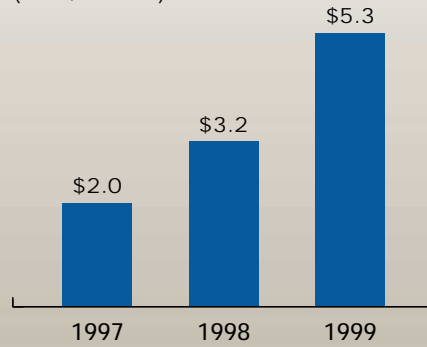


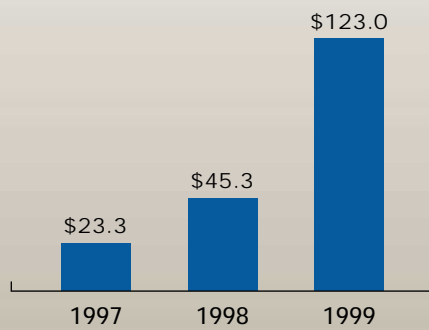
CELESTICA™

FINANCIAL HIGHLIGHTS

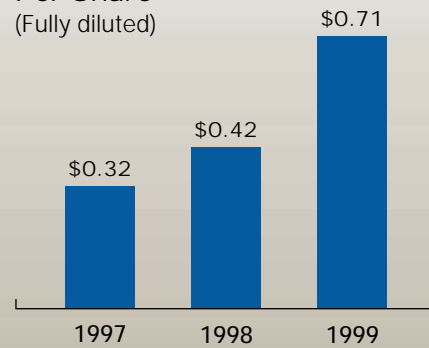
Revenue Growth
(U.S.\$ billions)



Adjusted Net Earnings*
(U.S.\$ millions)

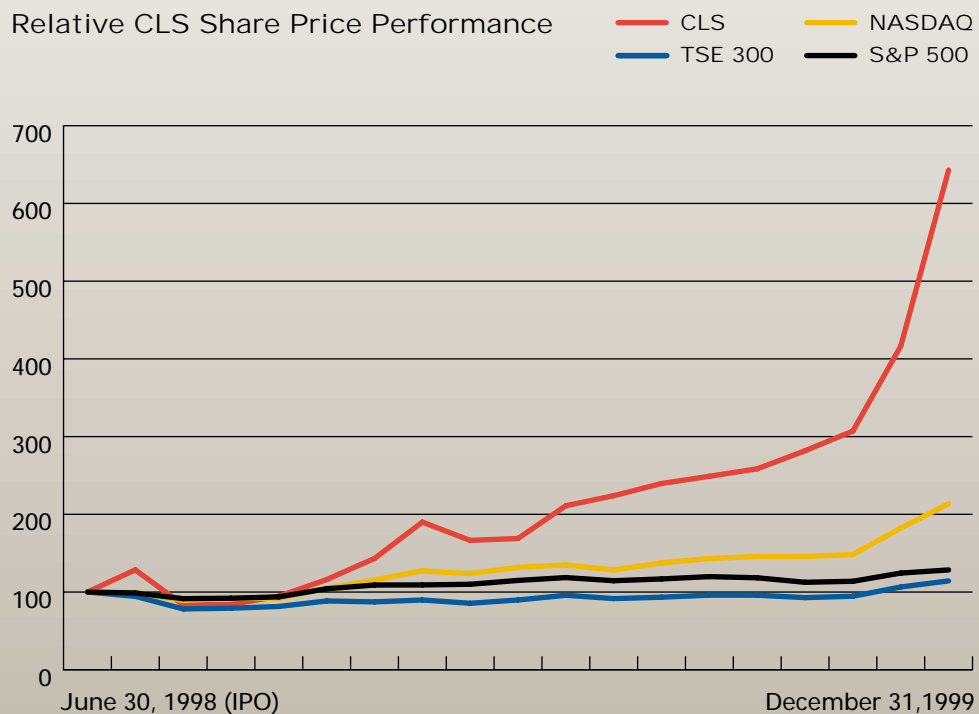


Adjusted Net Earnings
Per Share*
(Fully diluted)



Net earnings (loss) adjusted for amortization of intangible assets, integration costs related to acquisitions and other charges, net of related income taxes.

Relative CLS Share Price Performance



CORPORATE PROFILE

With \$5.3 billion in revenue in 1999, Celestica is the third largest company in the rapidly growing electronics manufacturing services (EMS) industry. We assemble products for global OEMs including Cisco Systems, Dell Computer, EMC Corporation, Hewlett-Packard, IBM, Lucent Technologies, Nortel Networks and Sun Microsystems, as well as many other leading OEMs and emerging technology startups. Celestica is a key player in the new technology-driven global economy and we are achieving significant revenue growth by building a broad range of communications and information technology products. Our reputation has been built on manufacturing the most complex products and providing advanced end-to-end supply chain solutions. We are successful acquirers and have completed 18 acquisitions over the past three years. Our interim goal is to achieve \$10 billion in revenue by 2001. We have over 20,000 highly-skilled employees worldwide, and operate 31 manufacturing and design facilities in the United States, Canada, Mexico, the United Kingdom, Ireland, the Czech Republic, Thailand, Hong Kong, China, Malaysia and Brazil. We provide a broad range of services including design, prototyping, assembly, testing, product assurance, supply chain management, worldwide distribution and after-sales service. Our total focus is on value creation: for our customers, our employees and most important – our shareholders.

Table of Contents	
Corporate Profile	1
Letter from the President and CEO	2
Celestica's Foundations for Growth	8-17
Unaudited Quarterly Financial Highlights	19
Management's Discussion and Analysis of Financial Condition and Results of Operations	20
Management's Responsibility for Financial Statements, Auditors' Report	31
Consolidated Financial Statements	32
Notes to Consolidated Financial Statements	35
Share Information	53
Directors	54
Officers of the Company	55
Corporate Information	56
Celestica Global Locations	57



TO OUR SHAREHOLDERS, CUSTOMERS,
SUPPLIERS AND EMPLOYEES

1999 was a year of outstanding performance for Celestica. We achieved record financial results, secured a wide range of new customer programs, and saw our growth opportunities accelerate at a pace beyond our expectations:

- We ended the year with revenue of \$5.3 billion, up 63% from 1998, which represented the second straight year of revenue growth exceeding 60%.
- We improved our operating margins in an environment where we were investing in new capacity and absorbing many important new customer programs.
- We increased adjusted net earnings, which excludes amortization of intangible assets, integration costs related to acquisitions and other one-time charges net of taxes, by 172% to \$123 million and grew net earnings to \$68.4 million, compared to a net loss of \$48.5 million the previous year.
- We grew adjusted net earnings per share (EPS), on a fully diluted basis, by 69% to \$0.71 per share – a growth rate that exceeded our strong top-line performance.
- We saw our share price increase 349% on The New York Stock Exchange – making Celestica its seventh best performing stock.
- We added strategic new customers to an already exceptional customer base, and continued to benefit from exposure to key high-growth markets such as internet infrastructure and the rapidly growing communications segment, where our revenue increased 163% to \$1.3 billion this past year.

- We acquired five new facilities and added two greenfield locations, expanding our capacity in repair and power and extending our geographic reach into the Czech Republic, Brazil and Malaysia.

- We continued to invest in advanced systems in our pursuit of global, seamless and high-velocity customer supply chain execution, including

the development of web-enabled collaborative systems between our suppliers, customers and Celestica.

These and many other accomplishments of 1999 reveal how quickly Celestica has become one of the top players in the dynamic and rapidly growing global electronics manufacturing services (EMS) industry.

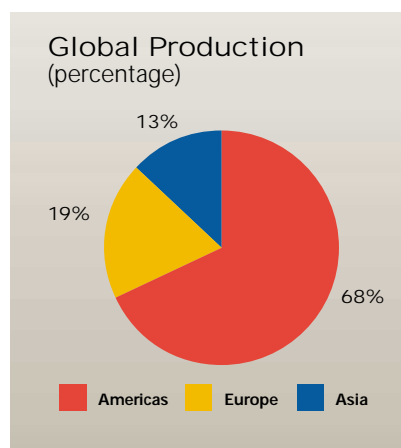


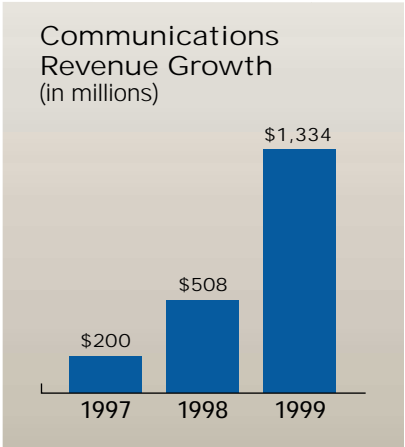
Multiple Dimensions of Growth In addition to our record financial performance in 1999, we continued to invest in the future through our selective acquisition strategy and capacity expansion programs.

Strong Organic Growth

On a year-over-year basis, approximately 2/3 of our revenue growth was achieved organically. We view our strong organic growth as an important measure of the success we are having in growing our existing customer relationships and adding new customers.

On a geographic basis, we saw strong growth in all three of our key manufacturing regions. Revenue in North America increased by 51% making North America our first geography to surpass \$1 billion in revenue in a single quarter. In Europe we grew 49% and topped the \$1 billion mark in annual revenue. In Asia, we saw the benefits of the IMS acquisition made in December 1998 as that region contributed revenue over \$700 million.





The revenue growth in all regions is a direct reflection of the quality and diversity of Celestica's customer set, our success in integrating new operations and our ability to provide a broad range of manufacturing services on a global basis.

We also experienced strong organic growth with several of our leading information technology customers, as

well as with new and existing data communications and telecommunications customers. The communications industry is fuelling significant growth opportunities for us, with many firms only now starting to deploy their EMS outsourcing strategies. In 1999, the communications segment represented \$1.3 billion in revenue to Celestica – 163% higher than 1998. This growth was virtually all organic, and was achieved by growing and diversifying the customer base from a handful of customers in 1998 to more than 20 today. This list includes global leaders such as Cisco Systems, Lucent Technologies and Nortel Networks, as well as many emerging companies such as Sycamore Networks and Foundry Networks.

Driving our success in this end-market segment is both the depth of our engineering resources and the breadth of our advanced technology capabilities in the area of reliability science. Quality and reliability are critical to our communications customers, who have been attracted to Celestica by the access they enjoy to highly-experienced engineering teams working with the most advanced technologies available.

Success in this growing end-market has allowed Celestica to build a diversified and rapidly expanding customer set in key communications segments such as optical, networking, wireless and high-speed access. With our accelerating momentum in the communications segment, combined with our diverse exposure to the server and storage area network marketplaces, we estimate that over 50% of our revenue is now associated with the rapidly growing market of building internet infrastructure.

Strategic Greenfield Expansion

Celestica's global production strategy is based on having diversified manufacturing and engineering capabilities in each of our three major regions – North America, Europe and Asia. This includes providing: operations with advanced engineering and manufacturing capabilities; operations to support low-cost, high

volume production; and niche satellite operations to support customers regionally. In 1999, we invested in greenfield facilities and acquired several operations to support this strategy.

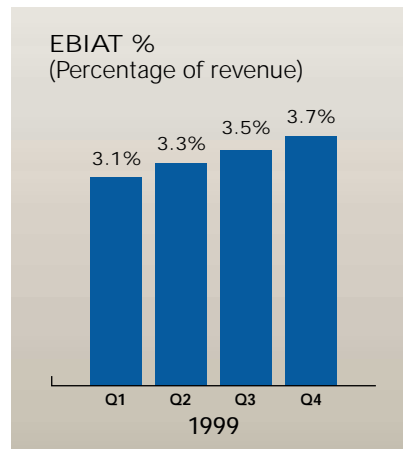
In North America, we invested in ramping our facilities in Monterrey, Mexico, where demand by our customers to manufacture in this market continues to grow. The additional investments made in these operations have enabled us to broaden our engineering and manufacturing offerings to our customers in the North American market.

We also announced two new greenfield facilities in Brazil and Malaysia in 1999, both of which were fully operational by year-end. In Brazil, we put a small operation in place and began scaling it to capitalize on the significant demand for manufacturing in the domestic market, particularly by telecommunications companies participating in building communications infrastructure in the region. With the addition of the Malaysian operation, we added capacity and engineering capabilities to our already established infrastructure in Thailand and China.

Growth through Acquisition

Since 1997, we have completed 18 strategic acquisitions, including several made in 1999 to specifically expand our services offerings, grow our presence in the European marketplace and penetrate new end-market segments.

In April we expanded into Eastern Europe with the purchase of a facility from Gossen-Metrawatt in the Czech Republic. This acquisition enhanced our European operations by giving Celestica a skilled workforce in a low cost





geography. Since acquiring the facility, we have expanded the operation to capitalize on the strong demand for manufacturing in this region.

We enhanced our capabilities in the area of power with the addition of VXI Electronics – a leading provider of custom power supplies and power-conversion products – and expanded our repair capabilities in North America with the addition of two repair facilities in the United States. We also began servicing the medical instrumentation industry with the purchase of an Agilent Technologies manufacturing facility, formerly part of the Hewlett-Packard Medical Products group.

Subsequent to year end, we announced a major expansion of our relationship with IBM through the purchase of three operations in Rochester, Minnesota, and Vimercate and Santa Palomba, Italy. When both phases of the acquisition are completed (the Rochester acquisition closed in February 2000 and the Italian acquisition is expected to close by mid-year 2000) this transaction will have estimated annualized revenue of \$1.5 billion associated with manufacturing various hardware platforms for IBM's Enterprise Systems Group and Microelectronics Division. This deal is an exceptional transaction for Celestica on many fronts as it deepens our long-standing relationship with IBM and provides additional capability and capacity to support increasing demand for high-end EMS services in Europe. Importantly, this acquisition will add 1,800 employees, skilled in manufacturing some of the most complex and advanced computing systems. Beyond revenue growth, this acquisition and others we have made in the past play a critical role in building the depth of Celestica's employee base and management group to support organic growth and increase scale on a global basis.

In total, including the IBM Rochester acquisition, we now have a global manufacturing footprint of 31 facilities in ten countries – some four million square feet of highly diversified manufacturing capacity.

The Outlook Celestica is a “new economy” company on the crest of a compelling new model for manufacturing. We have been working towards an interim revenue goal of \$10 billion by 2001. Through our strong organic growth, acquisitions and investments in facilities made over the past few years, we are confident that we now have the infrastructure in place to hit that target.

As a result, we are putting plans in motion to grow beyond \$10 billion. Our focus now is on exploiting the significant and multiple vectors of growth in our industry. These growth drivers include the accelerating propensity to outsource by the telecommunications industry, the emerging trend to outsource manufacturing by large Japan-based OEMs, OEM facility divestitures, EMS

industry consolidation and the broadening of EMS service offerings into niche markets such as repair. Our plans are to continue to participate in these significant growth opportunities.

Scale and operational depth will be critical to successfully propelling and managing this growth. We have expanded our depth through hiring and retaining highly-skilled employees and professional management and, as a result, have built an energetic and enthusiastic organization focused on executing flawlessly to drive even higher levels of customer satisfaction and optimize our resources to improve financial performance.

At Celestica, we view our industry as an intellectual-asset business where people, knowledge and technology are the engine of value creation for both customers and shareholders. As we look at 2000 and beyond, we are confident that our skilled, global employee base of more than 20,000 will be able to meet the challenges before us and capitalize on the growth prospects ahead.



Eugene V. Polistuk
President and CEO



GROWING WITH THE LEADERS

Our customers are drivers of the new technology-based economy. They are the architects of the internet. They are communications giants. They are leaders of the information technology revolution.

Our customers are global leaders in information technology and communications. They include Cisco Systems, Dell Computer, EMC Corporation, Hewlett-Packard, IBM, Lucent Technologies, Nortel Networks and Sun Microsystems, as well as several of the emerging technology companies.

In 1999, Celestica's revenue grew 63% to \$5.3 billion. Of this growth, almost two-thirds was achieved organically – a reflection that Celestica is satisfying its existing customers and attracting new customers in addition to any revenue gained through acquisitions. Acquisitions will also continue to drive growth at Celestica. We've completed 18 acquisitions since 1997, expanding our global manufacturing footprint and increasing our highly-skilled employee base to support further organic growth.

We focus on diversity in our revenue stream – diversity in customers and diversity in end-markets. With customers, our strategy is to grow with leading OEMs and to provide services to multiple divisions within those companies. We also work selectively with some of the brightest startup companies. We are further diversified by end-market segments and have multiple customers within these segments. In 1999, workstations represented 27% of revenue, servers 25%, communications 25%, peripherals 15% and PCs 8%.

Our communications business – consisting of both data communications and telecommunications customers – showed explosive growth in 1999. Revenue increased by 163% to \$1.3 billion, and the number of customers increased from a handful in 1998 to 20 in 1999. These additional customers bring high-growth end-markets to Celestica, including optical, networking, high-speed and wireless access. Our growing momentum in this end-market, combined with our extensive business in both the server and storage marketplace, positions Celestica to benefit from the rapid growth in building internet infrastructure.



The New Economy

SUPPLY CHAIN MANAGEMENT

It's about providing seamless, value-added services at every stage of the manufacturing process, from managing component procurement to assembling, testing and shipping final products.

In the global, new-technology economy, highly advanced products are being introduced faster than ever before and end-market success is often dictated by who brings volume production to market first. New product introduction is critical to our customers because as product life-cycles have shortened, windows for optimum profitability have gotten smaller. Conversely, the rewards for being first-to-market with volume have increased.

Celestica's supply chain management offers a complete electronics manufacturing solution. OEMs rely on Celestica's advanced supply-chain systems to help them reduce the time-to-market for new products, ramp up volume production, drive costs down, efficiently manage inventory and manage the transition from end-of-life to the next product generation. As a result, we must be flexible enough to accommodate ever-changing schedules and order requirements while consistently delivering products on time.

