cash received that is allocable to such block, and no loss will be recognized.

In some circumstances, a portion of such taxable gain may be treated as a dividend. It is unclear under present law whether only the accumulated earnings and profits of MSL are considered for purposes of treating taxable gain as a dividend, or whether the accumulated earnings and profits of Celestica are taken into account. MSL does not have accumulated earnings and profits, but Celestica may. Even if the accumulated earnings and profits of Celestica are considered for purposes of treating taxable gain as a dividend, such dividend treatment would only be applicable if, with respect to a holder, the receipt of cash in connection with the merger has the effect of the distribution of a dividend. For purposes of this determination, a holder would be treated as if the holder had exchanged all of such holder's MSL preferred stock solely for Celestica subordinate voting shares and then Celestica immediately redeemed a portion of such shares in exchange for the cash actually received by the holder in connection with the merger. Whether the cash received in this deemed redemption is treated as a dividend will depend upon the portion of Celestica capital stock owned by the holder (and deemed purchased) and, possibly, the extent to which such redemption has resulted in a decrease in the holder's interest in Celestica, determined after taking into account certain attribution of ownership rules.

It is unlikely in the case of virtually all MSL stockholders that dividend treatment will result because the amount of Celestica stock deemed acquired and redeemed with respect to each holder will constitute a small percentage of the total outstanding stock of Celestica. Therefore, any such taxable gain generally will constitute capital gain, and will be long-term capital gain with respect to MSL shares held for more than one year at the effective time of the merger. Even if such taxable gain is treated as a dividend, it will generally be taxed at a rate no greater than that applicable to long-term capital gain as a result of recent tax legislation.

The tax basis of the Celestica subordinate voting shares received in exchange for a block of MSL stock will be equal to the tax basis of such surrendered block of MSL stock, decreased by the amount of cash received in respect of such block and increased by the amount of gain recognized in respect of such block. The holding period of the Celestica subordinate voting shares will include the holding period of such block of MSL stock surrendered.

**Cash received in lieu of a fractional share.** A holder of MSL stock who receives cash in lieu of a fractional Celestica subordinate voting share will be treated as having received such fractional share pursuant to the merger and then as having exchanged such fractional share for cash in a redemption by Celestica. Any gain or loss attributable to a fractional share generally will be capital gain or loss. The amount of such gain or loss will be equal to the difference between the ratable portion of the tax basis of the MSL stock surrendered in the merger that is allocated to such fractional share and the cash received in lieu thereof.

#### ***Record Retention and Backup Withholding***

Each holder of MSL stock that receives Celestica subordinate voting shares in the merger will be required to retain records and file with such holder's U.S. federal income tax return a statement setting forth certain facts relating to the merger.

Unless a holder of MSL stock complies with certain reporting and/or certification procedures, or is an exempt recipient under applicable provisions of the Code and U.S. Treasury Regulations promulgated thereunder, such holder may be subject to a 28% backup withholding tax with respect to

any cash payments received pursuant to the merger. Holders of MSL stock should consult their brokers to ensure compliance with such procedures.

TO PREVENT BACKUP WITHHOLDING WITH RESPECT TO CASH PAYMENTS TO CERTAIN HOLDERS IN CONNECTION WITH THE MERGER, EACH HOLDER OF MSL STOCK MUST PROVIDE SUCH HOLDER'S CORRECT TAXPAYER IDENTIFICATION NUMBER AND CERTIFY THAT SUCH HOLDER IS NOT SUBJECT TO BACKUP WITHHOLDING BY COMPLETING THE SUBSTITUTE W-9 IN THE ELECTION FORM. IF BACKUP WITHHOLDING APPLIES WITH RESPECT TO A HOLDER, WITHHOLDING WILL BE REQUIRED IN AN AMOUNT EQUAL TO 28% OF ANY PAYMENTS THAT OTHERWISE WOULD BE MADE TO SUCH HOLDER.

***Material Federal Income Tax Consequences of Holding Celestica Subordinate Voting Shares***

***Distributions.*** A holder of Celestica subordinate voting shares will be required to include in gross income as dividend income the amount of any distributions (including constructive distributions) paid on the Celestica subordinate voting shares (including any foreign taxes withheld from the amount received) on the date such distribution is includable in the income of a holder to the extent such distributions are paid out of Celestica's current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Subject to the discussion below under "Recent United States Tax Law Changes," dividend income is generally taxed as ordinary income. Distributions in excess of Celestica's current and accumulated earnings and profits will be applied against, and will reduce, the holder's tax basis in the Celestica subordinate voting shares and, to the extent in excess of such tax basis, will be treated as gain from the sale or exchange of the Celestica subordinate voting shares. Dividends paid on the Celestica subordinate voting shares generally will not qualify for the dividends-received deduction available to corporations. Dividends paid in foreign currency will be included in the income of a holder in a U.S. dollar amount calculated by reference to the exchange rate on the date the dividends are includable in the income of the holder. If the Canadian dollars received as a dividend are not converted in U.S. dollars on the date the dividends are includable in the income of such holder, any foreign currency gain or loss realized on a subsequent conversion or other disposition will be treated as ordinary income or loss.

Generally, a holder will have the option of claiming the amount of Canadian tax withheld at source on the distribution of dividends on the Celestica subordinate voting shares as either a deduction from adjusted gross income or as a dollar-for-dollar credit against the holder's U.S. federal income tax liability. If the holder elects to claim a credit for such Canadian taxes, the election will be binding for all foreign taxes paid or accrued by the holder for such taxable year. Individuals who claim the standard deduction rather than itemized deductions may not claim a deduction for foreign taxes withheld, but may claim such amount as a credit against the individual's U.S. federal income tax liability. The U.S. foreign tax credit in any taxable year may not offset more than 90% of a holder's liability for U.S. individual or corporate alternative minimum tax.

Dividends paid by Celestica generally will be treated as foreign source income and likely will constitute "passive" or "financial services" income for foreign tax credit purposes. The amount of foreign income taxes for which a holder may claim a credit in any year is subject to complex limitations and restrictions that must be determined on an individual basis by each holder. Holders should consult with their own tax advisors with regard to the availability of a U.S. foreign tax credit and the application of the U.S. foreign tax credit limitations to their particular situations.

***Recent United States Tax Law Changes.*** Recent U.S. tax legislation has reduced the rates of tax payable by individuals (as well as certain trusts and estates) on various items of income. Under the 2003 Act, the marginal tax rates applicable to ordinary income generally have been lowered with effect from January 1, 2003. Furthermore, "qualified dividend income" received by individuals in taxable years beginning after December 31, 2002 and before January 1, 2009 generally will be taxed at a maximum

U.S. federal rate of 15% (rather than the higher tax rates generally applicable to items of ordinary income) provided certain holding period requirements are met. Based upon current IRS pronouncements, Celestica believes that dividends paid by it with respect to its subordinate voting shares should constitute "qualified dividend income" for United States federal income tax purposes and that holders who are individuals (as well



as certain trusts and estates) should be entitled to the reduced rates of tax, as applicable. However, the precise extent to which dividends paid by non-U.S. corporations will constitute "qualified dividend income" and the effect of such status on the ability of taxpayers to utilize associated foreign tax credits is not entirely clear at present. It is anticipated that there will be administrative pronouncements concerning these provisions in the future. In the meantime, holders are urged to consult their own tax advisors regarding the impact of the provisions of the 2003 Act on their particular situations, including related restrictions and special rules.

***Sale, Exchange or Other Disposition.*** A holder of Celestica subordinate voting shares will, unless a nonrecognition provision applies, recognize taxable gain or loss on any sale, exchange or other disposition of Celestica subordinate voting shares in an amount equal to the difference between the U.S. dollar value of the amount realized on such sale, exchange or other disposition and such holder's adjusted tax basis, determined in U.S. dollars, in such shares. Any such gain or loss generally will be capital gain or loss, and will be long-term capital gain if the shares have been held for more than one year for U.S. federal income tax purposes. The deductibility of capital losses is subject to limitations. Any gain generally will be treated as U.S. source income for U.S. foreign tax credit purposes. A holder who receives foreign currency upon the disposition of Celestica subordinate voting shares and converts the currency into U.S. dollars subsequent to receipt generally will have foreign currency gain or loss based on any appreciation or depreciation of the value of the foreign currency against the U.S. dollar.

