AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 22, 2001

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000
COMMISSION FILE NUMBER: 1-14832

CELESTICA INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

ONTARIO, CANADA
(JURISDICTION OF INCORPORATION OR ORGANIZATION)

12 CONCORDE PLACE
TORONTO, ONTARIO CANADA M3C 3R8
(416) 448-5800
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

SECURITIES REGISTERED OR TO BE REGISTERED
PURSUANT TO SECTION 12(b) OF THE ACT:

Subordinate Voting Shares (TITLE OF CLASS)	The Toronto Stock Exchange The New York Stock Exchange (NAME OF EACH EXCHANGE ON WHICH REGISTERED)
Liquid Yield Option-TM- Notes due 2020 (TITLE OF CLASS)	The New York Stock Exchange (NAME OF EACH EXCHANGE ON WHICH REGISTERED)

SECURITIES REGISTERED OR TO BE REGISTERED
PURSUANT TO SECTION 12(g) OF THE ACT:

N/A

SECURITIES FOR WHICH THERE IS A REPORTING OBLIGATION
PURSUANT TO SECTION 15(d) OF THE ACT:

10 1/2% Senior Subordinated Notes Due 2006
(TITLE OF CLASS)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

164,320,437 Subordinate Voting Shares 39,065,950 Multiple Voting Shares	0	Preference Shares

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18 X

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PART I

IN THIS ANNUAL REPORT, "CELESTICA," THE "COMPANY," "WE," "US" AND "OUR" REFER TO CELESTICA INC. AND ITS SUBSIDIARIES.

IN DECEMBER 1999, WE COMPLETED A TWO-FOR-ONE SPLIT OF OUR SUBORDINATE VOTING SHARES AND MULTIPLE VOTING SHARES BY WAY OF A STOCK DIVIDEND. WE HAVE RESTATED ALL HISTORICAL SHARE AND PER SHARE INFORMATION TO REFLECT THE EFFECTS OF THIS TWO-FOR-ONE SPLIT ON A RETROACTIVE BASIS, EXCEPT WHERE WE SPECIFICALLY STATE OTHERWISE.

IN THIS ANNUAL REPORT, ALL DOLLAR AMOUNTS ARE EXPRESSED IN UNITED STATES DOLLARS, EXCEPT WHERE WE STATE OTHERWISE. UNLESS WE STATE OTHERWISE, ALL REFERENCES TO "U.S.$" OR "$" ARE TO U.S. DOLLARS, ALL REFERENCES TO "C$" ARE TO CANADIAN DOLLARS AND ALL REFERENCES TO "L" ARE TO BRITISH POUNDS STERLING. UNLESS WE INDICATE OTHERWISE, ANY REFERENCE IN THIS ANNUAL REPORT TO A CONVERSION BETWEEN U.S.$ AND C$ OR BETWEEN U.S.$ AND L IS GIVEN AS OF MARCH 1, 2001. AT THAT DATE, THE NOON BUYING RATE IN NEW YORK CITY FOR CABLE TRANSFERS IN CANADIAN DOLLARS WAS U.S.$1.00=C$1.5465 AND IN BRITISH POUNDS STERLING WAS U.S.$1.00=L0.6871, AS CERTIFIED FOR CUSTOMS PURPOSES BY THE FEDERAL RESERVE BANK OF NEW YORK.

UNLESS WE INDICATE OTHERWISE, ALL INFORMATION IN THIS ANNUAL REPORT IS STATED AS OF MARCH 1, 2001.

FORWARD-LOOKING STATEMENTS

Item 4, "Information on the Company," "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 5 and other sections of this Annual Report contain forward-looking statements within the meaning of section 27A of the Securities Act of 1933, as amended, or the Securities Act, and section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, including (without limitation) statements concerning possible or assumed future results of operations of Celestica preceded by, followed by or that include the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. You should understand that the following important factors, in addition to those discussed in Item 3, "Key Information -- Risk Factors" and elsewhere in this Annual Report, could affect our future results and could cause those results to differ materially from those expressed in such forward-looking statements: the level of overall growth in the electronics manufacturing services industry; lower-than-expected customer demand; component constraints; variability of our operating results among periods; our dependence on the computer and communications industries; our dependence on a limited number of customers; and our ability to manage expansion, consolidation and the integration of acquired businesses.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

You should read the following selected financial data together with Item 5, "Operating and Financial Review and Prospects," the Consolidated Financial Statements of Celestica Inc. in Item 18 and the other information in this Annual Report. The selected financial data for the period from January 1, 1996 to October 22, 1996 is derived from the audited Consolidated Financial Statements of Celestica International Inc. (formerly Celestica North America Inc.) (the "Predecessor Company"). The selected financial data for the year ended December 31, 1996 represents the combined results of operations derived from the Consolidated Financial Statements of the Predecessor Company for the period from January 1, 1996 to October 22, 1996 and from the Celestica Inc. Consolidated Financial Statements for the period from September 27, 1996 to

December 31, 1996. Celestica was inactive from September 27, 1996 to October 22, 1996. The selected financial data for the years ended December 31, 1997, 1998, 1999 and 2000 is derived from the Celestica Inc. Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles, or GAAP. These principles conform in all material respects with U.S. GAAP except as described in Note 24 to the Consolidated Financial Statements. For all periods presented, the selected financial data is prepared in accordance with Canadian GAAP. The differences between the line items under Canadian GAAP and those as determined under U.S. GAAP are not significant except that, under U.S. GAAP: our loss for the year ended December 31, 1998 would be $6.2 million greater due to non-cash charges for compensation expense and the loss on extinguishment of debt amounting to $14.3 million, net of income tax, would be treated as an extraordinary loss; our net earnings for the year ended December 31, 1999 would be $1.9 million less due to non-cash charges for compensation expense; our net earnings for the year ended December 31, 2000 would be $2.5 million less due to non-cash charges for compensation expense and $6.8 million less due to interest on the convertible debt issued in August 2000, in the principal amount of $1,813.6 million, that would be classified as a long-term liability rather than as an equity instrument.

	PREDECESSOR COMPANY	CELESTICA INC.					
	JANUARY 1 TO OCTOBER 22, 1996	SEPTEMBER 27 TO DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1996(1)	1997(2)	1998(2)	1999(2)	2000(2)
	(in millions, except per share amounts)						
CONSOLIDATED STATEMENT OF EARNINGS (LOSS) DATA:							
Revenue	$1,728.7	$288.1	$2,016.8	$2,006.6	$3,249.2	$5,297.2	$9,752.1
Cost of sales	1,643.6	260.2	1,903.8	1,866.9	3,018.7	4,914.7	9,064.1
Gross profit	85.1	27.9	113.0	139.7	230.5	382.5	688.0
Selling, general and administrative expenses	30.5	11.9		68.3	130.5	202.2	326.1
Amortization of intangible assets(3)	--	1.8		15.3	45.4	55.6	88.9
Integration costs related to acquisitions(4)	--	--		13.3	8.1	9.6	16.1
Other charges(5)	--	--		13.9	64.7	--	--
Operating income (loss)	54.6	14.2		28.9	(18.2)	115.1	256.9
Interest expense (income)(6)	8.4	6.5		33.6	32.3	10.7	(19.0)
Earnings (loss) before income taxes	46.2	7.7		(4.7)	(50.5)	104.4	275.9
Income taxes(7)	20.3	4.5		2.2	(2.0)	36.0	69.2
Net earnings (loss)	$ 25.9	$ 3.2		$ (6.9)	$ (48.5)	$ 68.4	$ 206.7
Basic earnings (loss) per share(8)	$ 25,866	$ 0.08		$ (0.10)	$ (0.47)	$ 0.41	$ 1.01
OTHER DATA:							
Capital expenditures	$ 23.2	$ 3.2		$ 32.1	$ 65.8	$ 211.8	$ 282.8

	CELESTICA INC.				
	AS AT DECEMBER 31,				
	1996	1997	1998	1999	2000
	(in millions)				
CONSOLIDATED BALANCE SHEET DATA:					
Cash and short-term investments	$ 23.1	$ 106.1	$ 31.7	$ 371.5	$ 883.8
Working capital	$201.5	$ 363.3	$ 356.2	$1,000.2	$2,262.6
Capital assets	$ 67.3	$ 124.2	$ 214.9	$ 365.4	$ 633.4
Total assets	$658.2	$1,347.3	$1,636.4	$2,655.6	$5,938.0
Total long-term debt, including current portion	$325.0	$ 518.9	$ 135.8	$ 134.2	$ 131.9
Shareholders' equity	$203.2	$ 363.2	$ 859.3	$1,658.1	$3,469.3

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(1) The statement of earnings (loss) data for the year ended December 31, 1996 represents the combined revenue, cost of sales and gross profit of the Predecessor Company for the period from January 1, 1996 to October 22, 1996, and of Celestica for the period from September 27, 1996 to December 31, 1996. Celestica was inactive from the date of its incorporation on September 27, 1996 to October 22, 1996. For the period from October 22, 1996 to December 31, 1996, the results of operations of the Predecessor Company are consolidated with our results.

(2) The consolidated statement of earnings (loss) data for 1997, 1998, 1999 and 2000 includes the results of operations of (a) Design-to-Distribution Limited (Celestica Limited) acquired effective January 1, 1997, (b) the assets acquired from Hewlett-Packard Company in Colorado and New England in multi-stage transactions in July, August and October 1997, on a consignment basis prior to October 31, 1997 and on a turnkey basis thereafter and (c) Ascent Power Technologies Inc. acquired in October 1997; for 1998, 1999 and 2000 includes the results of operations of (d) the manufacturing operation acquired from Madge Networks N.V. in February 1998, (e) the manufacturing operation acquired from Lucent Technologies Inc. in April 1998, (f) Analytic Design, Inc. acquired in May 1998, (g) the manufacturing operation acquired from Silicon Graphics Inc. in June 1998, (h) Accu-Tronics, Inc. acquired in September 1998 and (i) a greenfield operation established in Tennessee in September 1998; for 1999 and 2000 includes the results of operations of (j) International Manufacturing Services, Inc. acquired December 30, 1998, (k) Signar SRO acquired in April 1999, (l) greenfield operations established in Brazil and Malaysia in June 1999, (m) VXI Electronics, Inc. acquired in September 1999, (n) the assets acquired from Hewlett-Packard's Healthcare Group in October 1999, (o) EPS Wireless, Inc. acquired in December 1999 and (p) certain assets and repair operations acquired from Fujitsu-ICL Systems Inc. in December 1999; and for 2000 includes the results of operations of (q) the assets of the Enterprise Systems Group and the Microelectronics Division of IBM in Rochester, Minnesota and in Italy acquired in February and May 2000, respectively; (r) NDB Industrial Ltda. acquired in June 2000, (s) Bull Electronics Inc. acquired in August 2000 and (t) NEC Technologies (UK) Ltd. acquired in November 2000.

(3) Effective January 1, 1998, we revised the estimated useful life of our goodwill and intellectual property for accounting purposes from 20 years each to 10 years and 5 years, respectively.

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

(5) In 1997, other charges include a $13.9 million ($8.7 million after income taxes) credit loss relating to a customer which filed for bankruptcy.

In 1998, other charges totalled $64.7 million ($51.5 million after income taxes), comprised of non-cash charges of $35.0 million relating to the write-down of intellectual property, $6.8 million of goodwill which became impaired as a result of the merger with IMS, a write-off of deferred financing fees and debt redemption fees of $17.8 million relating to the prepayment of debt with the net proceeds of our initial public offering and other charges of $5.1 million.

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

(7) Effective January 1, 1997, we changed our method of accounting for income taxes in accordance with a new accounting standard issued under Canadian GAAP. This new accounting standard is substantially consistent with the existing accounting standard for income taxes under U.S. GAAP. This change would not have had a significant effect on income taxes for the period from September 27 to December 31, 1996. The provision for income taxes for the Predecessor Company has not been presented on the new basis of accounting for income taxes.

(8) For purposes of the basic earnings (loss) per share calculations, the weighted average number of shares outstanding were for the: period from January 1 to October 22, 1996 -- 1,000; period from September 27 to December 31, 1996 -- 40,000,000 (subordinate voting shares); year ended

December 31, 1997 -- 69,578,710; year ended December 31, 1998 -- 102,991,428; year ended December 31, 1999 -- 167,195,200; and year ended December 31, 2000 -- 199,785,918. Share and per share information of the Predecessor Company has not been restated to reflect the effect of our December 1999 two-for-one stock split.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

SHAREHOLDERS AND PROSPECTIVE INVESTORS IN CELESTICA SHOULD CAREFULLY CONSIDER EACH OF THE FOLLOWING RISKS AND ALL OF THE OTHER INFORMATION SET FORTH IN THIS ANNUAL REPORT. THE RISKS AND UNCERTAINTIES WE DESCRIBE BELOW ARE NOT THE ONLY ONES FACING OUR COMPANY. ADDITIONAL RISKS AND UNCERTAINTIES NOT PRESENTLY KNOWN TO US OR THAT WE CURRENTLY BELIEVE TO BE IMMATERIAL MAY ALSO ADVERSELY AFFECT OUR BUSINESS.

OUR OPERATING RESULTS FLUCTUATE

Our annual and quarterly results have fluctuated in the past. The reasons for these fluctuations may similarly affect us in the future. Our operating results may fluctuate in the future as a result of many factors, including:

- The volume of orders received relative to our manufacturing capacity;

- Fluctuations in material costs and the mix in material costs versus labor and manufacturing overhead costs;

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

- The mix of revenue derived from consignment and turnkey manufacturing (consignment manufacturing, where the customer purchases materials, tends to result in higher gross margins but lower revenue, and turnkey manufacturing, where we purchase materials, tends to result in lower gross margins but higher revenue).

Any one of the following factors or combinations of these factors could also affect our results for a financial period:

- The level of price competition;

- Our past experience in manufacturing a particular product;

- The degree of automation we use in the assembly process;

- Whether we are managing our inventories and fixed assets efficiently;

- The timing of our expenditures in anticipation of increased sales;

- Customer product delivery requirements and shortages of components or labor; and

- The timing of, and the price we pay for, our acquisitions and related integration costs.

In addition, most of our customers typically do not commit to firm production schedules for more than 30 to 90 days in advance. Accordingly, we cannot forecast the level of customer orders with certainty. This makes it difficult to schedule production and maximize utilization of our manufacturing capacity. In the past, we have been required to increase staffing, purchase materials and incur other expenses to meet the anticipated demand of our customers. Sometimes these anticipated orders from certain customers have failed to materialize, and sometimes delivery schedules have been deferred as a result of changes in the customer's business needs. On other occasions, customers have required rapid and sudden increases in production which have placed an excessive burden on our manufacturing capacity.

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

Historically, our fourth quarter revenue has been highest and our first quarter revenue has been lowest. Prospective investors should not rely on results of operations in any past period to indicate what our results will be for any future period.

WE HAVE HAD RECENT OPERATING LOSSES

We generated net earnings in each of the years from 1993 through 1996 and in 1999 and 2000. We recorded net losses of $6.9 million and $48.5 million in 1997 and 1998, respectively. In 1997, we incurred $13.3 million of integration costs related to acquisitions and a $13.9 million credit loss, with these charges totalling $27.2 million ($17.0 million after income taxes). In 1998, we incurred $8.1 million of integration costs related to acquisitions, a $41.8 million write-down of intellectual property and goodwill, a write-off of deferred financing fees and debt redemption fees of $17.8 million and $5.1 million of charges related to the acquisition of International Manufacturing Services, Inc., or IMS, with these charges totalling $72.8 million ($56.5 million after income taxes). We may not be profitable in future periods.

OUR RESULTS ARE AFFECTED BY CHANGES IN MATERIAL COSTS AND LIMITED AVAILABILITY OF COMPONENTS

Substantially all of our revenue is derived from turnkey manufacturing. In turnkey manufacturing, we purchase directly most or all of the components we need for production and we assemble products. We typically bear a portion of the risk of component price changes, which could have a material adverse effect on our gross profit margin. Our results of operations have, under past practices, been adversely affected by substantial component price reductions. A majority of the products we manufacture require one or more components that we order from sole-source suppliers of these particular components. Supply shortages for a particular component can delay production of all products using that component or cause price increases in the services we provide. In addition, at various times there have been industry-wide shortages of electronic components. Such shortages, or future fluctuations in material costs, may have a material adverse effect on our business or cause our results of operations to fluctuate from period to period. Also, we rely on a variety of common carriers for materials transportation and route materials through various world ports. A work stoppage, strike or shutdown of a major port or airport could result in manufacturing and shipping delays or expediting charges, which could have a material adverse effect on our results of operations.

WE DEPEND ON CERTAIN INDUSTRIES

Our financial performance depends on our customers' continued growth, viability and financial stability. Our customers, in turn, substantially depend on the growth of the computer and communications industries. These industries are characterized by rapidly changing technologies and short product life cycles. Recently these industries have experienced pricing and margin pressures. These factors affecting the computer and communications industries in general, and the impact these factors might have from time to time on our customers in particular, could have a material adverse effect on our business.

WE DEPEND ON A LIMITED NUMBER OF CUSTOMERS

Our two largest customers in 2000 were IBM and Sun Microsystems Inc., which each represented more than 10% of our total 2000 revenue and collectively represented 46% of our total 2000 revenue. Our next five largest customers collectively represented 32% of our total revenue in 2000. Hewlett-Packard Company, Sun Microsystems Inc. and Cisco Systems Inc., our three largest customers in 1999, each represented more than 10% of our total 1999 revenue and collectively represented 55% of total 1999 revenue. Our next five largest customers represented 23% of total 1999 revenue. We expect to continue to depend upon a relatively small number of customers for a significant percentage of our revenue.

Generally, we do not enter into long-term supply commitments with our customers. Instead, we bid on a project basis and have supply contracts in place for each project. Significant reductions in sales to any of our largest customers would have a material adverse effect on us. In addition, we generate significant accounts receivable and inventory balances in connection with providing manufacturing services to our customers. A

customer's inability to pay for the manufacturing services provided by us could have a material adverse effect on our results of operations.

WE FACE RISKS DUE TO EXPANSION OF OUR OPERATIONS

New operations, whether foreign or domestic, can require significant start-up costs and capital expenditures. As we continue to expand our domestic and international operations, we may not be able to successfully generate revenue necessary to recover start-up and operating costs. The successful operation of an acquired business requires effective communication and cooperation between us and our new employees, including cooperation in product development and marketing. This cooperation may not occur or a disruption in one or more sectors of our business may result. In addition, we may not be able to retain key technical, management, sales and other personnel of an acquired business for any significant length of time, and we may not realize any of the other anticipated benefits of an acquisition. Furthermore, additional acquisitions would require investment of financial resources and may require debt financing or dilutive equity financing. We may not consummate any acquisitions in the future. If we do, any debt or equity financing required for any acquisition may not be available on terms acceptable to us.

WE FACE ADDITIONAL RISKS DUE TO OUR INTERNATIONAL OPERATIONS

During 2000, over 35% of our revenue was derived from locations outside of North America. In addition, we purchased material from international suppliers for much of our business, including our North American business. We believe that our future growth depends in large part on our ability to increase our business in international markets. We will continue to expand our operations outside of North America. This expansion will require significant management attention and financial resources. To increase international sales in subsequent periods, we must establish additional foreign operations, hire additional personnel and establish additional international facilities. We may not expand or even maintain our international sales. If the revenue we generate from foreign activities is inadequate to offset the expense of maintaining foreign offices and activities, our profitability will be adversely affected. International operations are subject to inherent risks, which may adversely affect us, including:

- Labor unrest;

- Unexpected changes in regulatory requirements;

- Tariffs and other barriers;

- Less favorable intellectual property laws;

- Difficulties in staffing and managing foreign sales and support operations;

- Longer accounts receivable payment cycles and difficulties in collecting payments;

- Changes in local tax rates and other potentially adverse tax consequences, including the cost of repatriation of earnings;

- Lack of acceptance of localized products in foreign countries;

- Burdens of complying with a wide variety of foreign laws, including changing import and export regulations;

- Adverse changes in Canadian and U.S. trade policies with the other countries in which we maintain operations; and

- Political instability.

The operations we acquired in the IMS acquisition in December 1998 are subject to significant political, economic, legal and other uncertainties in Hong Kong, China and Thailand. Under its current leadership, the Chinese government has instituted a policy of economic reform which has included encouraging foreign trade and investment and greater economic decentralization. However, the Chinese government may discontinue or change these policies, and these policies may not be successful. Moreover, despite progress in developing its legal system, China does not have a comprehensive and highly developed system of laws, particularly as related

to foreign investment activities and foreign trade. Enforcement of existing and future laws and contracts is uncertain, and implementation and interpretation of such laws may be inconsistent. As the Chinese legal system develops, new laws and changes to existing laws may adversely affect foreign operations in China. While Hong Kong has had a long history of promoting foreign investment, its incorporation into China means that the uncertainty related to China and its policies may now also affect Hong Kong. Thailand has also had a long history of promoting foreign investment but it has experienced economic turmoil and a significant devaluation of its currency in the recent past. There is a risk that this period of economic turmoil may result in the reversal of current policies encouraging foreign investment and trade, restrictions on the transfer of funds overseas, employee turnover, labor unrest or other domestic economic problems that could adversely affect us.

WE FACE FINANCIAL RISKS DUE TO FOREIGN CURRENCY FLUCTUATIONS

The principal currencies in which we conduct our operations are U.S. dollars, Canadian dollars, Mexican pesos, British pounds sterling, Euros and related currencies under the European Monetary Union, Thai baht and Brazilian real. We may sometimes enter into hedging transactions to minimize our exposure to foreign currency and interest rate risks. Our current hedging activity is designed to reduce the variability of our foreign currency costs and consists of contracts to sell U.S. dollars and to purchase Canadian dollars, British pounds sterling, Mexican pesos, Euros and Thai baht at future dates. In general, these contracts extend for periods of less than 18 months. Our hedging transactions may not successfully minimize foreign currency risk.

WE DEPEND ON HIGHLY SKILLED PERSONNEL

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

WE ARE IN A HIGHLY COMPETITIVE INDUSTRY

We are in a highly competitive industry. We compete against numerous domestic and foreign companies. Three of our competitors, SCI Systems, Inc., Flextronics International and Solectron Corporation, each have annual revenues in excess of $5 billion. We also face indirect competition from the manufacturing operations of our current and prospective customers, which continually evaluate the merits of manufacturing products internally rather than using EMS providers. Some of our competitors have more geographically diversified international operations, as well as substantially greater manufacturing, financial, procurement, research and development and marketing resources than we have. These competitors may create alliances and rapidly acquire significant market share. Accordingly, our current or potential competitors may develop or acquire services comparable or superior to those we develop, combine or merge to form significant competitors, or adapt more quickly than we will to new technologies, evolving industry trends and changing customer requirements. Competition could cause price reductions, reduced profits or losses or loss of market share, any of which could materially and adversely affect us. We may not be able to compete successfully against current and future competitors and the competitive pressures that we face may materially adversely affect us.