To have a successful supply chain, we focus on developing a free flow of information between customers, suppliers and our team of highly-skilled supply chain professionals. We use state-of-the-art web-enabled and other information technology tools at every stage of the supply chain to help our customers achieve their objectives. We use product design collaboration tools from MatrixOne to enable customers to design their products for manufacturability, testing and reliability. We deploy sophisticated business-to-business tools to link our order management, planning, and production systems with those of our customers and suppliers, driving lead times down. We give our customers access to Celestica's component database through products from Aspect Communications so that they can take full advantage of Celestica's purchasing leverage when they select components. We use the artificial-intelligence capabilities of advanced planning systems from i2 Technologies to help us predict demand and plan accordingly in collaboration with customers and suppliers. In all, Celestica's supply chain management inspires customer confidence in the virtual manufacturing model by deploying information technology that keeps customers informed of all aspects of the manufacturing process.



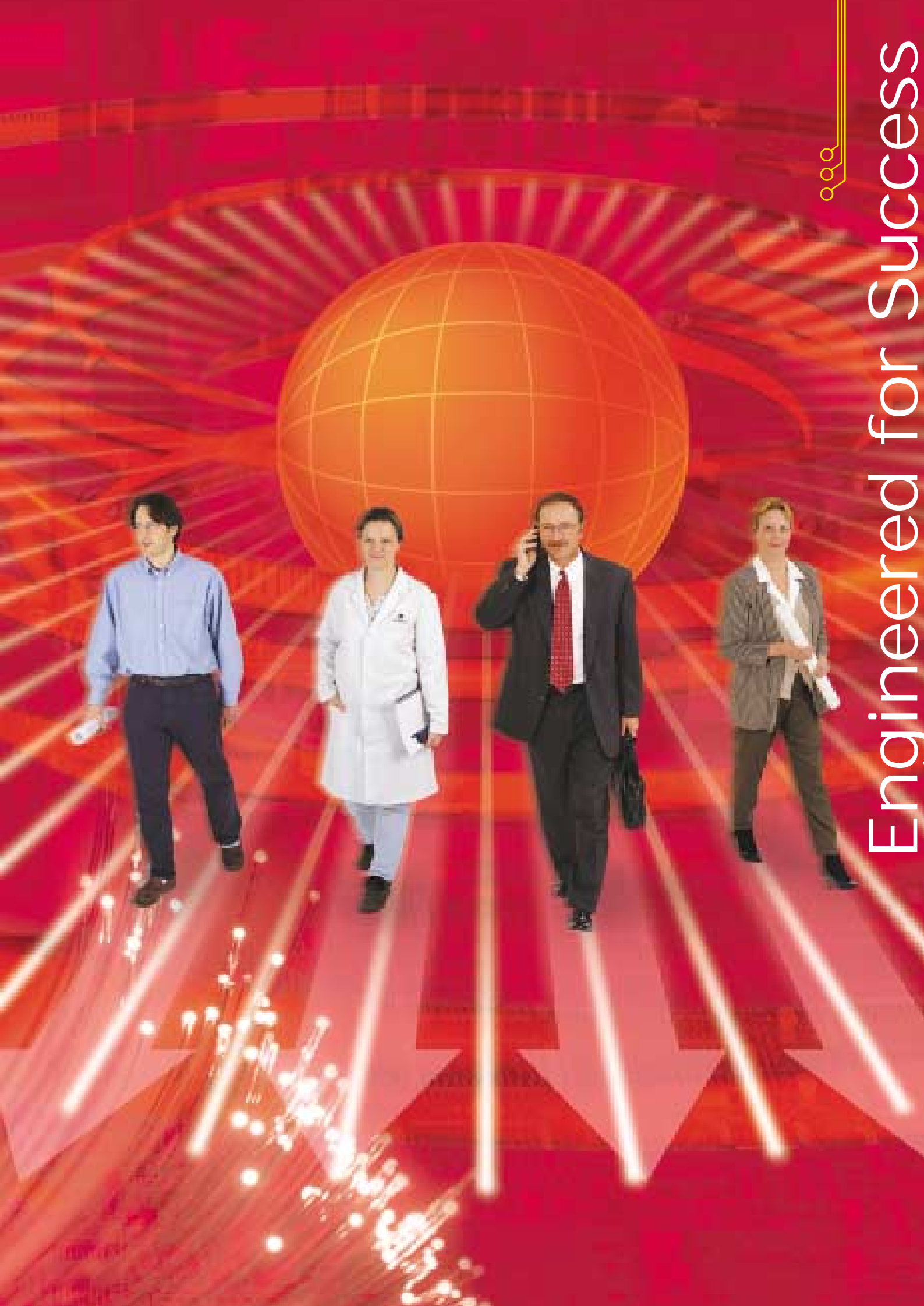
Chain of Events

Advanced manufacturing technologies, a complete spectrum of services, extensive quality programs and leading-edge reliability science. Our reputation is built on these offerings.

Staying at the forefront of advances in manufacturing is what customers have come to expect from Celestica. Our organization's technology and quality capabilities are the cumulative achievement of a global team with an extensive track record in the manufacture of advanced products. Our customers are, themselves, the builders of mission critical products used in networking and telecommunications infrastructure, complex storage devices and high-end servers. World class reliability and second-to-none quality is what our customers offer to their customers and they rely on Celestica not only to meet their stringent requirements, but also to improve upon them.

Our customers rely on us to provide them with leading-edge technology solutions for their increasingly complex products. As a result, Celestica's engineers work extensively with component suppliers, manufacturing equipment providers, industry research consortia, and technology consultants to ascertain trends in EMS manufacturing technologies and processes early on. These relationships, combined with our extensive skills and experience in manufacturing engineering, process development, test engineering, and failure analysis allow Celestica to anticipate the needs of our customers, not just react to them. As a result, Celestica is able to support the world's leading technology OEMs by helping them bring leading-edge product to market quickly and efficiently.

In addition, to enhance our capabilities, we have developed our own proprietary processes in the discipline of reliability science. Reliability science allows us to optimize the manufacturing process by deepening our understanding of every element of the products we build – from design through component selection, manufacturing, and quality control. Our experience in reliability management of mission critical products, rooted in our heritage and deep engineering skill base, is one of our key differentiators.



Engineered for Success

INTELLECTUAL ASSETS

Our people are our most valuable assets. Their highly developed skill sets and total focus on customer satisfaction earn the trust of our customers and enable Celestica to manufacture for the most successful – and most demanding – technology companies in the world.

Celestica is a new economy company driven by knowledge and technology. Our continual commitment to attracting the most skilled people and investing in the most advanced technologies is why customers can confidently entrust Celestica with their most challenging and critical manufacturing programs. This confidence is a testament to their faith in our global teams of highly skilled engineers, technicians, managers and supply-chain professionals.

With a heritage of manufacturing for some of the world's leading OEMs, our engineering teams are both numerous and experienced. Our people have successfully ramped thousands of products for our customers around the world. We have built an exceptional team of over 1,800 degreed engineers, including over 400 test and 300 design engineers. Our recently announced acquisition of three IBM facilities in the U.S. and Italy will add 1,800 skilled employees – including 300 engineers – to our team. By working with customers like Cisco Systems, Dell Computer, EMC Corporation, Hewlett-Packard, IBM, Lucent Technologies, Nortel Networks, Sun Microsystems and many of the best technology startups, Celestica's team of over 20,000 employees consistently demonstrates its ability to meet the most demanding manufacturing requirements.

We've built a superior team by hiring the best people in every field, acquiring peer group companies and purchasing OEM assets. When making acquisitions, the quality of the management team and the breadth of the engineering organization are our most important considerations. We aspire to maintain an exceptional corporate culture – one that blends the spirit and enthusiasm of entrepreneurial technology startups with the processes and best practices of a large, established corporation. In this culture, customers can be confident that experienced, professional and highly motivated manufacturing teams are managing their products.



Intellectual Capital



FINANCIAL PERFORMANCE

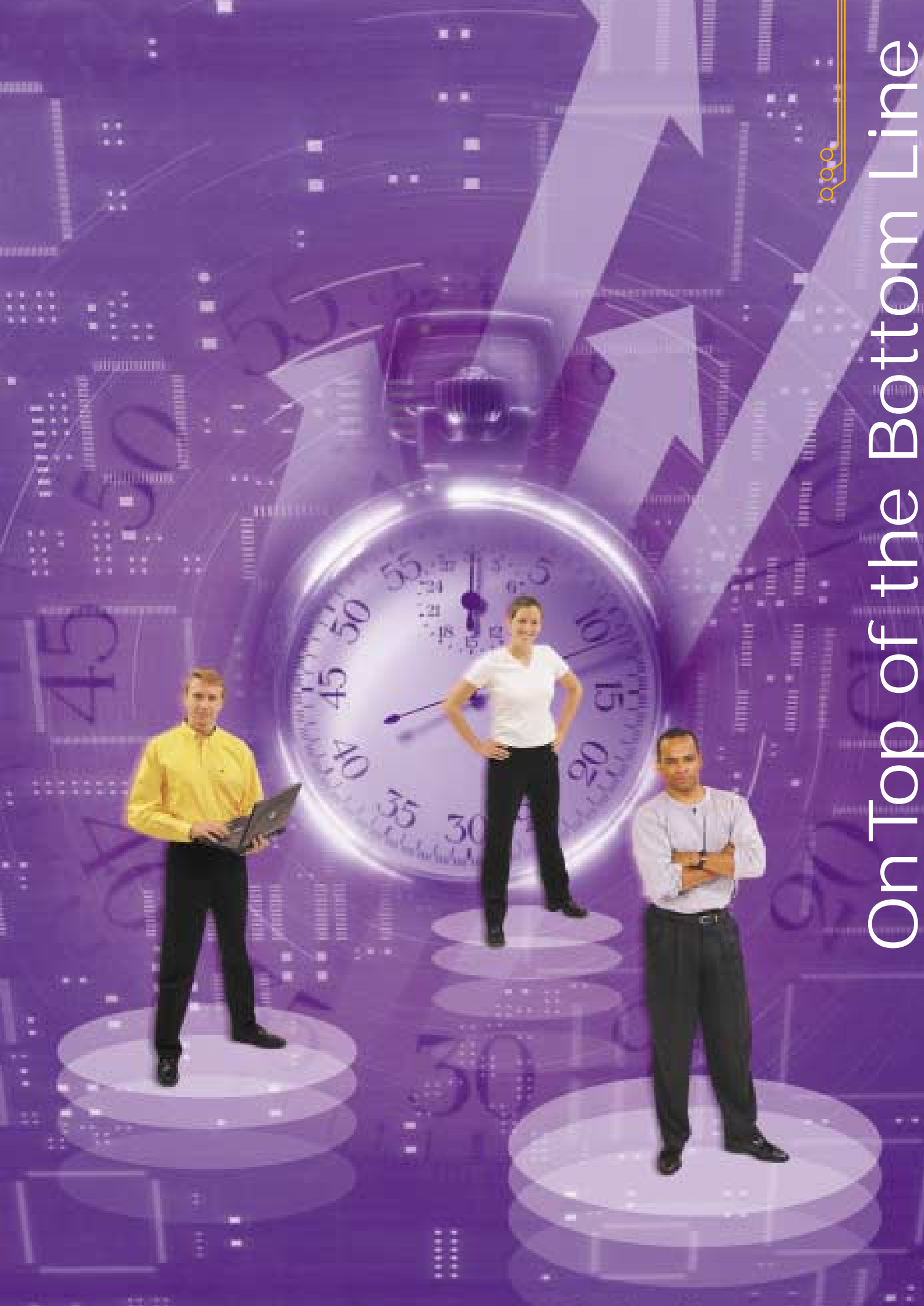
Record revenue, record earnings and strengthening margins. We posted strong financial results in 1999 and continued to meet or exceed our longer-term financial objectives.

Since going public in June 1998, Celestica has focused on consistently improving its financial performance. We have established several financial goals associated with revenue, earnings per share and margins.

Revenue goal: In 1998, the company established a revenue goal of \$10 billion by 2001. Initially, achieving this goal required an annual growth rate of 45%. In 1999, we exceeded this objective, increasing revenue by 63% to \$5.3 billion – the second straight year that Celestica grew by more than 60%.

Earnings Per Share goal: The company's goal is to grow fully diluted adjusted net earnings per share by more than 30% over the longer term. In 1999, we exceeded this objective as Celestica's fully-diluted adjusted earnings per share grew 69% through strong top-line growth and expanding margins. Also in 1999, our operating margin improved by 30 basis points to 3.4%, with consistent sequential increases each quarter. This was achieved despite significant investments made to expand our operations in Mexico and the Czech Republic, and to start greenfield operations in Malaysia and Brazil. To improve margins, we are focused on various initiatives, such as: improving capacity utilization, deploying cost-reduction programs, leveraging selling, general and administrative expenses with our increasing scale, achieving efficiencies through our supply chain investments and optimizing global production.

Return On Invested Capital (ROIC) goal: Celestica's most important measurement and goal over the longer term is to expand our ROIC by leveraging our margin expansion initiatives with our high-velocity capital turnover rates.



On Top of the Bottom Line



1999 Financial Information

UNAUDITED QUARTERLY FINANCIAL HIGHLIGHTS
(in millions, except per share amounts)

1999	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Revenue	\$ 1,081.8	\$ 1,249.7	\$ 1,356.9	\$ 1,608.8	\$ 5,297.2
EBIAT ⁽¹⁾	\$ 33.0	\$ 41.3	\$ 47.0	\$ 59.0	\$ 180.3
%	3.1%	3.3%	3.5%	3.7%	3.4%
Net earnings	\$ 9.5	\$ 13.2	\$ 19.5	\$ 26.2	\$ 68.4
Adjusted net earnings ⁽²⁾	\$ 21.9	\$ 27.5	\$ 32.6	\$ 41.0	\$ 123.0
Average net invested capital	\$ 661.5	\$ 784.2	\$ 877.1	\$ 988.1	\$ 830.6

Weighted average # of
shares outstanding (M)

• basic	154.7	168.2	168.6	177.0	167.2
• fully diluted	166.7	180.0	180.2	189.3	178.4

Basic earnings per share	\$ 0.06	\$ 0.08	\$ 0.12	\$ 0.15	\$ 0.41
Fully diluted earnings per share ⁽³⁾	\$ 0.06	\$ 0.08	\$ 0.11	\$ 0.14	\$ 0.40

Fully diluted adjusted earnings per share	\$ 0.13	\$ 0.16	\$ 0.18	\$ 0.22	\$ 0.71
---	---------	---------	---------	---------	---------

ROIC ⁽⁴⁾	20.0%	21.1%	21.4%	23.9%	21.7%
---------------------	-------	-------	-------	-------	-------

1998	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Revenue	\$ 738.7	\$ 773.6	\$ 811.6	\$ 925.3	\$ 3,249.2
EBIAT ⁽¹⁾	\$ 21.3	\$ 21.2	\$ 24.9	\$ 32.6	\$ 100.0
%	2.9%	2.7%	3.1%	3.5%	3.1%
Net earnings (loss)	\$ (31.8)	\$ (19.2)	\$ 6.3	\$ (3.8)	\$ (48.5)
Adjusted net earnings ⁽²⁾	\$ 5.8	\$ 4.6	\$ 16.2	\$ 18.7	\$ 45.3
Average net invested capital	\$ 461.8	\$ 495.0	\$ 505.8	\$ 514.1	\$ 491.4

Weighted average # of
shares outstanding (M)

• basic	73.2	74.2	129.6	134.1	103.0
• fully diluted	79.4	81.1	137.6	142.3	110.4

Basic earnings (loss) per share	\$ (0.43)	\$ (0.26)	\$ 0.05	\$ (0.03)	\$ (0.47)
Fully diluted earnings per share ⁽³⁾	N/A	N/A	\$ 0.05	N/A	N/A

Fully diluted adjusted earnings per share	\$ 0.08	\$ 0.06	\$ 0.12	\$ 0.13	\$ 0.42
---	---------	---------	---------	---------	---------

ROIC ⁽⁴⁾	18.4%	17.1%	19.7%	25.4%	20.4%
---------------------	-------	-------	-------	-------	-------

(1) Earnings before interest, amortization of intangible assets, income taxes, integration costs related to acquisitions and other charges.

(2) Net earnings (loss) adjusted for amortization of intangible assets, integration costs related to acquisitions and other charges, net of related income taxes.

(3) N/A – Fully diluted loss per share has not been disclosed as the effect of the potential conversion of dilutive securities is anti-dilutive.

(4) ROIC is equivalent to EBIAT/average net invested capital. Net invested capital includes tangible assets and liabilities and excludes cash and debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS

of financial condition and results of operations

Certain statements contained in the following Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements, including (without limitation) statements concerning possible or assumed future results of operations of the Company preceded by, followed by or that include the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and the Company's actual results could differ materially from those anticipated in these forward-looking statements.

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the Consolidated Financial Statements.

GENERAL

Celestica is a leading provider of electronics manufacturing services to OEMs worldwide and is the third-largest EMS provider in the world with 1999 revenue of \$5.3 billion. Celestica provides a wide variety of products and services to its customers, including the high-volume manufacture of complex PCAs and the full system assembly of final products. In addition, the Company is a leading-edge provider of design, repair and engineering services, supply chain management, memory and power products.

Historically, Celestica's business consisted of three segments: EMS, memory and power. Over the last three years, Celestica has refined its strategy to focus on its EMS business. Memory and power combined represented less than 8% of Celestica's total revenue in 1999 and less than 10% in 1998.

Celestica operated 30 facilities in ten countries at January 31, 2000. During 1998, Celestica operated 18 facilities across North America and Europe. The acquisition of IMS in December 1998 provided the Company with an immediate and major presence in Asia, increasing the number of facilities to 23. Seven facilities were added in 1999 through five acquisitions and two greenfield establishments.

In July 1998, Celestica completed its initial public offering and issued 47.4 million subordinate voting shares for net proceeds (after tax) of \$399 million. The net proceeds were used to prepay a significant portion of Celestica's debt. Celestica completed two additional equity offerings in 1999. In March 1999, Celestica issued 18.4 million subordinate voting shares for net proceeds (after tax) of \$254 million and, in November 1999, it issued 16.1 million subordinate voting shares for net proceeds (after tax) of \$473 million. These offerings provided Celestica with additional flexibility to support its growth strategy and decreased its total net debt to capitalization ratio from 57% at July 1998 to negative 17% at December 31, 1999.