### ***Information Reporting and Backup Withholding***

A holder of Celestica subordinate voting shares may be subject to backup withholding (currently at the rate of 28%) with respect to "reportable payments," which include dividends paid on, or the proceeds of a sale, exchange or redemption of, Celestica subordinate voting shares. Backup withholding will be required if (i) the payee fails to furnish a Taxpayer Identification Number (TIN) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code, or (iv) there has been a failure of the payee to certify under penalty of perjury that the payee is not subject to withholding under section 3406(a)(1)(C) of the Code. As a result, if any one of the events listed above occurs, withholding will be required in an amount equal to the then applicable rate of backup withholding from any dividend payment made with respect to Celestica subordinate voting shares or any payment or proceeds of a redemption of Celestica subordinate voting shares to a holder. Amounts paid as backup withholding do not constitute an additional tax and will be credited against the holder's federal income tax liability, so long as the required information is provided to the IRS.

The amount of any "reportable payments" for each calendar year and amount of tax withheld, if any, with respect to payments on Celestica subordinate voting shares generally will be reported to the holders of Celestica subordinate voting shares and to the IRS.

THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER. HOLDERS OF MSL STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE MERGER AND OF THE OWNERSHIP AND DISPOSITION OF CELESTICA SUBORDINATE VOTING SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF NON-U.S., STATE, LOCAL, ESTATE, GIFT AND OTHER TAX LAWS AND THE EFFECT OF ANY PROPOSED CHANGES IN THE TAX LAWS.

### **Principal Canadian Federal Income Tax Considerations**

The following general summary of the principal Canadian federal income tax considerations relating to holding and disposing of Celestica subordinate voting shares acquired pursuant to the merger is generally applicable to a U.S. Holder who (a) acquires Celestica subordinate voting shares in the merger, (b) for the purposes of the Income Tax Act (Canada), or the ITA, at all relevant times is not resident in Canada, deals at arm's length and is not affiliated with Celestica, holds the Celestica subordinate voting shares as capital property and does not use or hold, and is not deemed to use or hold, the Celestica subordinate voting shares in the course of carrying on, or otherwise in connection with, a business in Canada, and (c) for purposes of the Canada-United States Income Tax Convention (1980), or the Treaty, is a resident of the United States, has never been a resident of Canada, and otherwise qualifies for the full benefits of the Treaty. Special rules, which are not discussed below, may apply to "financial institutions" (as defined in the ITA) and to non-resident insurers carrying on an insurance business in Canada and elsewhere. This summary does not apply to a U.S. Holder that is a limited liability company or a partnership.

This summary is based on the current provisions of the ITA and the regulations thereunder, all specific proposals to amend the ITA or the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this proxy statement/prospectus, the current provisions of the Treaty and the current published administrative practices of the Canada Customs and Revenue Agency. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not take into account or anticipate any changes in law or administrative practice, whether by legislative, judicial or administrative action or decision, nor does it take into account any provincial, territorial or foreign tax considerations, which may differ significantly from those

discussed herein.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular U.S. Holder, and no representation with respect to the Canadian federal income tax considerations to any particular U.S. Holder is made. The tax consequences to any particular U.S. Holder will vary depending on that person's particular circumstances. Accordingly, U.S. Holders of MSL capital stock should consult their own tax advisors as to the particular Canadian tax considerations to them of holding and disposing of Celestica subordinate voting shares acquired pursuant to the merger, as well as the application and effect of the income and other tax laws of any other jurisdiction.**

For purposes of the ITA, each amount relating to the acquisition, holding or disposing of Celestica subordinate voting shares acquired pursuant to the merger, including dividends, adjusted costs base and proceeds of disposition, must be converted into Canadian dollars based on the United States-Canadian dollar exchange rate applicable to the effective date of the related acquisition, disposition or recognition of income.

#### ***Dividends***

Under the ITA and the Treaty, dividends on the Celestica subordinate voting shares paid or credited, or deemed to be paid or credited, to a U.S. Holder who is the beneficial owner of such dividends generally will be subject to Canadian withholding tax at the rate of 15% of their gross amount. Under the Treaty, if the U.S. Holder who is the beneficial owner of such dividends is a company which owns at least 10% of Celestica's voting shares, the withholding tax rate is reduced from 15% to 5%.

Under the Treaty, in certain circumstances dividends paid to religious, scientific, literary, educational or charitable organizations or certain pension organizations are exempt from Canadian withholding tax where the dividend recipient is resident in, and is generally exempt from tax in, the United States and has complied with certain administrative procedures.

75

#### ***Disposition of Celestica Subordinate Voting Shares***

In general, a U.S. Holder will not be subject to tax under the ITA in respect of any gain realized by such U.S. Holder on the disposition of Celestica subordinate voting shares unless the Celestica subordinate voting shares constitute taxable Canadian property of the U.S. Holder. As long as the Celestica subordinate voting shares are listed on a prescribed stock exchange (which includes The New York Stock Exchange and the Toronto Stock Exchange), Celestica subordinate voting shares generally will not constitute taxable Canadian property of a U.S. Holder, unless at any time during the 60-month period immediately preceding the disposition the U.S. Holder, persons with whom the U.S. Holder did not deal at arm's length, or the U.S. Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the capital stock of Celestica. If the Celestica subordinate voting shares are taxable Canadian property to a U.S. Holder, any capital gain realized by the U.S. Holder on a disposition or deemed disposition of such Celestica subordinate voting shares will generally be exempt from tax under the ITA by virtue of the Treaty if the value of the Celestica subordinate voting shares is not derived principally from real property situated in Canada (as defined by the Treaty) at the time of disposition.

A disposition of Celestica subordinate voting shares to Celestica (unless Celestica acquires such shares in the open market in the manner in which shares would normally be purchased by any member of the public) will result in a deemed dividend to a U.S. Holder equal to the amount by which the consideration paid by Celestica to acquire the U.S. Holder's shares exceeds the paid-up capital of such shares for purposes of the ITA. The amount of such deemed dividend will be subject to withholding tax, as described above.

#### **Accounting Treatment of the Merger**

In accordance with U.S. and Canadian generally accepted accounting principles, Celestica will account for the merger using the purchase method of accounting. Under this method of accounting, Celestica will record the market value (based on an average of the closing prices of Celestica subordinate voting shares for a range of two trading days before and after the measurement date) of its subordinate voting shares issued in connection with the merger, the amount of cash consideration to be paid to holders of MSL preferred stock, the fair value of the replacement options and warrants issued in connection with the merger and the amount of direct transaction costs associated with the merger as the estimated purchase price of acquiring MSL. The measurement date has been established initially as October 15, 2003, being the announcement date. However, if, prior to the closing date, the application of the share exchange ratio formula in the merger agreement results in a change to the number of shares to be issued, the measurement date will be changed to that later date.

Celestica will allocate the purchase price to the net assets and liabilities, including amortizable intangible assets acquired (including intellectual property, process technology and customer contracts and relationships), based on their respective fair values at the date of the

completion of the merger. Any excess of the estimated purchase price over those fair values will be accounted for as goodwill.

Amortizable intangible assets will generally be amortized over useful lives not exceeding five years. Goodwill resulting from the business combination will not be amortized but instead will be tested for impairment at least annually (more frequently if certain indicators are present). In the event that the management of Celestica determines that the value of goodwill has become impaired, Celestica will incur an accounting charge for the amount of impairment during the fiscal quarter in which the determination is made.

The amount of goodwill recorded will be finalized once Celestica has finalized the value of the purchase consideration (including finalizing the fair value of the options and warrants issued in connection with the merger) and has obtained additional information with respect to any restructuring plans and the fair value of certain assets and liabilities, including third party valuations of intangible assets.

### **Regulatory Filings and Approvals Required to Complete the Merger**

The merger is subject to review by the United States Federal Trade Commission, or FTC, and the Antitrust Division of the United States Department of Justice, or DOJ, under the requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSR Act, under which a transaction cannot be completed until required information and materials are furnished to the DOJ and the FTC and the statutory waiting period under the HSR Act expires or is terminated. The applicable statutory waiting period under the HSR Act has expired. In addition, Celestica and MSL have received all foreign antitrust approvals required to complete the merger, including approval of the antitrust authorities of the European Commission under European Union antitrust laws and the authorities in the Czech Republic and Mexico under the antitrust laws of these jurisdictions. The merger is also subject to review by the governmental authorities of Brazil under the antitrust laws of that country, although approval of the Brazilian authorities is not required prior to the completion of the merger. There can be no assurance that the Brazilian reviewing authorities will clear the merger without restrictions or conditions that would have a materially adverse effect on the combined company. These restrictions and conditions could include a complete or partial license, divestiture, spin-off or the holding separate of assets or businesses.