WE MAY BE UNABLE TO KEEP PACE WITH PROCESS AND TEST DEVELOPMENT CHANGE

We continue to evaluate the advantages and feasibility of new manufacturing processes. Our future success will depend in part upon our ability to develop and to market manufacturing services which meet changing customer needs, to maintain technological leadership and to successfully anticipate or respond to technological changes in manufacturing processes in cost-effective and timely ways. Our process and test development efforts may not be successful.

OUR CUSTOMERS MAY BE ADVERSELY AFFECTED BY RAPID TECHNOLOGICAL CHANGE

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

WE MAY BE UNABLE TO PROTECT OUR INTELLECTUAL PROPERTY

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

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

OUR COMPLIANCE WITH ENVIRONMENTAL LAWS COULD BE COSTLY

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

Some of our operating sites have a history of industrial use. Soil and groundwater contamination have occurred at some of our facilities, including our Toronto site. Certain environmental laws impose liability for the costs of removal or remediation of hazardous or toxic substances on an owner, occupier or operator of real estate, even if such person or company was not aware of or responsible for the presence of such substances. In addition, any person or company who arranges for the disposal or treatment of hazardous or toxic substances at a disposal or treatment facility may be liable for the costs of removal or remediation of such substances at such facility, whether or not the person or company owns or operates the facility. Pursuant to these environmental laws, from time to time we investigate, remediate and monitor soil and groundwater contamination at certain of our operating sites and we are currently remediating contamination at the Toronto site. Also, we may undertake limited compliance-related activities at some of our recently acquired facilities, particularly in Asia.

We obtained Phase I or similar environmental assessments for most of the manufacturing facilities that we own or lease at the time we either acquired or leased such facilities, or reviewed recent assessments initiated by others. Typically, these assessments include general inspections without soil sampling or ground water analysis. The assessments have not revealed any environmental liability that, based on current information, we believe will have a material adverse effect on us. Nevertheless, our assessment may not reveal all environmental liabilities and current assessments are not available for all facilities. Consequently, there may be material environmental liabilities we are not aware of. In addition, ongoing clean up and containment operations may not be adequate for purposes of future laws. The conditions of our properties could be affected in the future by the conditions of the land or operations in the vicinity of the properties (such as the presence of underground storage tanks). These developments and others (such as increasingly stringent environmental laws, increasingly strict enforcement of environmental laws by governmental authorities, or claims for damage to property or injury to persons resulting from the environmental, health or safety impact of our operations) may cause us to incur significant costs and liabilities that could have a material adverse effect on us.

OUR LOAN AGREEMENTS CONTAIN RESTRICTIVE COVENANTS

Certain of our outstanding loan agreements contain financial and operating covenants that limit our management's discretion with respect to certain business matters. Among other things, these covenants restrict our ability and our subsidiaries' ability to incur additional debt, create liens or other encumbrances, make certain payments (including dividends) and investments, sell or otherwise dispose of assets and merge or consolidate with other entities.

POTENTIAL ADVERSE EFFECT OF SHARES ELIGIBLE FOR FUTURE SALE

Future sales of our subordinate voting shares in the public market, or the issuance of subordinate voting shares upon the exercise of stock options or otherwise, could adversely affect the market price of the subordinate voting shares.

As of March 1, 2001, we had 164,709,070 subordinate voting shares and 39,065,950 multiple voting shares outstanding. All of the subordinate voting shares are freely transferable without restriction or further registration under the U.S. Securities Act, except for shares issued under employee share purchase plans and any shares held by our affiliates (as defined in the U.S. Securities Act). Shares held by our affiliates include all of the multiple voting shares and 5,256,325 subordinate voting shares held by Onex. An affiliate may not sell shares in the United States unless the sale is registered under the U.S. Securities Act or an exemption from registration is available. Rule 144 adopted under the U.S. Securities Act permits our affiliates to sell shares in the United States subject to volume limitations and requirements relating to manner of sale, notice of sale and availability of current public information with respect to Celestica.

In addition, as of March 1, 2001, there were approximately 21,621,876 subordinate voting shares reserved for issuance under our employee share purchase and option plans and for director compensation, including outstanding options to purchase approximately 17,075,495 shares. The sale of such shares could adversely affect the market price of the subordinate voting shares.

OUR COMPANY IS CONTROLLED BY ONEX CORPORATION

Onex owns, directly or indirectly, all of the multiple voting shares and less than 1% of the outstanding subordinate voting shares. The number of shares owned by Onex, together with those shares Onex has the right to vote, represent 86.0% of the voting interest in Celestica and include 3.2% of the outstanding subordinate voting shares. Accordingly, Onex exercises a controlling influence over our business and affairs and has the power to determine all matters submitted to a vote of our shareholders where our shares vote together as a single class. Onex has the power to elect our directors and to approve significant corporate transactions such as certain amendments to our articles of incorporation, mergers, amalgamations, plans of arrangement and the sale of all or substantially all of our assets. Onex's voting power could have the effect of deterring or preventing a change in control of our company that might otherwise be beneficial to our other shareholders. Under our revolving credit facilities, if Onex ceases to control Celestica our lenders could demand repayment. Gerald W. Schwartz, the Chairman, President and Chief Executive Officer of Onex and one of our directors, owns shares with a majority of the voting rights of the shares of Onex. Mr. Schwartz, therefore, effectively controls our affairs. For additional information about our principal shareholders, please turn to Item 7(A), "Control of Registrant."

In private placements outside of the United States certain subsidiaries of Onex offered exchangeable debentures due 2025 that are exchangeable and redeemable under certain circumstances during their 25-year term for 9,214,320 subordinate voting shares. In addition, 1,769,077 subordinate voting shares may be delivered, at the option of Onex or certain persons related to Onex, to satisfy the obligations of such persons under equity forward agreements. If the issuers of the exchangeable debentures elect or the party to the equity forward agreements elects to deliver solely subordinate voting shares and no cash upon the exchange or redemption, or at maturity or acceleration, of the debentures or the settlement of the equity forward agreement, as the case may be, the number of shares owned by Onex, together with those shares Onex has the right to vote, would, if such delivery had occurred on March 1, 2001, represent in the aggregate 81.5% of the voting interest in our company and less than 1% of our outstanding subordinate voting shares.

POTENTIAL VOLATILITY OF SHARE PRICE

The markets for our subordinate voting shares are highly volatile. The trading price of subordinate voting shares could fluctuate widely in response to:

- Quarterly variations in our operations and financial results;
- Announcements by us or our competitors of technological innovations, new products, new contracts or acquisitions;
- Changes in our prices or the prices of our competitors' products and services;
- Changes in our product mix;
- Changes in our growth rate as a whole or for a particular portion of our business;
- General conditions in the EMS industry; and
- Systemic fluctuations in the stock markets.

The stock markets have fluctuated widely in the past. The securities of many technology companies, including companies in the EMS industry, have experienced extreme price and volume fluctuations, which often have been unrelated to the companies' operating performance. These broad market fluctuations may adversely affect the market price of the subordinate voting shares.

POTENTIAL UNENFORCEABILITY OF CIVIL LIABILITIES AND JUDGMENTS

We are incorporated under the laws of the Province of Ontario, Canada. Most of our directors, controlling persons and officers and certain of the experts named in this prospectus are residents of Canada. Also, all or a substantial portion of our assets and the assets of these persons are located outside of the United States. As a result, it may be difficult for shareholders to initiate a lawsuit within the United States against these non-U.S. residents, or to enforce judgments in the United States against us or these persons which are obtained in a U.S. court. It may also be difficult for shareholders to enforce a U.S. judgment in Canada or to succeed in a lawsuit in Canada based only on U.S. securities laws.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

Celestica was incorporated in Ontario, Canada under the name Celestica International Holdings Inc. on September 27, 1996. Since that date, we have amended our articles of incorporation on various occasions principally to modify our corporate name and our share capital. Our legal name and commercial name is Celestica Inc. We are a corporation domiciled in the Province of Ontario, Canada and operate under the Ontario Business Corporations Act. Our principal place of business is 12 Concorde Place, Toronto, Ontario M3C 3R8, Canada and our telephone number is (416) 448-5800. Our web site is www.celestica.com. Information on our web site is not incorporated by reference in this Annual Report.

Celestica is a leading provider of electronics manufacturing services to OEMs worldwide. Celestica is the third largest EMS provider in the world with revenue for the year ended December 31, 2000 of approximately $9.8 billion.

As an important IBM manufacturing unit, Celestica provided manufacturing services to IBM for more than 75 years. In 1993, Celestica began providing EMS services to non-IBM customers. In October 1996, Celestica was purchased from IBM by an investor group, led by Onex Corporation, which included Celestica's management.

OUR ACQUISITIONS

Since the beginning of 1999, Celestica has completed the following acquisitions, significantly enhancing its geographic reach, expanding its customer base of leading OEMs and broadening its service offering capabilities:

- Signar SRO in the Czech Republic offered a strategic presence in Central Europe with a long-term supply and cooperation agreement with Gossen-Metrawatt;

- VXI Electronics, Inc. enhanced Celestica's power systems product and service offerings in North America;

- certain assets related to Hewlett-Packard's Healthcare Solutions Group's printed circuit board assembly operation expanded Celestica's presence in the Northeast region of the United States and provided further product diversification into the medical equipment market segment;

- EPS Wireless, Inc. and certain assets of Fujitsu-ICL Systems Inc.'s repair business, both in Dallas, Texas, enhanced Celestica's North American repair capabilities, including repair of wireless communication products and printed circuit board products;

- assets related to IBM's Rochester, Minnesota and Vimecarte and Santa Palomba, Italy operations enhanced Celestica's long-standing relationship with IBM in printed circuit assembly and test services;

- NDB Industrial Ltda. enhanced Celestica's presence in South America and put Celestica in a leadership position with communications and Internet infrastructure customers;

- Bull Electronics Inc. enhanced our offerings in the New England area;

- NEC Technologies (UK) Ltd. enhanced Celestica's wireless communications capacity in Europe;

- Excel Electronics, Inc. expanded Celestica's presence in the southern United States; and

- certain manufacturing assets of Motorola, Inc. in Mt. Pleasant, Iowa and Dublin, Ireland expanded Celestica's business relationship with Motorola.

In 1999, we established greenfield operations in Brazil and Malaysia and, in 2000, established a greenfield operation in Singapore. Celestica continues to seek strategic acquisitions and opportunities for greenfield operations.

A listing of our acquisitions since 1997 is included in Note 2, "Selected Financial Data."

Certain information concerning capital expenditures is set forth in Notes 3 and 22 to the Consolidated Financial Statements in Item 18.

B. BUSINESS OVERVIEW

Celestica's goal is to be the premier global full service EMS provider to leading OEMs through leadership in technology, quality and supply chain management. Celestica believes it is uniquely positioned to achieve this goal given its position as one of the major EMS providers worldwide and its widely recognized skills in its core areas of competency. The Company's strategy is to (i) maintain our leadership position in the areas of technology, quality and supply chain management, (ii) develop profitable, strategic relationships with industry leaders, (iii) continually expand the range of the services we provide to OEMs, (iv) diversify our customer base, serving a wide variety of end-markets with increasing emphasis on the communications sector, particularly in optical networking, (v) selectively pursue strategic acquisitions, and (vi) steadily improve our operating margins. The Company believes that the successful implementation of this strategy will allow Celestica to achieve superior financial performance and enhance shareholder value.

Celestica has operations in the United States, Canada, Mexico, United Kingdom, Ireland, Italy, Czech Republic, Thailand, China, Hong Kong, Malaysia, Singapore and Brazil. Celestica provides a wide variety of products and services to its customers, including the manufacture, assembly and test of complex printed circuit assemblies, or PCAs, and the full system assembly of final products, primarily on a build-to-order basis. In addition, we provide a broad range of EMS services including: design, component selection and procurement,

prototyping, product assurance, assembly, test, failure analysis, full supply chain management, worldwide distribution and after-sales support.

Celestica targets industry leading OEMs primarily in the computer and communications sectors. Celestica is a supplier to over 50 OEMs, including such industry leaders as Cisco Systems Inc., Dell Computer Corporation, EMC Corporation, Fujitsu-ICL Systems Inc., Hewlett-Packard Company, International Business Machines Corporation, Lucent Technologies Inc., NEC Corporation, Motorola Inc., Nortel Networks Corporation and Sun Microsystems Inc. In the aggregate, Celestica's top ten customers represented 85% of revenue in the year ended December 31, 2000. The products Celestica manufactures can be found in a wide array of end-products, including: hubs and switches, LAN and WAN networking cards, laser printers, mainframe computers, mass storage devices, medical ultrasound devices, modems, multimedia peripherals, PBX switches, personal computers, photonic devices, routers, scalable processors, servers, switching products, token ring products, video broadcasting cards, wireless base stations, wireless loop systems and workstations.

Celestica's principal competitive advantages are its advanced capabilities and leadership in the areas of quality process and test technology and supply chain management. Celestica is an industry leader in a wide range of advanced manufacturing technologies, using established and emerging process technologies, including surface mount technology, or SMT, chip scale packaging, micro ball grid array and column grid array. Celestica's state-of-the-art manufacturing facilities are organized as customer focused factories, which have dedicated manufacturing lines and customer teams. Celestica believes its test capabilities are among the best in the industry and enable it to produce highly reliable products, including products that are critical to the functioning of our customers' products and systems. Celestica's size, geographic reach and leading expertise in supply chain management allow us to purchase materials cost-effectively and to deliver products to customers faster, thereby reducing overall product costs and reducing the time to market.

Celestica believes that its highly skilled workforce and unique culture represent a distinct competitive advantage and are fundamentally important to achieving the Company's strategic objectives. Celestica's workforce is among the most sophisticated and experienced in the EMS industry. The Company employs over 2,500 engineers. Furthermore, through innovative compensation and broad-based employee stock ownership, Celestica has developed a unique entrepreneurial, participative and team-based culture which is driven by the desire to continually exceed customer expectations. Celestica's commitment to its customers has been recognized through numerous customer and industry achievement awards.

ELECTRONICS MANUFACTURING SERVICES INDUSTRY

OVERVIEW

The EMS industry is comprised of companies that provide a range of manufacturing services to OEMs. The industry is (i) experiencing a rapid rate of growth, (ii) highly fragmented and (iii) poised for continuing consolidation due to the advantages of scale and geographic diversity. In 2000, only four EMS providers (Celestica, SCI Systems, Inc., Flextronics International and Solectron Corporation) achieved total revenue in excess of $5.0 billion.

We see numerous industry vectors that are fueling continued growth in the EMS industry. These include: the growing trend by telecommunications companies and electronics firms to outsource their manufacturing and divest of their manufacturing assets; the impact the growth of the Internet is having on the development of faster and more powerful hardware, such as networking devices and servers; the growing trend for Japanese-based companies to outsource manufacturing; and the increasing number of acquisition opportunities in the area of EMS, including OEM divestitures.

The Company believes that, as the trend to outsourcing continues, OEMs will increasingly outsource more complex products and services. This trend will favor larger EMS providers that have clear advantages of scale, geographic diversity, technology and quality, and is expected to lead to a sustained period of consolidation in the EMS industry.

The EMS industry is highly diverse, with providers serving OEMs in a broad range of industry segments. The computer and communications sectors are the largest industry opportunities for EMS companies primarily due to rapidly changing product technologies and shortening product life cycles. These industry dynamics have

caused many computer and communications OEMs to outsource design, assembly, test and worldwide distribution functions to their EMS partners.

EVOLUTION OF THE EMS INDUSTRY

Historically, OEMs were fully integrated. They invested heavily in manufacturing assets, establishing facilities around the world to support the manufacture, service and distribution of their products. Since the 1970s, the EMS market has evolved significantly. In the early stages of development of the EMS industry, EMS companies acted as subcontractors and performed simple material assembly functions mainly on a consignment basis for OEMs. Accordingly, the relationship between OEMs and EMS providers tended originally to be transactional in nature.

Significant advancements in manufacturing process technology in the 1980s enabled EMS companies to provide cost savings to OEMs while at the same time increasing the quality of their products. Furthermore, as the capabilities of EMS companies expanded, an increasing number of OEMs adopted and became increasingly reliant upon manufacturing outsourcing strategies. In recent years, large sophisticated EMS companies have further expanded their capabilities to include providing services in support of their OEM customers, ranging from design to advanced manufacturing, final distribution and after-sales support. For the services they provide, the larger EMS companies generally have a lower cost structure, superior technological know-how and more advanced manufacturing processes relative to most of the OEM customers they serve. In this environment, OEMs have begun increasingly to outsource front-end design functions as well as back-end full system assembly, product test, test development, order fulfilment and distribution functions.

By outsourcing EMS services, OEMs are able to focus on their core competencies, including product development, sales, marketing and customer service, while leveraging the expertise of EMS providers for design, procurement, assembly and test operations and supply chain management. As a result, larger, more sophisticated EMS providers have established strong strategic relationships with many of their OEM customers.

The Company believes that the principal reasons OEMs establish relationships with EMS providers include the following:

DECREASE TIME TO MARKET. Electronics products are experiencing increasingly shorter product life cycles, requiring OEMs to continually reduce the time required to bring products to market. OEMs can significantly improve product development cycles and enhance time to market by benefitting from the expertise and infrastructure of EMS providers. This includes capabilities relating to design, quick-turn prototype development and rapid ramp-up of new products to high volume production, with the critical support of worldwide supply chain management.

REDUCE OPERATING COSTS AND INVESTED CAPITAL. As electronics products have become more technically advanced, the manufacturing process has become increasingly automated, requiring greater levels of investment in capital equipment. EMS companies enable OEMs to gain access to advanced manufacturing facilities, supply chain management and engineering capabilities, additional capacity, greater flexibility for both product ramp-up and changeover and the economies of scale which EMS companies provide. As a result, OEMs can reduce overall operating costs, working capital and capital investment requirements.

FOCUS RESOURCES ON CORE COMPETENCIES. The electronics industry is experiencing greater levels of competition and rapid technological change. In this environment, many OEMs are seeking to focus on their core competencies of product development, sales, marketing and customer service, and to outsource design, manufacturing and related requirements to their EMS partners.

ACCESS LEADING MANUFACTURING TECHNOLOGIES. Electronics products and electronics manufacturing technology have become increasingly sophisticated and complex, making it difficult for many OEMs to maintain the necessary technological expertise and focus required to efficiently manufacture products internally. By working closely with EMS providers, OEMs gain access to high quality manufacturing expertise and capabilities in the areas of advanced process, interconnect and test technologies.

UTILIZE EMS COMPANIES' PROCUREMENT, INVENTORY MANAGEMENT AND LOGISTICS EXPERTISE. OEMs who manufacture internally are faced with greater complexities in planning, procurement and inventory management

due to frequent design changes, short product life cycles and product demand fluctuations. OEMs can address these complexities by outsourcing to EMS providers which (i) possess sophisticated supply chain management capabilities, and (ii) can leverage significant component procurement advantages to lower product costs.

IMPROVE ACCESS TO GLOBAL MARKETS. OEMs are generally increasing their international activities in an effort to expand sales through access to foreign markets. EMS companies with worldwide capabilities are able to offer such OEMs global manufacturing solutions, to meet local content requirements, distribute products efficiently around the world and lower costs.

KEY SUCCESS FACTORS

Celestica believes that the following are the key success factors for EMS providers seeking to establish and expand relationships with leading OEMs:

SOPHISTICATED TECHNOLOGICAL CAPABILITIES. The desire among OEMs to increase product performance, functionality and quality is driving a requirement for increasingly complex assembly and test technologies. EMS companies which possess sophisticated skills in manufacturing technology, and which continually innovate and develop advanced assembly and test techniques, provide a competitive advantage to their OEM customers. The Company believes that as the trend to outsourcing continues, OEMs will increasingly outsource more complex products.

LARGE-SCALE AND FLEXIBLE PRODUCTION CAPACITY. Increasingly, leading OEMs are seeking to outsource large-scale manufacturing programs. Generally those EMS providers that can meet the volume and sensitive time-to-market requirements associated with these programs will be able to exploit these opportunities. EMS providers must be of a certain scale and diversity to be awarded large-scale programs, as OEMs are often seeking partners with the resources to support simultaneous product launches in multiple geographic markets.

GLOBAL SUPPLY CHAIN MANAGEMENT SKILLS. EMS providers must possess the skills required to optimize many aspects of the OEM's global supply chain, from managing a sophisticated supplier base, component selection and cost-effective procurement to inventory management and rapid distribution direct to end-customers. Therefore, EMS providers who lack the sophisticated material resource planning and information technology systems necessary to effectively optimize the supply chain will be significantly disadvantaged in the marketplace.

BROAD SERVICE OFFERING. In order to establish strategic relationships with OEM customers, EMS companies must be able to effectively provide a broad portfolio of services. These services include front-end product design and design for manufacturability, component selection and procurement, quick-turn prototyping, PCA test, product assurance and failure analysis and back-end functions such as full system assembly, order fulfilment, worldwide distribution and after-sales support, including repair services. The complex nature of certain services such as front-end design and testing require a significant investment in highly trained engineering personnel.

GLOBAL PRESENCE. EMS companies with global plant networks can simplify and shorten an OEM's supply chain and significantly reduce the time it takes to bring products to market. Additionally, EMS providers are locating in lower-cost regions such as Mexico, Asia and Central Europe in order to complement their offerings by providing lower cost manufacturing solutions to their OEM customers for certain price-sensitive applications. As a result of these trends, many large OEMs are beginning to work with a smaller number of EMS providers that, as worldwide suppliers, can meet their needs in multiple geographic markets.

MARKET CONSOLIDATION

The Company believes that larger EMS providers which possess the above-noted attributes will be well positioned to take advantage of anticipated growth in the EMS industry. Conversely, the Company believes that smaller providers who seek to serve leading OEMs will generally be disadvantaged due to a lack of scale and their difficulty in meeting OEM requirements relating to technology, capacity, supply chain management, broad service offerings and global manufacturing capabilities.

The EMS industry has experienced an increase in large-scale acquisition activity in recent years, primarily through the sale of facilities and manufacturing operations from OEMs to larger EMS providers. OEMs have

tended to award these opportunities to larger EMS providers that possess the capital, management expertise and advanced systems required to integrate the acquired business effectively as the acquiror in most cases becomes an important supplier to the OEM post-acquisition. For the EMS provider, these acquisitions have been driven by the need for additional capacity, a desire to enter new geographic or product markets and services, or a desire to establish or further develop a customer relationship with a particular OEM.