In December 1999, the Company completed a two-for-one stock split of the subordinate voting and multiple voting shares by way of a stock dividend. All historical share and per share information has been restated to reflect the effects of this stock split on a retroactive basis.

Celestica prepares its financial statements in accordance with accounting principles which are generally accepted in Canada and which, in all material respects, conform to accounting principles generally accepted in the United States except as disclosed in Note 24 to the Consolidated Financial Statements.

ACQUISITIONS

A significant portion of Celestica's growth has been generated by the strengthening of its customer relationships and increases in the breadth of its service offerings through facility and business acquisitions completed in 1997, 1998 and 1999.

In February 1998, Celestica acquired a manufacturing facility in Ireland from Madge Networks N.V. ("Madge Networks"), a manufacturer of token ring communication products, asynchronous transfer mode products and related derivative products. The acquisition provided Celestica with a facility in a key geographic area and strengthened its relationship with Madge Networks. Celestica's acquisitions of Hewlett-Packard Company's ("Hewlett-Packard") PCA-layout design operation in Fort Collins, Colorado in February 1998 and its embedded systems organization in Chelmsford, Massachusetts in March 1998 broadened Celestica's service offerings and strengthened its relationships with Hewlett-Packard. Celestica also acquired "Customer Gateway Centres" in Santa Clara, California and Raleigh, North Carolina through its 1998 acquisitions of Analytic Design, Inc. ("Analytic Design") and Accu-Tronics Inc. ("Accu-Tronics"). These Customer Gateway Centres are design and prototype centres that are conveniently located relative to the Company's customers and serve as an entry to Celestica's full

suite of services and large-scale production facilities. In April 1998, the Company acquired a manufacturing facility in Monterrey, Mexico from Lucent Technologies Inc., which provided it with a presence in a low-cost geography. In June 1998, Celestica acquired certain assets of Silicon Graphics Inc.'s ("SGI") manufacturing facility in Chippewa Falls, Wisconsin. This acquisition strengthened the Company's relationship with a strategic customer and provided Celestica with additional advanced manufacturing capabilities. The aggregate purchase price paid by the Company for all of these acquisitions was \$55.9 million.

In December 1998, Celestica acquired International Manufacturing Services, Inc. ("IMS") through a merger of IMS with Celestica Asia Inc. ("Celestica Asia"), a subsidiary of the Company. The Company issued 15.2 million subordinate voting shares with a value of \$124.0 million as consideration for the acquisition, and reserved an additional 1.5 million subordinate voting shares with a value of \$9.5 million for issuance upon the exercise of certain IMS options. IMS was an EMS provider with five facilities in China, Thailand, Hong Kong, Mexico and the United States and approximately 3,600 employees at the time of the acquisition. In addition to providing an important Asian presence, this acquisition also expanded Celestica's customer base, diversified its end-product markets and broadened its advanced manufacturing capabilities and low cost offerings.

In April 1999, Celestica acquired certain assets of Gossen-Metrawatt GmbH's ("Gossen-Metrawatt") manufacturing operation in the Czech Republic, which provided Celestica with a strategic presence in a low-cost geography in Central Europe. In connection with the acquisition, Celestica entered into a long-term supply and cooperation agreement with Gossen-Metrawatt. In September 1999, Celestica acquired VXI Electronics, Inc. in Milwaukie, Oregon, which enhanced the Company's power systems product and service operations in North America and expanded its customer base. In October 1999, Celestica acquired certain assets related to Hewlett-Packard's Healthcare Solutions Group's printed circuit board assembly operations in Andover, Massachusetts. The acquisition enhanced the Company's presence in the Northeast region of the United States and provided further product diversification into the medical equipment market segment. In December 1999, Celestica acquired EPS Wireless, Inc. and certain assets of Fujitsu-ICL's repair business, both in Dallas, Texas. These acquisitions enhanced the Company's repair capabilities in North America and diversified its relationships with its customers. The aggregate purchase price paid by the Company for acquisitions in 1999 was \$65.1 million.

In 1998, Celestica established a greenfield operation in Nashville, Tennessee and, in 1999, it established greenfield operations in Brazil and Malaysia.

Celestica's 17 acquisitions completed through January 31, 2000 and the three greenfield operations had purchase prices, or initial investments in the case of greenfield operations, ranging from \$2.5 million to \$133.7 million, totalling \$563.5 million. Celestica continues to examine numerous acquisition opportunities in order to:

- create strategic relationships with new customers and diversify end-product programs with existing customers;
- expand its capacity in selected geographic regions to take advantage of existing infrastructure or low cost manufacturing;
- diversify its customer base to serve a wide variety of end-markets with increasing emphasis on the communications sector;
- broaden its product and service offerings; and
- optimize its global positioning.

In January 2000, the Company announced that it had entered into agreements with the Enterprise Systems Group and Microelectronics Division of IBM to purchase certain assets in Rochester, Minnesota and Vimercate and Santa Palomba, Italy and to enter into related supply agreements. See "Recent Developments."

Consistent with its past practices and as a normal course of business, Celestica is engaged in ongoing discussions with respect to several possible acquisitions of widely varying sizes, including small single facility acquisitions, significant multiple facilities acquisitions and corporate acquisitions. Celestica has identified several possible acquisitions that would enhance its global operations, increase its penetration in the computers and communications industries and establish strategic relationships with new customers. There can be no assurance that any of these discussions will result in a definitive purchase agreement and, if they do, what the terms or timing of any agreement would be. Celestica expects to continue the current discussions and actively pursue other opportunities.

Celestica expects each acquisition to be accretive to earnings and cash flow after a transition period for the acquisition, generally approximately one year. The initial margins from a newly acquired facility historically have been lower than Celestica's overall margins for several reasons: frequently, the acquired facility is underutilized; some business at the new facility may be lower margin business (such as system assembly); some newly acquired facilities may be less efficient initially; and Celestica may accept lower initial margins on large-scale projects with significant new customers. The risks of lower margins frequently are mitigated during transition periods by supply arrangements agreed to in connection with a particular acquisition. These arrangements may include limited overhead commitments, take or pay arrangements or limited revenue or product volume guarantees to support the financial viability of the facility until it reaches self-sufficiency. Celestica expects that the results for the acquired facilities will improve over the transition period as the Company: (i) increases capacity utilization; (ii) completes integration activities; (iii) implements Celestica's processes and disciplines to reduce costs; and (iv) introduces new business from the original customer and others.

RESULTS OF OPERATIONS

Celestica's revenue and margins from period to period are affected by the volume of turnkey versus consignment sales and the mix of business between system assembly and printed circuit assemblies. With turnkey manufacturing, where Celestica purchases the materials and components necessary for production, revenue is higher and margins are generally lower. With consignment sales, where the customer purchases all or a portion of the materials and components necessary for production, revenue is lower and margins are generally higher, since Celestica records only the value-added portion as revenue. The vast majority of Celestica's revenue is generated from turnkey sales. Moreover, system assembly business typically generates lower margins than printed circuit assemblies because of the high material content in system assembly as a percentage of revenue and the lower value-added content.

Celestica's contracts with its key customers generally provide a framework for its overall relationship with the customer. Actual production volumes are based on purchase orders for the delivery of products. These orders typically do not commit to firm production schedules for more than 30 to 90 days in advance. Celestica minimizes risk relative to its inventory by usually ordering materials and components only to the extent necessary to satisfy existing customer orders. Celestica is largely protected from the risk of inventory cost fluctuations as these costs are generally passed through to customers.

The Company believes that it is on track to meet its goal of \$10 billion of revenue for the year 2001 and expects organic growth to account for about half of the overall growth. Celestica continues to focus on managing costs to reduce selling, general and administrative expenses as a percentage of revenue. Celestica's goal is to realize year-over-year margin expansion in 2000 at rates at least equal to those achieved in 1999.

Celestica's annual and quarterly operating results are primarily affected by the level and timing of customer orders, fluctuations in materials costs and the mix of materials and labour and manufacturing overhead costs. The level and timing of a customer's orders will vary due to the customer's attempt to balance its inventory, changes in its manufacturing strategy and variation in demand for its products. Celestica's annual and quarterly operating results are also affected by capacity utilization and other factors, including price competition, experience in manufacturing a particular product, the degree of automation used in the assembly process, the efficiencies achieved by Celestica in managing inventories and capital assets, the timing of expenditures in anticipation of increased sales, the timing of acquisitions and related integration costs, customer product delivery requirements and shortages of components or labour. Historically, Celestica has experienced some seasonal variation in revenue, with revenue typically being highest in the fourth quarter and lowest in the first quarter.

The comparison of results of operations from period to period is significantly affected by the timing of Celestica's acquisitions. There is no certainty that the historical pace of Celestica's acquisitions will continue in the future.

MANAGEMENT'S DISCUSSION AND ANALYSIS
of financial condition and results of operations

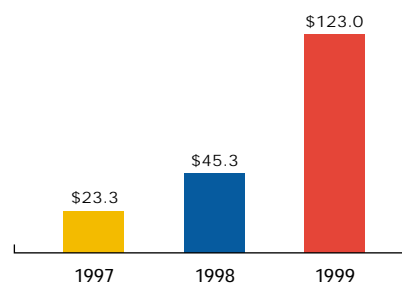
The table below sets forth certain operating data expressed as a percentage of revenue for the years indicated:

	Year ended December 31,		
	1997	1998	1999
Revenue	100.0%	100.0%	100.0%
Cost of sales	93.0	92.9	92.8
Gross profit	7.0	7.1	7.2
Selling, general and administrative expenses	3.4	4.0	3.8
Amortization of intangible assets	0.8	1.4	1.0
Integration costs related to acquisitions	0.6	0.3	0.2
Other charges	0.7	2.0	0.0
Operating income (loss)	1.5	(0.6)	2.2
Interest expense, net	1.7	1.0	0.2
Earnings (loss) before income taxes	(0.2)	(1.6)	2.0
Income taxes (recovery)	0.1	(0.1)	0.7
Net earnings (loss)	(0.3)%	(1.5)%	1.3%

Adjusted Net Earnings

As a result of the significant number of acquisitions made by Celestica over the past three years, management of Celestica uses adjusted net earnings as a measure of operating performance on an enterprise-wide basis. Adjusted net earnings exclude the effects of acquisition-related charges (most significantly, amortization of intangible assets and integration costs related to acquisitions) and other charges (the write-down of intellectual property and goodwill, the write-off of deferred financing costs and debt redemption fees and an unusual credit loss) and the related income tax effect of these adjustments. Adjusted net earnings is not a measure of performance under Canadian GAAP or U.S. GAAP. Adjusted net earnings should not be considered in isolation or as a substitute for net earnings prepared in accordance with Canadian GAAP or U.S. GAAP or as a measure of operating performance or profitability. The following table reconciles net earnings (loss) to adjusted net earnings:

Adjusted Net Earnings Increases
(in millions)

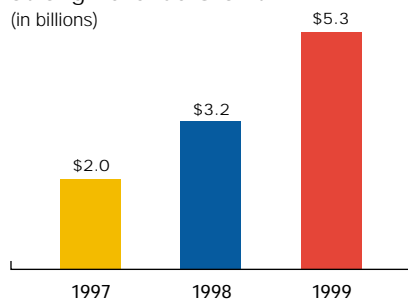


	Year ended December 31, (in millions)		
	1997	1998	1999
Net earnings (loss)	\$ (6.9)	\$ (48.5)	\$ 68.4
Amortization of intangible assets	15.3	45.4	55.6
Integration costs related to acquisitions	13.3	8.1	9.6
Other charges	13.9	64.7	-
Income tax effect of above	(12.3)	(24.4)	(10.6)
Adjusted net earnings	\$ 23.3	\$ 45.3	\$ 123.0

Revenue

Revenue increased \$2,048.0 million, or 63.0%, to \$5,297.2 million in 1999 from \$3,249.2 million in 1998. This increase resulted from growth achieved both organically and through strategic acquisitions. Organic revenue growth in 1999 was 37.9% and represented 60.2% of the total year-to-year growth. The Company defines organic revenue as revenue which excludes business from operations acquired in the preceding 12 months. The organic growth resulted from new program wins with existing and new customers across the Canadian, U.S. and European geographic segments. Revenue from Asian operations was not considered part of the organic growth since the operations were acquired at the end of 1998. Revenue from Celestica's Canadian operations grew \$773.0 million, or 49.7%, to \$2,328.6 million in 1999 from \$1,555.6 million in 1998, substantially all through organic growth with new program wins from both existing and new customers. Revenue from the Company's U.S. locations increased \$495.6 million, or 52.5%, to \$1,439.9 million in 1999 from \$944.3 million in 1998. Revenue from European

Strong Revenue Growth
(in billions)



operations grew \$367.4 million, or 49.0%, to \$1,116.7 million in 1999 from \$749.3 million in 1998. Organic growth represented 41.0% of the 52.5% growth in the U.S. and substantially all of the 49.0% growth in Europe. Celestica Asia (formerly IMS) contributed \$714.1 million in revenue for 1999 after acquisition on December 30, 1998. Inter-segment revenue for 1999 was \$302.0 million compared to no inter-segment revenue in 1998. Acquisitions completed in 1999 together with the IMS acquisition contributed \$816.4 million of revenue in 1999 with the majority of revenue being from Asian (formerly IMS) operations. Revenue from customers in the communications industry increased to 25% of revenue in 1999 compared to 16% of revenue in 1998 consistent with the Company's strategy to increase the portion of its revenue from customers in the communications industry.

Revenue increased \$1,242.6 million, or 61.9%, to \$3,249.2 million in 1998 from \$2,006.6 million in 1997. This increase resulted from new program wins with existing customers, principally at Celestica's U.S. facilities, and growth through strategic acquisitions. Revenue from Celestica's Canadian operations grew \$280.9 million, or 22.0%, to \$1,555.6 million in 1998 from \$1,274.7 million in 1997. This increase was the result of increased business with Celestica's existing customers, partially offset by lower revenue for memory/power resulting from memory price declines in 1998 and the conversion of one IBM memory program from turnkey to consignment sales (for which Celestica records only the value-added portion as revenue) in April 1997, with a revenue impact of approximately \$115.0 million. Revenue from Celestica's U.S. operations increased \$675.1 million, or 250.8%, to \$944.3 million in 1998 from \$269.2 million in 1997. The U.S. operations acquired in the second half of 1997 are included for the full year of 1998. The U.S. acquisitions completed in 1998 contributed approximately \$68.0 million to U.S. revenue in 1998. The IMS acquisition contributed no revenue in 1998 since the acquisition did not occur until December 30, 1998. Revenue for Europe increased \$286.6 million, or 61.9%, to \$749.3 million in 1998 from \$462.7 million in 1997, primarily as a result of increased business with existing key customers. The acquisition of the Madge Networks facility in Ireland contributed approximately \$75.0 million in revenue from the date of its acquisition in February 1998.

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

	1997	1998	1999
Hewlett-Packard		✓	✓
Sun Microsystems	✓	✓	✓
Cisco Systems	✓		✓
IBM	✓	✓	

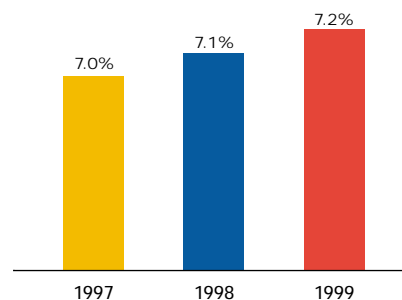
Celestica's top five customers represented in the aggregate 67.6% of total revenue in 1999 compared to 71.8% in 1998 and 70.4% in 1997. The Company is dependent upon continued revenue from its top five customers. There can be no guarantee that revenue from these or any other customers will not increase or decrease as a percentage of consolidated revenue either individually or as a group. Any material decrease in revenue from these or other customers could have a material adverse effect on the Company's results of operations. The Company expects a significant increase in revenue from IBM in 2000 as a result of the supply agreements and facilities acquisitions announced in January 2000. See "Recent Developments."

Gross profit

Gross profit increased \$152.0 million, or 65.9%, to \$382.5 million in 1999 from \$230.5 million in 1998. Gross margin increased to 7.2% in 1999 from 7.1% in 1998. The improvement in gross profit and gross margin was due to improved cost management, supply-chain initiatives and increased facility utilization levels in Canada, the United States and Europe, offset by lower Asian margins, greenfield start-up operations in Brazil, Malaysia and Mexico and new product introductions.

Gross profit increased \$90.8 million, or 65.0%, to \$230.5 million in 1998 from \$139.7 million in 1997. Gross margin increased to 7.1% in 1998 from 7.0% in 1997. The improvement in gross profit and gross margin was due to improved cost management and increased facility utilization levels in Canada and Europe which was partially offset by a larger percentage of lower margin business associated with the Colorado and New England operations and the transitioning of operations in Celestica's U.S. acquisitions.

Gross Margin Improves
(percentage of revenue)



For the foreseeable future, the Company's gross margin is expected to depend primarily on product mix, production efficiencies, utilization of manufacturing capacity, start-up activity, new product introductions, the percentage of revenue derived from system build projects and pricing within the electronics industry. Over time, gross margins at individual sites and for the Company as a whole are expected to fluctuate. Changes in product mix, additional costs associated with new product introductions and price erosion within the electronics industry could adversely affect the Company's gross margin. Also, while the availability of raw materials appears adequate to meet the Company's current revenue projections for the foreseeable future, component availability is still subject to lead time and other constraints that could possibly limit the Company's revenue growth.

During 1999, the net change in the Company's allowance for doubtful accounts was an increase of \$5.1 million, to \$12.8 million at December 31, 1999 from \$7.7 million at December 31, 1998. The net change in the Company's reserve for inventory obsolescence was an increase of \$7.0 million, to \$54.5 million at December 31, 1999 from \$47.5 million at December 31, 1998.

During 1998, the net change in the Company's allowance for doubtful accounts was an increase of \$4.9 million, to \$7.7 million at December 31, 1998 from \$2.8 million at December 31, 1997. The net change in the Company's reserve for inventory obsolescence was an increase of \$15.6 million, to \$47.5 million at December 31, 1998 from \$31.9 million at December 31, 1997.