In addition, during or after the statutory waiting periods and clearance of the merger, and even after completion of the merger, either the DOJ, the FTC or other governmental authorities could challenge or seek to block the merger under the antitrust laws, as it deems necessary or desirable in the public interest. Other competition agencies with jurisdiction over the merger could also initiate action to challenge or block the merger. In addition, in some jurisdictions, a competitor, customer or other third party could initiate a private action under the antitrust laws challenging or seeking to enjoin the merger, before or after it is completed. Celestica and MSL cannot be sure that a challenge to the merger will not be made or that, if a challenge is made, Celestica and MSL will prevail.

### **Listing of Celestica Subordinate Voting Shares Issued in the Merger**

Celestica has made application to The New York Stock Exchange to approve, and The New York Stock Exchange has approved, the listing of the Celestica subordinate voting shares to be issued in the merger and upon the exercise of any MSL stock option or warrant, subject to official notice of issuance. The Toronto Stock Exchange has accepted notices filed by Celestica in respect of the Celestica subordinate voting shares to be issued under the merger agreement. Application to the Toronto Stock Exchange has been made by Celestica to approve, and the Toronto Stock Exchange has conditionally approved, the listing of the Celestica subordinate voting shares to be issued under the merger agreement. The listing is subject to Celestica fulfilling all of the requirements of the Toronto Stock Exchange within five business days of the completion of the merger.

### **Delisting and Deregistration of MSL Common Stock After the Merger**

When the merger is completed, MSL common stock will be delisted from The New York Stock Exchange and deregistered under the Securities Exchange Act of 1934, as amended. Upon such deregistration, MSL will no longer be required to make separate periodic filings under the Exchange Act.

### **Restrictions on Sales of Celestica Subordinate Voting Shares Received in the Merger**

The Celestica subordinate voting shares to be issued in connection with the merger will be registered under the Securities Act of 1933 and will be freely transferable, except for Celestica subordinate voting shares issued to any person who is deemed to be an "affiliate" of MSL prior to the merger. Persons who may be deemed to be affiliates of MSL prior to the merger include individuals or entities that control, are controlled by, or are under common control with MSL, prior to the merger,

and may include officers and directors, as well as principal stockholders of MSL, prior to the merger. Affiliates of MSL will be notified separately of their affiliate status.

Persons who may be deemed to be affiliates of MSL prior to the merger may not sell any of the Celestica subordinate voting shares received by them in connection with the merger except pursuant to:

an effective registration statement under the Securities Act of 1933 covering the resale of those shares;

an exemption under paragraph (d) of Rule 145 under the Securities Act of 1933; or

any other applicable exemption under the Securities Act of 1933.

Celestica's registration statement on Form F-4, of which this proxy statement/prospectus forms a part, does not cover the resale of Celestica subordinate voting shares to be received in connection with the merger by persons who may be deemed to be affiliates of MSL prior to the merger.

#### **Appraisal Rights for MSL Series A and Series B Preferred Stock; No Appraisal Rights for MSL Common Stock**

If the merger is approved by MSL's stockholders, any holder of Series A or Series B preferred stock who does not vote in favor of the merger and who has previously taken necessary steps under Delaware law may exercise rights of appraisal under Delaware law, rather than receive the merger consideration in the merger. Appraisal rights are available only as to the holders of MSL Series A and Series B preferred stock and are not available as to MSL common stock.

The provisions of Delaware law governing appraisal rights are complex, and you should study them carefully if you wish to exercise appraisal rights. A stockholder may take actions that prevent that stockholder from successfully asserting these rights, and multiple steps must be taken to properly perfect the rights. A copy of Section 262 of the Delaware General Corporation Law is attached to this proxy statement/prospectus as Annex E. For a detailed discussion of appraisal rights under Delaware law, please see the section entitled "Appraisal Rights for MSL Preferred Stock" beginning on page 118 of this proxy statement/ prospectus.

### **THE MERGER AGREEMENT**

*The following summary describes the material provisions of the merger agreement. The provisions of the merger agreement are complicated and not easily summarized. This summary may not contain all of the information about the merger agreement that is important to you. The merger agreement is attached to this proxy statement/prospectus as Annex A and is incorporated by reference into this proxy statement/prospectus, and we encourage you to read it carefully in its entirety for a more complete understanding of the merger agreement.*

#### **Structure of the Merger**

The merger agreement provides for the merger of MSL with and into Merger Sub, a newly formed, wholly-owned subsidiary of Celestica. Merger Sub will survive the merger as a wholly-owned subsidiary of Celestica. Merger Sub will be renamed "Manufacturers' Services Limited" at the effective time of the merger.

#### **Completion and Effectiveness of the Merger**

We will complete the merger when all of the conditions to completion of the merger contained in the merger agreement, which we describe in the section entitled "Conditions to Completion of the Merger" beginning on page 91 of this proxy statement/prospectus, are satisfied or waived, including adoption of the merger agreement by the stockholders of MSL. The merger will become effective upon the filing of a

## Edgar Filing: CELESTICA INC - Form F-4/A

certificate of merger with the Secretary of State of the State of Delaware.

We are working to complete the merger as quickly as possible. We currently plan to complete the merger in early 2004. However, because completion of the merger is subject to governmental and regulatory approvals and other conditions, we cannot predict the exact timing of the merger or whether the merger will occur at all.

### Conversion of MSL Common Stock and Series A and Series B Preferred Stock in the Merger

Upon completion of the merger, each share of capital stock of MSL will be converted as follows:

for each share of MSL common stock, 0.375 of a Celestica subordinate voting share, subject to adjustment as described below;

for each share of Series A or Series B preferred stock for which the MSL stockholder does not seek appraisal and does not make a valid stock election, a cash payment equal to \$52.50 plus any accrued and unpaid dividends through the effective time of the merger;

for each share of Series A preferred stock for which the MSL stockholder does not seek appraisal and makes a valid stock election, a number of Celestica subordinate voting shares equal to the product of:

0.375, subject to adjustment as described below; and

the number of shares of MSL common stock into which such share of Series A preferred stock is convertible immediately prior to the effective time of the merger; and

for each share of Series B preferred stock for which the MSL stockholder does not seek appraisal and makes a valid stock election, the sum of:

an amount in cash equal to \$2.25 or, at the election of MSL (as directed by Celestica), a number of Celestica subordinate voting shares equal to the product of

0.375, subject to adjustment as described below, and

79

---

the number of shares of MSL common stock issuable in satisfaction of the "optional make whole payment" under the provisions of MSL's certificate of incorporation governing the Series B preferred stock described below; and

a number of Celestica subordinate voting shares equal to the product of

0.375, subject to adjustment as described below, and

the number of shares of MSL common stock into which such share of Series B preferred stock is convertible immediately prior to the effective time of the merger.

## Edgar Filing: CELESTICA INC - Form F-4/A

Under MSL's certificate of incorporation governing the Series B preferred stock, the number of shares of MSL common stock issuable in satisfaction of the "optional make whole payment" per share of Series B preferred stock is determined by dividing (1) \$2.25 by (2) 95% of the average closing price of the MSL common stock on The New York Stock Exchange for the ten consecutive trading days ending two business days prior to the day on which the merger is completed.

Upon completion of the merger, Celestica also will assume outstanding options and warrants to purchase MSL common stock as described in the section entitled " *Treatment of MSL Stock Options and Warrants*" beginning on page 88 of this proxy statement/prospectus.

The share exchange ratio of 0.375 will be adjusted if the weighted average closing price of a Celestica subordinate voting share on The New York Stock Exchange for the 20 consecutive trading days ending on the third business day before the effective time of the merger, which we refer to as the "market price", is \$19.33 or more or \$16.00 or less. The share exchange ratio will be:

0.375 of a subordinate voting share, if the Celestica subordinate voting share market price is less than \$19.33 and more than \$16.00,

that fraction of a subordinate voting share with a market price of \$7.25, if the Celestica subordinate voting share market price is \$19.33 or more, and

that fraction of a subordinate voting share with a market price of \$6.00, if the Celestica subordinate voting share market price is \$16.00 or less.

The share exchange ratio also will be adjusted to reflect the effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities convertible into Celestica subordinate voting shares or MSL common stock), reorganization, recapitalization, reclassification or other like change with respect to Celestica subordinate voting shares or MSL common stock having a record date after October 14, 2003 and prior to the effective time of the merger.

Each share of MSL common stock and Series A and Series B preferred stock held by MSL or owned by Celestica or any of their direct or indirect wholly-owned subsidiaries immediately prior to the merger will be canceled and will cease to exist. None of MSL, Celestica or any of their direct or indirect subsidiaries will receive any securities of Celestica, cash or other consideration in exchange for those shares.