Given this environment, Celestica believes that the EMS industry may experience significant consolidation, driven by the continued trend among OEMs to outsource large-volume programs to leading EMS providers, the continued disposition of OEM manufacturing assets to these companies and acquisition activity among EMS businesses themselves.

CELESTICA'S STRATEGY

Celestica's goal is to be the EMS "partner of choice" to leading OEMs through leadership in technology, quality and supply chain management. To meet this goal, Celestica has implemented the following strategy which it believes will allow it to achieve superior financial performance and enhance shareholder value:

LEVERAGE LEADERSHIP IN TECHNOLOGY, QUALITY AND SUPPLY CHAIN MANAGEMENT. Celestica is committed to maintaining its leadership position in the areas of technology, quality and supply chain management. Celestica's modern plants and leading technological capabilities enable Celestica to produce complex and highly sophisticated products to meet the rigorous demands of its OEM customers. The Company's Customer Gateway Centre strategy provides customer access to the Company's broad base of services, capabilities, skills, geographic coverage and larger production facilities. Celestica's commitment to quality in all aspects of its business allows Celestica to deliver consistently reliable products to its OEM customers. The systems and processes associated with Celestica's leadership in supply chain management enable Celestica to rapidly ramp operations to meet customer needs, flexibly shift capacity in response to product demand fluctuations, and effectively distribute products directly to end-customers. Celestica often works closely with many suppliers to influence component design for the benefit of OEM customers. Celestica has been recognized through numerous customer and industry achievement awards.

DEVELOP AND ENHANCE RELATIONSHIPS WITH LEADING OEMS. Celestica seeks profitable, strategic relationships with industry leaders in the computer and communications sectors. To this end, Celestica pursues opportunities which exploit its competitive advantages in the areas of technology, quality and supply chain management. This strategy has allowed Celestica to establish strong manufacturing relationships with OEMs such as Cisco Systems, Dell, EMC, Fujitsu-ICL, Hewlett-Packard, IBM, Lucent Technologies, Motorola, NEC, Nortel Networks and Sun Microsystems. Celestica is committed to further diversification of its customer base and expanding its global presence as required by its customers.

BROADEN SERVICE OFFERINGS. Celestica continually expands the breadth and depth of the services it provides to OEMs. Although Celestica traditionally offered its services in connection with the production of higher-end and more complex products, Celestica has significantly broadened its offering of services to facilitate the manufacture of a broader spectrum of products and to support the full product lines of leading OEMs. In the last two years, Celestica has acquired additional capabilities in prototyping and PCA design, embedded system design, full system assembly and repair services. Celestica will continue to broaden its design services capabilities in order to increase the value of services to its customers. Furthermore, Celestica will continue to establish in key locations in order to better serve customers' requirements. Celestica will expand its capabilities and service offerings on a global basis as required by its customers.

DIVERSIFY END-MARKETS AND GROW REVENUE WITH COMMUNICATIONS CUSTOMERS. Celestica has a diversified customer base whose products serve the communications, server, workstation, personal computer, storage and other end-markets. In 2000, revenue by end-market users was as follows: server -- 33%; communications -- 31%; workstations -- 15%; storage -- 14%; and personal computer -- 7%. Celestica has targeted the communications segment as one of its strategic growth markets. Communications companies are increasing the amount of manufacturing they are outsourcing and Celestica believes its technology capabilities and global manufacturing platform are well suited to capitalizing on this opportunity. Celestica's goal is to grow its communications business to $4 to $5 billion in revenue by 2001. In addition to leading communications

customers such as NEC, Nortel Networks, Lucent Technologies, Motorola, Cisco Systems and Juniper Networks, Celestica has built relationships with emerging communications companies such as Foundry Networks and Sycamore Networks.

SELECTIVELY PURSUE STRATEGIC ACQUISITIONS. As at March 1, 2001, Celestica has completed 23 acquisitions since 1997. Celestica will continue selectively to seek acquisition opportunities in order to (i) further develop strategic relationships with leading OEMs, (ii) expand its capacity, (iii) diversify into new market sectors, (iv) broaden its service offerings and (v) optimize its global positioning. Celestica has developed and deployed a comprehensive integration strategy which includes establishing a common culture at all locations with broad-based workforce participation, providing a single marketing "face" to customers worldwide, deploying common information technology platforms, leveraging global procurement and transferring best practices among operations worldwide.

INCREASE OPERATING MARGINS. Celestica has improved its operating margins each quarter sequentially since the first quarter of 1999, with the exception of the fourth quarter of 1999 compared to the first quarter of 2000 and the fourth quarter of 2000 compared to the first quarter of 2001 due to the seasonal mix of higher margin product in the fourth quarter. These margins are measured by Celestica as (i) net earnings plus interest expense, income taxes, amortization of intangible assets, integration costs related to acquisitions and other charges, divided by (ii) revenue. Management is committed to applying its proven strategies and processes to enhance margins in its newly acquired operations around the world. Additionally, Celestica is executing its plan to improve overall financial margins by (i) optimizing the allocation of production within Celestica's worldwide network of facilities based on cost and technological complexities, (ii) leveraging corporate procurement capabilities to lower materials costs, (iii) increasing utilization of recently acquired facilities to take advantage of significant operating leverage, (iv) deploying corporate cost reduction and productivity enhancement initiatives on a global basis, (v) consistently applying best practices among its operations worldwide, and (vi) compensating Celestica's employees based in part on the achievement of earnings targets. In addition, Celestica will continue its intensive focus on maximizing asset turnover which, combined with the margin enhancements described above, Celestica believes will increase its return on invested capital.

CELESTICA'S BUSINESS

EMS SERVICES

Celestica is positioned as a value-added provider within the EMS industry with a full spectrum of products and services to capitalize on the extensive technological know-how and intellectual capital within Celestica. Celestica believes that its ability to deliver this wide spectrum of services to its OEM customers provides Celestica with a competitive advantage over EMS providers focused in few service areas. Celestica offers a full range of manufacturing services including those discussed below.

SUPPLY CHAIN MANAGEMENT. Celestica utilizes its fully integrated enterprise resource planning and supply chain management systems to enable it to optimize materials management from supplier to end-customer. Effective management of the supply chain is critical to the success of OEMs as it directly impacts the time required to deliver product to market and the capital requirements associated with carrying inventory.

DESIGN. Celestica's design team works with OEM product developers in the early stages of product development. The design team uses advanced design tools to enable new product ideas to progress from electrical and ASIC design to simulation and physical layout to design for manufacturability. Electronic linkages between the customer, the design group and the manufacturing group at Celestica help to ensure that new designs are released rapidly, smoothly and cohesively into production.

PROTOTYPING. Prototyping is a critical stage in the development of new products which is enhanced by linkage between OEM and EMS engineers. Celestica's prototyping and new product introduction centers, now referred to as "Customer Gateway Centres," are strategically located, enabling Celestica to provide a quick response to customer demands facilitating greater collaboration between Celestica's engineers and those of its customers and providing a seamless entry to Celestica's larger manufacturing facilities.

PRODUCT ASSEMBLY AND TEST. Celestica uses sophisticated technology in the assembly and testing of its products, and has continually made significant investments in developing new assembly and test process techniques and improving product quality, reducing cost and improving delivery time to customers. Celestica works independently and with customers and suppliers to develop leading assembly and test technologies.

FULL SYSTEM ASSEMBLY. Celestica provides full system assembly services to OEMs. These services require sophisticated logistics capabilities to rapidly procure components, assemble products, perform complex testing and distribute products to customers around the world. Celestica's full system assembly services involve combining a wide range of sub-assemblies (including PCA) and employing advanced test techniques to various sub-assemblies and final-end products. Increasingly, OEMs require custom build-to-order system solutions with very short lead times. Celestica is focused on exploiting this trend through its advanced supply chain management capabilities.

PRODUCT ASSURANCE. Celestica believes it is one of the few EMS companies that provides product assurance to its OEM customers. Celestica's product assurance team performs product life testing and full circuit characterization to ensure that designs meet or exceed required specifications. Celestica is accredited as a National Testing Laboratory capable of testing to international standards (E.G., Canadian Standards Association and Underwriters Laboratories). Celestica believes that this service allows customers to attain product certification significantly faster than is customary in the EMS industry.

FAILURE ANALYSIS. Celestica's extensive failure analysis capabilities concentrate on identifying the root cause of failures and determining corrective action. Root cause of failures typically relates to inherent component defects or design robustness deficiencies. Products are subjected to various environmental extremes, including temperature, humidity, vibration, voltage and rate of use, and field conditions are simulated in failure analysis laboratories which also employ advanced electron microscopes, spectrometers and other advanced equipment. Celestica is proficient in discovering failures before products are shipped and, more importantly, Celestica's highly qualified engineers are very pro-active in working in partnership with suppliers and customers to implement resolutions.

PACKAGING AND GLOBAL DISTRIBUTION. Celestica designs and tests packaging of products for bulk shipment or single end-customer use. Celestica has a sophisticated integrated system for managing complex international order fulfilment, allowing Celestica to ship worldwide and, in many cases, directly to the OEMs' end-customers.

AFTER-SALES SUPPORT. Celestica offers a wide range of after-sales support services. This support can be individualized to meet each customer's requirements and includes field failure analysis, product upgrades, repair and engineering change management.

QUALITY MANAGEMENT

One of Celestica's strengths has been its ability to consistently deliver high quality services and products. Celestica has an extensive quality management system that focuses on continual process improvement and achieving high customer satisfaction. Celestica employs a variety of advanced statistical engineering techniques and other tools to assist in improving product and service quality. All of Celestica's principal facilities are ISO certified to ISO 9001 or ISO 9002 standards and its environmental management systems at its Toronto, Aurora, Foothill Ranch, Fort Collins, Chippewa Falls, Mt. Pleasant, Thailand, United Kingdom, Mexican, Italian and Dongguan facilities and most of its Dublin facilities are also certified under ISO 14001 (environmental) standards.

Celestica believes that its success is directly linked to high customer satisfaction. As such, a portion of the compensation of employees is based on the results of extensive customer satisfaction surveys conducted on Celestica's behalf by an independent consultant.

GEOGRAPHIES

In 2000, approximately 73% of Celestica's products were delivered to customers in North America. Celestica produces products in the United States, Canada, Mexico, United Kingdom, Ireland, Italy, Czech Republic, Thailand, China, Hong Kong, Malaysia and Brazil. Facilities in the Americas, Europe and Asia

generated approximately 62%, 27% and 11%, respectively, of Celestica's revenue in 2000. Celestica is focused on expanding its worldwide resources and capability. Additionally, Celestica believes that locating in lower cost geographic regions such as Central Europe and South America complements its service offerings by providing lower cost manufacturing solutions to its OEM customers for certain price-sensitive applications.

Certain information concerning geographic segments is set forth in Note 22 to the Consolidated Financial Statements.

SALES AND MARKETING

Sales and marketing at Celestica is an integrated process designed to provide a single "face" to the customer worldwide. Celestica's coordination of efforts with key global accounts has been enhanced by the creation of customer-focused units each headed by a general manager to oversee the entire relationship with such customers. Celestica has a global network comprised of direct sales people, customer service representatives, project managers and global account executives, as well as Celestica's senior executives. Celestica's sales resources are directed at multiple management and staff levels within target accounts. Celestica also uses independent sales representatives in certain geographic areas. Sales offices are located in proximity to key OEMs.

Celestica has adopted a focused marketing approach targeted at creating profitable, strategic relationships with leading OEMs primarily in the computer and communications sectors. To this end, Celestica is selective as to the nature and type of business it pursues in order to position itself as a value-added provider within the EMS industry.

CUSTOMERS

Celestica targets industry-leading customers primarily in the computer and communications sectors. Celestica is a supplier to over 50 OEMs, including such industry leaders as Cisco Systems, Dell, EMC, Fujitsu-ICL, Hewlett-Packard, IBM, Lucent Technologies, Motorola, NEC, Nortel Networks and Sun Microsystems. Celestica's electronics products can be found in a wide array of end-products, including: hubs and switches, LAN and WAN networking cards, laser printers, mainframe computers, mass storage devices, medical ultrasound devices, modems, multimedia peripherals, PBX switches, personal computers, photonic devices, routers, scalable processors, servers, switching products, token ring products, video broadcasting equipment, wireless base stations, wireless loop systems and workstations.

During 2000, Celestica's two largest customers, IBM and Sun Microsystems, each represented in excess of 10% of total revenue and in the aggregate represented 46% of total revenue. During 1999, Celestica's three largest customers, Hewlett-Packard, Sun Microsystems and Cisco Systems, each represented in excess of 10% of total revenue and in the aggregate represented 55% of total revenue. Celestica's next five largest customers represented 32% of total revenue in 2000 (compared with 23% for the next five largest customers in 1999).

Celestica generally enters into supply arrangements in connection with its acquisition of facilities from OEMs. These arrangements generally govern the conduct of business between the parties relating to, among other things, the manufacture of products which were previously produced at that facility by the seller itself. Such arrangements, which in certain instances contain limited overhead contribution provisions or limited revenue or product volume guarantees, are for short-term periods (from one to three years). There can be no assurance that these arrangements will be renewed.

TECHNOLOGY AND RESEARCH AND DEVELOPMENT

Celestica uses advanced technology in the assembly and testing of the products it manufactures. Celestica believes that its processes and skills are among the most sophisticated in the industry, which provides Celestica with advantages over many of its smaller and less sophisticated competitors.

SMT is the principal technology for the assembly of printed circuit boards. Celestica's customer-focused factories include predominantly SMT lines, which are highly flexible and are continually reconfigured to meet customer-specific product requirements. In addition to expertise in conventional SMT technology, Celestica has extensive capabilities across a broad range of specialized assembly process technologies, including chip on board,

chip scale packaging, flip chip attach, tape automated bonding, wire bonding, multi-chip module, ball grid array, micro ball grid array, tape ball grid array and column grid array. Celestica also works with a wide range of substrate types from thin flexible printed circuit boards to highly complex, dense multilayer boards.

Celestica's assembly capabilities are complemented by advanced test capabilities. Technologies include high speed functional testing, burn-in, vibration, radio frequency, in-circuit and in-situ dynamic thermal cycling stress testing. Celestica believes that its inspection technology, which includes X-ray laminography, three-dimensional laser paste volumetric inspection and scanning electron microscopy is among the most sophisticated in the EMS industry. Furthermore, Celestica employs internally-developed automated robotic technology to perform in-process repair.

Celestica's ongoing research and development activities include the development of processes and test technologies as well as some focused product development. Celestica is pro-active in developing manufacturing techniques which take advantage of the latest component and product designs and packaging. For example, NASA selected Celestica to work with engineers in its jet propulsion laboratory to evaluate the robustness, quality and reliability of chip scale size packaging for use on space vehicles. Furthermore, Celestica often works with industry groups to advance the state of technology in the industry.

SUPPLY CHAIN MANAGEMENT

Celestica has strong relationships with a broad range of suppliers. Celestica uses electronic data interchange with its key suppliers and ensures speed of supply through the use of automated receiving and full-service distribution capabilities. During 2000, Celestica procured and managed over $8 billion in materials and related services. Celestica views this size of procurement as an important competitive advantage as it enhances its ability to obtain better pricing, influence component packaging and design and obtain supply of components in constrained markets.

Celestica utilizes two fully integrated enterprise systems which provide comprehensive information on Celestica's logistics, financial and engineering support functions. One system is used in Asia, Brazil and Europe and the other system is common throughout the rest of Celestica. These systems provide management with the data required to manage the logistical complexities of the business. These systems are augmented by and integrated with other applications such as shop floor controls, component database management and design tools.

Celestica employs a strategy of risk minimization relative to its inventory and generally orders materials and components only to the extent necessary to satisfy existing customer orders. Celestica has implemented specific inventory management strategies with certain suppliers such as "line-side stocking" (pulling inventory at the production line on an as needed basis) and "real-time component pricing" (the ability to obtain the advantage of the most recent price change in component pricing) designed to minimize the risk to Celestica of cost fluctuations. In providing contract manufacturing services to its customers, Celestica is largely protected from the risk of fluctuations in inventory costs as these costs are generally passed through to customers.

Almost all of the products manufactured by Celestica require one or more components, one or more of which may be ordered from a sole-source supplier, and most full system assemblies require one or more components that are ordered from a sole-source supplier. Some of these components are rationed in response to supply shortages. Celestica attempts to ensure continuity of supply of these components. In cases where unanticipated customer demand or supply shortages occur, Celestica attempts to arrange for alternative sources of supply, where available, or to defer planned production in response to the anticipated unavailability of the critical components. In some cases, supply shortages will substantially curtail production of all full system assemblies using a particular component. In addition, at various times there have been industry-wide shortages of electronic components. There can be no assurance that such shortages, or future fluctuations in material cost, will not have a material adverse effect on Celestica's results of operations, business, prospects and financial condition.

INTELLECTUAL PROPERTY

Celestica holds licenses to various technologies which it acquired in connection with acquisitions from Fujitsu-ICL, Hewlett-Packard, IBM, Madge Networks and other companies. Celestica believes that it has secured access to all required technology that it is currently using in the conduct of its business.

Technology developed under IBM's ownership for use by Celestica in its current business is licensed to Celestica by IBM pursuant to a "know-how" license acquired in connection with the acquisition of Celestica, which allows Celestica to employ this technology at no further cost. Also as part of the acquisition, Celestica and IBM entered into a patent license agreement to provide Celestica with the use of IBM patents relevant to the operation of Celestica's business. The license fee generally is fixed for products manufactured in Canada and is payable over the initial term of the agreement. The agreement expires on December 31, 2001 and may be extended at Celestica's option until expiration of all of the subject patents, on payment terms to be negotiated by the parties.

Celestica regards its manufacturing processes and certain designs as proprietary trade secrets and confidential information. Celestica relies largely upon a combination of trade secret laws, non-disclosure agreements with its customers and suppliers and its internal security systems, confidentiality procedures and employee confidentiality agreements to maintain the trade secrecy of its designs and manufacturing processes. Although Celestica takes steps to protect its trade secrets, there can be no assurance that misappropriation will not occur.

Celestica currently has a limited number of patents and patent applications pending. However, Celestica believes that the rapid pace of technological change makes patent protection less significant than such factors as the knowledge and experience of management and personnel and Celestica's ability to develop, enhance and market manufacturing services.

Celestica licenses some technology from third parties which it uses in providing manufacturing services to its customers. Celestica believes that such licenses are generally available on commercial terms from a number of licensors. Generally, the agreements governing such technology grant to Celestica non-exclusive, worldwide licenses with respect to the subject technology and terminate upon a material breach by Celestica.

COMPETITION

The EMS industry is comprised of a large number of domestic and foreign companies, of which four companies, Celestica, SCI Systems, Inc., Flextronics International Ltd. and Solectron Corporation, each had annual revenue in excess of $5.0 billion in 2000. Celestica also faces competition from current and prospective customers which evaluate Celestica's capabilities against the merits of manufacturing products internally. Celestica competes with different companies depending on the type of service or geographic area. Certain of Celestica's competitors may have greater manufacturing, financial, research and development and marketing resources than Celestica. Celestica believes that the primary basis of competition in its targeted markets is manufacturing technology, quality, responsiveness, the provision of value added services and price. To remain competitive, Celestica believes it must continue to provide technologically advanced manufacturing services, maintain quality levels, offer flexible delivery schedules, deliver finished products on a reliable basis and compete favorably on the basis of price.

HUMAN RESOURCES

As of March 1, 2001, Celestica employs over 31,000 permanent and temporary (contract) employees worldwide. A significant percentage of Celestica's permanent employees have post-secondary education and over 2,500 are engineers. The only Celestica employees that are unionized are certain of its employees in the United Kingdom, Italy, Mexico and Brazil. Given the variable nature of Celestica's project flow and the quick response time required by its customers, it is critical that Celestica be able to quickly ramp-up and ramp-down its production to maximize efficiency. To achieve this, Celestica's strategy has been to employ a skilled temporary labor force, as required.

Culturally, Celestica is team-oriented, empowerment-based, dynamic and results-oriented with an overriding sensitivity to customer service and quality at all levels. This environment is a critical factor for

Celestica to be able to fully utilize the intellectual capital of its employees. Celestica has never experienced a work stoppage or strike. Celestica believes that its employee relations are good.

ENVIRONMENTAL MATTERS

Celestica is subject to extensive environmental, health and safety laws and regulations, including measures relating to the release, use, storage, treatment, transportation, discharge, disposal and remediation of contaminants, hazardous substances and wastes, as well as practices and procedures applicable to the construction and operation of Celestica's plants. Celestica believes that it is in compliance in all material respects with current environmental laws. However, there can be no assurance that Celestica will not experience difficulties with its efforts to maintain material compliance at its facilities, or to comply with applicable environmental laws both currently and as they change in the future, or that its continued compliance efforts (or failure to comply with applicable requirements) will not have a material adverse effect on Celestica's results of operations, business, prospects and financial condition. Celestica's need to comply with present and changing future environmental laws could restrict Celestica's ability to modify or expand its facilities or continue production and could require Celestica to acquire costly equipment or to incur other significant expense.

Some of Celestica's operating sites have a history of industrial use. As is typical for such businesses, soil and groundwater contamination has occurred at some of Celestica's facilities, including its Toronto site, and may have occurred in the past at other sites. Celestica from time to time investigates, remediates and monitors soil and groundwater contamination at certain of Celestica's operating sites and is currently remediating contamination at the Toronto site.

Phase I or similar environmental assessments (which involve general inspections without soil sampling or ground water analysis) were obtained for most of the manufacturing facilities leased or owned by Celestica in connection with Celestica's acquisition or lease of such facilities. The Company expects to conduct such environmental assessments in respect of future property acquisitions where consistent with local practice. These environmental assessments have not revealed any environmental liability that, based on current information, Celestica believes will have a material adverse effect on Celestica's results of operations, business, prospects or financial condition, nor is Celestica aware that it has any such material environmental liability. Nevertheless, it is possible that Celestica's assessments do not reveal all environmental liabilities or that there are material environmental liabilities of which Celestica is not presently aware or that future changes in law or enforcement standards will cause Celestica to incur significant costs or liabilities in the future.

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.

SEASONALITY

Historically, Celestica has experienced some seasonal variation in revenue, with revenue typically being highest in the fourth quarter and lowest in the first quarter. See Item 5, "Operating and Financial Review and Prospects -- Management's Discussion and Analysis of Financial Condition and Results of Operations."