The provision for these reserves had the effect of decreasing gross profit for 1999, 1998 and 1997 by \$20.0 million, \$28.3 million and \$36.7 million, respectively, increasing selling, general and administrative expenses by \$5.8 million, \$2.8 million and \$6.7 million, respectively, and decreasing pre-tax earnings by \$25.8 million, \$31.1 million and \$43.4 million, respectively. The increases in these reserves and the provisions charged to earnings are consistent with the increases in accounts receivable and inventory balances during the year and the Company's historical experience.

Selling, general and administrative expenses

Selling, general and administrative expenses increased \$71.7 million, or 54.9%, to \$202.2 million (3.8% of revenue) in 1999 from \$130.5 million (4.0% of revenue) in 1998. The increase in such expenses was a result of increased staffing levels and higher selling, marketing and administrative costs to support the sales growth of the Company, as well as the impact of expenses incurred by operations acquired during 1998 and 1999. Selling, general and administrative costs increased at a slower rate than the revenue increase in 1999.

Selling, general and administrative expenses increased \$62.2 million, or 91.1%, to \$130.5 million (4.0% of revenue) in 1998 from \$68.3 million (3.4% of revenue) in 1997. The increase, both in amount and as a percentage of revenue, was a result of higher selling and marketing expenses incurred to support future EMS growth as well as expenses incurred by the operations acquired in the last quarter of 1997 and in 1998.

MANAGEMENT'S DISCUSSION AND ANALYSIS
of financial condition and results of operations

Research and development costs remained flat at \$19.7 million (0.4% of revenue) in 1999 compared to \$19.8 million (0.6% of revenue) in 1998 and \$15.1 million in 1997 (0.8% of revenue).

Intangible assets and amortization

Amortization of intangible assets increased \$10.2 million, or 22.5%, to \$55.6 million in 1999 from \$45.4 million in 1998. This increase is attributable to an increase in the amount of the intangible assets arising from the 1998 and 1999 acquisitions, with the largest portion relating to the intangible assets arising from the IMS acquisition.

Amortization of intangible assets increased \$30.1 million, or 196.7%, to \$45.4 million in 1998 from \$15.3 million in 1997 as a result of two factors: the Company's revision of the estimated useful life of goodwill and other intangible assets from 20 years to 10 years; and the revision of the estimated useful life of intellectual property from 20 years to 5 years. These changes increased amortization expense in 1998 from approximately \$22.0 million to approximately \$41.3 million, based on the net asset values at January 1, 1998. The balance of the increase from 1997 to 1998 was a result of the amortization of goodwill and other intangible assets arising from the acquisitions completed in the last quarter of 1997 and in 1998.

The excess of the purchase price paid over the fair value of tangible assets acquired in the five acquisitions completed in 1999 amounted to \$48.8 million and has been allocated to goodwill and other intangible assets. In these acquisitions, Celestica acquired identifiable assets of \$45.4 million and assumed liabilities of \$29.1 million.

The excess of the purchase price paid over the fair value of tangible assets acquired in the acquisitions completed in 1998 amounted to \$105.5 million and has been allocated to goodwill and other intangible assets. Of this amount, \$92.3 million related to the acquisition of IMS. In the IMS acquisition, Celestica acquired \$169.7 million of identifiable assets and assumed liabilities of \$128.3 million.

At December 31, 1999, intangible assets represented 13.8% of Celestica's total assets compared to 22.9% at December 31, 1998.

In connection with certain acquisitions, Celestica has entered into production agreements with terms of one to three years with some of its OEM customers. These agreements contain limited manufacturing overhead contribution provisions or product volume guarantees for only a short period following the purchases. Celestica may enter into similar agreements in connection with future facility acquisitions.

Integration costs related to acquisitions

Integration costs related to acquisitions represent one-time costs incurred within 12 months of the acquisition date, such as the costs of implementing compatible information technology systems in newly acquired operations, establishing new processes related to marketing and distribution processes to accommodate new customers and salaries of personnel directly involved with integration activities. Integration costs related to greenfield operations represent costs incurred within three months of commencing operations. All of the integration costs incurred related to either newly acquired facilities or the start-up of greenfield sites, and not to the Company's existing operations.

Integration costs were \$9.6 million in 1999 compared to \$8.1 million in 1998 and \$13.3 million in 1997.

Integration costs vary from period to period due to the timing of acquisitions, the establishment of greenfield operations and related integration activities. Celestica expects to incur additional integration costs in 2000 as it completes the integration of operations acquired in 1999 and the assets that the Company has agreed to acquire from IBM as announced in January 2000. Celestica will incur future additional integration costs as the Company continues to make acquisitions and establish greenfield operations as part of its growth strategy.

Other charges

Other charges are non-recurring items or items that are unusual in nature. Celestica did not incur any other charges in 1999.

Other charges in 1998 totalled \$64.7 million, comprised of a write-down of the carrying value of intellectual property and goodwill amounting to \$41.8 million, the write-off of deferred financing costs and debt redemption fees of \$17.8 million and other charges of \$5.1 million. The write-down of the carrying value of intellectual property and goodwill of \$41.8 million consisted of a first quarter charge of \$35.0 million relating to certain test and process know-how and non-commercial computer programs and a fourth quarter charge of \$6.8 million relating

to goodwill. The \$17.8 million write-off of deferred financing costs and debt redemption fees related to the prepayment of debt with proceeds from the Company's initial public offering.

In the first quarter of 1998, the Company assessed the recoverability of the carrying value of its intellectual property and concluded that a write-down of \$35.0 million was required since certain test and process know-how and non-commercial computer programs would no longer be utilized. In December 1998, as a result of the merger with IMS, certain goodwill in the amount of \$6.8 million became impaired and was written off.

Other charges of \$13.9 million in 1997 resulted from a credit loss relating to a customer, which filed for bankruptcy. Celestica has not experienced any other material credit losses.

Interest expense

Interest expense, net of interest income, decreased \$21.6 million, or 66.9%, to \$10.7 million in 1999 from \$32.3 million in 1998. The Company was in a net cash position for the majority of 1999 as a result of the two equity offerings completed in 1999, resulting in a significant reduction in interest expense for the year. Interest income was earned during 1999 on the Company's cash position, reducing net interest expense for the year.

Interest expense, net of interest income, decreased \$1.3 million, or 3.9%, to \$32.3 million in 1998 from \$33.6 million in 1997. Celestica incurred interest charges of approximately \$11.6 million on additional borrowings to finance acquisitions completed in the first half of 1998 and the growth in operations of the Company. Debt levels during the second half of 1998 were lower than in the first half of 1998 as the net proceeds from the initial public offering completed in July 1998 were used to prepay a significant portion of the Company's debt, yielding interest savings of approximately \$13.8 million.

Income taxes

Income tax expense in 1999 amounted to \$36.0 million, reflecting an effective tax rate for the year of 34.5%. This effective tax rate reflects an effective tax rate of 39% for the first half of 1999 and an effective tax rate of 32% for the second half of 1999.

The decrease in the Company's effective tax rate in 1999 from 39% to 32% is attributable to an increase in the relative mix and volume of business in lower tax jurisdictions. In addition to lower relative corporate income tax rates in the United Kingdom and Ireland, Celestica has obtained tax holidays for periods from one year to ten years in the Czech Republic, Thailand, China and Malaysia. Celestica believes that a 32% effective tax rate is sustainable for the foreseeable future.

Celestica has recognized a net deferred tax asset at December 31, 1999 of \$45.4 million (\$40.6 million at December 31, 1998), which includes a recognition of benefits derived from net operating losses available to reduce income for income tax purposes in future years. The Company's current projections demonstrate that it will generate sufficient taxable income (approximately \$120 million) in the future to realize the benefit of these deferred income tax assets prior to their expiration.

Income tax expense in 1998 was comprised of a current income tax expense of \$15.1 million and a recovery of deferred income taxes of \$17.1 million, resulting in a net recovery of income taxes of \$2.0 million in 1998 compared to a net income tax expense of \$2.2 million in 1997. This income tax recovery resulted primarily from the recognition of the tax benefit of net operating losses incurred in 1998 in certain jurisdictions, which exceeded the current income tax expense on operating profits generated in other jurisdictions.

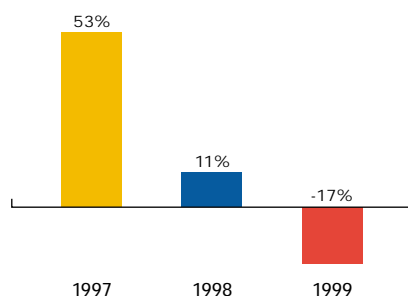
LIQUIDITY AND CAPITAL RESOURCES

During the year ended December 31, 1999, the Company's operating activities utilized \$94.4 million in cash, principally to support higher working capital requirements relating to revenue growth offset by other cash from operations. Earnings generated \$197.3 million in cash, which was used to fund the growth in operations and acquisitions. Average non-cash working capital as a percentage of revenue increased to 9% for 1999 from 8% for 1998. Investing activities in 1999 included capital expenditures of \$211.8 million and \$64.8 million for acquisitions. The acquisitions included facilities in the Czech Republic, Oregon, Massachusetts and Texas. Celestica completed two equity offerings in 1999, issuing 34.5 million subordinate voting shares for gross cash proceeds of \$751.6 million and incurring \$24.2 million in share issuance costs, net of tax.

For the year ended December 31, 1998, Celestica generated cash from operating activities of \$81.6 million. Earnings generated \$84.9 million in cash, which was used to partially fund the operations and acquisition activities of the Company. Average non-cash working capital as a percentage of revenue decreased to 8% in 1998 from 11% in 1997.

Investing activities in 1998 included the acquisitions of Analytic Design, Accu-Tronics, Celestica Mexico, the SGI facility and the Madge Networks facility which used cash, net of cash acquired, of \$48.7 million. The acquisition of IMS was completed by issuing subordinate voting shares with a value of \$124.0 million and reserving additional subordinate voting shares with a value of \$9.5 million, for issuance upon the exercise of certain IMS options.

Net Debt to Capitalization
Strengthens (percentage)



Capital Resources

Celestica has two \$250 million global, unsecured, revolving credit facilities totalling \$500 million, each provided by a syndicate of lenders. The credit facilities permit Celestica and certain designated subsidiaries to borrow funds directly for general corporate purposes (including acquisitions) at floating rates. The credit facilities are available until April 2002 and July 2003, respectively. Under the credit facilities: Celestica is required to maintain certain financial ratios; its ability and that of certain of its subsidiaries to grant security interests, dispose of assets, change the nature of its business or enter into business combinations, is restricted; and a change in control is an event of default. No borrowings were outstanding under the revolving credit facilities at December 31, 1999.

The only other financial covenant in effect is a debt incurrence covenant contained in Celestica's Senior Subordinated Notes due 2006. This covenant is based on Celestica's fixed charge coverage ratio, as defined in the indenture governing the Senior Subordinated Notes.

Celestica was in compliance with all debt covenants as at December 31, 1999.

Celestica believes that cash flow from operating activities, together with cash on hand and borrowings available under its global, unsecured, revolving credit facilities, will be sufficient to fund currently anticipated working capital, planned capital spending and debt service requirements for the next 12 months. The Company's capital spending totalled \$211.8 million for 1999. As of December 31, 1999, Celestica has committed to \$35 million of capital spending, expected to be incurred in the first quarter of 2000. The Company expects capital spending for 2000 to be approximately \$160 million to \$180 million, excluding any capital expenditures required for the acquisition of certain facilities from IBM. See "Recent Developments." In addition, Celestica regularly reviews acquisition opportunities, and may therefore require additional debt or equity financing.

Celestica prices the majority of its products in U.S. dollars, and the majority of its material costs are also denominated in U.S. dollars. However, a significant portion of its non-material costs (including payroll, facilities costs and costs of locally sourced supplies and inventory) are primarily denominated in Canadian dollars and British pounds sterling (including approximately C\$400 million and £100 million on an annualized basis). As a result, Celestica may experience transaction and translation gains or losses because of currency fluctuations. At December 31, 1999, Celestica had forward foreign exchange contracts covering various currencies with expiry dates up to March 2001 in a notional amount of \$494 million. The fair value of these contracts at December 31, 1999 was an unrealized gain of \$4.3 million. Celestica's current hedging activity is designed to reduce the variability of its foreign currency costs and involves entering into contracts to sell U.S. dollars to purchase Canadian dollars, British pounds sterling and Euros at future dates. In general, these contracts extend for periods of less than 18 months. Celestica may, from time to time, enter into additional hedging transactions to minimize its exposure to foreign currency and interest rate risks. There can be no assurance that such hedging transactions, if entered into, will be successful.

RECENT DEVELOPMENTS

In January 2000, the Company announced that it had entered into agreements with the Enterprise Systems Group and Microelectronics Division of IBM for the purchase of certain assets in Rochester, Minnesota and Vimercate and Santa Palomba, Italy. In addition to providing for the transfer of assets, the agreements provide for the employment by Celestica of approximately 1,800 IBM employees. As part of the transaction, the Company entered into supply agreements with IBM, effective on the purchase of related assets, and expects to generate annualized revenue of approximately \$1.5 billion, of which approximately \$1.0 billion is expected to come from Italian operations and \$500 million from the Rochester operations. The purchase of the Rochester assets closed on February 29, 2000 and the purchase of the Italian operations is expected to close at the end of the second quarter 2000.

The 128,000 square foot Rochester, Minnesota operation provides printed circuit board assembly and test services. The Company plans to relocate the Rochester, Minnesota operations to a new facility in the same vicinity within 18 months of closing the transaction. The Vimercate operation provides printed circuit board assembly services and the Santa Palomba operation provides system assembly services. Combined, the Italian facilities total over one million square feet. The Italian facilities will be purchased from IBM and the Rochester facility will be leased from IBM.

The purchase price, including capital assets, working capital, intangible assets and acquisition costs, is expected to be approximately \$500 million, and will be financed by cash on hand and internal cash resources.

The purchase price for the acquisition of the assets represents a premium over the current book value, and will generate approximately \$175 million of intangible assets including intellectual property. Information from valuations and other studies currently being undertaken by the Company to determine the fair values of the assets acquired, including intellectual property, and liabilities assumed may affect the amount of intangible assets. Celestica expects that the intangible assets will have an average useful life of approximately ten years and that the intellectual property acquired will have an average useful life of approximately five years.

The Company has not completed its analysis of the integration costs it will incur in connection with the acquisition; however, initial estimates are that integration costs will be 0.75% to 1.25% of revenue. These costs will be expensed in the periods in which they are incurred. The Company expects that the facilities acquired will require capital expenditures consistent with Celestica's historical capital expenditure patterns of 2.0% to 2.5% of revenue. The Company expects that the acquisition of these facilities will be accretive to earnings in 2000, provided the acquisitions close on schedule. The Company also believes that, when the IBM operations are fully integrated, the margins for the acquired operations will be consistent with the margins achieved in Celestica's current operations.

In connection with the acquisition agreements, the Company signed two three-year strategic supply agreements with IBM to provide a complete range of electronics manufacturing services, including comprehensive supply chain management services, early prototyping, new product introduction, printed circuit board assembly and test, system assembly and test, fulfillment and end-of-life support.

YEAR 2000

The year 2000 issue concerns the potential exposures related to the automated generation of business and financial misinformation resulting from the fact that certain computer systems, embedded systems and hardware use two digits, rather than four, to define the applicable year. The potential problems associated with date-limited software and hardware did not end with the start of the new millennium. For instance, software and hardware that recognizes dates after January 1, 2000 may not properly deal with February 29, 2000; years that are divisible by 100 are generally not leap years, but years divisible by 400 are leap years and an incomplete implementation of this algorithm could produce errors for periods that include February 29, 2000. Celestica relies upon vendor-supplied technology and recognizes the potential business risk to its assets and systems associated with the year 2000.

As of January 21, 2000, the Company has not experienced any incidents or issues impacting its business operations, infrastructure or business relationships with third parties, as part of the year 2000 rollover. Celestica will continue to monitor all mission critical systems to ensure that no unanticipated year 2000 or other date-related incidents occur at any of its facilities. While there are on-going risks of encountering year 2000 or other date-related issues, the Company believes these issues will not cause any material interruptions to the Company or its customers.

Celestica incurred costs for its year 2000 remediation projects of approximately \$10 million. Year 2000 expenditures were financed through funds generated from operations, and were capitalized to the extent they enhanced the capabilities and useful life of the underlying systems. Celestica did not defer any major information technology projects as a result of its year 2000 remediation efforts.

Part of Celestica's overall acquisition strategy is to implement common technology platforms across all of its major locations. In addition, Celestica has been refreshing and augmenting many of its existing systems (supply chain systems, engineering systems and office systems) in support of its corporate growth strategies. Since the migration to common technology platforms is part of Celestica's overall acquisition and integration strategies no significant systems implementation was accelerated as a result of year 2000 issues. None of these costs have been included in Celestica's estimate of year 2000 remediation costs noted above.

MANAGEMENT'S DISCUSSION AND ANALYSIS

of financial condition and results of operations

EURO CONVERSION

Effective January 1, 1999, 11 of the 15 member countries of the European Union (the participating countries) established fixed conversion rates between their existing sovereign currencies and the Euro. For three years after the introduction of the Euro, the participating countries can perform financial transactions in either the Euro or their original local currencies. This will result in a fixed exchange rate among the participating countries, whereas the Euro (and the participating countries' currencies in tandem) will continue to float freely against the U.S. dollar and currencies of other non-participating countries.

Management continuously monitors and evaluates the effects of the Euro conversion on the Company. Celestica does not believe that significant modifications of its information technology systems are needed in order to handle Euro transactions and reporting. The Company has modified its hedging policies to take the Euro conversion into account. While the Company currently believes that the effects of the conversion do not and will not have a material adverse effect on the Company's business and operations, there can be no assurances that such conversion will not have a material adverse effect on the Company's results of operations and financial position due to competitive and other factors that may be affected by the conversion and that cannot be predicted by the Company.

BACKLOG

Although Celestica obtains firm purchase orders from its customers, OEM customers typically do not make firm orders for delivery of products more than 30 to 90 days in advance. Celestica does not believe that the backlog of expected product sales covered by firm purchase orders is a meaningful measure of future sales since orders may be rescheduled or cancelled.