Based on the share exchange ratio of 0.375 and the number of shares of MSL common stock and stock options and warrants to purchase MSL common stock outstanding as of the record date, and assuming all of the holders of the Series A or Series B preferred stock elect to receive Celestica subordinate voting shares in lieu of cash (and, in the case of the Series B preferred stock, Celestica elects to issue subordinate voting shares in consideration for the "optional make whole payment"):

a total of approximately 16,900,000 Celestica subordinate voting shares will be issued in connection with the merger to holders of MSL common stock and Series A and Series B preferred stock; and

80

---

a total of approximately 3,300,000 Celestica subordinate voting shares will be reserved for issuance upon the exercise of stock options and warrants to purchase MSL common stock assumed by Celestica in connection with the merger.

### Fractional Shares

Celestica will not issue any fractional subordinate voting shares in connection with the merger. Instead, each holder of MSL common stock and Series A and Series B preferred stock exchanged in connection with the merger who would otherwise be entitled to receive a fraction of a Celestica subordinate voting share will receive cash, without interest, in an amount equal to the fraction multiplied by the "market price" of one Celestica subordinate voting share.

### Stock Elections Relating to MSL Preferred Stock

## Edgar Filing: CELESTICA INC - Form F-4/A

As described in the section entitled " *Conversion of MSL Common Stock and Series A and Series B Preferred Stock in the Merger*" beginning on page 79 of this proxy statement/prospectus, holders of Series A or Series B preferred stock may elect to receive the merger consideration payable with respect to their shares of MSL preferred stock in Celestica subordinate voting shares rather than in cash. However, in the case of holders of Series B preferred stock that elect to receive Celestica subordinate voting shares, the "optional make whole payment" will be paid in either Celestica subordinate voting shares or cash, at the election of MSL as directed by Celestica. To make a valid stock election the stock election must be:

in writing, in the form provided by MSL and which accompanies this proxy statement;

dated and signed by the record holder; and

actually received by MSL prior to the effective time of the merger.

We urge you to complete, sign, date and return the stock election form prior to the start of the MSL special meeting. If MSL does not receive a valid stock election form prior to the effective time of the merger you will receive the merger consideration payable with respect to your MSL preferred stock in cash.

If you submit a valid stock election and wish to change the number of shares of Series A or Series B preferred stock subject to the election, you may submit a later dated stock election form to MSL. Such later dated stock election form will be effective only if it is actually received by MSL prior to the effective time of the merger. You may also revoke a valid stock election by submitting to MSL written notification of your desire to revoke a previously submitted stock election form. Your written revocation will be effective only if it is actually received by MSL prior to the effective time of the merger. We expect to complete the merger immediately after the MSL special meeting.

### Exchange of Stock Certificates

As soon as reasonably practicable, and in any event within ten days after the effective time of the merger, Celestica will cause Computershare Trust Company of Canada, or Computershare, the exchange agent for the merger, to mail to each record holder of MSL common stock and each holder of Series A or Series B preferred stock a letter of transmittal and instructions for surrendering the record holder's stock certificates in exchange for a certificate representing Celestica subordinate voting shares and/or cash in accordance with the merger agreement. Holders of MSL stock who properly surrender their MSL stock certificates in accordance with the exchange agent's instructions will receive:

- (1) the number of whole Celestica subordinate voting shares the holder is entitled to receive pursuant to the merger agreement;

81

---

- (2) in the case of Series A and Series B preferred stock, cash in the amount that holder is entitled to receive pursuant to the merger agreement if the holder has not made a valid stock election, and, in the case of Series B preferred stock, cash in the amount the holder is entitled to receive for the "optional make-whole payment" if the holder has made a valid stock election and MSL has not elected (at the direction of Celestica) to make that payment in Celestica subordinate voting shares;
- (3) cash in lieu of any fractional Celestica subordinate voting share; and
- (4) dividends or other distributions, if any, to which they are entitled under the terms of the merger agreement.

The surrendered certificates representing MSL common stock, Series A preferred stock and Series B preferred stock will be canceled. After the effective time of the merger, each certificate representing shares of MSL common stock or Series A or Series B preferred stock that has not been surrendered will represent only the right to receive each of items (1) through (4) enumerated above. Following the effective time of the merger, MSL will not register any transfers of MSL common stock or Series A or Series B preferred stock on its stock transfer books.

**Holders of MSL common stock or Series A or Series B preferred stock should not send in their MSL stock certificates until they receive a letter of transmittal from ComputerShare, the exchange agent for the merger, with instructions for the surrender of MSL**

**stock certificates.**

**Dissenting Shares**

Shares of MSL Series A and Series B preferred stock outstanding immediately prior to the effective time of the merger that are held by a holder who has not voted in favor of the merger and who has demanded appraisal in accordance with the Delaware General Corporation Law (we refer to these shares as "dissenting shares") will not be converted into the right to receive the merger consideration enumerated above, unless the holder fails to perfect, withdraws or is otherwise deemed not to have appraisal rights. If, after the effective time of the merger, the holder of such shares fails to perfect, withdraws or loses its right to appraisal, or if it is determined that such holder does not have appraisal rights, then such shares will be treated as if they had been converted at the effective time of the merger into the right to receive the merger consideration. For more information regarding dissenting shares, please see the section entitled "*Appraisal Rights for MSL Preferred Stock*" beginning on page 118 of this proxy statement/prospectus.

**Distributions with Respect to Unexchanged Shares**

Holders of MSL common stock and Series A and Series B preferred stock are not entitled to receive any dividends or other distributions on Celestica subordinate voting shares until the merger is completed. After the merger is completed, holders of MSL common stock and Series A and Series B preferred stock will be entitled to dividends and other distributions declared or made after the effective time of the merger with respect to the number of whole Celestica subordinate voting shares which they are entitled to receive upon exchange of their MSL stock certificates. However, they will not be paid any dividends or other distributions on the Celestica subordinate voting shares until they surrender their MSL stock certificates to the exchange agent in accordance with the exchange agent instructions.

**Transfers of Ownership and Lost Stock Certificates**

Celestica will issue (1) Celestica subordinate voting shares, (2) cash consideration, (3) cash in lieu of a fractional share and (4) any dividends or distributions that may be payable in a name other than the name in which a surrendered MSL stock certificate is registered only if the person requesting such exchange presents to the exchange agent all documents required to show, and to effect, the unrecorded

82

---

transfer of ownership and to show that such person paid any applicable stock transfer taxes. If an MSL stock certificate is lost, stolen or destroyed, the holder of such certificate may need to deliver an affidavit or bond prior to receiving the merger consideration payable with respect to such stock.

**Representations and Warranties**

MSL made a number of representations and warranties to Celestica in the merger agreement regarding aspects of its business, financial condition and structure, as well as other facts pertinent to the merger, including representations and warranties relating to the following subject matters:

corporate organization, qualification to do business, good standing and corporate power and authority of MSL and its subsidiaries;

absence of any material violations of the certificate of incorporation and by-laws of MSL and the certificates of incorporation, by-laws and similar organizational documents of its subsidiaries;

MSL's capital structure and ownership of subsidiary capital stock and the absence of restrictions or encumbrances with respect to the capital stock of any significant subsidiary;

corporate authorization to enter into the merger agreement and consummate the transactions under the merger agreement, and the enforceability of the merger agreement;



## Edgar Filing: CELESTICA INC - Form F-4/A

the vote of MSL stockholders required to complete the merger;

governmental and regulatory approvals required to complete the merger;

absence of any conflict with or violation of the certificate of incorporation and by-laws of MSL and equivalent organizational documents of its subsidiaries, any material contract of MSL or any of its subsidiaries, or any applicable legal requirements resulting from the execution of the merger agreement or the completion of the merger;

the effect of entering into and carrying out the obligations of the merger agreement on material contracts;

MSL's filings and reports with the Securities and Exchange Commission;

financial statements and projections;

absence of material undisclosed liabilities;

absence of certain changes and events affecting MSL and its subsidiaries, since June 30, 2003 (and in certain cases, December 31, 2002);

taxes;

good and valid title to, or valid leasehold interests in, all tangible properties and assets material to its business;

sufficiency and condition of material items of equipment and other tangible assets of MSL and its subsidiaries;

relationships with material customers of MSL's business;

intellectual property and protection of intellectual property;

compliance with applicable legal requirements;

possession of, and compliance with, all permits required for the operation of the business of MSL and its subsidiaries;

litigation;

employee benefit plans and labor relations;

environmental matters;

## Edgar Filing: CELESTICA INC - Form F-4/A

product and service warranties;

agreements, contracts and commitments;

absence of breaches of material contracts;

accuracy of information supplied in this proxy statement/prospectus and the related registration statement filed by Celestica with the Securities and Exchange Commission;

absence of any stockholder rights plan or similar arrangement;

the inapplicability of state takeover statutes to the merger during the pendency of the merger agreement;

approval by the MSL board of the merger and merger agreement;

payment, if any, required to be made to brokers and agents on account of the merger;

the receipt of opinions from Credit Suisse First Boston and Sonenshine Pastor to the effect that, as of the date of the opinions and based upon and subject to the matters stated in the opinions, the share exchange ratio is fair, from a financial point of view, to the holders of MSL common stock (other than, in the case of Credit Suisse First Boston's opinion, certain private equity funds affiliated or associated with Credit Suisse First Boston and those holders party to a stockholder agreement);

insurance;

inventory;

accounts receivable; and

interest of MSL's officers and directors in any assets used in MSL's business.