GLOSSARY

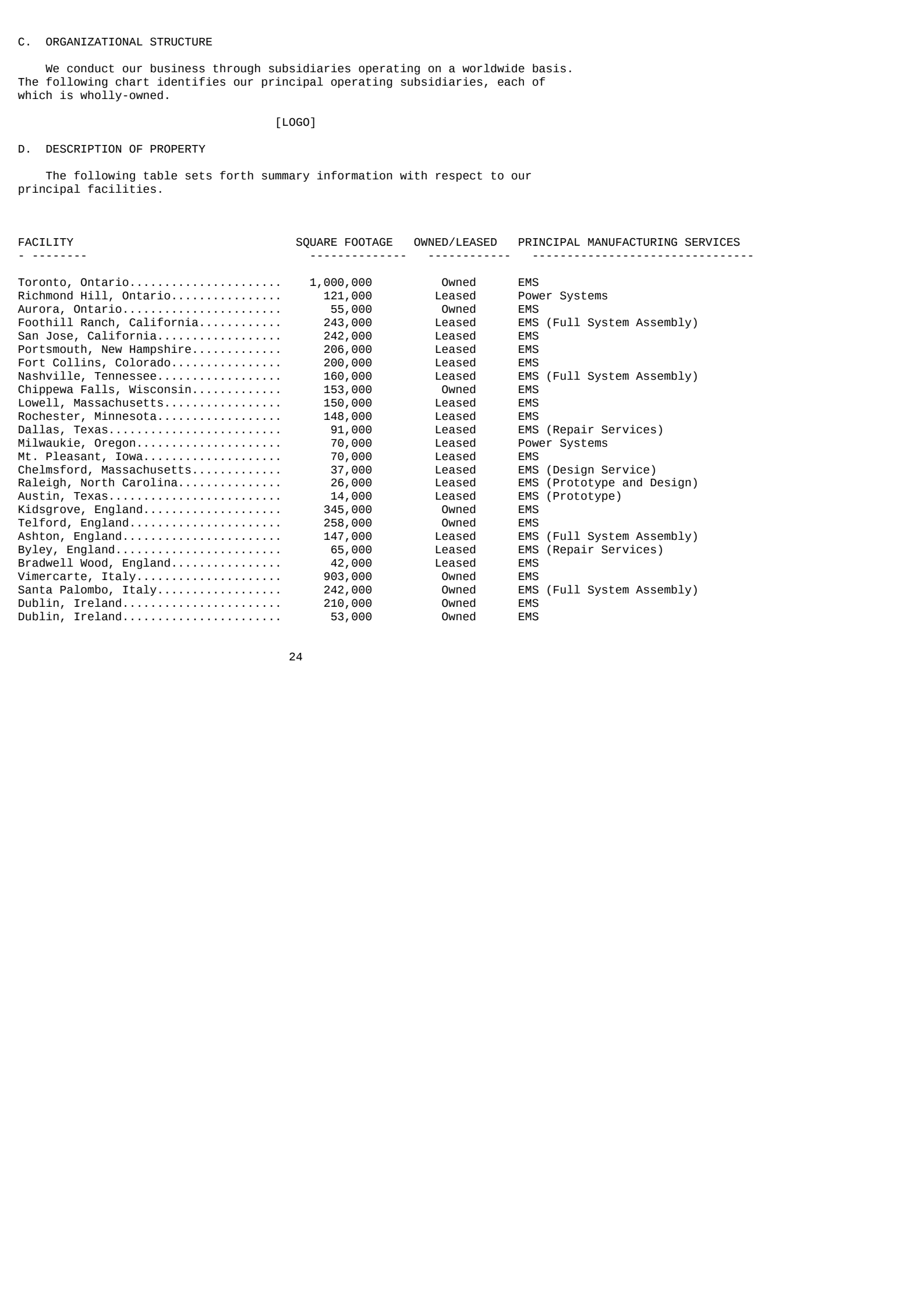
ASIC.....	"Application specific integrated circuit." A device which combines several functions into one silicon chip, allowing a reduction in space and power consumption.
Ball grid array.....	A silicon chip packaging technique that provides high interconnection density at a low cost, high thermal electrical performance, high reliability and high card assembly yields. This technology uses an array of solder balls to connect the silicon chip to the printed circuit board.

Chip on board.....	A generic term for the use of unpackaged or "bare" silicon that is attached to the surface of the printed circuit board. The "bare" silicon is often sealed with an epoxy to strengthen reliability. Chip on board allows for space savings as well as faster signal processing speeds. Examples of chip on board are flip chip attach, tape automated bonding and wire bonded chips.
Chip scale packaging.....	A generic term describing a very dense packaging technique for the silicon chip; where the final package is not much larger than the "bare" silicon chip itself.
Column grid array.....	A silicon chip packaging technique similar to ball grid array for applications requiring a high number (greater than 1,000) of input/output connections. This technology employs an array of column leads using high temperature solder.
Consignment.....	An outsourcing method in which the outsourcing company provides most or all of the materials required for the products, and the EMS provider supplies only the manufacturing service.
EMS.....	Electronics manufacturing services.
Flip chip attach.....	A type of chip on board, flip chip attach involves attaching the "bare" silicon directly to the printed circuit board using solder.
Full system assembly.....	The assembly of a variety of PCAs and other subassemblies/components into a final product, such as a server, workstation or personal computer. Full system assembly typically includes the testing and distribution of the final product.
In-circuit test.....	One of the first electrical tests performed on completed PCAs, where small portions of the PCAs can be individually tested down to the silicon chip level.
In-situ dynamic thermal cycling stress testing.....	The electrical testing of PCAs while varying temperature, in an effort to uncover potential defects in assembly and electronics components.
Interconnect technology.....	The series of techniques used to electrically connect silicon chips, substrates and other electronics components together to create a functional product.
LAN.....	"Local area network." Multiple computers linked together to facilitate shared communications in a local or office environment.
Micro ball grid array.....	A silicon chip packaging technique very similar to ball grid array; however, the density of the electrical input/output leads (solder balls) is much greater.
Multi-chip module.....	A packaging technique that combines multiple silicon chips together into a single functional device.
OEM.....	Original equipment manufacturer.
PBX switch.....	"Private branch exchange switch." A switch used in a telephone system consisting of central office trunks, a switchboard and extension telephones which may be interconnected with the trunks or with each other through the switchboard and associated equipment. These switches are typically used within a single company, office or building.
PCAs.....	"Printed circuit assemblies." Printed circuit boards which are populated with various electronics components to form functional products.
Photonic devices.....	Communications equipment used in an optical network utilizing fibre optic technology for the transmission of information.

Scalable processor	A processor system that allows for the combination of multiple microprocessors together to provide significantly higher processing power and speed.
Scanning electron microscope	A device providing magnification of a material's surface up to 40,000 times and allowing in-depth surface analysis.
Substrate	Also referred to as a "printed circuit board" or "board." A substrate acts as a carrier to provide very dense wiring between silicon chips. A substrate can take the form of ceramic, plastic, film or fibreglass sheets with embedded copper wiring.
Surface mount technology	A manufacturing technology for attaching electronics components directly onto the surface of printed circuit boards.
Tape automated bonding	A type of chip on board, tape automated bonding involves attaching "bare" silicon through a mass bonding method. The silicon possesses gold or tin plated copper lead frames which are mounted directly to the printed circuit board.
Tape ball grid array	A ball grid array silicon chip which is packaged on a thin tape/film carrier.
Three-dimensional laser paste volumetric inspection	A inspection system that uses a laser light source and a camera for image capture in a controlled process. It is used to measure the volume of solder paste that has been screened onto a printed circuit board in order to ensure solder quality.
Token ring	A type of LAN technology.
Turnkey	An outsourcing method that turns over to the EMS provider all aspects of manufacturing, including the procurement of materials.
WAN	"Wide area network." A communications network that covers a wide geographic area, such as a province, state or country.
Wire bonding	A method of attaching a "bare" silicon chip on a board. This process involves ultrasonically bonding fine aluminum wire (the size of a human hair) from the silicon chip to the PCB. This procedure is often performed in a clean room environment.
Wireless base stations	A base station transmitter used in digital cellular telephone networks. This is the electrical communication device that links a cellular telephone to the telephone network.
Wireless loop system	A system providing wireless communications between the telephone network box on a residential street and all of the homes in the neighborhood, eliminating buried telephone cable to homes. This system can also be used in an office campus environment.
X-ray laminography	An inspection process used for examining the quality of solder joints in an array package like ball grid array and column grid array. The technique is very similar to that of a CAT-Scan in the medical industry. The assembly is X-rayed in slices down through the solder joints, and the images are compared to a known good image for solder quality.

C. ORGANIZATIONAL STRUCTURE

We conduct our business through subsidiaries operating on a worldwide basis. The following chart identifies our principal operating subsidiaries, each of which is wholly-owned.



D. DESCRIPTION OF PROPERTY

The following table sets forth summary information with respect to our principal facilities.

FACILITY	SQUARE FOOTAGE	OWNED/LEASED	PRINCIPAL MANUFACTURING SERVICES
Toronto, Ontario	1,000,000	Owned	EMS
Richmond Hill, Ontario	121,000	Leased	Power Systems
Aurora, Ontario	55,000	Owned	EMS
Foothill Ranch, California	243,000	Leased	EMS (Full System Assembly)
San Jose, California	242,000	Leased	EMS
Portsmouth, New Hampshire	206,000	Leased	EMS
Fort Collins, Colorado	200,000	Leased	EMS
Nashville, Tennessee	160,000	Leased	EMS (Full System Assembly)
Chippewa Falls, Wisconsin	153,000	Owned	EMS
Lowell, Massachusetts	150,000	Leased	EMS
Rochester, Minnesota	148,000	Leased	EMS
Dallas, Texas	91,000	Leased	EMS (Repair Services)
Milwaukie, Oregon	70,000	Leased	Power Systems
Mt. Pleasant, Iowa	70,000	Leased	EMS
Chelmsford, Massachusetts	37,000	Leased	EMS (Design Service)
Raleigh, North Carolina	26,000	Leased	EMS (Prototype and Design)
Austin, Texas	14,000	Leased	EMS (Prototype)
Kidsgrove, England	345,000	Owned	EMS
Telford, England	258,000	Owned	EMS
Ashton, England	147,000	Leased	EMS (Full System Assembly)
Byley, England	65,000	Leased	EMS (Repair Services)
Bradwell Wood, England	42,000	Leased	EMS
Vimercarte, Italy	903,000	Owned	EMS
Santa Palombo, Italy	242,000	Owned	EMS (Full System Assembly)
Dublin, Ireland	210,000	Owned	EMS
Dublin, Ireland	53,000	Owned	EMS

FACILITY	SQUARE FOOTAGE	OWNED/LEASED	PRINCIPAL MANUFACTURING SERVICES
Rajecko, Czech Republic	183,000	Owned	EMS
Monterrey, Mexico	214,000	Leased	EMS
Monterrey, Mexico	113,000	Owned	EMS
Monterrey, Mexico	112,000	Leased	EMS
Guarulhos, Brazil	142,000	Leased	EMS
Hortolandia, Brazil	35,000	Leased	EMS
Dongguan, China	291,000	Leased	EMS
Shanghai, China	40,000	Leased	EMS
Laem Chabang, Thailand	390,000	Leased	EMS
Kowloon, Hong Kong	123,000	Leased	Logistics Services
Kulim, Malaysia	50,000	Owned	EMS

Celestica's principal executive office is located at 12 Concorde Place, Toronto, Ontario M3C 3R8. Celestica owns a 330,000 square foot facility adjacent to its Toronto, Ontario facility which is leased to IBM Canada's Toronto Laboratory. All of Celestica's principal facilities are ISO certified to ISO 9001 or ISO 9002 standards and its environmental management systems at our Toronto, Aurora, Fort Collins, Foothill Ranch, Chippewa Falls, Mt. Pleasant, Thailand, United Kingdom, Mexican, Italian and Dongguan facilities and most of its Dublin facilities are also certified to the ISO 14001 (environmental) standards.

The leases for Celestica's leased facilities expire between 2001 and 2015. Celestica currently expects to be able to extend the terms of expiring leases or to find replacement facilities on reasonable terms.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

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 2000 revenue of $9.8 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 and power products.

At January 30, 2001, Celestica operated 34 facilities in twelve countries. 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 2000, seven facilities were added through four acquisitions and one greenfield, and three smaller facilities were consolidated.

In 1998 and 1999, Celestica completed three equity offerings, including its initial public offering, issuing a total of 81.9 million subordinate voting shares for net proceeds (after tax) of $1.1 billion. The net proceeds from the initial public offering were used to prepay a significant portion of Celestica's debt. The net proceeds of the subsequent offerings were used to fund organic and acquisition-related growth. In March 2000, Celestica issued 16.6 million subordinate voting shares for net proceeds (after tax) of $740.1 million, which provided Celestica with additional flexibility to support its growth strategy. In August 2000, Celestica completed an offering of 20-year Liquid Yield Option-TM- Notes, or LYONs, for net proceeds (after tax) of $850.4 million. The LYONs are recorded as an equity instrument pursuant to Canadian GAAP. See "Convertible Debt." The Company's net debt to capitalization ratio decreased from 57% at July 1998 to negative 28% at December 31, 2000.

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 with a reconciliation to accounting principles generally accepted in the United States, 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 since the beginning of 1997.

During 1997 and 1998, Celestica completed 12 acquisitions and established one greenfield operation. In 1999, Celestica completed five acquisitions and established two greenfield operations. In 2000, Celestica completed four acquisitions and established one greenfield operation.

In April 1999, Celestica acquired Signar SRO from Gossen-Metrawatt GmbH ("Gossen-Metrawatt") in the Czech Republic, which provided Celestica with a strategic presence in a low-cost country 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. This 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. in Dallas, Texas. Also in December 1999, Celestica acquired certain assets of Fujitsu-ICL Systems Inc.'s repair business 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 June 1999, Celestica established greenfield operations in Brazil and Malaysia.

In February and May, 2000, the Company acquired certain assets from the Enterprise Systems Group and Microelectronics Division of IBM in Rochester, Minnesota and Vimercate and Santa Palomba, Italy, respectively, for a total purchase price of $470.0 million. The purchase price, including capital assets, working capital and intangible assets, was financed with cash on hand. The Company signed two three-year strategic supply agreements with IBM to provide a complete range of electronics manufacturing services, with estimated annual revenue of approximately $1.5 billion. The Rochester, Minnesota operation provides printed circuit board assembly and test services. The Vimercate operation provides printed circuit board assembly services and the Santa Palomba operation provides system assembly services. Approximately 1,800 employees joined Celestica.

In June 2000, Celestica acquired NDB Industrial Ltda., NEC Corporation's wholly-owned manufacturing subsidiary in Brazil. The Company signed a five-year supply agreement to manufacture NEC communications network equipment for the Brazilian market, with estimated revenue of approximately $1.2 billion over the five-year term of the agreement. Approximately 680 employees joined Celestica. This acquisition enhanced the Company's presence in South America and put Celestica in a leadership position with communications and Internet infrastructure customers. In August 2000, the Company acquired Bull Electronics Inc., the North American contract manufacturing operation of Groupe Bull of France. The operations, which are located in Lowell, Massachusetts, have enhanced the Company's service offerings in the New England area. The Company has moved its printed circuit board assembly operation from Andover into this Lowell facility, resulting in lower infrastructure costs. In November 2000, Celestica acquired NEC Technologies (UK) Ltd., in Telford, UK, which enhanced the Company's wireless communications capacity in Europe. The aggregate price for these three acquisitions in 2000 was $169.8 million. In 2000, Celestica established a greenfield operation in Singapore.

Celestica's 21 acquisitions and the four greenfield operations completed through January 30, 2001 had purchase prices, or initial investment costs, in the case of greenfield operations, ranging from $2.5 million to

$470.0 million, totalling $1,203.7 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.

On January 31, 2001, Celestica acquired Excel Electronics, Inc. in Austin, Texas. In February 2001, the Company acquired certain assets in Dublin, Ireland and Mt. Pleasant, Iowa from Motorola, Inc. See "Recent Developments."

Consistent with its past practices and as a normal course of business, Celestica is often engaged in ongoing discussions with respect to one or more possible acquisitions of widely varying sizes, including small single facility acquisitions, significant multiple facility acquisitions and corporate acquisitions. Celestica has identified several possible acquisitions that would enhance its global operations, increase its penetration in the computer and communication 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 its current discussions and actively pursue other acquisition opportunities.

RESULTS OF OPERATIONS

Celestica's revenue and margins can vary from period to period as a result of the level of business volumes, seasonality of demand, component supply availability, and the timing of acquisitions. There is no certainty that the historical pace of Celestica's acquisitions will continue in the future.

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 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.

Celestica's annual and quarterly operating results are primarily affected by the level and timing of customer orders, fluctuations in materials costs, and relative mix of value add products and services. 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, manufacturing effectiveness and efficiency, the degree of automation used in the assembly process, the ability to manage inventory and capital assets effectively, 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 table below sets forth certain operating data expressed as a percentage of revenue for the years indicated:

	YEAR ENDED DECEMBER 31,		
	1998	1999	2000
Revenue	100.0%	100.0%	100.0%
Cost of sales	92.9	92.8	92.9
Gross profit	7.1	7.2	7.1
Selling, general and administrative expenses	4.0	3.8	3.3
Amortization of intangible assets	1.4	1.0	1.0
Integration costs related to acquisitions	0.3	0.2	0.2
Other charges	2.0	0.0	0.0
Operating income (loss)	(0.6)	2.2	2.6
Interest expense (income), net	1.0	0.2	(0.2)
Earnings (loss) before income taxes	(1.6)	2.0	2.8
Income taxes (recovery)	(0.1)	0.7	0.7
Net earnings (loss)	(1.5)%	1.3%	2.1%
Adjusted net earnings	1.4%	2.3%	3.1%

ADJUSTED NET EARNINGS

As a result of the significant number of acquisitions made by Celestica over the past four 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), other charges (the write-down of intellectual property and goodwill and the write-off of deferred financing costs and debt redemption fees) 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:

	YEAR ENDED DECEMBER 31,		
	1998	1999	2000
	(in millions)		
Net earnings (loss)	$(48.5)	$ 68.4	$206.7
Amortization of intangible assets	45.4	55.6	88.9
Integration costs related to acquisitions	8.1	9.6	16.1
Other charges	64.7	--	--
Income tax effect of above	(24.4)	(10.6)	(7.6)
Adjusted net earnings	$ 45.3	$123.0	$304.1
% of revenue	1.4%	2.3%	3.1%

REVENUE

Revenue increased $4,454.9 million, or 84.1%, to $9,752.1 million in 2000 from $5,297.2 million in 1999. This increase resulted from growth achieved both organically and through strategic acquisitions. This growth was driven primarily by customers in the communications and server industries. The Company defines organic revenue as revenue which excludes business from operations acquired in the preceding 12 months. Organic revenue growth in 2000 was 49.8% and represented approximately 59.2% of the total year-over-year growth. Organic growth came from growth in existing business and new customers across all geographic segments. The

IBM acquisition accounted for the majority of the acquisition growth in 2000. Revenue from the Americas operations grew $2,684.8 million, or 74.8%, to $6,272.4 million in 2000 from $3,587.6 million in 1999. Revenue from European operations grew $1,714.7 million, or 154.7%, to $2,823.3 million in 2000 from $1,108.6 million in 1999. The Italian facilities generated over half of Europe's increase from the prior year, with the remainder due to an overall increase in Europe's base business. Revenue from Asian operations increased $431.7 million, or 60.8%, to $1,141.9 million in 2000 from $710.2 million in 1999. Inter-segment revenue in 2000 was $485.5 million, compared to $109.1 million in 1999. Revenue from customers in the communications industry in 2000 increased to 31% of revenue, compared to 25% of revenue in 1999. This increase is consistent with the Company's strategy to increase the portion of its revenue from customers in the communications industry. Revenue from customers in the server-related business in 2000 increased to 33% of revenue, compared to 25% of revenue in 1999, mainly as a result of the IBM acquisition in 2000.

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 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 the Americas operations grew $1,087.7 million, or 43.5%, to $3,587.6 million in 1999 from $2,499.9 million in 1998, substantially all through organic growth with new program wins from both existing and new customers. Revenue from European operations grew $359.3 million, or 48.0%, to $1,108.6 million in 1999 from $749.3 million in 1998. Asian operations (formerly IMS) contributed $710.2 million in revenue in 1999 after acquisition on December 30, 1998. Inter-segment revenue in 1999 was $109.1 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 operations. Revenue from customers in the communications industry increased to 25% of revenue in 1999 compared to 16% of revenue in 1998.

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

	1998	1999	2000
Sun Microsystems	X	X	X
IBM	X		X
Hewlett-Packard	X	X	
Cisco Systems		X	

Celestica's top five customers represented in the aggregate 68.5% of total revenue in 2000 compared to 67.6% in 1999 and 71.8% 1998. 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.

GROSS PROFIT

Gross profit increased $305.5 million, or 79.9%, to $688.0 million in 2000 from $382.5 million in 1999. Gross margin decreased to 7.1% in 2000 from 7.2% in 1999. Gross margin has decreased as a result of a change in product mix and start-up costs for new programs, particularly in Mexico.

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.

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, 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, the availability of raw materials, which are subject to lead time and other constraints, could possibly limit the Company's revenue growth.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased $123.9 million, or 61.3%, in 2000 to $326.1 million (3.3% of revenue) from $202.2 million (3.8% of revenue) in 1999. The increase in expenses was a result of increased staffing levels and higher selling, marketing and administrative costs to support sales growth, as well as the impact of expenses incurred by operations acquired during 1999 and 2000. Selling, general and administrative expenses increased at a slower rate than revenue in 2000.

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 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.

Research and development costs remained flat at $19.5 million (0.2% of revenue) in 2000 compared to $19.7 million (0.4% of revenue) in 1999 and $19.8 million (0.6% of revenue) in 1998.

INTANGIBLE ASSETS AND AMORTIZATION

Amortization of intangible assets increased $33.3 million, or 59.9%, to $88.9 million in 2000 from $55.6 million in 1999. This increase is attributable to the intangible assets arising from the 1999 and 2000 acquisitions, with the largest portion relating to the IBM and NEC acquisitions. The excess of the purchase price paid over the fair value of tangible assets acquired in the five acquisitions completed in 1999 and the four acquisitions completed in 2000 totalled $348.9 million and has been allocated to goodwill, intellectual property and other intangible assets.

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 the intangible assets arising from the 1998 and 1999 acquisitions, with the largest portion relating to the intangible assets arising from the IMS acquisition.

At December 31, 2000, intangible assets represented 9.7% of Celestica's total assets compared to 13.8% at December 31, 1999.

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. All of the integration costs incurred related to newly acquired facilities, and not to the Company's existing operations.

Integration costs were $16.1 million in 2000 compared to $9.6 million in 1999 and $8.1 million in 1998. The integration costs incurred in 2000 relate primarily to the IBM and NEC acquisitions.

Integration costs vary from period to period due to the timing of acquisitions and related integration activities. Celestica expects to incur additional integration costs in 2001 as it completes the integration of its 2000 acquisitions. Celestica will incur future additional integration costs as the Company continues to make acquisitions 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 or 2000.