RECENT ACCOUNTING DEVELOPMENTS

In June 1998, the Financial Accounting Standards Board (FASB) issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes methods of accounting for derivative financial instruments and hedging activities related to those instruments as well as other hedging activities. SFAS No. 137 delays the effective date of SFAS No. 133 to fiscal years beginning after June 15, 2000. The Company will be required to implement SFAS No. 133 for its fiscal year ended December 31, 2001. The Company has not assessed the impact of the adoption of SFAS No. 133 on its financial position, results of operations or cash flows.

In March 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use." SOP 98-1 requires that entities capitalize certain costs related to internal-use software once certain criteria have been met. As required, the Company implemented this standard in 1999.

In April 1998, the AICPA issued SOP 98-5, "Reporting on the Costs of Start-Up Activities." SOP 98-5 requires that all start-up costs related to new operations must be expensed as incurred. In addition, all start-up costs that were capitalized in the past must be written off when SOP 98-5 is adopted. As required, the Company implemented this standard in 1999.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying Consolidated Financial Statements have been prepared by management and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these financial statements and in other sections of this Annual Report.

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies, which management believes are appropriate for the Company, are described in note 2 to the Consolidated Financial Statements.

The Board of Directors is responsible for reviewing and approving the Consolidated Financial Statements and overseeing management's performance of its financial reporting responsibilities. An Audit Committee of three non-management Directors is appointed by the Board.

The Audit Committee reviews the Consolidated Financial Statements, adequacy of internal controls, audit process and financial reporting with management and with the external auditors. The Audit Committee reports to the Directors prior to the approval of the audited Consolidated Financial Statements for publication.

KPMG LLP, the Company's external auditors, who are appointed by the shareholders, audited the Consolidated Financial Statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the Consolidated Financial Statements. Their report is set out below.



Anthony P. Puppi
Executive Vice-President,
Chief Financial Officer
January 21, 2000

AUDITORS' REPORT

To the Shareholders of Celestica Inc.

We have audited the consolidated balance sheets of Celestica Inc. as at December 31, 1998 and 1999 and the consolidated statements of earnings (loss), shareholders' equity and cash flows for each of the years in the three year period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1998 and 1999 and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 1999 in accordance with generally accepted accounting principles in Canada, which, except as described in note 24, also conform, in all material respects, with generally accepted accounting principles in the United States.



Chartered Accountants
Toronto, Canada
January 21, 2000

CONSOLIDATED BALANCE SHEETS
(in thousands of U.S. dollars)

	As at December 31,	
	1998	1999
Assets		
Current assets:		
Cash and short-term investments	\$ 31,721	\$ 371,522
Accounts receivable (note 4)	462,995	700,775
Inventories (note 5)	430,932	722,333
Prepaid and other assets	38,923	37,501
Deferred income taxes	18,354	19,182
	982,925	1,851,313
Capital assets (note 6)	214,926	365,447
Intangible assets (note 7)	374,508	367,553
Other assets (note 8)	64,066	71,277
	\$ 1,636,425	\$ 2,655,590
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 428,486	\$ 613,110
Accrued liabilities	174,858	205,100
Income taxes payable	18,602	23,257
Deferred income taxes	2,482	6,997
Current portion of long-term debt (note 9)	2,321	2,654
	626,749	851,118
Accrued post-retirement benefits	6,347	10,007
Long-term debt (note 9)	133,483	131,543
Other long-term liabilities	1,908	890
Deferred income taxes	8,672	3,891
	777,159	997,449
Shareholders' equity	859,266	1,658,141
	\$ 1,636,425	\$ 2,655,590

Commitments and contingencies (notes 19 and 20)
Subsequent event (note 23)
Canadian and United States accounting policy differences (note 24)

On behalf of the Board:



Robert L. Crandall
Director



Eugene V. Polistuk
Director

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
(in thousands of U.S. dollars, except per share amounts)

	Year ended December 31,		
	1997	1998	1999
Revenue	\$ 2,006,634	\$ 3,249,200	\$ 5,297,233
Cost of sales	1,866,967	3,018,665	4,914,674
Gross profit	139,667	230,535	382,559
Selling, general and administrative expenses (note 11)	68,315	130,565	202,215
Amortization of intangible assets	15,260	45,372	55,569
Integration costs related to acquisitions (note 12)	13,292	8,123	9,616
Other charges (note 13)	13,900	64,743	-
	110,767	248,803	267,400
Operating income (loss)	28,900	(18,268)	115,159
Interest on long-term debt	41,180	38,959	17,300
Other interest, net	(7,547)	(6,710)	(6,631)
Earnings (loss) before income taxes	(4,733)	(50,517)	104,490
Income taxes (note 14):			
Current	6,664	15,047	30,735
Deferred (recovery)	(4,478)	(17,093)	5,329
	2,186	(2,046)	36,064
Net earnings (loss)	\$ (6,919)	\$ (48,471)	\$ 68,426
Basic earnings (loss) per share	\$ (0.10)	\$ (0.47)	\$ 0.41
Fully diluted earnings per share	N/A	N/A	\$ 0.40
Weighted average number of shares outstanding (in thousands)	69,578	102,992	167,195
Net earnings (loss) in accordance with U.S. GAAP (note 24)	\$ (6,919)	\$ (54,717)	\$ 66,526
Basic earnings (loss) per share, in accordance with U.S. GAAP (note 24)	\$ (0.10)	\$ (0.53)	\$ 0.40
Diluted earnings per share, in accordance with U.S. GAAP (note 24)	N/A	N/A	\$ 0.38

N/A – Fully diluted loss per share has not been disclosed as the effect of the potential conversion of dilutive securities is anti-dilutive.

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands of U.S. dollars)

	Capital Stock (note 10)	Retained Earnings (Deficit)	Foreign Currency Translation Adjustment	Total Shareholders' Equity
Balance – December 31, 1996	\$ 200,011	\$ 3,172	\$ -	\$ 203,183
Shares issued, net (note 10)	167,406	-	-	167,406
Currency translation	-	-	(444)	(444)
Net loss for the year	-	(6,919)	-	(6,919)
Balance – December 31, 1997	367,417	(3,747)	(444)	363,226
Shares issued, net (note 10)	535,197	-	-	535,197
Shares to be issued (note 10)	9,460	-	-	9,460
Currency translation	-	-	(146)	(146)
Net loss for the year	-	(48,471)	-	(48,471)
Balance – December 31, 1998	912,074	(52,218)	(590)	859,266
Shares issued, net (note 10)	731,159	-	-	731,159
Shares to be issued (note 10)	2,844	-	-	2,844
Currency translation	-	-	(3,554)	(3,554)
Net earnings for the year	-	68,426	-	68,426
Balance – December 31, 1999	\$ 1,646,077	\$ 16,208	\$ (4,144)	\$ 1,658,141

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. dollars)

	Year ended December 31,		
	1997	1998	1999
Cash provided by (used in):			
Operations:			
Net earnings (loss)	\$ (6,919)	\$ (48,471)	\$ 68,426
Items not affecting cash:			
Depreciation and amortization	37,087	86,935	126,544
Deferred income taxes	(4,478)	(17,093)	5,329
Other charges	-	64,743	-
Other	(3,227)	(1,255)	(2,987)
Cash from earnings	22,463	84,859	197,312
Changes in non-cash working capital items:			
Accounts receivable	(142,889)	(13,256)	(227,664)
Inventories	(2,302)	(50,732)	(265,006)
Other assets	12,869	(6,783)	1,763
Accounts payable and accrued liabilities	153,024	53,643	194,583
Income taxes payable	(9,681)	13,847	4,655
Non-cash working capital changes	11,021	(3,281)	(291,669)
Cash provided by (used in) operations	33,484	81,578	(94,357)
Investing:			
Acquisitions, net of cash acquired	(275,718)	(48,678)	(64,778)
Purchase of capital assets	(32,089)	(65,770)	(211,831)
Other	1,369	(5,241)	(648)
Cash used in investing activities	(306,438)	(119,689)	(277,257)
Financing:			
Bank indebtedness	522	(890)	-
Increase in long-term debt	229,663	-	-
Repayments of long-term debt	(35,738)	(423,226)	(9,978)
Deferred financing costs	(780)	(2,179)	(1,495)
Debt redemption fees	-	(8,596)	-
Issuance of share capital	163,124	423,715	758,176
Share issue costs	-	(26,906)	(34,271)
Other	(912)	1,862	(1,017)
Cash provided by (used in) financing activities	355,879	(36,220)	711,415
Increase (decrease) in cash	82,925	(74,331)	339,801
Cash, beginning of year	23,127	106,052	31,721
Cash, end of year	\$ 106,052	\$ 31,721	\$ 371,522
Supplemental information			
Paid during the year:			
Interest	\$ 42,575	\$ 38,959	\$ 17,240
Taxes	\$ 15,504	\$ 5,024	\$ 26,080

Cash is comprised of cash and short-term investments.

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of U.S. dollars, except per share amounts)

1. NATURE OF BUSINESS:

The primary operations of the Company include providing a full range of electronics manufacturing services including design, prototyping, assembly, testing, product assurance, supply chain management, worldwide distribution and after-sales service to its customers primarily in the computer and communications industries. The Company operates 30 facilities located in the United States, Canada, Mexico, United Kingdom, Ireland, Thailand, China, Hong Kong, Czech Republic, Brazil and Malaysia.

The Company's accounting policies are in accordance with accounting principles generally accepted in Canada and, except as outlined in note 24, are, in all material respects, in accordance with accounting principles generally accepted in the United States.

2. SIGNIFICANT ACCOUNTING POLICIES:

(a) Principles of consolidation:

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Inter-company transactions and balances are eliminated on consolidation.

(b) Revenue:

Revenue is comprised of product sales and service revenue earned from engineering and design services. Revenue from product sales is recognized upon shipment of the goods recorded. Service revenue is recognized as services are performed.

(c) Cash and short-term investments:

Cash and short-term investments include cash on account, demand deposits and short-term investments with original maturities of less than three months.

(d) Inventories:

Inventories are valued on a first-in, first-out basis at the lower of cost and replacement cost for production parts and at the lower of cost and net realizable value for work in progress and finished goods. Cost includes materials and an application of relevant manufacturing value-add.

(e) Capital assets:

Capital assets are carried at cost and amortized over their estimated useful lives on a straight-line basis. Estimated useful lives for the principal asset categories are as follows:

Buildings	25 years
Buildings/leasehold improvements	Up to 25 years or term of lease
Office equipment	5 years
Machinery and equipment	5 years
Software	1 to 5 years

(f) Intangible assets:

Intangible assets are comprised of goodwill, other intangible assets representing the excess of cost over the fair value of tangible assets acquired in facility acquisitions and intellectual property, including process know-how. Prior to 1998, goodwill and other intangible assets were amortized on a straight-line basis over 20 years and intellectual property was amortized on a straight-line basis over 8 to 20 years. Effective January 1, 1998, the Company reassessed the useful lives of goodwill, other intangible assets and intellectual property and began amortizing goodwill and other intangible assets on a straight-line basis over 10 years and intellectual property over 5 years.

(g) Impairment of long-lived assets:

The Company reviews long-lived assets for impairment on a regular basis or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of capital assets is assessed by comparison of the carrying amount to the projected future net cash flows the long-lived assets are expected to generate.

The Company assesses the recoverability of enterprise level goodwill by determining whether the unamortized goodwill balance can be recovered through undiscounted projected future net cash flows of the acquired operation. An impairment in the value of intellectual property is measured based on projected future net cash flows and is recognized if the Company no longer benefits from its use.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)

(h) Retirement plan and non-pension, post-retirement benefits:

Current service costs of the retirement plans and post-retirement health-care and life insurance benefits are accrued in the period incurred. Prior service costs, resulting from improvements in the plans, are amortized over the remaining service period of employees expected to receive benefits under the plans.

(i) Deferred financing costs:

Costs incurred relating to the issuance of debt are deferred and amortized over the term of the related debt.

(j) Income taxes:

The Company uses the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for future consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. When necessary, a valuation allowance is recorded to reduce tax assets to an amount for which realization is more likely than not. The effect of changes in tax rates is recognized in the period in which the rate change occurs.

(k) Foreign currency translation:

The accounts of the Company's self-sustaining foreign operations are translated into U.S. dollars using the current rate method. Assets and liabilities are translated at the year-end exchange rate and revenues and expenses are translated at average exchange rates. Gains and losses arising from the translation of financial statements of foreign operations are deferred in the "Foreign currency translation adjustment" account included as a separate component of shareholders' equity. The functional currency of all the Company's subsidiaries is the United States dollar with the exception of Celestica U.K. whose functional currency is the British pound sterling.

Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the year-end rate of exchange. Non-monetary assets and liabilities denominated in foreign currencies are translated at historic rates and revenue and expenses are translated at average exchange rates prevailing during the month of the transaction. Exchange gains or losses arising from the translation of long-term monetary assets and liabilities are deferred and amortized on a straight-line basis over the remaining life of the asset or liability. All other exchange gains or losses are reflected in the consolidated statements of earnings (loss). At December 31, 1998 and 1999, there were no foreign exchange gains or losses associated with long-term monetary assets and liabilities.

The Company enters into forward exchange contracts to hedge certain firm purchase commitments. Gains and losses on hedges of firm commitments are included in the cost of the hedged transactions when they occur.

(l) Financial instruments:

Financial instruments are initially recorded at historical cost. If subsequent circumstances indicate that a decline in the fair value of a financial asset is other than temporary, the financial asset is written down to its fair value.

(m) Research and development:

The Company annually incurs costs on activities that relate to research and development which are expensed as incurred unless development costs meet certain criteria for capitalization.

(n) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

3. ACQUISITIONS:

During 1998 and 1999 the Company completed certain acquisitions which were accounted for as purchases. The results of operations of the net assets acquired are included in these financial statements from their respective dates of acquisition:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)

1998 Acquisitions:

(a) *Celestica Asia ("Asia"):*

Effective December 30, 1998, the Company acquired by merger International Manufacturing Services, Inc. ("IMS"), a contract manufacturer with a significant presence in Asia. The former shareholders of IMS were entitled to receive 0.40 (0.80 post-split) subordinate voting shares of Celestica or \$7.00 in cash for each share of IMS. The total purchase price of \$133,664 was financed with \$213 in cash, the issue of \$123,991 in subordinate voting shares of the Company with an ascribed value of \$16.35 per share (\$8.18 post-split) and the reservation of \$9,460 in subordinate voting shares of the Company relating to the vested options of IMS with an exercise price less than fair value.

The following unaudited pro forma consolidated financial information reflects the impact of the acquisition on the Company assuming the acquisition had occurred at the beginning of the periods presented. This unaudited pro forma consolidated financial information has been provided for information purposes only and is not necessarily indicative of the results of operations or financial condition that actually would have been achieved if the acquisition had been completed on the date indicated or that may be reported in the future.

(unaudited)	Year ended December 31,	
	1997	1998
Revenue	\$ 2,277,662	\$ 3,640,269
Net loss	\$ (8,536)	\$ (51,827)
Basic loss per share	\$ (0.10)	\$ (0.44)
Net loss in accordance with U.S. GAAP	\$ (8,536)	\$ (58,073)
Basic loss per share, in accordance with U.S. GAAP	\$ (0.10)	\$ (0.49)
Weighted average number of shares outstanding (in thousands)	86,254	118,160

(b) *Other acquisitions:*

In February 1998, the Company acquired 100% of the issued and outstanding shares of Madge Networks International B.V. In April 1998, the Company acquired certain assets and assumed certain liabilities of Celestica Mexico from Lucent Technologies Inc. In May 1998, the Company acquired the issued and outstanding shares of Analytic Design, Inc., a design and prototype facility located in Santa Clara, California. In June 1998, the Company acquired certain assets of a manufacturing facility in Wisconsin from Silicon Graphics Inc. In September 1998, the Company acquired 100% of the issued and outstanding shares of Accu-Tronics Inc., a design and prototype facility located in Raleigh, North Carolina. The total purchase price for these acquisitions of \$55,911 was financed with \$30,921 in cash, \$2,400 in subordinate voting shares of the Company and \$22,590 from the credit facilities of the Company.

Details of the net assets acquired in these acquisitions, at fair value, are as follows:

	Asia	Other Acquisitions
Current assets	\$ 133,826	\$ 25,991
Capital assets	34,697	29,849
Other long-term assets	1,128	16
Goodwill and intellectual property	92,318	11,409
Other intangible assets	-	1,750
Liabilities assumed	(128,305)	(13,104)
Net assets acquired	\$ 133,664	\$ 55,911
Financed by:		
Cash	\$ 213	\$ 30,921
Debt	-	22,590
Issue of shares	133,451	2,400
	\$ 133,664	\$ 55,911

Other intangible assets represent the excess of purchase price over the fair value of tangible assets acquired in facility acquisitions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)

1999 Acquisitions:

In April 1999, the Company acquired 100% of the issued and outstanding shares of Signar SRO from Gossen-Metrawatt GmbH in the Czech Republic. In September 1999, the Company acquired 100% of the issued and outstanding shares of VXI Electronics, Inc. in Milwaukie, Oregon. In October 1999, the Company acquired certain assets of a manufacturing facility in Andover, Massachusetts from Hewlett-Packard Company. In December 1999, the Company acquired 100% of the issued and outstanding shares of EPS Wireless, Inc. from Preferred Networks Inc. and certain assets of a repair facility from International Computers Limited, both in Dallas, Texas. The total purchase price for these acquisitions of \$65,094 was financed with cash.

Details of the net assets acquired in these acquisitions, at fair value, are as follows:

Current assets	\$	37,172
Capital assets		8,178
Other long-term assets		48
Goodwill and intellectual property		32,375
Other intangible assets		16,380
Liabilities assumed		(29,059)
Net assets acquired	\$	65,094
Financed by:		
Cash	\$	65,094

Other intangible assets represent the excess of purchase price over the fair value of tangible assets acquired in facility acquisitions.

4. ACCOUNTS RECEIVABLE:

Accounts receivable are net of an allowance for doubtful accounts of \$12,800 at December 31, 1999 (1998 - \$7,684).