Celestica and Merger Sub each made a number of representations and warranties to MSL in the merger agreement, including representations and warranties relating to the following subject matters:

corporate organization, qualification to do business, good standing and corporate power and authority of Celestica and its subsidiaries;

corporate authorization to enter into the merger agreement and consummate the transactions under the merger agreement, and the enforceability of the merger agreement;

absence of any conflict with, or violation of, the articles and by-laws of Celestica and Merger Sub or any applicable legal requirements resulting from the execution of the merger agreement and the completion of the merger;

governmental and regulatory approvals required to complete the merger;

Celestica's capital structure;

Celestica's filings and reports with the Securities and Exchange Commission;

financial statements;

absence of undisclosed liabilities;

absence of certain changes in Celestica's business from June 30, 2003 to October 14, 2003;

litigation;

84

---

accuracy of information contained in this proxy statement/prospectus and the related registration statement filed by Celestica with the Securities and Exchange Commission; and

payment, if any, required to be made to brokers and agents on account of the merger.

The representations and warranties contained in the merger agreement are complicated and not easily summarized. You are urged to read carefully Sections 2 and 3 of the merger agreement attached as Annex A, entitled "*Representations and Warranties of the Company*" and "*Representations and Warranties of Parent and Merger Sub*."

#### **MSL's Conduct of Business Before Completion of the Merger**

Under the merger agreement, MSL has agreed that, until the earlier of the completion of the merger or termination of the merger agreement, or unless Celestica consents in writing, it will use all reasonable efforts to carry on its business in the usual, regular and ordinary course, in substantially the same manner as previously conducted and in compliance, in all material respects, with all legal requirements. MSL has also agreed to use all reasonable efforts to keep in full force and effect all of its insurance policies and preserve intact its present business organization, and to continue to manage in the ordinary course its business relationships with third parties.

Additionally, under the merger agreement, MSL has agreed that, until the earlier of the completion of the merger or termination of the merger agreement, or unless Celestica consents in writing, it will conduct its business in compliance with a number of specific restrictions and will not permit its subsidiaries to, subject to specified exceptions:

declare or pay any dividend or make any other distribution in respect of its capital stock, or other equity or voting securities, except for dividends payable on the Series A or Series B preferred stock in accordance with their terms;

change its share capital, issue share capital or repurchase any share capital or any stock options to acquire any share capital, or amend any term of its debt securities, other than:

the issuance of MSL common stock upon the exercise of MSL stock options outstanding on October 14, 2003, pursuant to MSL's employee stock purchase plan and on conversion of, or as a payment of dividends on, the Series A or Series B preferred stock, or in satisfaction of the "optional make whole payment" payable upon the Series B preferred stock in accordance with its terms; and

the grant of a limited number of stock options to employees hired after October 14, 2003;

## Edgar Filing: CELESTICA INC - Form F-4/A

amend or waive any of its rights under any stock option plans, or otherwise modify any term of any outstanding option, warrant or other security;

subject to applicable legal requirements, amend its certificate of incorporation or by-laws or other organizational documents, or effect or become a party to any recapitalization, reclassification of shares, stock split, reverse stock split or similar transaction;

form any subsidiary or acquire any interest in any other entity;

make capital expenditures in excess of \$3 million per fiscal quarter, subject to a waiver provided by Celestica permitting capital expenditures of up to \$5 million in the fourth quarter of 2003;

other than in the ordinary course of business, enter into or amend any material contract;

acquire, encumber or dispose of any assets other than in the ordinary course of business;

lend money to any third party, other than inter-company loans, or prepay or guarantee any indebtedness other than routine borrowings and repayments in the ordinary course of business;

85

---

issue or sell any debt securities or options to acquire any debt securities of any of its subsidiaries;

except as required by any applicable legal requirement, adopt or amend any employee benefit plan, pay any bonus to, or increase the amount of compensation payable to, any of its directors, officers or employees, other than routine salary increases customary bonuses consistent with past practices payable in accordance with bonus plans or employment agreements in existence on October 14, 2003;

hire new employees or promote employees at specified salary levels;

engage consultants or independent contractors unless terminable upon 30 days' notice;

change any personnel policies in any material respect;

change any of its methods of accounting or accounting policies except as required by U.S. GAAP or any legal requirement;

except as required by any legal requirement, adopt or enter into any labor union contract;

terminate any employee that has a severance arrangement providing for payment in excess of amounts generally provided to its employees in the relevant jurisdictions;

take actions with respect to the accounting for and payment of taxes or make any material tax election;

settle material claims;

waive or transfer any right of material value other than in the ordinary course of business;

commence any legal proceeding other than any legal proceeding related to the enforcement of MSL's rights under the merger agreement;

take any action or omit to take any action that would reasonably be likely to cause MSL's representations or warranties set forth in the merger agreement not to be true at the effective time of the merger; or

agree or commit to take any of the foregoing actions.

The covenants contained in the merger agreement are complicated and not easily summarized. You are urged to read carefully Section 4.2 of the merger agreement attached as Annex A, entitled "*Operation of the Business; Certain Notices; Tax Returns.*"

#### **MSL Prohibited from Soliciting Other Offers**

Under the terms of the merger agreement, subject to certain exceptions summarized below, MSL has agreed that it will not, and will not authorize or permit any of its subsidiaries or any of the officers, directors, employees, agents, attorneys, accountants, advisors or representatives of MSL or any of its subsidiaries, directly or indirectly, to:

solicit, initiate, or knowingly encourage, induce or facilitate the making, submission or announcement of, or take any action that could reasonably be expected to lead to, any acquisition proposal, as defined below, by a third party;

furnish any information regarding MSL or any of its subsidiaries to any third party in connection with or in response to an acquisition proposal or an inquiry or indication of interest that could reasonably be expected to lead to an acquisition proposal;

engage in discussions or negotiations with any third party with respect to any acquisition proposal;

approve, endorse or recommend any acquisition proposal; or

enter into any letter of intent or similar document or any contract, agreement or commitment contemplating or otherwise relating to any acquisition proposal or any transaction contemplated by the acquisition proposal.

An acquisition proposal is any offer, proposal, inquiry or indication of interest contemplating or otherwise relating to any transaction or series of transactions (other than the merger) involving:

any purchase from MSL or any of its subsidiaries, or acquisition by any third party or group, of more than 20% of the outstanding securities of any class of voting securities of MSL or any of its subsidiaries;

## Edgar Filing: CELESTICA INC - Form F-4/A

any tender offer or exchange offer in which MSL or any of its subsidiaries issues or sells, or any third party or group acquires, securities representing more than 20% of the outstanding securities of any class of voting securities of MSL or any of its subsidiaries;

any merger, consolidation, business combination or similar transaction involving MSL or any of its subsidiaries; or

any sale or lease (other than in the ordinary course of business), exchange, transfer, license (other than nonexclusive licenses in the ordinary course of business), acquisition or disposition of any business or businesses or assets that constitute or account for 20% or more of the consolidated net revenues, net income or assets of MSL.

Under the merger agreement, MSL agreed to cease, as of October 14, 2003, all then-existing activities, discussions or negotiations by MSL and its subsidiaries with any third parties with respect to any acquisition proposal.

MSL is obligated to promptly notify Celestica orally and in writing upon receipt of any acquisition proposal or any request for nonpublic information relating to an acquisition proposal. The notice must include the terms and conditions of the acquisition proposal, request or inquiry and, the identity of the person or group making the acquisition proposal. Following delivery of an initial notice to Celestica, MSL must also keep Celestica informed on a current basis with respect to material developments relating to the acquisition proposal, request or inquiry and any material modification or proposed modification thereto.