Other charges in 1998 totalled $64.7 million and is 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.

INTEREST INCOME, NET

Interest income, net of interest expense, in 2000 amounted to $19.0 million. The Company incurred net interest expense of $10.7 million and $32.2 million in 1999 and 1998, respectively. Cash balances were higher in 2000 compared to 1999 due to the timing and size of the public offerings. In 2000, the Company earned interest income on its cash balance which more than offset the interest expense incurred on the Company's Senior Subordinated Notes. In 1999, the Company earned less interest income to offset against the higher interest expense. In 1998, the Company incurred higher interest expense due to higher debt levels. Debt was used to finance acquisitions in the first half of 1998 and the growth in operations. Debt levels for the second half of 1998 were lower due to proceeds from the initial public offering in July 1998.

INCOME TAXES

Income tax expense in 2000 was $69.2 million, reflecting an effective tax rate of 25%. This is compared to an income tax expense of $36.0 million in 1999, or an effective tax rate of 34.5%, and a net income tax recovery of $2.0 million in 1998, which arose on recognizing the tax benefit of net operating losses in 1998. Commencing in the second half of 1999, the Company's effective tax rate decreased from 39% to 32%. In the second quarter of 2000, the effective tax rate decreased further to 24%. Celestica believes this tax rate is sustainable for the foreseeable future. The decrease in the Company's effective tax rates is attributable to the mix and volume of business in lower tax jurisdictions within Europe and Asia. These lower tax rates include special tax holidays or similar tax incentives that Celestica has negotiated with the respective tax authorities.

Celestica has recognized a net deferred tax asset at December 31, 2000 of $83.5 million ($45.4 million at December 31, 1999), which relates to the recognition of net operating losses and future income tax deductions available to reduce future years' income for income tax purposes. Celestica's current projections demonstrate that it will generate sufficient taxable income (in excess of $265 million) in the future to realize the benefit of these deferred income tax assets in the carry-forward periods. These losses will expire over a 15-year period commencing in 2006.

QUARTERLY RESULTS OF OPERATIONS

The following table sets forth certain unaudited quarterly financial information of Celestica for the eight quarters ended December 31, 2000. Historically, Celestica has experienced some seasonal variation in revenue, with revenue typically being highest in the fourth quarter and lowest in the first quarter. This variation may be offset in part by organic growth and acquisitions. This information has been derived from the quarterly consolidated financial statements of Celestica which are unaudited but which, in the opinion of management, have been prepared on the same basis as the Company's annual Consolidated Financial Statements and include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial results for such periods. This information should be read in conjunction with the Consolidated Financial Statements. The operating results for any previous quarter are not necessarily indicative of results for any future period.

	QUARTER ENDED(1)			
	MARCH 31, 1999	JUNE 30, 1999	SEPTEMBER 30, 1999	DECEMBER 31, 1999
	(U.S.$ millions, except per share amounts)			
Revenue	$1,081.8	$1,249.7	$1,356.9	$1,608.8
Cost of sales	1,006.6	1,161.3	1,258.3	1,488.5
Gross profit	75.2	88.4	98.6	120.3
% of revenue	7.0%	7.1%	7.3%	7.5%
Selling, general and administrative expenses	42.2	47.1	51.6	61.3
% of revenue	3.9%	3.8%	3.8%	3.8%
Amortization of intangible assets	13.8	13.7	14.1	14.0
Integration costs relating to acquisitions	0.4	3.6	1.3	4.3
Operating income	18.8	24.0	31.6	40.7
Interest expense (income)	3.2	2.3	3.0	2.2
Earnings before income taxes	15.6	21.7	28.6	38.5
Income taxes	6.1	8.5	9.1	12.3
Net earnings	$ 9.5	$ 13.2	$ 19.5	$ 26.2
Basic earnings per share	$ 0.06	$ 0.08	$ 0.12	$ 0.15
Adjusted net earnings	$ 21.9	$ 27.5	$ 32.6	$ 41.0
% of revenue	2.0%	2.2%	2.4%	2.5%

	QUARTER ENDED(1)			
	MARCH 31, 2000	JUNE 30, 2000	SEPTEMBER 30, 2000	DECEMBER 31, 2000
	(U.S.$ millions, except per share amounts)			
Revenue	$1,612.3	$2,091.9	$2,600.1	$3,447.8
Cost of sales	1,501.7	1,946.1	2,416.6	3,199.7
Gross profit	110.6	145.8	183.5	248.1
% of revenue	6.9%	7.0%	7.1%	7.2%
Selling, general and administrative expenses	58.0	73.5	85.1	109.5
% of revenue	3.6%	3.5%	3.3%	3.2%
Amortization of intangible assets	15.3	19.2	25.6	28.8
Integration costs relating to acquisitions	0.7	4.9	4.8	5.7
Operating income	36.6	48.2	68.0	104.1
Interest expense (income)	(1.8)	(6.3)	(5.2)	(5.7)
Earnings before income taxes	38.4	54.5	73.2	109.8
Income taxes	12.3	13.1	17.5	26.3
Net earnings	$ 26.1	$ 41.4	$ 55.7	$ 83.5
Basic earnings per share	$ 0.14	$ 0.20	$ 0.26	$ 0.39
Adjusted net earnings	$ 39.5	$ 63.7	$ 83.9	$ 117.0
% of revenue	2.4%	3.0%	3.2%	3.4%

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(1) In 1999 and 2000, includes the results of operations of (a) the manufacturing operation of Gossen-Metrawatt GmbH in the Czech Republic acquired in April 1999, (b) greenfield operations established in Brazil and Malaysia in June 1999, (c) VXI Electronics, Inc. acquired in

September 1999, (d) the assets acquired from Hewlett-Packard's Healthcare Group in October 1999, (e) EPS Wireless, Inc. acquired in December 1999 and (f) certain assets and repair operations acquired from Fujitsu-ICL Systems Inc. in December 1999; and in 2000, includes the results of operations of (g) certain assets in Minnesota and Italy acquired from IBM in February and May, 2000, respectively, (h) NDB Industrial Ltda. acquired in June 2000, (i) Bull Electronics Inc. acquired in August 2000 and (j) NEC Technologies (UK) Ltd. acquired in November 2000.

CONVERTIBLE DEBT

In August 2000, Celestica issued LYONs with a principal amount at maturity of $1,813.6 million, payable August 1, 2020. The Company received gross proceeds of $862.9 million and incurred $12.5 million in underwriting commissions, net of tax of $6.9 million. No interest is payable on the LYONs and the issue price of the LYONs represents a yield to maturity of 3.75%. The LYONs are subordinated in right of payment to all existing and future senior indebtedness of the Company.

The LYONs are convertible at any time at the option of the holder, unless previously redeemed or repurchased, into 5.6748 subordinate voting shares for each $1,000 principal amount at maturity. Holders may require the Company to repurchase all or a portion of their LYONs on August 2, 2005, August 1, 2010 and August 1, 2015 and the Company may redeem the LYONs at any time on or after August 1, 2005 (and, under certain circumstances, before that date). The Company is required to offer to repurchase the LYONs if there is a

change in control or a delisting event. Generally, the redemption or repurchase price is equal to the accreted value of the LYONs. The Company may elect to pay the principal amount at maturity of the LYONs, or the repurchase price that is payable in certain circumstances, in cash or subordinate voting shares or any combination thereof.

The Company has recorded the LYONs as an equity instrument pursuant to Canadian GAAP. The LYONs are bifurcated into a principal equity component (representing the present value of the notes) and an option component (representing the value of the conversion features of the notes). The principal equity component is accreted over the 20-year term through periodic charges to retained earnings. Under U.S. GAAP, the LYONs are classified as a long-term liability and, accordingly, the accrued yield on the LYONs during any period (at 3.75% per year) is classified as interest expense for that period.

To calculate basic earnings per share for Canadian GAAP, the accretion of the convertible debt is deducted from net earnings for the period to determine earnings available to shareholders.

LIQUIDITY AND CAPITAL RESOURCES

For the year ended December 31, 2000, Celestica used cash of $85.1 million from operating activities, principally to support higher working capital requirements relating to revenue growth, which was offset by cash generated from operations. Investing activities in 2000 included capital expenditures of $282.8 million and $634.7 million for acquisitions. The acquisitions included IBM's assets in Minnesota and Italy, NDB Industrial Ltda. in Brazil, Bull Electronics Inc. in Massachusetts and NEC Technologies (UK) Ltd. in the UK. In March 2000, Celestica completed an equity offering and issued 16.6 million subordinate voting shares, for gross proceeds of $757.4 million less expenses and underwriting commissions of $26.8 million (pre-tax). In August 2000, Celestica completed the LYONs offering, raising gross proceeds of $862.9 million less underwriting commissions of $19.4 million (pre-tax).

For the year ended December 31, 1999, Celestica's operating activities utilized $94.4 million in cash. Investing activities in 1999 included capital expenditures of $211.8 million and $64.8 million for acquisitions. In 1999, Celestica completed two equity offerings, issuing 34.5 million subordinate voting shares for gross proceeds of $751.6 million less expenses and underwriting commissions of $34.3 million (pre-tax).

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 2004 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, 2000.

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, 2000.

During the year, Celestica's public credit ratings were upgraded by both Standard & Poors and by Moody's Investors Service. Standard & Poors senior corporate credit rating for Celestica is BB+ with a stable outlook. Moody's senior implied rating for Celestica is Ba1, also with a stable outlook.

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 expects capital spending for 2001 to be approximately $300 million to $350 million. At December 31, 2000, Celestica had committed $56 million in capital expenditures. 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, British pounds sterling, Euros and Mexican pesos. As a result, Celestica may experience transaction and translation gains or losses because of currency fluctuations. At December 31, 2000, Celestica had forward foreign exchange contracts covering various currencies in an aggregate notional amount of $653 million with expiry dates up to May 2002. The fair value of these contracts at December 31, 2000 was an unrealized gain of $7.5 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, Mexican pesos 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.

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 DEVELOPMENTS

In December 2000, the Company announced that it had entered into agreements providing for a strategic EMS alliance with Motorola, Inc., of Schaumburg, Illinois. Celestica has also entered into a three-year supply agreement with an estimated revenue of more than $1 billion over the three-year period. In February, 2001, Celestica acquired Motorola's manufacturing assets in Dublin, Ireland and Mt. Pleasant, Iowa for a purchase price of approximately $70 million. Approximately 1,200 employees have joined Celestica.

EURO CONVERSION

As of January 1, 2001, 12 of the 15 member countries of the European Union (the participating countries) had 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.

RECENT ACCOUNTING DEVELOPMENTS

The SEC issued Staff Accounting Bulletins (SAB) 101 and 101A in December 1999 and 101B in June 2000, "Revenue Recognition", which provided guidelines in applying generally accepted accounting principles to

revenue recognition in financial statements and was to be implemented as of the fourth quarter of 2000. The Company believes that its revenue recognition practices are consistent with these guidelines.

The Financial Accounting Standards Board (FASB) has issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 138 which amends SFAS No. 133. SFAS No. 133 establishes methods of accounting for derivative financial instruments and hedging activities related to those instruments as well as other hedging activities. The standard requires that all derivatives be recorded on the balance sheet at fair value. The Company will implement SFAS No. 133 for its first quarter ended March 31, 2001 for purposes of the U.S. GAAP reconciliation. In accordance with the new standard, the Company will account for its existing foreign currency contracts as cash flow hedges. Accordingly, on January 1, 2001, the Company recorded an asset in the amount of $7,498 and a corresponding credit to other comprehensive income as a cumulative-effect type adjustment to reflect the initial mark-to-market on the foreign currency contracts. The Company expects to release $6,477 of the gain to earnings in the next 12 months as the related hedged items are recognized in earnings.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Each director of Celestica is elected by the shareholders to serve until the next annual meeting or until a successor is elected or appointed. Executive officers of Celestica are appointed annually and serve at the discretion of the board of directors. The following table sets forth certain information regarding the directors and senior officers of Celestica.

NAME	AGE	POSITION WITH CELESTICA
EUGENE V. POLISTUK	54	Chairman of the Board, Chief Executive Officer and Director
ANTHONY P. PUPPI	43	Executive Vice-President, Chief Financial Officer, General Manager of Global Services and Director
ROBERT L. CRANDALL	65	Director
MARK L. HILSON	43	Director
RICHARD S. LOVE	63	Director
ROGER L. MARTIN	44	Director
ANTHONY R. MELMAN	53	Director
GERALD W. SCHWARTZ	59	Director
DON TAPSCOTT	53	Director
JOHN R. WALTER	54	Director
J. MARVIN M(A)GEE	48	President and Chief Operating Officer
R. THOMAS TROPEA	48	Vice-Chair, Global Customer Units and Worldwide Marketing and Business Development
ALASTAIR KELLY	56	Executive Vice-President, Corporate Development
ANDREW G. GORT	48	Executive Vice-President, Global Supply Chain Management
ARTHUR P. CIMENTO	43	Senior Vice-President, Corporate Strategies
LISA J. COLNETT	43	Senior Vice-President, Worldwide Process Management and Chief Information Officer
IAIN S. KENNEDY	39	Senior Vice-President, Integration
DONALD S. MCCREESH	52	Senior Vice-President, Human Resources
DANIEL P. SHEA	44	Senior Vice-President and Chief Technology Officer
RAHUL SURI	35	Senior Vice-President, Mergers and Acquisitions

NAME	AGE	POSITION WITH CELESTICA
PETER J. BAR.....	43	Vice-President and Corporate Controller
ELIZABETH L. DELBIANCO.....	41	Vice-President, General Counsel and Secretary
F. GRAHAM THOURET.....	46	Vice-President and Corporate Treasurer

The following is a brief biography of each of Celestica's directors and senior officers:

EUGENE V. POLISTUK is the Chairman of the Board of Directors and Chief Executive Officer of Celestica. He has been the Chief Executive Officer of Celestica since its inception in 1994, and was the President of Celestica until February 2001. Since 1986, Mr. Polistuk has been instrumental in charting Celestica's transformation and executing the company's successful evolution from its early history as an operating unit of IBM, to a stand alone company, to a $9.8 billion public company and leader in the electronics manufacturing services industry. Previously, Mr. Polistuk spent 25 years with IBM Canada where, over the course of his career, he 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. In 1994, he was presented with the "2T5 Meritorious Service Medal" in recognition of his meritorious service in and for the profession, by his peers in the University of Toronto Engineering Alumni Association. He has been recognized in the industry with awards such as Electronic Business' Outstanding CEO award and recognized as one of the "Hot 25" by Electronic Buyers' News.

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 and General Manager, Global Services in February 2001. Mr. Puppi is responsible for Celestica's financial activities and Global Services businesses. From 1980 to 1992, he held positions of increasing senior 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 and Chief Executive Officer of AMR Corporation/ American Airlines Inc. Mr. Crandall has been a director of Celestica since July 1998 and was the Chairman of the Board of Celestica from February 1999 until February 2001. He is also a director of Anixter International Inc., Clear Channel Communications, Inc. and Halliburton Company. 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 October 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., Magnatrax Corporation, Unitive Inc., Vincor International Inc. and a governor of Wilfrid Laurier University and the Shaw Festival. 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 former director of HMT Technology Corporation and a former director of The Vendo Company 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 and Thomson Corporation, and a trustee of the Hospital for Sick Children. Mr. Martin holds a AB degree (cum laude) from Harvard College and a Master of Business Administration degree from the Harvard University Graduate School of Business Administration.

ANTHONY R. MELMAN is a Vice-President of Onex and has been a director of Celestica since October 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 is also a director of Baycrest Centre for Geriatric Care, as well as a member of its Finance Committee and Nominating Committee, a director of University of Toronto Asset Management Corporation and a member of the Board of Governors of Mount Sinai Hospital. 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, and certain Onex controlled companies. Mr. Schwartz is Vice-Chairman and Member of the Executive Committee of Mount Sinai Hospital and is a Director, Governor, or Trustee of a number of other organizations, including Junior Achievement. Canadian Council of Christians and Jews and The Board of Associates of the Harvard Business School. 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 the Chairman of Itemus Inc. and Digital 4Sight Corp. Mr. Tapscott 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 advises corporate executives around the world on business 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 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, Deere & Company, Manpower, Inc. and Jones/Lang/LaSalle 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.

J. MARVIN M(A)GEE has been the President and Chief Operating Officer of Celestica since February 2001 and was the Executive Vice-President, Worldwide Operations from October 1999 to February 2001 and was Senior Vice-President, Canada from January 1997 until October 1999. Mr. M(a)Gee joined IBM Canada in 1979 and, over the course of his career, has held a number of executive positions with IBM Canada's manufacturing and development operations with assignments in Canada and the United States. Mr. M(a)Gee holds a Bachelor of Science degree in Mechanical Engineering from the University of New Brunswick and a Master of Business Administration degree from McMaster University.

R. THOMAS TROPEA has been Vice Chair, Global Customer Units and Worldwide Marketing and Business Development since February 2001 and was the Executive Vice-President, Worldwide Marketing and Business Development from October 1999 to February 2001 and Senior Vice-President of Marketing and Business Development from August 1998 to October 1999. Mr. Tropea has responsibility for global marketing and business development. He joined Celestica after an extensive career with Northern Telecom and has over 18 years of experience in the telecommunications industry in North America and Europe, working in critical areas such as sales, finance, business development, investor relations and manufacturing operations. Mr. Tropea holds a Master of Business Administration degree from the University of Toronto and a Bachelor of Commerce degree from Carleton University in Ottawa, Ontario.

ALASTAIR KELLY has been the Executive Vice-President, Corporate Development since October 1999 and was the Senior Vice-President, Celestica Europe from January 1997 until October 1999. Mr. Kelly joined Design to

Distribution Limited in 1994 and, over the course of his career, has had experience in the computer, telecommunications and electronics manufacturing sectors. Mr. Kelly holds a Master of Arts degree in Psychology from Aberdeen University and a Doctor of Science degree from Salford University.

ANDREW G. GORT has been an Executive Vice-President since February 2001 and was a Senior Vice-President of Celestica from October 1996 until February 2001. He is currently responsible for global supply chain management, which includes Celestica's worldwide procurement procedures. Mr. Gort joined IBM Canada in 1969 and, over the course of his career, has held various managerial roles in new products, materials, planning, office systems and manufacturing products. Mr. Gort holds a Bachelor of Arts degree in Economics and a Master of Business Administration degree from the University of Toronto.

ARTHUR P. CIMENTO joined Celestica in September 1999 as Senior Vice-President, Corporate Strategies. Prior to joining Celestica, he was at McKinsey & Co., a leading international management consulting firm, with a client portfolio focused on electronics operations. Mr. Cimento joined McKinsey in 1988, was elected a Principal in 1993, and held leadership positions in McKinsey's Operations and Electronics practices. Before joining McKinsey, Mr. Cimento held management positions in several engineering services firms. He is a director of the San Francisco Chamber of Commerce. Mr. Cimento holds both a Bachelor of Science and a Master of Science degree in Mechanical Engineering from the Massachusetts Institute of Technology.

LISA J. COLNETT has been a Senior Vice-President of Celestica since October 1996. In her current role as Senior Vice-President, Worldwide Process Management and Chief Information Officer, she is responsible for key corporate functions including IT and manufacturing. Prior to that, Ms. Colnett headed the Memory Division of Celestica. Ms. Colnett joined IBM Canada in 1981 and, over the course of her career, has had experience in materials logistics, cost engineering, site logistics and manufacturing management. Ms. Colnett holds a Bachelor of Business Administration degree from the University of Western Ontario.

IAIN S. KENNEDY has been a Senior Vice-President of Celestica since January 1998. He currently is responsible for Celestica's integration of acquisitions. Prior to that, he was Senior Vice-President, Mergers and Acquisitions. He began his career with IBM Canada in 1984 and, over the course of his career, has held a number of information technology and manufacturing management positions. Mr. Kennedy holds a Bachelor of Science degree in Computer Science from the University of Western Ontario and a Master of Business Administration (Ivey Scholar) degree from the Richard Ivey School of Business, University of Western Ontario.

DONALD S. M(C)CREESH joined Celestica in August 1999 as Senior Vice-President, Human Resources. Prior to joining Celestica, he was the Executive Vice President of Human Resources at the Canadian Imperial Bank of Commerce (CIBC). Prior to joining CIBC in 1997, Mr. M(c)Creesh was at Northern Telecom, where he held a number of senior human resource management positions. Mr. M(c)Creesh holds both a Bachelor of Psychology and a Master of Business Administration degree from McMaster University.

DANIEL P. SHEA has been a Senior Vice-President of Celestica since October 1996 and has been Chief Technology Officer since March 1998. He is also the General Manager, Hewlett-Packard Global Account and previously was President, Power Systems Division of Celestica where he was responsible for all aspects of Celestica's power systems business. Mr. Shea joined IBM Canada in 1980 and, over the course of his career, has held a number of engineering management roles such as quality, reliability, procurement and power systems. Mr. Shea holds a Bachelor of Applied Science degree in Electrical Engineering from the University of Toronto.

RAHUL SURI has been the Senior Vice-President, Mergers and Acquisitions, since July 2000. He is responsible for Celestica's corporate mergers and acquisitions activity. Prior to joining Celestica, Mr. Suri was the Managing Director in the M&A Group at BMO Nesbitt Burns Investment Banking. Prior to that, he was a partner at the Canadian law firm Davies Ward & Beck. Mr. Suri was also a visiting professor at Queen's University Law School, Ontario for several years where he taught corporate law and mergers and acquisitions. In 1992, Mr. Suri served as an adviser to the Chairman and the Executive Director of the Ontario Securities and Exchange Commission on policy and legal matters. Mr. Suri has a Master of Arts degree in Law from Cambridge University, England.

PETER J. BAR has been Vice-President and Corporate Controller of Celestica since February 1999. Mr. Bar joined Celestica in March 1998 as the Vice-President, Finance-Power Systems. From 1984 to 1998, Mr. Bar held

positions of increasing responsibility with the finance group at IBM Canada. Mr. Bar holds a Bachelor of Commerce degree from the University of Toronto and a Chartered Accountant designation.

ELIZABETH L. DELBIANCO has been Vice-President and General Counsel of Celestica since February 1998. She has overall responsibility for the legal affairs of Celestica and is also the Corporate Secretary. Ms. DelBianco came to Celestica following a 13-year career as a senior corporate legal advisor in the telecommunications industry. Ms. DelBianco holds a Bachelor of Arts degree from the University of Toronto, a Bachelor of Laws degree from Queen's University, and a Master of Business Administration degree from the Richard Ivey School of Business, University of Western Ontario. Ms. DelBianco is qualified to practice law in Ontario and New York.