5. INVENTORIES:

	1998	1999
Raw materials	\$ 315,185	\$ 503,509
Work in progress	79,234	108,928
Finished goods	36,513	109,896
	\$ 430,932	\$ 722,333

6. CAPITAL ASSETS:

	1998		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 5,647	\$ -	\$ 5,647
Buildings	40,486	2,440	38,046
Building improvements	17,698	2,401	15,297
Office equipment	24,219	8,211	16,008
Machinery and equipment	184,179	44,251	139,928
	\$ 272,229	\$ 57,303	\$ 214,926
	1999		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 6,170	\$ -	\$ 6,170
Buildings	56,666	4,738	51,928
Building improvements	25,969	4,420	21,549
Office equipment	41,608	15,532	26,076
Machinery and equipment	322,940	89,010	233,930
Software	28,417	2,623	25,794
	\$ 481,770	\$ 116,323	\$ 365,447

The above amounts include \$7,577 (1998 - \$5,800) of assets under capital lease and accumulated amortization of \$4,006 (1998 - \$1,377) related thereto.

Rental expense for the year ended December 31, 1999 was \$21,081 (December 31, 1998 - \$13,338).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)

7. INTANGIBLE ASSETS:

	1998		
	Cost	Accumulated Amortization	Net Book Value
Goodwill	\$ 287,619	\$ 33,427	\$ 254,192
Other intangible assets	72,263	9,221	63,042
Intellectual property	77,094	19,820	57,274
	\$ 436,976	\$ 62,468	\$ 374,508

	1999		
	Cost	Accumulated Amortization	Net Book Value
Goodwill	\$ 319,624	\$ 64,891	\$ 254,733
Other intangible assets	88,668	16,935	71,733
Intellectual property	77,124	36,037	41,087
	\$ 485,416	\$ 117,863	\$ 367,553

Other intangible assets represent the excess of cost over the fair value of tangible assets acquired in facility acquisitions.

The intellectual property primarily represents the cost of certain non-patented intellectual property and process know-how.

8. OTHER ASSETS:

	1998	1999
Deferred pension	\$ 20,452	\$ 23,054
Deferred income taxes	33,383	37,146
Other	10,231	11,077
	\$ 64,066	\$ 71,277

9. LONG-TERM DEBT:

	1998	1999
Global, unsecured, revolving credit facility due 2003 (a)	\$ -	\$ -
Global, unsecured, revolving credit facility due 2002 (b)	-	-
Revolving loans (c)	-	-
Senior Subordinated Notes due 2006 (d)	130,000	130,000
Term loans (e)	957	-
Inventory and accounts receivable financing facilities (f)	-	-
Other	4,847	4,197
	135,804	134,197
Less current portion	2,321	2,654
	\$ 133,483	\$ 131,543

(a) Concurrently with the initial public offering on July 7, 1998, the Company entered into a global, unsecured, revolving credit facility providing up to \$250,000 of borrowings. The credit facility permits the Company and certain designated subsidiaries to borrow funds for general corporate purposes (including acquisitions). Borrowings under the facility bear interest at LIBOR plus a margin and are repayable in July 2003. The weighted average interest rate on this facility during the period was 5.8% (1998 – 6.1%). There were no outstanding borrowings on this facility at December 31, 1998 and 1999. Annual commitment fees were \$549.

(b) In April and September, 1999, the Company entered into a second global, unsecured, revolving credit facility providing up to \$250,000 of borrowings including a swing line facility that provides for short-term borrowings up to a maximum of seven days. The credit facility permits the Company and certain designated subsidiaries to borrow funds for general corporate purposes (including acquisitions). The revolving facility is repayable in April 2002. Borrowings under the facility bears interest at LIBOR plus a margin except that borrowings occurring under the swing line facility bears interest at a base rate. The weighted average interest rate on the swing line facility during the period was 8.8%. Other than short-term borrowings under the swing line facility, there were no borrowings on the revolving credit facility at any point during 1999. There were no borrowings on the swing line facility at December 31, 1999. Annual commitment fees were \$491.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)

(c) For the period from January 1, 1998 to July 7, 1998, the Company had the following revolving credit facilities outstanding, which were repaid and cancelled on July 7, 1998 with proceeds from the initial public offering:

(i) A wholly-owned subsidiary had a credit agreement with a consortium of lenders to provide up to \$200,000 of revolving loans. Amounts outstanding under this facility bore interest at LIBOR plus a margin. The weighted average interest rate on this loan during 1998 prior to repayment was 8.3% (1997 – 8.7%).

(ii) A wholly-owned subsidiary had a credit agreement providing for \$103,523 (£64,500) of revolving loans. Amounts outstanding under this facility bore interest at LIBOR plus a margin. The weighted average interest rate on the facility during 1998 prior to repayment was 9.6% (1997 – 10.1%).

(d) The Senior Subordinated Notes bear interest at 10.5%, are unsecured and are subordinated to the payment of all senior debt of the Company. The Senior Subordinated Notes may be redeemed December 31, 2001 or later at various premiums above face value. In August 1998, the Company redeemed 35% of the aggregate principal amount of the Senior Subordinated Notes originally issued with proceeds from the initial public offering, at 110.5% of the principal amount.

(e) For the period from January 1, 1998 to July 7, 1998, the Company had the following term facilities outstanding, which were repaid and cancelled on July 7, 1998 with proceeds from the initial public offering:

(i) A wholly-owned subsidiary had a credit agreement with a consortium of lenders to provide up to \$125,000 of term loans. Amounts outstanding under this facility bore interest at LIBOR plus a margin. The weighted average interest rate on the facility during 1998 prior to repayment was 8.6% (1997 – 8.7%).

(ii) A wholly-owned subsidiary had unsecured loan notes due 2003 which bore interest at 6% per annum and were subordinated to the payment of specified senior debt. The weighted average interest rate on these notes during 1998 prior to repayment was 6.0% (1997 – 6.0%).

(iii) A wholly-owned subsidiary had a credit agreement providing for up to \$14,300 (Cdn \$20,000) in term loans. Amounts outstanding under this facility bore interest at LIBOR plus a margin. The weighted average interest rate on this loan during 1998 prior to repayment was 7.5% (1997 – 5.3%).

(f) For the period from January 1, 1998 to July 7, 1998, the Company had the following inventory and accounts receivable financing facilities outstanding which were repaid and cancelled from proceeds of the initial public offering:

(i) A wholly-owned subsidiary had a five year facility with a financial institution to purchase up to \$125,000 of notes secured by accounts receivable and inventories. The notes bore interest at the financial institution's cost of funds plus a margin. The weighted average interest rate during 1998 prior to repayment was 6.3% (1997 – 6.3%).

(ii) A wholly-owned subsidiary had an agreement with a major customer to provide financing for certain inventories. Under an agreement where certain costs were borne by the customer, no interest was payable on advances under this agreement, except for advances in excess of certain limits which bore interest at LIBOR.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)

As at December 31, 1999, principal repayments due within each of the next five years on all long-term debt are as follows:

2000	\$ 2,654
2001	1,239
2002	109
2003	28
2004	28
Thereafter	130,139

The global, unsecured, revolving credit facilities established in July 1998, and in April and September 1999, have restrictive covenants relating to debt incurrence and sale of assets and also contains financial covenants that indirectly restrict the Company's ability to pay dividends. A change of control is an event of default. The Company's Senior Subordinated Notes due 2006 include a covenant restricting the Company's ability to pay dividends.

10. CAPITAL STOCK:

(a) Authorized:

An unlimited number of subordinate voting shares, which entitle the holder to one vote per share, and an unlimited number of multiple voting shares, which entitle the holder to twenty-five votes per share. Except as otherwise required by law, the subordinate voting shares and multiple voting shares vote together as a single class on all matters submitted to a vote of shareholders, including the election of directors. The holders of the subordinate voting shares and multiple voting shares are entitled to share ratably, as a single class, in any dividends declared subject to any preferential rights of any outstanding preferred shares in respect of the payment of dividends. Each multiple voting share is convertible at any time at the option of the holder thereof into one subordinate voting share. The Company is also authorized to issue an unlimited number of Preferred shares, issuable in series.

The Company completed a capital reorganization in July 1998 (the "Reorganization") in connection with its initial public offering. The Company's authorized capital stock prior to the Reorganization was:

(i) An unlimited number of Class A voting shares, which were entitled to elect 40% of Celestica's directors and to receive dividends as and when declared. These shares were converted into subordinate voting shares and multiple voting shares in the Reorganization;

(ii) 100 Class B voting shares, which were entitled to elect 60% of Celestica's directors and were not entitled to receive any dividends. These shares were converted into multiple voting shares in the Reorganization;

(iii) An unlimited number of Class C non-voting shares, issuable in series, each series to be limited to a maximum of 10,000,000 shares. At the option of the holder, Class C shares were convertible into Class A shares based on a prescribed formula. These shares were not entitled to receive dividends. These shares were converted into subordinate and multiple voting shares in the Reorganization; and

(iv) An unlimited number of non-voting Preferred shares, Series 1, issuable in series. The Preferred shares were convertible into Class A shares based on a prescribed formula contingent upon the occurrence of certain future events. The Preferred shares were entitled to receive dividends as and when declared. These shares were repurchased by Celestica in July 1998 for \$2,046, of which \$260 was satisfied by the issuance of subordinate voting shares at an ascribed value based on the initial public offering price of the subordinate voting shares, with the remainder being settled in cash.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)

(b) Issued and outstanding:

Number of Shares	Subordinate Voting Shares	Multiple Voting Shares	Shares to be issued	Class A Shares	Class B Shares	Class C Shares	Preferred Shares
Balance December 31, 1997	-	-	-	36,599,731	100	10,000,000	1,000,000
Reorganization (i)	47,469,100	39,065,950	-	(37,346,195)	(100)	(10,000,000)	(1,000,000)
Initial public offering, net of issue costs (ii)	47,380,000	-	-	-	-	-	-
Issued as consideration for acquisitions (iii)	15,167,148	-	1,507,348	137,142	-	-	-
Net issuances under employee share purchase and option plans (iv)	(2,960)	-	-	606,420	-	-	-
Other share issuances (v)	-	-	-	2,902	-	-	-
Balance December 31, 1998	110,013,288	39,065,950	1,507,348	-	-	-	-
LTIP award (vi)	52,886	-	-	-	-	-	-
Equity offerings (vii)	34,500,000	-	-	-	-	-	-
Other share issuances (viii)	726,955	-	-	-	-	-	-
Issued as consideration for acquisitions (ix)	1,000,172	-	(1,000,172)	-	-	-	-
Balance December 31, 1999	146,293,301	39,065,950	507,176	-	-	-	-

Amount	Subordinate Voting Shares	Multiple Voting Shares	Shares to be issued	Class A Shares	Class B Shares	Class C Shares	Preferred Shares	Total Amount
Balance December 31, 1997	\$ -	\$ -	\$ -	\$ 367,405	\$ 1	\$ 10	\$ 1	\$ 367,417
Reorganization (i)	240,421	138,811	-	(378,960)	(1)	(10)	(1)	260
Initial public offering, net of issue costs (ii)	399,406	-	-	-	-	-	-	399,406
Issued as consideration for acquisitions (iii)	123,991	-	9,460	2,400	-	-	-	135,851
Net issuances under employee share purchase and option plans (iv)	(15)	-	-	9,111	-	-	-	9,096
Other share issuances (v)	-	-	-	44	-	-	-	44
Balance December 31, 1998	763,803	138,811	9,460	-	-	-	-	912,074
LTIP award (vi)	534	-	-	-	-	-	-	534
Equity offerings, net of issue costs (vii)	727,408	-	-	-	-	-	-	727,408
Other share issuances (viii)	6,061	-	-	-	-	-	-	6,061
Issued as consideration for acquisitions (ix)	6,616	-	(6,616)	-	-	-	-	-
Balance December 31, 1999	\$ 1,504,422	\$ 138,811	\$ 2,844	\$ -	\$ -	\$ -	\$ -	\$ 1,646,077

1998 Capital Transactions:

(i) Prior to the completion of its initial public offering, the Company effected the following share exchanges as part of the Reorganization: 23,631,299 Class A Shares were exchanged for 47,262,598 subordinate voting shares; 13,714,896 Class A Shares were exchanged for 27,429,792 multiple voting shares; 100 Class B Shares were exchanged for 200 multiple voting shares; 9,850,000 Class C Shares were exchanged for 11,635,958 multiple voting shares; 150,000 Class C Shares were exchanged for 177,200 subordinate voting shares; and 1,000,000 Preferred shares, Series I were repurchased by Celestica for \$2,046, of which \$260 was satisfied by the issuance of 29,302 subordinate voting shares based on the initial public offering price of the subordinate voting shares.

(ii) In July 1998, the Company issued 47,380,000 subordinate voting shares in its initial public offering for gross cash proceeds of \$414,575 and incurred \$15,169 in share issue costs, net of tax of \$11,723.

(iii) In May 1998, the Company issued 137,142 Class A shares (which were subsequently exchanged for 274,284 subordinate voting shares) as partial consideration for the acquisition of Analytic Design, Inc. at an ascribed value of \$2,400 (see note 3).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)

In December 1998, the Company issued 15,167,148 subordinate voting shares to former stockholders of IMS in connection with the merger with IMS at an ascribed value of \$123,991 (see note 3). The Company reserved 1,507,348 shares at an ascribed value of \$9,460 for IMS options with an exercise price below fair value at the date of the merger. (See 1999 Capital Transactions (ix)).

(iv) During 1998, pursuant to employee share purchase and option plans, the Company issued 609,420 Class A shares (which were subsequently exchanged for 1,218,840 subordinate voting shares) from treasury for cash of \$9,141, issued 12,540 subordinate voting shares as a result of the exercise of options for cash of \$63, redeemed 3,000 Class A shares for cash of \$30 and redeemed 15,550 subordinate voting shares for cash of \$78.

(v) In February 1998, the Company issued 2,902 Class A Shares (which were subsequently exchanged for 5,804 subordinate voting shares) from treasury for cash of \$44.

1999 Capital Transactions:

(vi) In January 1999, the Company issued 52,886 subordinate voting shares under the LTIP program for a cost of \$534.

(vii) In 1999, the Company completed two equity offerings, issuing 34,500,000 subordinate voting shares for gross cash proceeds of \$751,611 and incurred \$24,203 in share issuance costs, net of tax of \$10,068. In March 1999, the Company issued 18,400,000 subordinate voting shares for gross cash proceeds of \$263,580 and incurred \$8,917 in share issuance costs, net of tax of \$3,822. In November 1999, the Company issued 16,100,000 subordinate voting shares for gross proceeds of \$488,031 and incurred \$15,286 in share issuance costs, net of tax of \$6,246.

(viii) During 1999, pursuant to employee share purchase and option plans and LTIP awards, the Company issued 726,955 subordinate voting shares as a result of the exercise of options for cash of \$6,061.

(ix) In 1999, the Company issued 1,000,172 subordinate voting shares with an ascribed value of \$6,616 for \$1,078 cash. These shares were reserved for issuance at the time of the IMS merger. As at December 31, 1999, 507,176 subordinate voting shares are reserved for issuance at an ascribed value of \$2,844 for IMS options with an exercise price below fair value at the date of the merger. (See 1998 Capital Transactions (iii)).

(x) In December 1999, the Company completed a two-for-one split of the subordinate voting and multiple voting shares by way of a stock dividend. All historical share and per share information has been restated to reflect the effects of the two-for-one stock split on a retroactive basis.

(c) Stock option plans:

(i) *Long-Term Incentive Plan ("LTIP")*

The Company established the LTIP prior to the closing of its initial public offering. Under this plan, the Company may grant stock options, performance shares, performance share units and stock appreciation rights to directors, permanent employees and consultants ("eligible participants") of the Company, its subsidiaries and other companies or partnerships in which the Company has a significant investment. Under the LTIP, up to 15,000,000 subordinate voting shares may be issued from treasury. Options are granted at prices equal to the market value at the date of the grant and are exercisable during a period not to exceed ten years from such date.

(ii) *Employee Share Purchase and Option Plans ("ESPO")*

The Company has ESPO plans that were available to certain of its employees and executives. As a result of the establishment of the LTIP, no further options or shares may be issued under the ESPO plans. Pursuant to the ESPO plans, employees and executives of the Company were offered the opportunity to purchase, at prices equal to market value, subordinate voting shares and, in connection with such purchase, receive options to acquire an additional number of subordinate voting shares based on the number of subordinate voting shares acquired by them under the ESPO plans. The exercise price for the options is equal to the price per share paid for the corresponding subordinate voting shares acquired under the ESPO plans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)

Stock option transactions were as follows:

Number of options	Shares	Weighted Average Exercise Price
Outstanding at December 31, 1997	6,246,016	\$ 5.00
Granted	1,982,746	\$ 8.06
Exercised	(12,540)	\$ 5.00
Cancelled	(34,448)	\$ 5.00
Assumed	3,346,080	\$ 4.61
Outstanding at December 31, 1998	11,527,854	\$ 5.41
Granted	5,219,100	\$ 30.05
Exercised	(1,710,155)	\$ 8.25
Cancelled	(442,012)	\$ 7.37
Outstanding at December 31, 1999	14,594,787	\$ 14.84
Cash consideration received on options exercised	\$ 6,061	
Shares reserved for issuance upon exercise of stock options or awards	11,764,258	

The following options were outstanding as at December 31, 1999:

Plan	Outstanding Options	Weighted Average Exercise Price	Exercisable Options	Weighted Average Exercise Price	Remaining Life (years)
ESPO	6,654,072	\$ 5.37	2,151,050	\$ 5.26	8
LTIP	6,079,910	\$ 26.95	453,812	\$ 8.75	9
Other	1,860,805	\$ 4.61	1,067,402	\$ 4.61	7

11. RESEARCH AND DEVELOPMENT COSTS:

Total research and development costs for 1999 were \$19,728 (1998 – \$19,790; 1997 – \$15,076).

12. INTEGRATION COSTS RELATED TO ACQUISITIONS:

The Company incurred costs of \$9,616 in 1999 (1998 – \$8,123; 1997 – \$13,292) relating to the establishment of business processes, infrastructure and information systems for operations acquired in 1997, 1998 and 1999. None of the integration costs incurred related to existing operations.