Notwithstanding the prohibitions with respect to acquisition proposals summarized above, if, prior to the adoption of the merger agreement by the MSL stockholders, MSL receives an unsolicited *bona fide* written acquisition proposal to acquire all of the outstanding MSL common stock and specifying a valuation that, if entered into, would be on terms that the MSL board determines in good faith to be more favorable to MSL's stockholders than the merger, then MSL may furnish nonpublic information to, and engage in discussions and negotiations with, the third party making the acquisition proposal, but only if:

neither MSL, any of its subsidiaries nor any of their officers, directors, employees, agents, attorneys, accountants, advisors or representatives has violated any of the "no solicitation" restrictions contained in the merger agreement;

the MSL board concludes in good faith, after consultation with its outside legal counsel, that such action is required in order for the MSL board to comply with its fiduciary obligations to MSL's stockholders under applicable legal requirements;

at least two business days prior to furnishing any such nonpublic information to, or entering into discussions or negotiations with, such third party, MSL gives Celestica written notice of the identity of such third party and of its intention to furnish nonpublic information to, or enter into discussions or negotiations with, such third party;

87

---

MSL receives from such third party an executed confidentiality agreement containing (1) customary limitations on the use and disclosure of all nonpublic written and oral information furnished to such third party by or on behalf of MSL and (2) "standstill" provisions that prohibit such third party from purchasing any securities of MSL or commencing any exchange or tender offer for securities of MSL other than pursuant to a definitive agreement with MSL for a negotiated transaction that constitutes a superior proposal that has been approved by the MSL board; and

concurrently with furnishing any such nonpublic information to such third party, MSL furnishes such nonpublic information to Celestica.

For purposes of the merger agreement, a "superior proposal" means an unsolicited *bona fide* written offer made by a third party to purchase all of the outstanding MSL common stock on terms that the MSL board determines in its good faith judgment, after consultation with an independent financial advisor of nationally recognized reputation, to be more favorable to MSL's stockholders than the terms of the merger and is reasonably capable of being completed, *provided, however*, that any such offer shall not be deemed to be a "superior proposal" if any financing required to consummate the transaction contemplated by such offer is not committed and is not, in the good faith judgment of the MSL

board, reasonably capable of being obtained by such third party.

#### **Obligations of the MSL Board of Directors with Respect to Its Recommendation and Holding a Meeting of MSL'S Stockholders**

MSL has agreed to call, give notice of and hold a meeting of its stockholders as promptly as practicable after the registration statement of which this proxy statement/prospectus forms a part is declared effective by the Securities and Exchange Commission. The MSL board also agreed to recommend the adoption of the merger agreement to the MSL stockholders. Notwithstanding these obligations, the MSL board may withhold, withdraw or modify its recommendation to stockholders in favor of the merger if the board determines in good faith, after consultation with MSL's outside legal counsel, that such action is required in order for the MSL board to comply with its fiduciary obligations to MSL's stockholders under applicable legal requirements.

#### **Treatment of MSL Stock Options and Warrants**

When the merger is completed, Celestica will assume outstanding stock options and warrants to purchase shares of MSL common stock. Each assumed MSL stock option or warrant will be converted into a stock option or warrant to purchase that number of Celestica subordinate voting shares equal to the number of shares of MSL common stock purchasable pursuant to the MSL stock option or warrant immediately prior to the effective time of the merger, multiplied by the share exchange ratio, rounded up or down to the nearest whole Celestica subordinate voting share. The exercise price per share under each stock option or warrant will be equal to the exercise price per share of MSL common stock divided by the share exchange ratio, rounded up or down to the nearest whole cent. A stock option to purchase one share of MSL common stock will become a stock option to purchase 0.375 (or, if adjusted, the share exchange ratio) of a Celestica subordinate voting share.

Each assumed stock option will be subject to all other terms and conditions set forth in the applicable documents evidencing the MSL stock option or warrant remaining in effect after the effective time of the merger, including restrictions on exercise, exercisability and vesting. As of the record date, stock options to purchase 5,703,875 shares of MSL common stock were outstanding in the aggregate under various MSL stock option plans and warrants to purchase 3,047,533 shares of MSL common stock were outstanding. Upon the merger, substantially all of the MSL stock options will become vested.

88

---

Celestica will file a registration statement on Form S-8 and a registration statement on Form F-3 with the Securities and Exchange Commission for the Celestica subordinate voting shares issuable with respect to MSL stock options and MSL warrants, respectively, assumed by Celestica in connection with the merger as soon as practicable after the merger, but not later than five business days following completion of the merger.

#### **Treatment of Rights under the MSL Employee Stock Purchase Plan**

MSL's employee stock purchase plan permits eligible MSL employees to purchase MSL common stock at a discount. Prior to the effective time of the merger, the MSL employee stock purchase plan will be terminated. Any offering period then underway under the plan will be shortened by setting a new exercise date under the plan which is prior to the effective time of the merger. The shortened offering period will otherwise be treated as a fully effective and completed offering period for all purposes under the MSL employee stock purchase plan.

#### **Treatment of MSL Employees**

The merger agreement contains covenants of Celestica with respect to the benefits for continuing employees of MSL customary for transactions of this type. Generally, these employees will be eligible to participate in Celestica's health, vacation and other non-equity based employee benefit plans to substantially the same extent as employees of Celestica, in similar positions. MSL continuing employees also will be credited with his or her periods of service with MSL for various purposes under Celestica plans.

No MSL employee has any rights of enforcement relating to these statements of benefits, and no MSL employee is intended to be a contractual beneficiary of the merger agreement.

#### **Director and Officer Indemnification and Insurance**

Celestica will indemnify each present and former officer and director of MSL or any of its subsidiaries against all claims, losses, liabilities, damages, judgments, fines and reasonable fees, costs and expenses, including attorneys' fees and disbursements, incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to the fact that

such person is or was an officer or director of MSL or any of its subsidiaries, to the fullest extent permitted under the Delaware General Corporation Law. Additionally, Celestica has agreed that the certificate of incorporation and by-laws of the company surviving the merger will contain provisions no less favorable with respect to indemnification, advancement of expenses and exculpation of present and former directors and officers of MSL and its subsidiaries than are presently set forth in the certificate of incorporation and by-laws of MSL. These provisions will continue for a period of six years from the effective time of the merger, and Celestica's indemnification agreement will continue as to any claim that is made within this six-year period.

For a period of six years from the effective time of the merger, Celestica will cause the company surviving the merger to maintain the current policies of the directors' and officers' liability insurance maintained by MSL with respect to matters existing or occurring at or prior to the effective time of the merger. However, the company surviving the merger will not be required to pay an annual premium for the insurance described in this paragraph in excess of 200% of the last annual premium paid by MSL for its existing coverage prior to completion of the merger. If MSL's existing insurance expires, is terminated or canceled during such six-year period or exceeds 200% of the last annual premium paid by MSL for its existing coverage prior to completion of the merger, the company surviving the merger will obtain the maximum amount of coverage as is available for 200% of such annual premium, on terms and conditions no less advantageous to MSL's current and former officers and director than MSL's existing directors' and officers' liability insurance.

#### **Regulatory Filings; Antitrust Matters; Reasonable Efforts to Obtain Regulatory Approvals**

Each of Celestica and MSL has agreed to coordinate and cooperate with one another and use all reasonable efforts to comply with, and refrain from actions that would impede compliance with, applicable laws, regulations and any other requirements of any governmental entity. Celestica and MSL have also agreed to make all filings and submissions required by any governmental entity in connection with the merger and the other transactions contemplated by the merger agreement, including the following:

those filings or submissions required under the HSR Act, as well as any other comparable merger notification or control laws of any applicable foreign jurisdiction;

the filing of this proxy statement/prospectus and the related registration statement of Celestica with the Securities and Exchange Commission, and any other filings required under the Securities Act and the Exchange Act; and

the filing necessary to obtain any other consents, approvals, orders, authorizations, registrations and declarations as may be required under applicable legal requirements.

Under the merger agreement, Celestica and MSL have agreed to do the following:

respond as promptly as practicable to any inquiries or requests received from any governmental entity in connection with antitrust laws or related matters;

give the other party prompt notice of the commencement or threat of commencement of any legal proceeding by or before any governmental entity with respect to the merger or any of the other transactions contemplated by the merger agreement;

keep the other party informed as to the status of any such legal proceeding or threat;

promptly inform the other party of any material communication concerning antitrust laws to or from any governmental entity regarding the merger;



## Edgar Filing: CELESTICA INC - Form F-4/A

except as may be prohibited by any governmental entity or by any legal requirement, consult and cooperate with one another in connection with any proceeding under or relating to any antitrust laws;

subject to the foregoing, allow Celestica to be principally responsible for dealing with any governmental entity concerning the effect of applicable antitrust laws on the merger or any other transactions contemplated by the merger agreement; and

promptly provide the other party with copies of any submission made with any governmental entity.