F. GRAHAM THOURET has been Vice-President and Corporate Treasurer of Celestica since October 1997. Prior to that, he served as Vice-President and Treasurer of Dominion Textile Inc., a public company with international manufacturing and marketing operations. Mr. Thouret has also held senior management positions in the oil and gas industry and investment banking. Mr. Thouret holds a Bachelor of Engineering degree from McGill University and a Master of Science in Management degree from the Massachusetts Institute of Technology.

There are no family relationships among any of the foregoing persons, and there are no arrangements or understandings with any person pursuant to which any of our directors or members of senior management were selected.

B. COMPENSATION

AGGREGATE COMPENSATION OF DIRECTORS AND OFFICERS

Directors who are not officers or employees of Celestica or Onex receive compensation for their services as directors. These directors receive an annual retainer fee of $25,000 and a fee of $2,500 for each meeting attended. Meetings of directors are expected to occur at least quarterly. In lieu of receiving such retainer and attendance fees for the term of their service as directors, these directors may elect, at the time they are first elected or appointed to Celestica's board of directors, to receive an annual retainer and per meeting fee of 2,860 and 286 subordinate voting shares, respectively. Each director has the right to elect to defer payment of his fees. Grants of subordinate voting shares for such purposes may not exceed an aggregate of 500,000 subordinate voting shares. The aggregate compensation paid in 2000 by the Company to its directors in their capacity as directors was $55,000 and the right to receive, in the aggregate, 22,880 subordinate voting shares. The delivery of these shares was deferred until the respective directors cease to be directors of Celestica. See "-- Long-Term Incentive Plan." In his capacity as Chairman of the Executive Committee, Mr. Crandall will receive an annual grant of 10,000 Performance Units, convertible into subordinate voting shares upon his retirement from the Board. Mr. Crandall received 20,000 Performance Units as Chairman of the Board in the year ended December 31, 2000.

At the time of their election or appointment, each of these directors was issued options to acquire 50,000 subordinate voting shares exercisable at $8.75 per share. In 2000, each director was issued options to acquire 20,000 subordinate voting shares, exercisable at $48.69 per share pursuant to the Long-Term Incentive Plan.

As of March 1, 2001, senior officers and directors as a group held options to purchase a total of the following numbers of subordinate voting shares at the purchase price per share indicated below:

NUMBER OF SUBORDINATE VOTING SHARES	PURCHASE PRICE PER SHARE
863,268	$ 5.00
483,190	$ 8.75
69,700	$ 7.50
387,500	C$ 18.90
30,000	$ 12.345
23,000	C$ 20.625
80,000	C$ 31.850
70,000	$ 22.97
552,000	C$ 57.845
60,000	$ 39.03
100,000	C$ 60.00
311,000	C$ 86.50
27,000	$ 56.1875
25,000	C$ 73.50
40,000	C$ 34.50
60,000	$ 23.41
40,000	C$ 72.60
60,000	$ 48.69

These options expire at various dates from April 8, 2007 through December 5, 2010. See Item 6(E), "-- Share Purchase and Option Plans" below. See Note 11 to the Consolidated Financial Statements for further information about options.

REMUNERATION OF NAMED EXECUTIVE OFFICERS

The following table sets forth the compensation of the Chief Executive Officer of Celestica and the four other most highly compensated executive officers of Celestica during the year ended December 31, 2000 (collectively, the "Named Executive Officers") for services rendered in all capacities during Celestica's most recently completed financial year.

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION(1)		LONG-TERM COMPENSATION AWARDS	
NAME AND PRINCIPAL POSITION	YEAR	SALARY ($)	BONUS ($)	SECURITIES UNDER OPTIONS GRANTED(2) (#)	ALL OTHER COMPENSATION(3) ($)
Eugene V. Polistuk.....	2000	550,000	1,300,000	100,000	199,145
Chairman of the Board and Chief Executive Officer	1999	387,973	581,959	270,000(4)	88,326
Anthony P. Puppi.....	2000	370,000	524,000	35,000	48,614
Executive Vice-President, Chief Financial Officer and General Manager, Global Services	1999	258,649	232,784	140,000(4)	39,153
J. Marvin M(a)Gee.....	2000	360,000	510,000	40,000	32,817
President and Chief Operating Officer	1999	226,317	203,686	120,000(4)	18,723
R. Thomas Tropea.....	2000	350,000	495,000	35,000	5,100
Vice Chair, Global Customer Units and Worldwide Marketing and Business Development	1999	211,682	201,600	70,000	27,900

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION(1) SALARY ($)	BONUS ($)	LONG-TERM COMPENSATION AWARDS SECURITIES UNDER OPTIONS GRANTED(2) (#)	ALL OTHER COMPENSATION(3) ($)
Alastair Kelly.....	2000	275,000	216,000	15,000	70,466
Executive Vice-President, Corporate Development	1999	218,295	109,148	60,000(4)	57,849

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(1) Excludes perquisites and other personal benefits because such compensation did not exceed 10% of the total annual salary and bonus for any of the Named Executive Officers.

(2) See table under "Options Granted During Year Ended December 31, 2000 to Named Executive Officers."

(3) Represents amounts set aside to provide benefits under Celestica's pension plans (see "-- Pension Plans").

(4) Includes options granted to Named Executive Officers in 1999 with respect to the fiscal year 1998 as follows: Mr. Polistuk -- 130,000; Mr. Puppi -- 70,000; Mr. M(a)Gee -- 50,000; and Mr. Kelly -- 30,000.

OPTIONS GRANTED DURING YEAR ENDED DECEMBER 31, 2000 TO NAMED EXECUTIVE OFFICERS

The following table sets out options to purchase subordinate voting shares granted by the Corporation to the Named Executive Officers during the year ended December 31, 2000.

NAME	SUBORDINATE VOTING SHARES UNDER OPTIONS GRANTED(1) (#)	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN 2000	EXERCISE PRICE ($/SHARE)	MARKET VALUE OF SUBORDINATE VOTING SHARES ON THE DATE OF GRANT ($/SHARE)	EXPIRATION DATE
Eugene V. Polistuk.....	100,000	2.4%	C$86.50	C$86.50	December 5, 2010
Anthony P. Puppi.....	35,000	0.8%	C$86.50	C$86.50	December 5, 2010
J. Marvin M(a)Gee.....	40,000	1.0%	C$86.50	C$86.50	December 5, 2010
R. Thomas Tropea.....	35,000	0.8%	U.S.$56.1875	U.S.$56.1875	December 5, 2010
Alastair Kelly.....	15,000	0.4%	U.S.$56.1875	U.S.$56.1875	December 5, 2010

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(1) Options vest in four equal annual instalments.

OPTIONS EXERCISED DURING MOST RECENTLY COMPLETED FINANCIAL YEAR AND VALUE OF OPTIONS AT DECEMBER 31, 2000 FOR NAMED EXECUTIVE OFFICERS

The following table sets out certain information with respect to options to purchase subordinate voting shares that were exercised by Named Executive Officers during the year ended December 31, 2000 and with respect to subordinate voting shares under option to the Named Executive Officers as at December 31, 2000.

NAME	SUBORDINATE VOTING SHARES ACQUIRED ON EXERCISE	AGGREGATE VALUE REALIZED(1)	UNEXERCISED OPTIONS AT DECEMBER 31, 2000 EXERCISABLE/UNEXERCISABLE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT DECEMBER 31, 2000(2) EXERCISABLE/UNEXERCISABLE
Eugene V. Polistuk.....	--	--	277,319/413,121(3)	$11,989,486/$11,370,634
Anthony P. Puppi.....	--	--	105,695/165,437(3)	$4,352,879/$4,380,372
J. Marvin M(a)Gee.....	--	--	95,695/160,437(3)	$3,933,829/$3,961,322
R. Thomas Tropea.....	--	--	110,776/227,414(3)	$4,510,408/$7,165,137
Alastair Kelly.....	60,000	$3,851,070	51,981/125,641(3)	$2,194,686/$4,573,197

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(1) Based on the selling price of the underlying shares.

(2) Based on the closing price of the subordinate voting shares on the New York Stock Exchange on December 31, 2000 of $54.25.

(3) Options granted under the ESPO Plans and the Long-Term Incentive Plan.

PENSION PLANS

Messrs. Polistuk, Puppi and M(a)Gee each participate in Celestica's non-contributory pension plan (the "Canadian Pension Plan"). The Canadian Pension Plan has a defined benefit and a defined contribution portion and provides for a maximum of 30 years' service and retirement eligibility at the earlier of 30 years' service or age 55.

Mr. M(a)Gee is enrolled in the defined contribution portion of the Canadian Pension Plan. Messrs. Polistuk and Puppi participate only in the defined benefit portion of the Canadian Pension Plan. Messrs. Polistuk, Puppi and M(a)Gee also participate in an unregistered supplementary pension plan (the "Supplementary Plan") that provides benefits equal to the difference between the benefits determined in accordance with the formula set out in the Canadian Pension Plan and Revenue Canada maximum pension benefits.

The defined contribution portion of the Canadian Pension Plan allows employees to choose how Celestica contributions are invested on their behalf within a range of investment options provided by third party fund managers. Celestica's contributions range from 3% of earnings to a maximum of 6.75% of earnings based on the number of years of service. Retirement benefits depend upon the performance of the investment options chosen.

The following table sets forth the estimated aggregate annual benefits payable under the defined benefit portion of the Canadian Pension Plan and the Supplementary Plan for Messrs. Polistuk and Puppi.

CANADA PENSION PLAN TABLE(1)(2)

EARNINGS AVERAGE ($)	15 YEARS OF SERVICE	20 YEARS OF SERVICE	25 YEARS OF SERVICE	30 YEARS OF SERVICE	35 YEARS OF SERVICE
300,000	$36,000	$ 47,000	$ 63,000	$ 79,000	$ 79,000
400,000	53,000	71,000	94,000	118,000	118,000
500,000	62,000	83,000	109,000	138,000	138,000
600,000	71,000	94,000	125,000	158,000	158,000
700,000	80,000	107,000	140,000	177,000	177,000

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(1) This table assumes total of retirement age and years of service is greater than or equal to 80.

(2) All amounts shown are converted into U.S. dollars from Canadian dollars at an exchange rate of U.S.$1.00 = C$1.5465.

The benefit provided under the defined benefit portion of the Canadian Pension Plan for each of the officers who participate in the plan is equal to the benefit entitlement accrued under the relevant IBM plan prior to October 22, 1996 plus the greater of 1.2% of earnings (salary and bonus) or 0.9% of earnings up to the yearly maximum pensionable earnings ("YMPE") level, plus 1.45% of earnings above the YMPE. The defined benefit portion of the Canadian Pension Plan is of a modified career average design with pre-1999 benefits based on the three-year earnings average at December 31, 1998. The defined benefit portion of the Canadian Pension Plan also provides for supplementary early retirement benefits from the date of early retirement to age 65.

As at December 31, 2000, Messrs. Polistuk and Puppi had completed 32 and 21 years of service, respectively.

During the year ended December 31, 2000, Celestica set aside an aggregate amount of $289,273 to provide pension benefits for Messrs. Polistuk, Puppi and M(a)Gee pursuant to the Canadian Pension Plan. No other amounts were set aside or accrued by Celestica during the year ended December 31, 2000 for the purpose of providing pension, retirement or similar benefits for Messrs. Polistuk, Puppi and M(a)Gee pursuant to any other plans.

Mr. Tropea participates in the "U.S. Plan." The U.S. Plan qualifies as a deferred salary arrangement under section 401 of the Internal Revenue Code (United States). Under the U.S. Plan, participating employees may defer a portion of their pre-tax earnings not to exceed 15% of their total compensation. Celestica, at its discretion, may make contributions for the benefit of eligible employees.

During the year ended December 31, 2000, Celestica contributed $5,100 to the U.S. Plan for the benefit of Mr. Tropea. Except as described above, no other amounts were set aside or accrued by Celestica during the year ended December 31, 2000 for the purpose of providing pension, retirement or similar benefits for Mr. Tropea.

Mr. Kelly participates in Celestica's two U.K. pension plans ("U.K. Pension Plans"). The aggregate benefit provided under the U.K. Pension Plans is based on "Final Pensionable Pay" which is the greater of basic salary over the last twelve months and the average basic salary over any three consecutive tax years during the last 13 years of service. The following table sets forth the aggregate annual benefits payable under the U.K. Pension Plans for Mr. Kelly:

U.K. PENSION PLAN TABLE(1)(2)(3)

EARNINGS AVERAGE ($)	15 YEARS OF SERVICE	20 YEARS OF SERVICE	25 YEARS OF SERVICE	30 YEARS OF SERVICE	35 YEARS OF SERVICE
100,000	$ 33,000	$ 44,000	$ 56,000	$ 64,000	$ 64,000
200,000	66,000	89,000	111,000	127,000	127,000
300,000	100,000	133,000	167,000	191,000	191,000
400,000	133,000	177,000	222,000	255,000	255,000

(1) This table assumes that age of retirement is 55 or later.

(2) All amounts shown are converted into U.S. dollars from British pounds sterling at an exchange rate of U.S.$1.00 = L0.6871.

(3) The Commissioner of Inland Revenue (United Kingdom) generally limits pension benefits to a maximum of two-thirds of earnings. For the purpose of determining the Inland Revenue limits applicable to Mr. Kelly, this table assumes that for each year until retirement Mr. Kelly receives a bonus equal to 10% of salary.

For Mr. Kelly, the U.K. Pension Plans provide an aggregate benefit equal to two-thirds of Final Pensionable Pay (salary only) on retirement at age 60. On earlier retirement, the pension pro-rated by the proportion that completed service bears to potential service to age 60. The pension is reduced for early payment if it is taken before age 55. As at December 31, 2000, Mr. Kelly had accrued approximately 22 years of service.

During the year ended December 31, 2000, Celestica paid contributions of $70,466 to the U.K. Pension Plans in respect of Mr. Kelly. No other amounts were set aside or accrued by Celestica during the year ended December 31, 2000 for the purpose of providing pension, retirement or similar benefits for Mr. Kelly pursuant to any other plans.

EMPLOYMENT AGREEMENTS

Messrs. Polistuk and Puppi each entered into an employment agreement with Celestica as of October 22, 1996. Mr. Tropea entered into an employment agreement with Celestica as of June 30, 1998. Each agreement provides for the executive's base salary and for benefits in accordance with Celestica's established benefit plans for employees from time to time. Each agreement provides for the executive to receive an amount equivalent to 36 months' salary if Celestica terminates the executive's employment, other than for cause, subject to reduction if the executive earns replacement earnings during such period from other sources.

INDEMNIFICATION AGREEMENTS

Celestica and certain of its subsidiaries have entered into indemnification agreements with certain of the directors and officers of Celestica and its subsidiaries. These agreements generally provide that Celestica or the subsidiary of Celestica which is a party to the agreement, as applicable, will indemnify the director or officer in question (including his or her heirs and legal representatives) against all costs, charges and expenses incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of being or having been a director or officer of such corporation or a subsidiary thereof, provided that (a) he or she has acted honestly and in good faith with a view to the best interests of the corporation, and (b) in the case of a criminal or administrative proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

C. BOARD PRACTICES

Members of the Board of Directors are elected until the next annual meeting or until their successors are elected or appointed.

Except for the right to receive deferred compensation (see Item 6(B), "Compensation"), no director is entitled to benefits from Celestica when they cease to serve as a director.

BOARD COMMITTEES

The Board of Directors has established three standing committees of directors, each with a specific mandate. The Executive Committee, the Audit Committee and Compensation Committee each are composed of three directors.

EXECUTIVE COMMITTEE

Subject to the limitations set out in subsection 127(3) of the BUSINESS CORPORATIONS ACT (Ontario), the Board of Directors has delegated to the Executive Committee the powers to consider and approve certain matters relating to the management of Celestica subject to any regulations or restrictions that may from time to time be made or imposed upon the Executive Committee by the Board of Directors. The members of the Executive Committee are Mr. Crandall, Mr. Melman and Mr. Polistuk.

AUDIT COMMITTEE

The Audit Committee, which consists of Mr. Love, Mr. Martin and Mr. Melman, selects and engages, on behalf of Celestica, the independent public accountants to audit Celestica's annual financial statements, and reviews and approves the planned scope of the annual audit. The Audit Committee has direct communication channels with the auditors to discuss and review specific issues as appropriate. The Audit Committee's duties include the responsibility for reviewing financial statements with management and the auditors, monitoring the integrity of Celestica's management information systems and internal control procedures, and reviewing the adequacy of Celestica's processes for identifying and managing risk, including the management of risk with respect to environmental and health and safety matters.

COMPENSATION COMMITTEE

The Compensation Committee approves Celestica's executive compensation policies and establishes remuneration levels of Celestica's executive officers and performs such functions as provided for under Celestica's employee benefit programs and executive compensation programs. The Compensation Committee consists of Mr. Melman, Mr. Tapscott and Mr. Walter.

D. EMPLOYEES

As of March 1, 2001, Celestica has over 31,000 permanent and temporary (contract) employees worldwide. The following table sets forth information concerning Celestica's employees by geographic location:

	NUMBER OF EMPLOYEES		
DATE	AMERICAS	EUROPE	ASIA
December 31, 1998	7,600	2,300	3,500
December 31, 1999	10,600	3,000	4,900
December 31, 2000	16,000	6,000	7,000

During the year ended December 31, 2000, approximately 5,000 temporary (contract) employees were engaged by Celestica world-wide.

Certain information concerning employees is set forth in Item 4, "Information on the Company -- Business Overview -- Human Resources."

E. SHARE OWNERSHIP

The following table sets forth certain information concerning the direct and beneficial ownership of shares of Celestica at March 1, 2001 by each director who holds shares and each of the Named Executive Officers and all directors and executive officers of Celestica as a group. Unless otherwise noted, the address of each of the shareholders named below is Celestica's principal executive office. In this table, multiple voting shares are referred to as "MVS" and subordinate voting shares are referred to as "SVS."

	MARCH 1, 2001		
NAME OF BENEFICIAL OWNER(1)	VOTING SHARES	PERCENTAGE OF CLASS/ALL EQUITY SHARES	PERCENTAGE OF VOTING POWER
Eugene V. Polistuk	389,371 SVS	*/*	*
Anthony P. Puppi	168,052 SVS	*/*	*
Robert L. Crandall	50,000 SVS	*/*	*
Mark L. Hilson(2)(3)	438,792 SVS	*/*	*
Richard S. Love	46,000 SVS	*/*	*
Roger L. Martin	40,000 SVS	*/*	*
Anthony R. Melman(2)(4)	450,000 SVS	*/*	*
Gerald W. Schwartz(2)(5)	39,065,950 MVS	100%/19.2%	85.5%
	5,556,317 SVS	3.4%/2.7%	*
Don Tapscott	40,000 SVS	*/*	*
John R. Walter	50,000 SVS	*/*	*
J. Marvin M(a)Gee	150,695 SVS	*/*	*
R. Thomas Tropea	190,776 SVS	*/*	*
Alastair Kelly	108,988 SVS	*/*	*
All directors and executive officers as a group (23 persons)(3)(4)(5)(6)	39,065,950 MVS	100%/19.2%	85.5%
	7,701,421 SVS	4.7%/3.8%	*
Total percentage of all equity shares and total percentage of voting power		22.9%	86.2%

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* Less than 1%.

(1) As used in this table, "beneficial ownership" means sole or shared power to vote or direct the voting of the security, or the sole or shared investment power with respect to a security (I.E., the power to dispose, or direct a disposition, of a security). A person is deemed at any date to have "beneficial ownership" of any security that such person has a right to acquire within 60 days of such date. Certain shares subject to options granted pursuant to management investment plans of Onex are included as owned beneficially by named individuals although the exercise of these options is subject to Onex meeting certain financial targets. More than one person may be deemed to have beneficial ownership of the same securities. Unless otherwise indicated, the address for each shareholder is: c/o Celestica Inc., 12 Concorde Place, Toronto, Ontario M3C 3R8.

(2) The address of such shareholders is: c/o Onex Corporation, 161 Bay Street, P.O. Box 700, Toronto, Ontario, Canada M5J 2S1.

(3) Includes 20,000 subordinate voting shares beneficially owned by Mr. Hilson's spouse (as to which Mr. Hilson disclaims beneficial ownership), 26,000 subordinate voting shares beneficially owned by a trust the beneficiaries of which are members of Mr. Hilson's family (as to which Mr. Hilson disclaims beneficial ownership) and 277,326 subordinate voting shares owned by Onex which are subject to options granted to Mr. Hilson pursuant to certain management investment plans of Onex.

(4) Includes 274,588 subordinate voting shares owned by Onex which are subject to options granted to Mr. Melman pursuant to certain management investment plans of Onex.

(5) Includes 299,992 subordinate voting shares owned by a company controlled by Mr. Schwartz and all of the shares of Celestica beneficially owned by Onex, of which 1,077,500 subordinate voting shares are subject to options granted to Mr. Schwartz pursuant to certain management incentive plans of Onex. Of these shares 140,000 subordinate voting shares may be delivered at the option of a company owned by Mr. Schwartz, to satisfy the obligations of such company under equity forward agreements. Mr. Schwartz, a director of Celestica, is the Chairman of the Board, President and Chief Executive Officer of Onex, and controls Onex through his ownership of

shares with a majority of the voting rights attaching to all shares of Onex. Accordingly, Mr. Schwartz may be deemed to be the beneficial owner of shares of Celestica beneficially owned by Onex.

(6) Includes 575,550 subordinate voting shares held by Royal Trust Corporation, in trust for Celestica Employee Nominee Corporation, as agent for and on behalf of individual Celestica executives, pursuant to the provisions of Celestica employee benefit plans, and 438,184 subordinate voting shares which are subject to options.

MVS and SVS have different voting rights. See Item 10, "Additional Information -- Memorandum and Articles of Incorporation -- Multiple Voting Shares and Subordinate Voting Shares."

SHARE PURCHASE AND OPTION PLANS

Celestica has issued subordinate voting shares and has granted options to acquire subordinate voting shares for the benefit of certain of its employees and executives pursuant to various employee share purchase and option plans in effect prior to Celestica's initial public offering (the "ESPO Plans"). No further options or subordinate voting shares (other than pursuant to outstanding options) may be issued under these ESPO Plans.

Pursuant to the ESPO Plans, employees and executives of Celestica were offered the opportunity to purchase 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 (on average, approximately 1.435 options for each subordinate voting share acquired under the ESPO Plans). In each case, 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.

Upon the completion of Celestica's initial public offering, certain options became exercisable. The balance of the options issued under the ESPO Plans vest over a period of five years beginning December 31, 1998: December 31, 1998 -- 10%; December 31, 1999 -- 15%; December 31, 2000 -- 20%; December 31, 2001 -- 25%; December 31, 2002 -- 30%. All subordinate voting shares acquired by employees under the ESPO Plans are held either by the employee, or by Royal Trust Corporation, in trust for Celestica Employee Nominee Corporation as agent for and on behalf of such employees. Pursuant to the terms of the ESPO Plans, when an employee ceases to be employed by Celestica, all options which are not then exercisable terminate. Similarly, unless exercised within a limited time period (up to a maximum of 90 days following the date to termination, depending on the cause of termination), the then exercisable options also terminate.