13. OTHER CHARGES:

	Year ended December 31,		
	1997	1998	1999
Write-down of intellectual property and goodwill (a)	\$ -	\$ 41,813	\$ -
Deferred financing costs and debt redemption fees (b)	-	17,830	-
Credit loss (c)	13,900	-	-
Other	-	5,100	-
	\$ 13,900	\$ 64,743	\$ -

(a) During 1998, the Company completed a review of the recoverability of the carrying value of its intellectual property. As a result of this review, the Company concluded that certain processes and technologies acquired from IBM in 1996 were no longer in use and the future benefit of other technologies was less certain than was previously the case. Accordingly, the Company's results of operations for 1998 included a non-cash charge of \$35,000 to reflect a write-down of the carrying value of this intellectual property.

As a result of the merger with IMS, certain goodwill in the amount of \$6,813 became impaired and was written off in 1998.

(b) In 1998, the Company incurred \$17,830 in charges relating to the write-off of deferred financing costs and debt redemption fees associated with the prepayment of debt from the proceeds of the initial public offering. These charges would be recorded as an extraordinary loss under United States generally accepted accounting principles.

(c) In 1997, the Company incurred a credit loss totalling \$13,900 relating to a customer which filed for bankruptcy.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)

14. INCOME TAXES:

	1997	Year ended December 31,	
		1998	1999
Income (loss) before tax:			
Canadian operations	\$ 23,334	\$ 209	\$ 84,849
Foreign operations	(28,067)	(50,726)	19,641
	\$ (4,733)	\$ (50,517)	\$ 104,490
Current income tax expense:			
Canadian operations	\$ 5,903	\$ 9,969	\$ 25,470
Foreign operations	761	5,078	5,265
	\$ 6,664	\$ 15,047	\$ 30,735
Deferred income tax expense (recovery):			
Canadian operations	\$ (3,237)	\$ (10,490)	\$ 14,427
Foreign operations	(1,241)	(6,603)	(9,098)
	\$ (4,478)	\$ (17,093)	\$ 5,329

The overall income tax provision differs from the provision computed at the statutory rate as follows:

	1997	Year ended December 31,	
		1998	1999
Combined Canadian federal and provincial income tax rate	44.6%	44.6%	44.6%
Income taxes (recoveries) based on earnings (loss) before income taxes at statutory rates	\$ (2,111)	\$ (22,530)	\$ 46,602
Increase (decrease) resulting from:			
Manufacturing and processing deduction	204	1,694	(8,043)
Foreign income taxed at lower rates	5,137	(3,016)	(11,373)
Amortization of non-deductible costs	3,512	17,036	9,514
Non-taxable income	(5,146)	-	-
Other, including large corporations tax	590	4,770	(636)
Income tax expense	\$ 2,186	\$ (2,046)	\$ 36,064

Deferred income taxes are recognized for future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases. Deferred tax assets and liabilities are comprised of the following as at December 31, 1998 and 1999:

	1998	1999
Deferred tax assets:		
Income tax effect of net operating losses carried forward	\$ 9,266	\$ 14,288
Accounting provisions not currently deductible	11,274	13,633
Capital, intangible and other assets	15,825	18,115
Share issue costs	9,450	15,815
Other	5,922	2,402
Total deferred tax assets	51,737	64,253
Deferred tax liabilities:		
Capital, intangible and other assets	-	(4,223)
Deferred pension asset	(6,894)	(7,925)
Other	(4,260)	(6,665)
Total deferred tax liabilities	(11,154)	(18,813)
Deferred income tax asset, net	\$ 40,583	\$ 45,440

Celestica has been granted tax incentives, including tax holidays, for its Czech Republic, China, Malaysia and Thailand subsidiaries. These tax incentives expire between 2000 and 2012, and are subject to certain conditions with which the Company expects to comply.

As at December 31, 1999, the Company had \$51,816 of non-capital (net operating) losses, the income tax benefits of which have been recognized in the financial statements. These losses will expire over a 10 year period commencing in 2005.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)

The Company also has net capital losses amounting to \$11,050, and has recognized the benefit of these losses in the financial statements.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, the character of the tax asset and tax planning strategies in making this assessment. In order to fully realize the deferred tax assets, the Company will need to generate future taxable income of approximately \$120,000. Based upon projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will realize the benefits of these assets.

15. RELATED PARTY TRANSACTIONS:

In 1999, the Company expensed acquisition and management related fees of \$2,040 (1998 – \$2,020; 1997 – \$2,000) and capitalized acquisition related fees of \$Nil (1998 – \$2,000; 1997 – \$3,781) charged by its parent company. Management believes that the fees charged were reasonable in relation to the services provided.

16. PENSION PLANS:

The Company provides various pension plans for its employees. Certain employees participate in defined benefit plans; all other employees participate in defined contribution plans.

The following information is provided with respect to the defined contribution plans:

	Year ended December 31,		
	1997	1998	1999
Period cost	\$ 4,367	\$ 5,685	\$ 8,617

For the defined benefit plans, actuarial estimates are based on projections of employees' compensation levels at the time of retirement. Maximum retirement benefits are based upon the employees' best three consecutive years' earnings. The Company has funded the plans over the past three years based on actuarial calculations to maintain the plans on a fully funded basis. The most recent actuarial valuations were completed as at April 1997 and August 1997. The estimated present value of accrued pension benefits and the estimated market value of the net assets available to provide for these benefits at December 31, 1998 and 1999 are as follows:

	1998	1999
Pension fund assets, at fair value	\$ 151,300	\$ 191,132
Projected benefit obligations	125,695	147,281
Excess of plan assets over projected benefit obligations	25,605	43,851
Unrecognized net gain from past experience and effects of changes in assumptions	(2,782)	(17,865)
Foreign currency exchange rate changes	(2,371)	(2,932)
Deferred pension amount	\$ 20,452	\$ 23,054

The Company continues to make contributions to support ongoing plan obligations; these contributions have been included in the deferred pension amount on the consolidated balance sheets.

Pension fund assets consist primarily of fixed income and equity securities, valued at market value. The following information is provided on pension fund assets:

	1998	1999
Opening pension fund assets	\$ 128,784	\$ 151,300
Actual return on plan assets	14,775	30,046
Foreign currency exchange rate changes	485	2,518
Contributions by employees	1,676	1,873
Contributions by employer	6,923	7,033
Benefits paid	(1,343)	(1,638)
	\$ 151,300	\$ 191,132
Vested benefit obligations	\$ 108,197	\$ 89,251
Accumulated benefit obligations	\$ 111,286	\$ 133,414

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)

Projected benefit obligations are outlined below:

	1998	1999
Opening projected benefit obligations	\$ 104,453	\$ 125,695
Service cost	5,659	6,557
Interest cost	7,467	8,959
Benefits paid	(1,343)	(1,638)
Contributions by employees	1,676	1,873
Changes in assumptions	10,871	4,446
Foreign currency exchange rate changes	(3,088)	1,389
	\$ 125,695	\$ 147,281

Net pension cost is outlined below:

	1997	Year ended December 31,	
		1998	1999
Pension cost:			
Service cost – benefits earned	\$ 4,829	\$ 5,659	\$ 6,557
Interest cost on projected benefit obligations	6,518	7,467	8,959
Actual return on plan assets	(13,715)	(14,194)	(30,046)
Net amortization and deferral	5,316	3,994	18,584
	\$ 2,948	\$ 2,926	\$ 4,054

Actuarial assumptions:

Weighted average discount rate for projected benefit obligations	7.25%	6.50%	6.00%-6.50%
Weighted average rate of compensation increase	4.00%	4.00%	3.50%-4.00%
Weighted average expected long- term rate of return on plan assets	7.75%	7.50%	7.50%

17. NON-PENSION, POST-RETIREMENT BENEFITS:

Non-pension post-retirement benefits are available to all Company retirees. The benefits include medical/surgical/hospitalization coverage, supplemental health, dental and group life insurance.

The Company accrues the expected costs of providing non-pension, post-retirement benefits during the periods in which the employees render service. Long-term inflation was assumed to be a blended rate of 4.5% (1998 – 5.1%; 1997 – 5.25%) and the discount rate used to calculate the obligation was 8.0% (1998 – 6.75%; 1997 – 8.5%). Non-pension, post-retirement benefits are funded as paid. The net post-retirement benefit expense was \$3,660 for the year ended December 31, 1999 (1998 – \$2,030; 1997 – \$600). The accumulated non-pension, post-retirement benefit obligations as at December 31, 1999 were approximately \$10,007 (1998 – \$6,347; 1997 – \$4,245).

18. FINANCIAL INSTRUMENTS:

Fair values:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments.

- (a) The carrying amounts of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments.
- (b) The fair values of the Company's long-term debt, including the current portion thereof, is estimated based on the current trading value, where available, or with reference to similarly traded instruments with similar terms.
- (c) The fair values of foreign currency contract obligations are estimated by obtaining quotes from brokers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)

The carrying amounts and fair values of the Company's financial instruments, where there are differences at December 31, 1998 and 1999, are as follows:

	December 31, 1998		December 31, 1999	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior Subordinated Notes and other long-term debt	\$ 130,000	\$ 140,660	\$ 130,000	\$ 136,013
Foreign currency contracts	-	(10,159)	-	4,250

Other disclosures:

(a) The Company has entered into foreign currency contracts to hedge foreign currency risk. These financial instruments include, to varying degrees, elements of market, credit and exchange risk in excess of amounts recognized in the balance sheets. The Company's forward exchange contracts do not subject the Company to risk from exchange rate movements because gains and losses on such contracts offset losses and gains on transactions being hedged. The Company does not require collateral or other security to support financial instruments with credit risk. As at December 31, 1999, the Company had outstanding foreign exchange contracts to sell \$300,306 in exchange for Canadian Dollars over a period of 15 months at a weighted average exchange rate of U.S. \$0.68. In addition, the Company had exchange contracts to sell \$147,858 in exchange for Euro's over a period of 4 months at a weighted average exchange rate of 1.02, and \$45,524 in exchange for British Pounds Sterling over a period of 4 months at a weighted average exchange rate of 1.61. At December 31, 1999, these contracts had a fair value asset (liability) of \$4,250 (1998 - (\$10,159)).

(b) The Company is a turnkey manufacturer of sophisticated electronics for original equipment manufacturers engaged in the electronics manufacturing industry. Financial instruments that potentially subject the Company to concentrations of credit risk are primarily inventory repurchase obligations of customers, accounts receivable and cash equivalents. The Company performs ongoing credit evaluations of its customers' financial conditions and, generally, requires no collateral from its customers. The Company maintains cash and cash equivalents in high quality short-term investments or on deposit with major financial institutions.

19. COMMITMENTS:

The Company has operating leases and license commitments that require future payments as follows:

	Operating Leases	License Commitments	Total
2000	\$ 22,218	\$ 11,540	\$ 33,758
2001	13,787	10,681	24,468
2002	8,739	562	9,301
2003	6,825	-	6,825
2004	4,460	-	4,460
and thereafter	13,412	-	13,412

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of U.S. dollars, except per share amounts)

20. CONTINGENCIES:

Contingent liabilities in the form of letters of credit and guarantees, including guarantees of employee share purchase loans, amounted to \$30,784 at December 31, 1999 (1998 – \$19,668).

In the normal course of operations the Company may be subject to litigation and claims from customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of the Company.

The year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than a date. The effects of the year 2000 issue may be experienced before, on or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect the Company's ability to conduct normal business operations. It is not possible to be certain that all aspects of the year 2000 issue affecting the Company, including those related to the efforts of customers, suppliers or other third parties, will be fully resolved.

21. SIGNIFICANT CUSTOMERS:

During 1999, three customers individually comprised 25%, 18% and 12% of total revenue across all geographic segments. At December 31, 1999, these customers represented 15%, 14% and 4%, respectively, of the Company's accounts receivable.

During 1998, three customers individually comprised 27%, 19% and 11% of total revenue across all geographic segments. At December 31, 1998, these customers represented 16%, 14% and 12%, respectively, of the Company's accounts receivable.

During 1997, three customers individually comprised 27%, 13% and 11% of total revenue across all geographic segments. At December 31, 1997, these customers represented 17%, 3% and 5%, respectively, of the Company's accounts receivable.

22. SEGMENTED INFORMATION:

The Company's operations fall into one dominant industry segment, the electronics manufacturing services industry. The Company manages its operations, and accordingly determines its operating segments, on a geographic basis. The performance of geographic operating segments is monitored based on EBIAT (earnings before interest, income taxes, amortization of intangible assets, integration costs related to acquisitions and other charges). The Company monitors enterprise-wide performance based on adjusted net earnings, which is calculated as net earnings (loss) before amortization of intangible assets, integration costs related to acquisitions and other charges, net of related taxes. Inter-segment transactions are reflected at market value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)

The following is a breakdown of: revenue; EBIAT, adjusted net earnings (which is after income taxes); capital expenditures; total assets; intangible assets; and capital assets by operating segment:

	Year ended December 31,		
	1997	1998	1999
Revenue			
Canada	\$ 1,274,694	\$ 1,555,592	\$ 2,328,558
United States	269,197	944,324	1,439,897
Europe	462,743	749,284	1,116,687
Asia	-	-	714,112
Elimination of inter-segment revenue	-	-	(302,021)
	\$ 2,006,634	\$ 3,249,200	\$ 5,297,233
EBIAT			
North America	\$ 60,377	\$ 75,058	\$ 111,368
Europe	10,975	24,912	44,440
Asia	-	-	24,536
	71,352	99,970	180,344
Interest, net	(33,633)	(32,249)	(10,669)
Amortization of intangible assets	(15,260)	(45,372)	(55,569)
Integration costs related to acquisitions	(13,292)	(8,123)	(9,616)
Other charges	(13,900)	(64,743)	-
Earnings (loss) before income taxes	\$ (4,733)	\$ (50,517)	\$ 104,490
Adjusted net earnings	\$ 23,265	\$ 45,372	\$ 122,974
Capital expenditures			
North America	\$ 23,888	\$ 39,118	\$ 138,004
Europe	8,201	26,652	29,102
Asia	-	-	44,725
	\$ 32,089	\$ 65,770	\$ 211,831
As at December 31,			
	1998	1999	
Total assets			
North America	\$ 1,046,404	\$ 1,755,682	
Europe	328,052	519,204	
Asia	261,969	380,704	
	\$ 1,636,425	\$ 2,655,590	
Intangible assets			
North America	\$ 249,766	\$ 238,093	
Europe	32,424	54,214	
Asia	92,318	75,246	
	\$ 374,508	\$ 367,553	
Capital assets			
North America	\$ 126,256	\$ 226,617	
Europe	53,973	71,647	
Asia	34,697	67,183	
	\$ 214,926	\$ 365,447	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)

23. SUBSEQUENT EVENT:

In January 2000, the Company entered into agreements with the Enterprise Systems Group and Microelectronics Division of IBM for the sale and transfer of certain assets in Rochester, Minnesota and Vimercate and Santa Palomba, Italy. The acquisition will be accounted for as a purchase. Purchase consideration, including estimated costs of the acquisition, is estimated to be approximately \$500,000 cash including the license of intellectual property rights and transfer of assets relating to the Enterprise Systems Group and Microelectronics Division manufacturing operations. At the same time, the Company entered into strategic supply agreements with IBM effective on the closing of the transaction. The acquisition is expected to be completed by mid-2000.

24. CANADIAN AND UNITED STATES ACCOUNTING POLICY DIFFERENCES:

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied in Canada. The significant differences between Canadian and United States GAAP and their effect on the consolidated financial statements of the Company are described below:

Consolidated statements of earnings (loss):

The following table reconciles net earnings (loss) as reported in the accompanying consolidated statements of earnings (loss) to net earnings (loss) that would have been reported had the consolidated financial statements been prepared in accordance with United States GAAP:

	Year ended December 31,		
	1997	1998	1999
Net earnings (loss) for the year in accordance with Canadian GAAP	\$ (6,919)	\$ (48,471)	\$ 68,426
Compensation expense (a) (b)	-	(6,246)	(1,900)
Net earnings (loss) for the year in accordance with United States GAAP	(6,919)	(54,717)	66,526
Other comprehensive income:			
Foreign currency translation adjustment	(444)	(146)	(3,554)
Comprehensive income (loss) for the year in accordance with United States GAAP	\$ (7,363)	\$ (54,863)	\$ 62,972
Basic earnings (loss) per share	\$ (0.10)	\$ (0.53)	\$ 0.40
Diluted earnings per share	N/A	N/A	\$ 0.38
Net earnings (loss) for the year is comprised of the following:			
Net earnings (loss) for the year	\$ (6,919)	\$ (54,717)	\$ 66,526
Extraordinary loss on debt redemption, net of income taxes (note 13)	-	14,367	-
Net earnings (loss) before extraordinary loss	\$ (6,919)	\$ (40,350)	\$ 66,526
Basic earnings (loss) per share before extraordinary loss	\$ (0.10)	\$ (0.39)	\$ 0.40
Diluted earnings per share	N/A	N/A	\$ 0.38

N/A – Diluted loss per share, calculated using the treasury stock method in accordance with U.S. GAAP, has not been disclosed as the effect of the potential conversion of dilutive securities is anti-dilutive.

(a) In 1998, the Company amended the vesting provisions of 6,235,890 employee stock options issued in 1997 and 1998. Under the previous vesting provisions, such options vested based on the achievement of earnings targets. A portion of these options now vest over a specified time period and the balance vested on completion of the initial public offering in 1998. Under United States GAAP, this amendment required a new measurement date for purposes of accounting for compensation expense, resulting in a charge equal to the aggregate difference between the fair value of the underlying subordinate voting shares at the date of the amendment and the exercise price for such options. As a result, under United States GAAP the Company will record a \$15,600 non-cash stock compensation charge to be reflected in earnings over the vesting period as follows: 1998 – \$4,200; 1999 – \$1,900; 2000 – \$2,500; 2001 – \$3,200; 2002 – \$3,800. No similar charge is required to be recorded by the Company under Canadian GAAP.