Each of Celestica and MSL also has agreed to use all reasonable efforts to cause to be lifted any restraint, injunction or other legal bar to the completion of the merger and the other transactions contemplated by the merger agreement.

### **Limitation on Efforts to Obtain Regulatory Approvals**

Under the merger agreement, in connection with obtaining any governmental approval, including under any antitrust laws:

MSL has agreed to divest assets of MSL in connection with obtaining any approval required of a governmental entity, provided that any divestiture is conditional upon the consummation of the merger; and

90

---

Celestica is not required to:

dispose of or transfer any assets (other than immaterial assets);

discontinue offering any product or service;

license or otherwise make available to any third party, any technology, software or other proprietary asset (other than immaterial technology, software or other proprietary assets);

hold separate any assets or operations (other than immaterial assets or operations);

make any commitment (to any governmental entity or otherwise) regarding its future operations; or

contest any legal proceeding brought by a governmental body that challenges the merger under applicable antitrust laws.

### **Conditions to Completion of the Merger**

The respective obligations of Celestica and Merger Sub, on the one hand, and MSL, on the other, to complete the merger and the other transactions contemplated by the merger agreement are subject to the satisfaction or waiver of each of the following conditions before completion of the merger:

the merger agreement has been adopted by the vote of holders of the requisite number of shares of MSL common stock, Series A preferred stock and Series B preferred stock voting together as a single class;

no statute, rule, regulation or order has been enacted or issued by a governmental entity of competent jurisdiction which is in effect and has the effect of making the merger illegal or otherwise prohibiting completion of the merger (which illegality or

## Edgar Filing: CELESTICA INC - Form F-4/A

prohibition would have a material impact on Celestica and its subsidiaries on a combined basis with MSL and its subsidiaries, if the merger were completed notwithstanding such statute, rule, regulation or order);

the Securities and Exchange Commission has declared Celestica's registration statement effective, no stop order suspending its effectiveness has been issued and no proceedings for suspension of the registration statement's effectiveness has been initiated or threatened by the Securities and Exchange Commission;

the waiting periods under the HSR Act and any foreign antitrust laws applicable to the merger and the other transactions contemplated by the merger agreement have expired or been terminated;

Celestica and MSL shall each have received an opinion of counsel to the effect that the merger will constitute a "reorganization" within the meaning of section 368(a) of the Internal Revenue Code and such opinions have not been withdrawn; and

the Celestica subordinate voting shares to be issued in connection with the merger have been authorized for listing on The New York Stock Exchange and the Toronto Stock Exchange, subject to official notice of issuance.

91

---

In addition, the respective obligations of Celestica and Merger Sub on the one hand, and MSL on the other, to effect the merger and the other transactions contemplated by the merger agreement are subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of the other party will have been true and correct as of October 14, 2003 and are true and correct as of the effective time of the merger as if made at and as of the effective time, except:

to the extent the representations and warranties of the other party address matters only as of a particular date, they must be true and correct as of that date; and

where the failure to be true and correct (without regard to any materiality or material adverse effect qualifications contained in such representations and warranties), individually or in the aggregate, has not had, and is not reasonably likely to have, a material adverse effect; and

in the case of representations and warranties deemed made as of the effective time of the merger, for changes contemplated by the merger agreement; and

the other party will have performed or complied in all material respects with all of its agreements and covenants required by the merger agreement to be performed or complied with by it before completion of the merger.

For the definition of the term "material adverse effect" as used in the merger agreement, please see the section entitled " *Definition of Material Adverse Effect*" beginning on page 93 of this proxy statement/prospectus.

Celestica's obligation to complete the merger is also subject to the satisfaction or waiver by Celestica of the following additional conditions:

no material adverse effect on MSL has occurred since October 14, 2003 and is continuing, and no events shall have occurred or circumstances exist that is reasonably likely to have a material adverse effect on MSL and its subsidiaries;

## Edgar Filing: CELESTICA INC - Form F-4/A

there is no pending or threatened legal proceeding instituted by a governmental entity:

challenging or seeking to restrain or prohibit the completion of the merger or any of the other transactions contemplated by the merger agreement;

relating to the merger and seeking to obtain from Celestica or any of its subsidiaries any damages that, if adversely determined, would reasonably be likely to be material to Celestica;

seeking to prohibit or limit in any material respect Celestica's ability to vote, receive dividends with respect to or otherwise exercise ownership rights with respect to the stock of the company surviving the merger or its subsidiaries;

which would materially and adversely affect the right of the company surviving the merger to own the assets or operate the business of MSL or any of MSL's subsidiaries;

seeking to compel Celestica or MSL or any of their subsidiaries to dispose of or hold separate any material assets, as a result of the merger or any of the other transactions contemplated by the merger agreement; or

which, if adversely determined, would reasonably be likely to have a material adverse effect on MSL and its subsidiaries or on Celestica;

92

---

senior management of MSL has not received any written notice, or have knowledge of any other communication, from one or more customers of MSL or any of its subsidiaries from which it can reasonably be concluded that it is reasonably likely that certain sales or profit margin targets will not be achieved in fiscal year 2004; and

MSL has received consents and approvals required from third parties under certain of its material contracts.

Celestica and MSL will amend this proxy statement/prospectus and resolicit proxies if any material condition to the completion of the merger is waived.

### **Definition of Material Adverse Effect**

Under the merger agreement, a material adverse effect on MSL is defined to mean any event, violation, inaccuracy, circumstance or other matter if such event, violation, inaccuracy, circumstance or other matter (considered together with all other matters that would constitute exceptions to MSL's representations and warranties set forth in the merger agreement, but for the presence of a material adverse effect or other materiality qualifications, or any similar qualifications, in such representations and warranties) has, had or would reasonably be likely to have a material adverse effect on:

the business, condition, capitalization, assets, liabilities, results of operations or financial condition of MSL and its subsidiaries taken as a whole;

the ability of MSL to consummate the merger or any of the other transactions contemplated by the merger agreement or the stockholder agreements or to perform any of its obligations under the merger agreement or the stockholder agreements; or

Celestica's ability to vote, receive dividends with respect to, or otherwise exercise ownership rights with respect to, the stock of the company surviving the merger.

## Edgar Filing: CELESTICA INC - Form F-4/A

However, with respect to the effect on the business, condition, capitalization, assets, liabilities, results of operations or financial condition of MSL and its subsidiaries, none of the following will be taken into account in determining whether there has been or will be, a material adverse effect on MSL and its subsidiaries, taken as a whole:

a decline in MSL's stock price in isolation; or

the direct and foreseeable effect of any action taken by Celestica following the public announcement of the merger agreement, including any unreasonable refusal by Celestica to consent to any reasonable request by MSL to take any action otherwise prohibited by the provisions of the merger agreement that regulate the conduct of MSL's business prior to completion of the merger or any breach by Celestica of its obligations regarding public announcements in relation to the merger and plans or proposals in connection with employees, customers or the operations of MSL following completion of the merger.

As a result, any of the foregoing exceptions to the definition of material adverse effect, alone or in combination, may occur with respect to MSL without giving Celestica the right to prevent the completion of the merger based on a failure to satisfy the condition to closing that no material adverse effect has occurred since October 14, 2003.

Under the merger agreement, a material adverse effect on Celestica is defined to mean any event, violation, inaccuracy, circumstance or other matter if such event, violation, inaccuracy, circumstance or other matter (considered together with all other matters that would constitute exceptions to Celestica's representations and warranties set forth in the merger agreement, but for the presence of a material

93

---

adverse effect or other materiality qualifications, or any similar qualifications, in such representations and warranties) has, had or would reasonably be likely to have a material adverse effect on:

the business, condition, capitalization, assets, liabilities, results of operations or financial condition of Celestica and its subsidiaries taken as a whole; or

the ability of Celestica to consummate the merger or any of the other transactions contemplated by the merger agreement or to perform any of its obligations under the merger agreement.

However, with respect to the effect on the business, condition, capitalization, assets, liabilities, results of operations or financial condition of Celestica and its subsidiaries, a decline in Celestica's stock price will not, in and of itself, be deemed to constitute a material adverse effect on Celestica.