As at March 1, 2001, approximately 3,800 persons held options to acquire an aggregate of 17,075,495 subordinate voting shares. All of these options were issued pursuant to the ESPO Plans except that options to acquire 9,980,774 subordinate voting shares were issued under the Long-Term Incentive Plan. The following table sets forth information with respect to options outstanding as at March 1, 2001.

OUTSTANDING OPTIONS

BENEFICIAL HOLDERS	NUMBER OF SUBORDINATE VOTING SHARES UNDER OPTION	EXERCISE PRICE	YEAR OF ISSUANCE	DATE OF EXPIRY
Executive officers (15 persons in total).....	863,268	$5.00	During 1997	April 8, 2007(1)
	302,890	$7.50 - $8.75	During 1998	April 29, 2008 - July 3, 2008
	387,500	C$18.90	January 1, 1999	January 1, 2009
	30,000	$12.345	January 1, 1999	January 1, 2009
	23,000	C$20.625	February 11, 1999	February 11, 2009
	80,000	C$31.85	July 2, 1999	July 2, 2009
	70,000	$22.97	September 20, 1999	September 20, 2009
	552,000	C$57.845	December 7, 1999	December 7, 2009
	60,000	$39.03	December 7, 1999	December 7, 2009
	100,000	C$60.00	May 26, 2000	May 26, 2010
	311,000	C$86.50	December 5, 2000	December 5, 2010
	27,000	$56.1875	December 5, 2000	December 5, 2010
	25,000	C$73.50	March 1, 2001	March 1, 2010
Directors who are not Executive officers.....	250,000	$8.75	During 1998	July 7, 2008
	40,000	C$34.50	July 7, 1999	July 7, 2009
	60,000	$23.41	July 7, 1999	July 7, 2009
	40,000	$72.60	July 7, 2000	July 7, 2010
	60,000	$48.69	July 7, 2000	July 7, 2010
All other Celestica Employees (other than IMS).....	4,173,148	$5.00	During 1997	April, 2007(2)
(more than 3,000 persons in total).....	862,710	$7.50 - C$14.05	During 1998	April 29, 2008 - November 9, 2008
	784,425	$13.69 - C$21.45	March 17, 1999	December 31, 2008
	2,274,275	$39.03/C$57.845	December 7, 1999	December 31, 2009
	668,350	$13.65 - C$53.75	During 1999	January 1, 2009 to December 31, 2009
	1,139,774	$40.06 - C$123.65	During 2000	January 1, 2010 to December 31, 2010
	2,481,155	$56.1875/C$86.50	December 5, 2000	December 5, 2010
	190,200	$49.00 - C$108.45	January 1, 2001 to March 1, 2001	January 1, 2011 to March 1, 2011
IMS Employees(5).....	1,239,800(3)(5)	$0.925-13.31(4)	December 30, 1998	June 13, 2006 to December 18, 2008

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(1) Except for 10,140 options which expire on November 4, 2005.

(2) Except for 289,740 options which expire on November 4, 2005.

(3) Represents options outstanding under certain stock option plans that were assumed by Celestica on December 31, 1998.

(4) The original exercise price for these options was based on the NASDAQ market price of IMS common stock at the date of issuance.

(5) Represents options outstanding under certain employee purchase plans that were assumed by Celestica on December 30, 1998.

Celestica's compensation philosophy is predicated on the belief that broadly-based employee participation in share ownership is critical to maintain a common entrepreneurial culture and motivation throughout Celestica's operational units and across functional and geographic boundaries. Accordingly, prior to the completion of its initial public offering, Celestica established the Long-Term Incentive Plan and the Employee Share Ownership Plan.

LONG-TERM INCENTIVE PLAN. Under the Long-Term Incentive Plan (the "Plan"), the board of directors of Celestica may in its discretion grant from time to time stock options, performance shares, performance share units and stock appreciation rights ("SARs") to directors, permanent employees and consultants ("eligible participants") of Celestica, its subsidiaries and other companies or partnerships in which Celestica has a significant investment ("affiliated entities").

Under the Plan, up to 15,000,000 subordinate voting shares of Celestica may be issued from treasury. At the annual and special meeting of Celestica shareholders held April 18, 2001, shareholders approved the proposal to increase to 23,000,000 the number of subordinate voting shares that may be issued from treasury under the Plan. The number of subordinate voting shares which may be issued from treasury under the Plan to directors is limited to 2,000,000. In addition, Celestica may satisfy obligations under the Plan by acquiring subordinate voting shares in the market. The number of subordinate voting shares which may be reserved for issuance pursuant to options or rights granted pursuant to the Plan, together with subordinate voting shares reserved for issuance under any other employee-related plan of Celestica or options for services granted by Celestica, to any one person shall not exceed 5% of the aggregate issued and outstanding subordinate voting shares and multiple voting shares of Celestica.

The exercise price for any stock option issued under the Plan will not be less than the market price of the subordinate voting shares on the day preceding the date of grant, except that options to acquire subordinate voting shares were issued to directors and an officer substantially concurrently with the completion of the initial public offering with an exercise price equal to the initial public offering price ($8.75). Options issued under the Plan may be exercised during a period determined under the Plan, which may not exceed ten years. The Plan also provides that, unless otherwise determined by the board of directors, options will terminate within specified time periods following the termination of employment of an eligible participant with Celestica or its affiliated entities. The exercise of options may be subject to vesting conditions, including specific time schedules for vesting and performance-based conditions such as share price and financial results. The grant to, or exercise of options by, an eligible participant may also be subject to certain share ownership requirements.

A participant may, in lieu of the exercise of an option for the number of shares represented thereby, exercise an option for a number of shares without payment of the option price by subscribing for that number of shares obtained by dividing (a) the difference between the market price and the option exercise price multiplied by the number of shares in respect of which the option is being exercised by (b) the market price at the time of exercise.

Celestica may arrange for financial assistance, by way of loans or otherwise, to eligible participants to acquire subordinate voting shares upon the exercise of options under the Plan, on such terms and conditions as the board of directors determines.

Under the Plan, eligible participants may be granted SARs, a right to receive a cash amount equal to the difference between the market price of the subordinate voting shares at the time of the grant and the market price of such shares at the time of exercise of the SAR. Such amounts may also be payable by the issuance of subordinate voting shares. SARs may be granted under the Plan on a one-for-one or other basis in tandem with option grants, in which case it may be a term of the option and the SAR that the exercise of one results in the cancellation of the other. The exercise of SARs may also be subject to conditions similar to those which may be imposed on the exercise of stock options.

Upon the issuance of performance units, eligible participants will be entitled to receive grants of subordinate voting shares, with such shares to be issued at the then market price of subordinate voting shares. The issue of such shares may be subject to vesting requirements similar to those described above with respect to the exercisability of options and SARs, including such time or performance-based conditions as may be determined by the board of directors in its discretion. The number of subordinate voting shares which may be issued from the treasury of Celestica under the performance unit program is limited to 2,000,000 and the number of subordinate voting shares which may be issued pursuant to the performance unit program to any one person shall not exceed 1% of the aggregate issued and outstanding subordinate voting shares and multiple voting shares of Celestica.

The interests of any participant under the Plan or in any option, rights or performance unit shall not be transferable by him or her except to a spouse or a personal holding company or family trust controlled by the participant, the shareholders or beneficiaries of which, as the case may be, are any combination of the participant, the participant's spouse, the participant's minor children and the participant's minor grandchildren, subject to applicable stock exchange rules.

The Plan, or the terms of any option, SAR or performance unit granted thereunder, can be amended by the board of directors, subject to obtaining any required regulatory approvals and participant and shareholder approval where so required. Participation in the Plan by eligible participants is not a condition of employment of an eligible participant. Celestica may appoint a trustee or administrator to perform certain functions under the Plan and the board of directors may delegate its rights and duties under the Plan to a committee of the board of directors or one or more specified officers.

EMPLOYEE SHARE OWNERSHIP PLAN

The purpose of the Employee Share Ownership Plan ("ESOP") is to enable eligible employees and directors ("Eligible Participants") of Celestica to acquire subordinate voting shares, so as to encourage continued employee interest in the operation, growth and development of Celestica, as well as to provide an additional investment opportunity to employees and directors. The ESOP enables Eligible Participants to acquire subordinate voting shares from shares acquired by an administrator in the market. Under the ESOP, an Eligible Participant who is an employee may elect to contribute an amount by deduction from each regular payroll, representing no more than 10% of his or her compensation. A participant who is a director may elect to designate all or a portion of his or her cash retainer fees, meeting fees, committee or similar fees as a contribution under the ESOP. Celestica will contribute 25% of the amount of the contributions of employees, up to a maximum total for each contribution of 1% of the employee's compensation for the relevant payroll period. Unless otherwise determined by Celestica, no Celestica contribution shall be made for contributions by directors. The ESOP provides for vesting conditions relating to shares acquired under the ESOP using Celestica contributions. Under the ESOP, following each payroll period, an administrator acquires in the market subordinate voting shares for the purposes of satisfying purchases by Eligible Participants under the ESOP, using funds contributed by employees and Celestica. The ESOP also provides that participation in the Plan by Eligible Participants is not a condition of employment of an Eligible Participant.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. CONTROL OF REGISTRANT

The following table sets forth certain information concerning the direct and beneficial ownership of the shares of Celestica at March 1, 2001 by each person known to Celestica to own beneficially, directly or indirectly, 10% or more of the subordinate voting shares or the multiple voting shares. Unless otherwise noted, the address of each of the shareholders named below is Celestica's principal executive office. In this table, multiple voting shares are referred to as "MVS" and subordinate voting shares are referred to as "SVS."

	MARCH 1, 2001		
NAME OF BENEFICIAL OWNER(1)	VOTING SHARES	PERCENTAGE OF CLASS/ALL EQUITY SHARES	PERCENTAGE OF VOTING POWER
Onex Corporation(2)(3)(4).....	39,065,950 MVS	100%/19.2%	85.5%
	5,256,325 SVS	3.2%/2.3%	*
Gerald W. Schwartz(2)(4)(5).....	39,065,950 MVS	100%/19.2%	85.5%
	5,556,317 SVS	3.4%/2.7%	*
Total percentage of all equity shares and total percentage of voting power.....		21.9%	86.1%
AIM Management Group Inc.(6)(7).....	21,640,824 SVS	13.1%/10.6%	1.9%

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* Less than 1%.

(1) As used in this table, "beneficial ownership" means sole or shared power to vote or direct the voting of the security, or the sole or shared investment power with respect to a security (I.E., the power to dispose, or direct a disposition, of a security). A person is deemed at any date to have "beneficial ownership" of any security that such person has a right to acquire within 60 days of such date. Certain shares subject to options granted pursuant to management investment plans of Onex are included as owned beneficially by named individuals although the exercise of these options is subject to Onex meeting certain financial targets. More than one person may be deemed to have beneficial ownership of the same securities.

(2) The address of such shareholders is: c/o Onex Corporation, 161 Bay Street, P.O. Box 700, Toronto, Ontario, Canada M5J 2S1.

(3) Includes 11,635,958 multiple voting shares held by wholly-owned subsidiaries of Onex, 2,731,966 subordinate voting shares held by Royal Trust Corporation, in trust for Celestica Employee Nominee Corporation, as agent for and on behalf of certain executives and employees of Celestica pursuant to certain of Celestica's employee share purchase and option plans, 45,367 subordinate voting shares representing an undivided interest of approximately 10.2% in 444,700 subordinate voting shares and 736,790 subordinate voting shares directly or indirectly held by certain officers of Onex which Onex has the right to vote.

Of these shares, 9,214,320 subordinate voting shares may be delivered, at the issuer's option, upon the exercise or redemption, or at maturity or acceleration, of exchangeable debentures due 2025 issued by a subsidiary of Onex. In addition, 1,769,077 subordinate voting shares may be delivered, at the option of Onex or certain persons related to Onex, to satisfy the obligations of such persons under equity forward agreements. If a debenture is exercised or an equity forward agreement is settled, and the issuer does not elect or the party to an equity forward agreements does not elect to satisfy its obligation in cash rather than delivering subordinate voting shares, if the issuer or the party to the equity forward agreements, as the case may be, does not have sufficient subordinate voting shares the requisite number of multiple voting shares held by such person will immediately be converted into subordinate voting shares, which shares will be delivered to satisfy such obligations.

The shares Onex owns and the shares Onex has the right to vote represent in the aggregate 86.0% of the voting power of all Celestica shares. If the issuer of the exchangeable debentures due 2025 or the party to the equity forward agreement, as the case may be, elects to deliver solely subordinate voting shares and no cash upon the exchange or redemption, or at maturity or acceleration, of the debentures or at the settlement of the equity forward agreement, as the case may be, the shares that Onex owns and the shares Onex has the right to vote would, if the shares were delivered on March 1, 2001, represent in the aggregate 81.5% of the voting power of all Celestica shares.

(4) Multiple voting shares and subordinate voting shares have different voting rights. Information concerning voting rights is set forth in Item 10, "Additional Information -- Memorandum and Articles of Incorporation -- Multiple Voting Shares and Subordinate Voting Shares."

(5) Includes 299,992 subordinate voting shares owned by a company controlled by Mr. Schwartz and all of the shares of Celestica beneficially owned by Onex, of which 1,077,500 subordinate voting shares are subject to options granted to Mr. Schwartz pursuant to certain management incentive plans of Onex. Of these shares 140,000 subordinate voting shares may be delivered at the option of a company owned by Mr. Schwartz, to satisfy the obligations of such company under equity forward agreements. Mr. Schwartz, a director of Celestica, is the Chairman of the Board, President and Chief Executive Officer of Onex, and controls Onex through his ownership of shares with a majority of the voting rights attaching to all shares of Onex. Accordingly, Mr. Schwartz may be deemed to be the beneficial owner of shares of Celestica beneficially owned by Onex.

(6) The address of such shareholder is: 11 Greenway Plaza, Suite 100, Houston, Texas 77046.

(7) The information concerning this shareholder's ownership of subordinate voting shares was obtained from the shareholder's Schedule 13G filed with the Securities and Exchange Commission on January 10, 2001.

HOLDERS

On March 1, 2001, there were approximately 521 holders of record of subordinate voting shares, of which approximately 243 holders, holding approximately 39.3% of the outstanding subordinate voting shares, were resident in the United States.

On March 1, 2001, there was one holder of record of the Senior Subordinated Notes; the holder of record was in the United States.

On March 1, 2001, there was one holder of record of the Liquid Yield Option-TM- Notes due 2020; the holder was in the United States.

B. RELATED PARTY TRANSACTIONS

INTEREST OF MANAGEMENT IN CERTAIN TRANSACTIONS

Celestica and Onex are parties to a Management Services Agreement under which Onex has agreed to provide management, administrative, strategic planning,

financial and support services to Celestica of such nature as Celestica may reasonably request from time to time having regard to Onex's experience, expertise and personnel or the personnel of its subsidiaries, as the case may be. Celestica has agreed to pay Onex certain fees

under the Management Services Agreement equal to $2.0 million per year adjusted for changes in the Canadian consumer price index. The Management Services Agreement also provides that if Celestica uses Onex management personnel to provide investment banking or financial advice in connection with any acquisition, Onex will be entitled to receive fees consistent in the determination of the board of directors of Celestica with fees typically paid for financial advice in such circumstances to investment bankers or other expert advisors at arm's-length to Celestica. The Management Services Agreement has a term of five years with automatic renewal for successive one-year periods thereafter, subject to termination on 12 months' prior written notice at any time after the initial five-year term by the directors of Celestica who are independent of Celestica and Onex, and provided that in any event the Management Services Agreement, and the rights of Onex to receive fees (other than accrued and unpaid fees), will terminate 30 days after the first day upon which Onex ceases to hold at least one multiple voting share. During 2000, Celestica paid to Onex management and acquisition related fees of approximately $2.6 million.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

As at March 1, 2001, Celestica had guaranteed $2,093,187 aggregate indebtedness of certain officers and employees of Celestica incurred in connection with the purchase of subordinate voting shares. The following table sets forth details of such guarantees by Celestica of indebtedness of the directors and officers of Celestica.

INDEBTEDNESS OF SENIOR OFFICERS UNDER SECURITIES PURCHASE PROGRAMS

NAME AND PRINCIPAL POSITION	LARGEST AMOUNT OUTSTANDING DURING 2000(1)(2)	AMOUNT OUTSTANDING AS AT MARCH 1, 2001(2)(3)
Eugene V. Polistuk..... Director, Chairman of the Board and Chief Executive Officer	$387,973	nil
J. Marvin M(a)Gee..... President and Chief Operating Officer	$173,941	$160,315
Anthony P. Puppi..... Director, Executive Vice-President, Chief Financial Officer and General Manager, Global Services	$173,941	nil
R. Thomas Tropea..... Vice Chair, Global Customer Units and Worldwide Marketing and Business Development	$420,304	$420,304
Alastair Kelly..... Executive Vice-President, Corporate Development	$225,572	$138,254
Andrew G. Gort..... Executive Vice-President, Global Supply Chain Management	$ 96,537	nil
Lisa J. Colnett..... Senior Vice-President, Worldwide Process Management and Chief Information Officer	$130,464	nil
Iain S. Kennedy..... Senior Vice-President, Integration	$ 55,661	nil
Daniel P. Shea..... Senior Vice-President and Chief Technology Officer	$289,902	$289,902
Rahul Suri..... Senior Vice-President, Mergers and Acquisitions	$987,434	$987,434
Elizabeth L. DelBianco..... Vice-President, General Counsel and Secretary	$ 66,905	nil

NAME AND PRINCIPAL POSITION	LARGEST AMOUNT OUTSTANDING DURING 2000(1)(2)	AMOUNT OUTSTANDING AS AT MARCH 1, 2001(2)(3)
F. Graham Thouret..... Vice-President and Corporate Treasurer	$182,671	nil
Peter Bar..... Vice-President and Corporate Controller	$127,869	$ 95,902

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(1) In 2000, the Corporation guaranteed a loan in the amount of $987,434 to enable Mr. Suri to purchase 20,000 subordinate voting shares. All of the shares purchased are pledged by Mr. Suri as security for the loan guarantee. No securities were purchased by any other directors or officers during 2000 with the financial assistance of Celestica.

(2) All amounts shown are converted into U.S. dollars from Canadian dollars at an exchange rate of U.S.$1.00 = C$1.5465 and from British pounds sterling at an exchange rate of U.S.$1.00 = L0.6871.

(3) All guaranteed amounts incur interest at a rate equal to certain commercial banks' prime lending rates. The security for each of the guaranteed amounts is the purchased subordinate voting shares.

No director, officer or employee was indebted to Celestica other than in connection with securities purchase programs during the year ended December 31, 2000.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

See Item 18: Financial Statements.

LITIGATION

The Company is not a party to any legal proceedings which, if decided adversely, could reasonably be expected to have a material adverse effect on the results of operations, business, prospects or financial condition of the Company.

DIVIDEND POLICY

The Company has not declared or paid any dividends to its shareholders. Earnings will be retained by the Company for general corporate purposes to promote future growth; as such, the board of directors does not anticipate paying any dividends for the foreseeable future. The Company's board of directors will review this policy from time to time having regard to the Company's financial condition, financing requirements and other relevant factors. In addition, the Company's Senior Subordinated Notes due 2006 include a covenant restricting the Company's ability to pay dividends and the Company's credit facilities contain financial covenants that may indirectly restrict the Company's ability to pay dividends.

ITEM 9. THE OFFER AND LISTING

A. NATURE OF TRADING MARKET

MARKET INFORMATION

The subordinate voting shares are listed on The New York Stock Exchange (the "NYSE") and The Toronto Stock Exchange (the "TSE"). The market price range and trading volume of the subordinate voting shares on the NYSE and the TSE for the periods indicated are set forth in the following tables, which have been restated to reflect the effect of the 1999 two-for-one stock split on a retroactive basis.

THE ANNUAL HIGH AND LOW MARKET PRICES FOR THE THREE MOST RECENT FISCAL YEARS(1)

	NYSE		
	HIGH	LOW	VOLUME
	Price per Subordinate Voting Share		
Year ended December 31, 1998 (from June 30, 1998).....	$13.75	$ 5.19	22,165,800
Year ended December 31, 1999.....	57.00	12.06	115,803,800
Year ended December 31, 2000.....	87.00	35.50	314,486,100

	TSE		
	HIGH	LOW	VOLUME
	Price per Subordinate Voting Share		
Year ended December 31, 1998 (from June 30, 1998).....	C$ 21.13	C$ 8.00	33,833,130
Year ended December 31, 1999.....	82.75	18.40	142,584,064
Year ended December 31, 2000.....	128.25	51.05	202,303,300

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(1) The subordinate voting shares began trading on June 30, 1998.

THE HIGH AND LOW MARKET PRICES FOR EACH FULL FISCAL QUARTER FOR THE TWO MOST RECENT FISCAL YEARS

	NYSE		
	HIGH	LOW	VOLUME
	Price per Subordinate Voting Share		
Year ended December 31, 1999			
First quarter.....	$17.13	$12.57	26,046,000
Second quarter.....	22.07	15.88	24,785,600
Third quarter.....	24.88	20.38	21,278,000
Fourth quarter.....	56.25	23.94	43,694,200
Year ended December 31, 2000			
First quarter.....	$60.06	$37.56	75,117,400
Second quarter.....	54.56	38.00	39,642,500
Third quarter.....	84.00	48.69	80,355,200
Fourth quarter.....	84.50	46.50	119,371,000

	TSE		
	HIGH	LOW	VOLUME
	Price per Subordinate Voting Share		
Year ended December 31, 1999			
First quarter.....	C$ 26.00	C$19.25	41,585,510
Second quarter.....	32.50	23.85	43,700,976
Third quarter.....	36.63	30.75	20,844,182
Fourth quarter.....	81.75	35.50	36,453,396
Year ended December 31, 2000			
First quarter.....	C$ 87.40	C$54.00	61,429,900
Second quarter.....	79.90	57.85	41,617,200
Third quarter.....	123.65	72.60	43,279,500
Fourth quarter.....	128.00	70.80	55,976,600

THE HIGH AND LOW MARKET PRICES FOR EACH MONTH FOR THE MOST RECENT SIX MONTHS

	NYSE		
	HIGH	LOW	VOLUME
	Price per Subordinate Voting Share		
November 2000	$74.75	$51.00	37,903,600
December 2000	72.34	45.94	45,743,600
January 2001	73.95	46.13	40,758,300
February 2001	76.40	46.80	51,823,400
March 2001	53.75	25.80	73,996,000
April 2001	51.65	24.00	6,609,000

	TSE		
	HIGH	LOW	VOLUME
	Price per Subordinate Voting Share		
November 2000	C$114.95	C$78.50	18,606,513
December 2000	110.30	70.00	20,014,104
January 2001	111.15	69.05	23,075,555
February 2001	114.00	72.50	23,029,160
March 2001	83.44	40.75	39,565,422
April 2001	79.25	37.55	33,557,716

The LYONs are listed on the NYSE. The market price range of the LYONS on the NYSE for the periods indicated are set forth in the following tables.