(b) Under United States GAAP, the contingent consideration of \$2,046 associated with the final settlement of the earn-out provision related to the 1997 acquisition of Ascent Power Technology Inc. was recorded as compensation expense in 1998. Under Canadian GAAP, this contingent consideration has been recorded as goodwill.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)

(c) Supplemental disclosure of depreciation and amortization expense is as follows:

	Year ended December 31,		
	1997	1998	1999
Depreciation of capital assets	\$ 19,223	\$ 39,631	\$ 69,488
Amortization of goodwill	9,947	22,844	31,064
Amortization of intellectual property	4,403	14,792	16,217
Amortization of other intangible assets	910	7,736	8,288
Amortization of deferred financing costs	2,604	1,932	1,487
	\$ 37,087	\$ 86,935	\$ 126,544

Other disclosures:

(a) Stock based compensation:

The Company measures compensation costs related to stock options granted to employees using the intrinsic value method as prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees" as permitted by SFAS No. 123. However, SFAS No. 123 does require the disclosure of pro forma net loss and loss per share information as if the Company had accounted for its employee stock options under the fair value method prescribed by SFAS No. 123. Accordingly, the fair value of the options issued was determined using the Black-Scholes option pricing model with the following assumptions: risk-free rate of 5% (1998 - 5%, 1997 - 4%), dividend yield of 0%, a volatility factor of the expected market price of the Company's shares of 47% (1998 - 50%, 1997 - 0%); and a weighted-average expected life of the options in 1999 and 1998 of five years. The weighted-average grant date fair values of options issued in 1999 was \$10.24 per share (1998 - \$4.30 per share, 1997 - \$5.89 per share). For purposes of pro forma disclosures, the estimated fair value of the options is amortized to income over the vesting period. For the year ended December 31, 1999, the Company's United States GAAP pro forma net earnings (loss) is \$52,345 and basic earnings (loss) per share is \$0.31 (1998 - \$(61,699) and \$(0.60) per share; 1997 - \$(9,316) and \$(0.13) per share).

(b) Other recent accounting pronouncements:

In June 1998, the Financial Accounting Standards Board (FASB) issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes methods of accounting for derivative financial instruments and hedging activities related to those instruments as well as other hedging activities. As per SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities Deferral of the Effective Date of SFAS 133", the Company will be required to implement SFAS No. 133 for its fiscal year ended December 31, 2001. The Company has not yet determined the impact, if any, of SFAS No. 133 on its financial position, results of operations or cash flows.

SHARE INFORMATION

MARKET LISTINGS (SYMBOL: CLS)	SHARES OUTSTANDING	As at December 31, 1999
New York Stock Exchange (NYSE)	Basic*	185,359,251
Toronto Stock Exchange (TSE)	Fully Diluted	199,954,038

*Composed of 146,293,301 Subordinate Voting Shares and 39,065,950 Multiple Voting Shares

CLOSING PRICE OF SHARES

	As at December 31, 1999
New York Stock Exchange	\$ 55.50 (U.S.)
Toronto Stock Exchange	\$ 80.80 (Cdn)

SHARE TRADING INFORMATION

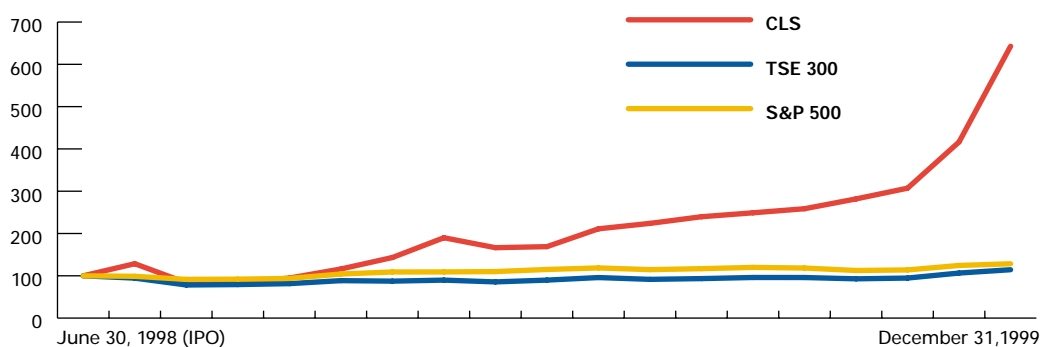
(IPO price: Cdn\$12.87, U.S.\$8.75)	High	Closing Share Price			Volume
		Low	End of Quarter		
NYSE (U.S.\$)					
1999 First Quarter	\$ 17.13	\$ 12.57	\$ 16.22		26,046,000
1999 Second Quarter	\$ 22.07	\$ 15.88	\$ 21.66		24,785,600
1999 Third Quarter	\$ 24.88	\$ 20.38	\$ 24.69		21,278,000
1999 Fourth Quarter	\$ 56.25	\$ 23.94	\$ 55.50		43,694,200
TSE (Cdn\$)					
1999 First Quarter	\$ 26.00	\$ 19.25	\$ 24.75		41,585,510
1999 Second Quarter	\$ 32.50	\$ 23.85	\$ 31.85		43,700,976
1999 Third Quarter	\$ 36.63	\$ 30.75	\$ 36.17		20,844,182
1999 Fourth Quarter	\$ 81.75	\$ 35.50	\$ 80.80		36,453,396

VOLUME OF SHARES TRADED

(Trading Period: Year ended December 31, 1999)

New York Stock Exchange	115,803,800
Toronto Stock Exchange	142,584,064

Relative CLS Share Price Performance Versus TSE and S&P Indexes



RESEARCH COVERAGE

A.G. Edwards
 Banc of America Securities
 CIBC World Markets
 Credit Suisse First Boston
 Deutsche Banc Alex. Brown
 Donaldson, Lufkin & Jenrette
 FleetBoston Robertson Stephens
 Griffiths McBurney

HSBC
 Merrill Lynch
 Morgan Stanley Dean Witter
 National Bank Financial
 Needham and Company
 Nesbitt Burns
 Newcrest Capital
 Paradigm Capital

Piper Jaffray
 Prudential Securities
 RBC Dominion Securities
 Spratt Securities
 Scotia Capital Markets
 Schroder & Co.
 Warburg Dillon Read
 Yorkton Securities

DIRECTORS

Eugene V. Polistuk has been the President, Chief Executive Officer and a director of Celestica since October 1996. He has been President and Chief Executive Officer of Celestica since its establishment. From the time he was appointed Plant Manager of IBM Toronto Manufacturing in 1986, Mr. Polistuk has been instrumental in charting Celestica's transformation and restructuring strategy and ensuring its successful evolution and execution. Mr. Polistuk joined IBM Canada in 1969 and, over the course of his career, has managed all key functional areas of the business. Mr. Polistuk holds a Bachelor of Applied Science degree in Electrical Engineering from the University of Toronto.

Anthony P. Puppi has been the Chief Financial Officer of Celestica since its establishment and a director of Celestica since October 1996. He was appointed Executive Vice-President in October 1999. Mr. Puppi is responsible for Celestica's financial activities, including mergers and acquisitions. From 1980 to 1992, he held positions of increasing financial management responsibility with IBM Canada. Mr. Puppi holds a Bachelor of Business Administration degree in Finance and a Master of Business Administration degree from York University in Ontario.

Robert L. Crandall is the former Chairman of the Board, President and Chief Executive Officer of AMR Corporation and former Chairman of the Board and Chief Executive Officer of American Airlines Inc. Mr. Crandall has been a director of Celestica since July 1998 and Chairman of the Board since February 1999. Mr. Crandall was elected a director of American Airlines Inc. in 1976, and from 1985 until May 1998 he served as Chairman of the Board, President and Chief Executive Officer of AMR Corporation. He is also a director of American Express Company, Anixter International Inc., AMFM Inc., Halliburton Company (energy and engineering services) and MediaOne Group (cable and wireless communications). Mr. Crandall holds a Bachelor of Science degree from the University of Rhode Island and a Master of Business Administration degree from The Wharton School of the University of Pennsylvania.

Mark L. Hilson is a Vice-President of Onex and has acted as a director of Celestica since 1996. Mr. Hilson joined Onex in 1988 and was appointed Vice-President in 1993. Prior to 1988, he was an associate in the Mergers & Acquisitions Group at Merrill Lynch. Mr. Hilson is also a director of Lantic Sugar Limited and Rogers Sugar Ltd. (sugar processing), Magnatrx Corporation (metal fabrication), Vincor International Inc. (vintner) and a governor of Wilfrid Laurier University. Mr. Hilson holds an Honours Bachelor of Business Administration (gold medallist) from Wilfrid Laurier University and a Master of Business Administration (George F. Baker Scholar) from the Harvard University Graduate School of Business Administration.

Richard S. Love is a former Vice-President of Hewlett-Packard and a former general manager of the Computer Order Fulfillment and Manufacturing Group for Hewlett-Packard's Computer Systems Organization. Mr. Love has been a director of Celestica since July 1998. From 1962 until 1997, he held positions of increasing responsibility with Hewlett-Packard, becoming Vice-President in 1992. He is a director of HMT Technology Corporation (electronics manufacturing) and a former director of The Vendo Company (electronics) and the Information Technology Industry Council. Mr. Love holds a Bachelor of Science degree in Business Administration and Technology from Oregon State University and a Master of Business Administration degree from Fairleigh Dickinson University.

Roger L. Martin is Dean of the University of Toronto's Joseph L. Rotman School of Management and has been a director of Celestica since July 1998. Mr. Martin is a director of Monitor Company, a Cambridge, Massachusetts-based consulting firm with 1,000 employees, and Thomson Corporation, one of the world's leading information companies. Mr. Martin holds an AB degree (cum laude) from Harvard College and a Master of Business Administration degree from the Harvard University Graduate School of Business Administration.

DIRECTORS

Anthony R. Melman is a Vice-President of Onex and has been a director of Celestica since 1996. Mr. Melman joined Onex as a shareholder and Vice-President in 1984. From 1977 to 1984, he was Senior Vice-President of Canadian Imperial Bank of Commerce responsible for worldwide merchant banking, project financing, acquisitions and other specialized financing activities. Prior to emigrating to Canada in 1977, Mr. Melman had extensive merchant banking experience in South Africa and the United Kingdom. He is a director of a number of Onex-controlled companies. Mr. Melman holds a Bachelor of Science in Chemical Engineering from the University of The Witwatersrand, a Master of Business Administration (gold medallist) from Cape Town University and a Ph.D. in Finance from the University of The Witwatersrand.

Gerald W. Schwartz is the Chairman of the Board, President and Chief Executive Officer of Onex and has been a director of Celestica since July 1998. Prior to founding Onex in 1983, Mr. Schwartz was a co-founder (in 1977) of CanWest Capital Corp., now CanWest Global Communications Corp. He is a director of Onex, The Bank of Nova Scotia, SC International Services, Inc. (airline catering) and Phoenix Films Inc. (entertainment). Mr. Schwartz holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Manitoba, a Master of Business Administration degree from the Harvard University Graduate School of Business Administration and a Doctor of Laws (Hon.) from St. Francis Xavier University.

Don Tapscott is Chairman of the Alliance for Converging Technologies, a think tank investigating the impact of the information highway and the news media on business, government and society. He is also President of New Paradigm Learning Corporation and has been a director of Celestica since September 1998. He has authored numerous books on the application of technology in business. Mr. Tapscott is a Forum Fellow of the World Economic Forum and in Canada in 1992 he chaired the Ontario Advisory Committee for a Telecommunications Strategy. Mr. Tapscott holds a Bachelor of Science degree in Psychology and Statistics and a Master of Education degree specializing in Research Methodology.

John R. Walter is the Chairman of the Board of Manpower, Inc., is the retired President and Chief Operating Officer of AT&T Corp. and has been a director of Celestica since July 1998. Mr. Walter joined AT&T Corp. in 1996. From 1969 to 1996, he held positions of increasing responsibility with R.R. Donnelley & Sons Company, becoming President in 1987 and Chief Executive Officer and Chairman of the Board in 1989. He is a director of Abbott Laboratories (pharmaceuticals), Deere & Company (equipment and financial services), and Jones, Lang, LaSalle (real estate services) and is a trustee of the Chicago Symphony Orchestra and of Northwestern University. Mr. Walter holds a Bachelor of Science degree in business administration from Miami University of Ohio.

OFFICERS OF THE COMPANY

Eugene V. Polistuk
President, Chief Executive Officer

Anthony P. Puppi
Executive Vice-President,
Chief Financial Officer

Robert G. Behlman
Executive Vice-President,
Corporate Development,
North America & Asia

Alastair Kelly
Executive Vice-President,
Corporate Development

J. Marvin M^oGee
Executive Vice-President,
Worldwide Operations

R. Thomas Tropea
Executive Vice-President,
Worldwide Marketing and
Business Development

Arthur P. Cimento
Senior Vice-President,
Corporate Strategies

Paul M. Cohen
Senior Vice-President, Power
Systems and South America

Lisa J. Colnett
Senior Vice-President,
Worldwide Process Management
and Chief Information Officer

Andrew G. Gort
Senior Vice-President, Global
Supply Chain Management

Iain S. Kennedy
Senior Vice-President,
Mergers and Acquisitions

Donald S. M^oCreesh
Senior Vice-President,
Human Resources

Douglas C. McDougall
Senior Vice-President and
General Manager

Daniel P. Shea
Senior Vice-President and
Chief Technology Officer

Peter J. Bar
Vice-President and
Corporate Controller

Elizabeth L. DelBianco
Vice-President, General Counsel
and Secretary

F. Graham Thouret
Vice-President and
Corporate Treasurer

CORPORATE INFORMATION

ANNUAL MEETING

The 2000 annual meeting of Celestica shareholders will be held at 10:00 a.m. Eastern Standard Time on April 19, 2000 at:

TSE Auditorium
2 First Canadian Place
The Exchange Tower
Toronto, Ontario
Canada M5X 1J2

HEAD OFFICE

Celestica Inc.
12 Concorde Place, 7th Floor
Toronto, Ontario,
Canada M3C 3R8

WEB SITE

<http://www.celestica.com>

AUDITORS

KPMG LLP
Suite 500
Yonge Corporate Centre
4120 Yonge Street
Toronto, Ontario,
Canada M2P 2B8

TRANSFER AGENTS
AND REGISTRAR

**Subordinate Voting Shares
Canada:**

Montreal Trust Company
of Canada
151 Front Street West, 8th Floor
Toronto, Ontario,
Canada M5J 2N1

U.S.:

Bank of Nova Scotia
Trust Company
One Liberty Plaza
165 Broadway, 23rd Floor
New York, New York,
U.S.A. 48232

INVESTOR RELATIONS

Celestica Investor Relations
12 Concorde Place, 7th Floor
Toronto, Ontario,
Canada M3C 3R8

Telephone: 416-448-2211
Facsimile: 416-448-2280
E-mail: clsir@celestica.com

CELESTICA GLOBAL LOCATIONS

CORPORATE HEAD OFFICE

Celestica Inc.
12 Concorde Place
7th Floor
Toronto, Ontario,
Canada M3C 3R8

OPERATIONS

THE AMERICAS

Canada

844 Don Mills Road
Toronto, Ontario,
Canada M3C 1V7

66 Leek Crescent
Richmond Hill, Ontario,
Canada L4B 1H1

U.S.A.

25902 Town Center Drive
Foothill Ranch, California,
U.S.A. 92610

2222 Oume Drive
San Jose, California,
U.S.A. 95131

4701 Technology Parkway
Fort Collins, Colorado,
U.S.A. 80528

760 South Kentucky 15
Campton, Kentucky,
U.S.A. 41301

3000 Minuteman Road
Andover, Massachusetts,
U.S.A. 01810

20 Alpha Road
Chelmsford, Massachusetts,
U.S.A. 01824

3054 37th Street
N.W. Rochester, Minnesota
U.S.A. 55901

100 Domain Drive
Exeter, New Hampshire,
U.S.A. 03833

72 Pease Boulevard
Newington, New Hampshire
U.S.A. 03801

530 Columbia Drive
Johnson City, New York,
U.S.A. 13790

3600 Tarheel Drive
Raleigh, North Carolina,
U.S.A. 27609

4607 SE Technology Parkway
Milwaukie, Oregon,
U.S.A. 9722

Mid-South Logistics Center
455 Industrial Boulevard, Suite E
La Vergne, Tennessee,
U.S.A. 37086

1432 Wainwright Way
Suite 116
Carrollton, Texas,
U.S.A. 75007

3801 Realty Road
Dallas, Texas,
U.S.A. 75244

925 First Avenue
P.O. Box 5000
Chippewa Falls, Wisconsin,
U.S.A. 54729

Mexico

Blvd. Parque Industrial
Monterrey 208
Apodaca, N.L.,
Mexico C.P. 66600

Brazil

Rodovia SP-101 KM09
Hortolandia
Sao Paulo, Brazil,
CEP 13185-900

EUROPE

United Kingdom

Manchester Road
Ashton-under-Lyne
Lancashire,
U.K. OL7 0ES

Chemical Lane
Bradwell Wood, Longbridge, Hayes
Longport, Stoke-on-Trent,
Staffordshire,
U.K. ST6 6PB

Middlewich Road, Byley
Nr. Middlewich, Cheshire,
U.K. CW10 9NT

Westfields House
West Avenue
Kidsgrove, Stoke-on-Trent
Staffordshire,
U.K. ST7 1TL

Salt Union
Bradford Road
Winsford, Cheshire,
U.K. CW7 2PE

Ireland

Balheary Industrial Estate
Balheary Road, Swords
Co. Dublin, Ireland

Czech Republic

Ulice Osvobezni 363
Rájecko, Czech Republic
CZ 67902

ASIA

China

S/F, 19 Sze Shan Street
Yau Tong, Kowloon,
Hong Kong, P.R.C.

Mai Yuen Guan Li Qu, Changping
Dongguan, Guangdong, P.R.C.
511737

Thailand

49/12 Laem Chabang
Industrial Estate Moo. 5
Thungsukla, Siracha, Chon Buri,
Thailand 20230

Malaysia

Plot 15, Jalan Hi-Tech
2/3 Phase 1
Kulim, Hi-Tech Park
0900 Kulim, Kedah
Malaysia



Celestica operates a global manufacturing footprint of 31 facilities in 10 countries around the world.