### Termination of the Merger Agreement

The merger agreement may be terminated in accordance with its terms at any time prior to completion of the merger, whether before or after the adoption of the merger agreement by MSL stockholders:

by mutual written consent of Celestica and MSL;

by either Celestica or MSL by notice to the other if the merger is not completed by May 31, 2004, *provided*, that this right is not available to any party whose failure to perform any material obligation required to be performed by it at or prior to the completion of the merger results in the failure of the merger to be completed by May 31, 2004;

by either Celestica or MSL by notice to the other if a court of competent jurisdiction or other governmental entity has issued a final and nonappealable order, decree or ruling, or has taken any other action, having the effect of permanently restraining, enjoining or otherwise prohibiting the completion of the merger;

by either Celestica or MSL by notice to the other if the merger agreement fails to be adopted by the requisite affirmative vote of the MSL stockholders at a meeting of MSL stockholders or any adjournments or postponements of that meeting, *provided*, that this right is not available to any party if the failure to obtain such stockholder approval results from a failure on the part of that party to perform any material obligation required to be performed by it at or prior to the completion of the merger;

by Celestica by notice to MSL at any time prior to the adoption of the merger agreement by the requisite vote of the MSL stockholders if any of the following triggering events occurs with respect to MSL:

its board of directors fails to recommend that MSL's stockholders vote to adopt the merger agreement, or withdraws or modifies such recommendation in a manner adverse to Celestica, or MSL or its board of directors, in any written material filed with the Securities and Exchange Commission, mailed to MSL stockholders or otherwise made publicly available, or in any stockholder or analyst call, press conference or similar public forum, has made any statements which can reasonably be interpreted to indicate that MSL's board of directors does not believe that the merger is in the best interests of MSL's stockholders;

it fails to include in this proxy statement/prospectus the recommendation of, or a statement to the effect that, its board of directors has determined and believes that the merger is in the best interests of MSL's stockholders;

94

---

its board of directors fails to reaffirm, without qualification, its recommendation that MSL's stockholders vote to adopt the merger agreement following MSL's receipt of an acquisition proposal, or fails to publicly state, without qualification, that the merger is in the best interests of MSL's stockholders following a public statement by a third party questioning the advisability of the merger for MSL's stockholders, within ten calendar days after Celestica reasonably requests in writing that such action be taken;

its board of directors approves, endorses or recommends any acquisition proposal;

it fails to take all necessary action under all applicable legal requirements to call, give notice of and hold a meeting of its stockholders to vote on a proposal to adopt the merger agreement;

a tender or exchange offer relating to its securities is commenced and it does not send to its securityholders, within ten business days after the commencement of such tender or exchange offer, a statement disclosing that its board of directors recommends rejection of such tender or exchange offer; or

it or any of its subsidiaries, officers, directors, employees, attorneys, accountants, representatives, or agents breaches MSL's obligations and restrictions under the "no solicitation" provisions of the merger agreement;

by MSL by notice to Celestica if:

MSL has complied with its obligations and restrictions contained in the "no solicitation" provisions of the merger agreement described above in all material respects; and

MSL's board of directors has authorized MSL, subject to complying with the terms of the merger agreement, to enter into a written agreement for a transaction that constitutes a "superior proposal" and MSL has notified Celestica in writing that it intends to enter into such an agreement, attaching the most current version of such

agreement to such notice; and

Celestica does not make, within 72 hours after receiving MSL's written notice of its intention to enter into a binding agreement for a superior proposal, an offer from Celestica that MSL's board of directors, in its good faith judgment, after consultation with its financial and legal advisors, determines is at least as favorable to the stockholders of MSL as the superior proposal, *provided* that this right to terminate the merger agreement will not be available to MSL unless MSL has made the required termination payment described below;

by Celestica by notice to MSL if any of MSL's representations and warranties were inaccurate as of October 14, 2003 or become inaccurate as of a date subsequent to October 14, 2003 (as if made on such subsequent date), such that the conditions to the completion of the merger would not be satisfied and such inaccuracy is not capable of being cured;

by Celestica by notice to MSL if any of MSL's covenants contained in the merger agreement are breached, such that the conditions to the completion of the merger are not capable of being satisfied;

by MSL by notice to Celestica if any of Celestica's representations and warranties were inaccurate as of October 14, 2003 or become inaccurate as of a date subsequent to October 14, 2003 (as if made on such subsequent date), such that the conditions to the completion of the merger would not be satisfied and such inaccuracy is not capable of being cured; or

95

---

by MSL by notice to Celestica if any of Celestica's covenants contained in the merger agreement are breached such that the conditions to the completion of the merger are not capable of being satisfied.

#### **Payment of Expenses and Termination Fee**

Celestica and MSL each has agreed to pay all of its fees and expenses incurred in connection with the merger, the merger agreement and the other transaction contemplated by the merger agreement, except that:

Celestica and MSL will share equally the fees and expenses (other than attorney's and accountant's fees) incurred in connection with (1) the filing, printing and mailing of this proxy statement/prospectus and the registration statement of which this proxy statement/prospectus is a part and (2) the filing of pre-merger notifications and other reports under applicable antitrust laws;

MSL has agreed to reimburse Celestica for its fees and expenses, not in excess of \$2.0 million, if the merger agreement is terminated:

because the merger is not completed by May 31, 2004, *or*

because the merger agreement is not adopted by the requisite affirmative vote of the MSL stockholders at a meeting of MSL stockholders or any adjournments or postponements of that meeting, *and*

at the time of such termination, an acquisition proposal has been announced (and not withdrawn); *or*

if a material adverse effect occurs with respect to MSL, the merger agreement is terminated as a result of the merger not being completed by May 31, 2004 and such material adverse effect remains outstanding on the date of such termination, but reimbursement will be limited to expenses incurred after the occurrence of the material adverse effect.

## Edgar Filing: CELESTICA INC - Form F-4/A

MSL has agreed to pay a termination fee of \$10.0 million (less the amount of expenses previously reimbursed to Celestica) if the merger agreement is terminated under any of the following conditions:

by Celestica or MSL if the merger agreement is not adopted by the requisite affirmative vote of the MSL stockholders at a meeting of MSL stockholders or any adjournments or postponements of that meeting or by MSL if the merger is not completed by May 31, 2004;

by Celestica if the merger is not completed by May 31, 2004, *and*, in either such case:

at or prior to such termination of the merger agreement an acquisition proposal was announced (and not withdrawn prior to such termination) *and*

within one year following such termination an acquisition proposal is consummated or MSL enters into an agreement relating to the consummation of an acquisition proposal and that acquisition proposal is consummated within two years such termination of the merger agreement,

*unless*, with respect to a termination by Celestica due to the failure to close the merger by May 31, 2004:

the merger is not completed due to the failure of either Celestica or MSL to obtain the consent of a governmental entity necessary to complete the merger in accordance with the merger agreement, *and*

96

---

MSL offered to extend the termination date of May 31, 2004 and Celestica declined such extension;

by Celestica if any of the MSL triggering events occurs; or

by MSL as a result of a superior proposal.

Please see " *Termination of the Merger Agreement*" beginning on page 94 of this proxy statement/prospectus for a description of the triggering events.

### **Extension, Waiver and Amendment of the Merger Agreement**

Celestica and MSL may amend the merger agreement before completion of the merger by mutual written consent. However, pursuant to the stockholder agreement with the institutional stockholders, Celestica has agreed not to materially amend the merger agreement without the consent of the institutional stockholders. For further information regarding the stockholder agreements, please see the section entitled "*The Stockholder Agreements*", below. No amendment will be made which by law requires further approval of MSL's stockholders without the further approval of such stockholders.

Either Celestica or MSL may extend the other's time for the performance of any of the obligations or other acts under the merger agreement, waive any inaccuracies in the other's representations and warranties and waive compliance by the other with any of the agreements or conditions contained in the merger agreement.

If, prior to the special meeting, the merger agreement is amended in any material respect or any condition to the merger is waived, Celestica and MSL will issue a press release describing the amendment or waiver, and Celestica will include the press release in a Form 6-K filed with the Securities and Exchange Commission and MSL will include the press release in a Form 8-K filed with the Commission. Celestica and MSL will

## Edgar Filing: CELESTICA INC - Form F-4/A

amend this proxy statement/prospectus and resolicit proxies if any material condition to the completion of the merger is waived.

### **THE STOCKHOLDER AGREEMENTS**

Contemporaneously with the execution and delivery of the merger agreement, some executives of MSL and certain institutional stockholders of MSL entered into stockholder agreements with Celestica and Merger Sub. We refer to the stockholder agreement with the institution stockholders as the "institutional stockholder agreement" and the stockholder agreements with the executive officers as the "management stockholder agreements". The institutional stockholders ar