THE HIGH AND LOW MARKET PRICES FOR EACH FULL FISCAL QUARTER FOR THE MOST RECENT FISCAL YEAR

	NYSE	
	HIGH	LOW
Third quarter	$55.83	$48.75
Fourth quarter	55.24	40.05
Year ended December 31, 2000 (from August 1, 2000)(1)	55.83	40.05

THE HIGH AND LOW MARKET PRICES FOR EACH MONTH FOR THE MOST RECENT SIX MONTHS.

	NYSE	
	HIGH	LOW
November 2000	$51.58	$42.06
December 2000	49.51	40.05
January 2001	52.21	41.36
February 2001	53.74	42.78
March 2001	35.48	45.04
April 2001	34.56	44.55

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(1) The LYONs began trading on August 1, 2000.

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

The subordinate voting shares are listed on the NYSE and the TSE.

Celestica's 10 1/2% Senior Subordinated Notes Due 2006 are eligible for trading on the Private Offerings, Resales and Trading through Automated Linkages (PORTAL) market. The Senior Subordinated Notes are not listed on any securities exchange or quoted through NASDAQ. We have not been able to obtain information as to the low and high sale price of the Senior Subordinated Notes.

Celestica's Liquid Yield Option-TM- Notes (LYONs) due 2020 are listed on the NYSE. In Canada, the LYONs are offered on a private placement basis through Merrill Lynch, Pierce, Fenner & Smith Incorporated and their affiliates. Liquid Yield Option-TM- Notes is a trademark of Merrill Lynch & Co., Inc.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF INCORPORATION

ARTICLES OF INCORPORATION

The articles of incorporation of the Company do not place any restrictions on the Company's objects and purposes.

CERTAIN POWERS OF DIRECTORS

The BUSINESS CORPORATIONS ACT (Ontario), or the OBCA, requires that every director who is a party to a material contract or transaction or a proposed material contract or transaction with the Company, or who is a director or officer of, or has a material interest in, any person who is a party to a material contract or transaction or a proposed material contract or transaction with the Company, shall disclose in writing to the Company or request to have entered in the minutes of the meetings of directors the nature and extent of his or her interest, and shall refrain from voting in respect of the material contract or transaction or proposed material contract or transaction unless the contract or transaction is:

(a) an arrangement by way of security for money lent to or obligations undertaken by the director for the benefit of the corporation or an affiliate;

(b) one relating primarily to his or her remuneration as a director, officer, employee or agent of the corporation or an affiliate;

(c) one for indemnity of or insurance for directors as contemplated under the OBCA; or

(d) one with an affiliate.

However, a director who is prohibited by the OBCA from voting on a material contract or proposed material contract may be counted in determining whether a quorum is present for the purpose of the resolution, if the director disclosed his or her interest in accordance with the OBCA and the contract or transaction was reasonable and fair to the corporation at the time it was as approved.

The by-laws of the Company provide that the directors shall from time to time determine by resolution the remuneration to be paid to the directors, which shall be in addition to the salary paid to any officer or employee of the Company who is also a director. The directors may also by resolution award special remuneration to any director in undertaking any special services on the Company's behalf other than the normal work ordinarily required of a director of the Company. The by-laws provide that confirmation of any such resolution or resolutions by the shareholders of the Company is not required.

The by-laws provide that the directors may:

(a) borrow money upon the credit of the Company;

(b) limit or increase the amount to be borrowed;

(c) issue, reissue, sell or pledge bonds, debentures, notes or other securities or debt obligations of the Company;

(d) issue, sell or pledge such bonds, debentures, notes or other securities or debt obligations for such sums and at such prices as may be deemed expedient; and

(e) mortgage, hypothecate, charge, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real and personal, movable and immovable, property of the Company, and the undertaking and rights of the Company to secure any such bonds, debentures, notes or other securities or debt obligations, or to secure any present or future borrowing, liability or obligation of the Company.

The directors may, by resolution, amend or repeal any by-laws that regulate the business or affairs of the Company. The OBCA requires the directors to submit any such amendment or repeal to the shareholders of the Company at the next meeting of shareholders, and the shareholders may confirm, reject or amend the amendment or repeal.

ELIGIBILITY TO SERVE AS A DIRECTOR

The by-laws provide that every director shall be an individual 18 or more years of age and that no one who is of unsound mind and has been so found by a court in Canada or elsewhere or who has the status of a bankrupt shall be a director. There is no provision of the articles of incorporation or by-laws imposing a requirement for retirement or non-retirement of directors under an age limit requirement. The OBCA requires that a majority of the directors of the Company be resident Canadians.

The OBCA provides that unless the articles of a corporation otherwise provide, a director of a corporation is not required to hold shares issued by the corporation. There is no provision in the articles of incorporation imposing a requirement that a director hold any shares issued by the Company.

AUTHORIZED CAPITAL OF THE COMPANY

The authorized capital of the Company consists of an unlimited number of preference shares issuable in series, an unlimited number of subordinate voting shares and an unlimited number of multiple voting shares.

MULTIPLE VOTING SHARES AND SUBORDINATE VOTING SHARES

VOTING RIGHTS

The holders of subordinate voting shares and multiple voting shares are entitled to notice of and to attend all meetings of shareholders and to vote at all such meetings together as a single class, except in respect of matters where only the holders of shares of one class or series of shares are entitled to vote separately pursuant to applicable law. The subordinate voting shares carry one vote per share and the multiple voting shares carry 25 votes per share. Generally, all matters to be voted on by shareholders must be approved by a simple majority (or, in the case of election of directors, by a plurality, and in the case of an amalgamation or amendments to the articles of the Company, by two-thirds) of the votes cast in respect of multiple voting shares and subordinate voting shares held by persons present in person or by proxy, voting together as a single class. The holders of multiple voting shares are entitled to one vote per share held at meetings of holders of multiple voting shares at which they are entitled to vote separately as a class.

DIVIDENDS

The subordinate voting shares and the multiple voting shares are entitled to share ratably, as a single class, in any dividends declared by the board of directors of the Company, subject to any preferential rights of any outstanding preference shares in respect of the payment of dividends. Dividends consisting of subordinate voting shares and multiple voting shares may be paid only as follows: (i) subordinate voting shares may be paid only to holders of subordinate voting shares, and multiple voting shares may be paid only to holders of multiple voting shares; and (ii) proportionally with respect to each outstanding subordinate voting share and multiple voting share.

CONVERSION

Each multiple voting share is convertible at any time at the option of the holder thereof into one subordinate voting share.

Multiple voting shares will be converted automatically into subordinate voting shares upon any transfer thereof, except (i) a transfer to Onex or any affiliate of Onex or (ii) a transfer of 100% of the outstanding multiple voting shares to a purchaser who also has offered to purchase all of the outstanding subordinate voting shares for a per share consideration identical to, and otherwise on the same terms as, that offered for the multiple voting shares and the multiple voting shares held by such purchaser thereafter shall be subject to the provisions relating to conversion as if all references to Onex were references to such purchaser. In addition, if (i) any holder of any multiple voting shares ceases to be an affiliate of Onex or (ii) Onex and its affiliates cease to have the right, in all cases, to exercise the votes attached to, or to direct the voting of, any of the multiple voting shares held by Onex and its affiliates, such multiple voting shares shall convert automatically into subordinate voting shares on a one-for-one basis. For these purposes, (i) "Onex" includes any successor corporation resulting from an amalgamation, merger, arrangement, sale of all or substantially all of its assets, or other business combination or reorganization involving Onex, provided that such successor corporation beneficially owns directly or indirectly all multiple voting shares beneficially owned directly or indirectly by Onex immediately prior to such transaction and is controlled by the same person or persons as controlled Onex prior to the consummation of such transaction; (ii) a corporation shall be deemed to be a subsidiary of another corporation if, but only if (a) it is controlled by that other, or that other and one or more corporations each of which is controlled by that other, or two or more corporations each of which is controlled by that other, or (b) it is a subsidiary of a corporation that is that other's subsidiary; (iii) "affiliate" means a subsidiary of Onex or a corporation controlled by the same person or company that controls Onex; and (iv) "control" means beneficial ownership of, or control or direction over, securities carrying more than 50% of the votes that may be cast to elect directors if those votes, if cast, could elect more than 50% of the directors. For these purposes, a person is deemed to beneficially own any security which is beneficially owned by a corporation controlled by such person.

In addition, if at any time the number of outstanding multiple voting shares shall represent less than 5% of the aggregate number of the outstanding multiple voting shares and subordinate voting shares, all of the outstanding multiple voting shares shall be automatically converted at such time into subordinate voting shares on a one-for-one basis.

Onex, which owns all of the outstanding multiple voting shares, has entered into an agreement with Computershare Trust Company of Canada, as trustee for the benefit of the holders of the subordinate voting shares, that has the effect of preventing transactions that otherwise would deprive the holders of subordinate voting shares of rights under applicable provincial take-over bid legislation to which they would have been entitled in the event of a take-over bid for the multiple voting shares if the multiple voting shares had been subordinate voting shares.

MODIFICATION, SUBDIVISION AND CONSOLIDATION

Any modification to the provisions attaching to either the subordinate voting shares or the multiple voting shares require the separate affirmative vote of two-thirds of the votes cast by the holders of subordinate voting shares and multiple voting shares, respectively, voting as separate classes. The Company may not subdivide or consolidate the subordinate voting shares or the multiple voting shares without at the same time proportionally subdividing or consolidating the shares of the other class.

CREATION OF OTHER VOTING SHARES

The Company may not create any class or series of shares, or issue any shares of any class or series (other than subordinate voting shares) having the right to vote generally on all matters that may be submitted to a vote of shareholders (except matters for which applicable law requires the approval of holders of another class or series of shares voting separately as a class or series) without the separate affirmative vote of two-thirds of the votes cast by the holders of the subordinate voting shares and the multiple voting shares, respectively, voting as separate classes.

RIGHTS ON DISSOLUTION

With respect to a distribution of assets in the event of a liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purposes of winding up its affairs, holders of subordinate voting shares and multiple voting shares will share ratably as a single class in assets available for distribution to holders of subordinate voting shares and multiple voting shares after payment in full of the amounts required to be paid to holders of preference shares, if any.

OTHER RIGHTS

Neither the subordinate voting shares nor the multiple voting shares are redeemable nor do the holders of such shares have pre-emptive rights to purchase additional shares.

All of the outstanding subordinate voting shares and all of the outstanding multiple voting shares will be fully paid and non-assessable.

PREFERENCE SHARES

The articles of the Company permit the issuance of preference shares in series, without further approval of shareholders. The number of preference shares of each series and the designation, rights, privileges, restrictions and conditions attaching to the shares of each series, including, without limitation, any voting rights (other than general voting rights), any rights to receive dividends or any terms of redemption shall be determined by the board of directors. The holders of the preference shares are entitled to dividends in priority to the holders of multiple voting shares, the subordinate voting shares or other shares ranking junior to the preference shares. With respect to a distribution of assets in the event of a liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purposes of winding up its affairs, the preference shares rank in priority to the multiple voting shares, the subordinate voting shares and any other shares ranking junior to the preference shares.

Additional information concerning the rights and limitations of shareholders found in our memorandum and articles of incorporation is hereby incorporated by reference to our registration statement on Form F-4 (Reg. No. 333-9636).

C. MATERIAL CONTRACTS

The following table summarizes each material contract, other than contracts entered into in the ordinary course of business, to which Celestica or any member of Celestica's group is a party, for the two years immediately preceding the publication of this Annual Report:

DATE	PARTIES	TYPE	TERMS AND CONDITIONS	CONSIDERATION
June 22, 2000	Celestica and NEC do Brasil S.A. ("NEC")	Acquisition Agreement	Celestica acquired all the shares of NDB Industrial Ltda.	$122,780,000 purchase price including post-closing adjustments
December 5, 2000	Celestica Corporation, Celestica Ireland Limited, Motorola, Inc. and Motorola B.V.	Asset Purchase Agreement	Celestica Corporation and Celestica Ireland Limited acquired certain assets from Motorola, Inc. and Motorola B.V. in Dublin, Ireland and Mt. Pleasant, Iowa	Approximately $70,000,000
January 12, 2000	Celestica Corporation, Celestica and IBM	Asset Purchase Agreement	Celestica Corporation acquired certain assets from IBM located in Rochester, Minnesota.	$135,000,000 purchase price including post-closing adjustments
February 9, 2000, amended February 28, 2000 and May 31, 2000	Celestica, Celestica Europe Inc., IBM Italia S.p.A. and IBM Semea Servizi Finanziari S.p.A.	Quota (Share) Purchase Agreement	Celestica and Celestica Europe Inc. acquired all the voting stock of WCE Italia S.R.L.	Approximately ITL 441,308,000,000, subject to post-closing adjustments
May 7, 2001	Celestica Corporation and Avaya, Inc.	Asset Purchase Agreement	Celestica Corporation acquired certain assets from Avaya in Denver, Colorado and Little Rock, Arkansas	Approximately $200,000,000

D. EXCHANGE CONTROLS

Canada has no system of exchange controls. There are no Canadian restrictions on the repatriation of capital or earnings of a Canadian public company to non-resident investors. There are no laws of Canada or exchange restrictions affecting the remittance of dividends, interest, royalties or similar payments to non-resident holder of Celestica's securities, except as described under Item 10(E), "Taxation," below.

E. TAXATION

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material Canadian federal income tax considerations generally applicable to a person (a "U.S. Holder"), who acquires subordinate voting shares and who, for purposes of the INCOME TAX ACT (Canada) (the "Canadian Tax Act") and the CANADA-UNITED STATES INCOME TAX CONVENTION (1980) (the "Tax Treaty"), at all relevant times is resident in the United States and is neither resident nor deemed to be resident in Canada, deals at arm's length and is not affiliated with the Company, holds such subordinate voting shares as capital property, and does not use or hold, and is not deemed to use or hold, the subordinate voting shares in carrying on business in Canada. Special rules, which are not discussed in this summary, may apply to a U.S. Holder that is an insurer that carries on an insurance business in Canada and elsewhere.

This summary is based on the current provisions of the Tax Treaty, the Canadian Tax Act and the regulations thereunder, all specific proposals to amend the Canadian Tax Act or the regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "Canadian Tax Act"), and the Company's understanding of the current published administrative practices of the Canada Customs and Revenue Agency.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not take into account or anticipate any changes in law, whether by legislative, administrative or judicial decision or action, nor does it take into account the tax legislation or considerations of any province or territory of Canada or any jurisdiction other than Canada.

THIS SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER, AND NO REPRESENTATION WITH RESPECT TO THE CANADIAN FEDERAL INCOME TAX CONSEQUENCES TO ANY PARTICULAR HOLDER IS MADE. CONSEQUENTLY, U.S. HOLDERS OF SUBORDINATE VOTING SHARES SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE INCOME TAX CONSEQUENCES TO THEM HAVING REGARD TO THEIR PARTICULAR CIRCUMSTANCES.

All amounts relevant in computing a U.S. Holder's liability under the Canadian Tax Act are to be computed in Canadian dollars.

TAXATION OF DIVIDENDS

By virtue of the Canadian Tax Act and the Tax Treaty, dividends (including stock dividends) on subordinate voting shares paid or credited or deemed to be paid or credited to a U.S. Holder who is the beneficial owner of such dividend will be subject to Canadian non-resident withholding tax at the rate of 15% of the gross amount of such dividends. Under the Tax Treaty, the rate of withholding tax on dividends is reduced to 5% if that U.S. Holder is a company that beneficially owns at least 10% of the voting stock of the Company. Moreover, under the Tax Treaty, dividends paid to certain religious, scientific, literary, educational or charitable organizations and certain pension organizations that are resident in, and generally exempt from tax in, the U.S., are exempt from Canadian non-resident withholding tax. Provided that certain administrative procedures are observed by such an organization, the Company would not be required to withhold such tax from dividends paid or credited to such organization.

DISPOSITION OF SUBORDINATE VOTING SHARES

A U.S. Holder will not be subject to tax under the Canadian Tax Act in respect of any capital gain realized on the disposition or deemed disposition of subordinate voting shares unless the subordinate voting shares constitute or are deemed to constitute "taxable Canadian property" (as defined in the Canadian Tax Act) (other than treaty-protected property, as defined in the Canadian Tax Act) at the time of such disposition. Shares of a corporation resident in Canada that are listed on a prescribed stock exchange for purposes of the Canadian Tax Act will be "taxable Canadian property" under the Canadian Tax Act if, at any time during the five-year period immediately preceding the disposition or deemed disposition of the share, the non-resident, persons with whom the non-resident did not deal at arm's length, or the non-resident together with such persons, owned 25% or more of the issued shares of any class or series of shares of the corporation that issued the shares. For this purpose, a person is considered to own any shares in respect of which the person has or had an option or other interest therein. Provided they are listed on a prescribed stock exchange for purposes of the Canadian Tax Act, subordinate voting shares acquired by a U.S. Holder generally will not be taxable Canadian property to a U.S. Holder unless the foregoing 25% ownership threshold applies to the U.S. Holder with respect to the Company. Even if the subordinate voting shares are taxable Canadian property to a U.S. Holder, they generally will be treaty-protected property if the value of such shares at the time of disposition is not derived principally from real property situated in Canada. Consequently, any gain realized by the U.S. Holder upon the disposition of the subordinate voting shares generally will be exempt from tax under the Canadian Tax Act.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion describes the material United States federal income tax consequences to United States Holders (as defined below) of subordinate voting shares. A United States Holder is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or of any political subdivision thereof, an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or a trust, if either (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) the trust has made an election under

applicable U.S. Treasury regulations to be treated as a U.S. Person. This summary is for general information purposes only. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to your decision to purchase subordinate voting shares. This summary considers only United States Holders who will own subordinate voting shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). In this context, the term "capital assets" means, in general, assets held for investment by a taxpayer. Material aspects of U.S. federal income tax relevant to non-United States Holders are also discussed below.

This discussion is based on current provisions of the Internal Revenue Code, current and proposed Treasury regulations promulgated thereunder and administrative and judicial decisions as of the date hereof, all of which are subject to change, possibly on a retroactive basis. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to any particular United States Holder based on the United States Holder's individual circumstances. In particular, this discussion does not address the potential application of the alternative minimum tax or U.S. federal income tax consequences to United States Holders who are subject to special treatment, including taxpayers who are broker-dealers or insurance companies, taxpayers who have elected mark-to-market accounting, individual retirement and other tax-deferred accounts, tax-exempt organizations, financial institutions or "financial services entities," taxpayers who hold subordinate voting shares as part of a straddle, "hedge" or "conversion transaction" with other investments, taxpayers owning directly, indirectly or by attribution at least 10% of the voting power of our share capital, and taxpayers whose functional currency (as defined in Section 985 of the Internal Revenue Code) is not the U.S. dollar.

This discussion does not address any aspect of U.S. federal gift or estate tax or state, local or non-U.S. tax laws. Additionally, the discussion does not consider the tax treatment of persons who hold subordinate voting shares through a partnership or other pass-through entity. You are advised to consult your own tax advisor with respect to the specific tax consequences to you of purchasing, holding or disposing of the subordinate voting shares.

TAXATION OF DIVIDENDS PAID ON SUBORDINATE VOTING SHARES

In the event that we pay a dividend, and subject to the discussion of the passive foreign investment company (PFIC) rules below, a United States Holder will be required to include in gross income as ordinary income the amount of any distribution paid on subordinate voting shares, including any Canadian taxes withheld from the amount paid, on the date the distribution is received, to the extent that the distribution is paid out of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. In addition, distributions of our current or accumulated earnings and profits will be foreign source passive income for U.S. foreign tax credit purposes and will not qualify for the dividends-received deduction available to corporations. Distributions in excess of such earnings and profits will be applied against and will reduce the United States Holder's tax basis in the subordinate voting shares and, to the extent in excess of such basis, will be treated as capital gain.

Distributions of current or accumulated earnings and profits paid in Canadian dollars to a United States Holder will be includible in the income of the United States Holder in a dollar amount calculated by reference to the exchange rate on the date the distribution is received. A United States Holder who receives a distribution of Canadian dollars and converts the Canadian dollars into U.S. dollars subsequent to receipt will have foreign exchange gain or loss based on any appreciation or depreciation in the value of the Canadian dollar against the U.S. dollar. Such gain or loss will generally be ordinary income and loss and will generally be U.S. source gain or loss for U.S. foreign tax credit purposes. United States Holders should consult their own tax advisors regarding the treatment of a foreign currency gain or loss.

United States Holders will generally have the option of claiming the amount of any Canadian income taxes withheld either as a deduction from gross income or as a dollar-for-dollar credit against their U.S. federal income tax liability, subject to specified conditions and limitations. Individuals who do not claim itemized deductions, but instead utilize the standard deduction, may not claim a deduction for the amount of the Canadian income taxes withheld, but these individuals generally may still claim a credit against their U.S. federal income tax liability. The amount of foreign income taxes that may be claimed as a credit in any year is subject to complex limitations and restrictions, which must be determined on an individual basis by each shareholder. The

total amount of allowable foreign tax credits in any year cannot exceed the pre-credit U.S. tax liability for the year attributable to some foreign source taxable income. A United States Holder will be denied a foreign tax credit with respect to Canadian income tax withheld from dividends received on subordinate voting shares to the extent that he has not held the subordinate voting shares for at least 16 days of the 30-day period beginning on the date which is 15 days before the ex-dividend date or to the extent that he or she is under an obligation to make related payments with respect to substantially similar or related property. Instead, a deduction may be allowed. Any days during which a United States Holder has substantially diminished his or her risk of loss on his or her subordinate voting shares are not counted toward meeting the 16-day holding period.

TAXATION OF DISPOSITION OF SUBORDINATE VOTING SHARES

Subject to the discussion of the PFIC rules below, upon the sale, exchange or other disposition of subordinate voting shares, a United States Holder will recognize capital gain or loss in an amount equal to the difference between his or her adjusted tax basis in his or her shares and the amount realized on the disposition. A United States Holder that uses the cash method of accounting calculates the dollar value of the proceeds received on the sale date as of the date that the sale settles, while a United States Holder who uses the accrual method of accounting is required to calculate the value of the proceeds of the sale as of the "trade date," unless he or she has elected to use the settlement date to determine his or her proceeds of sale. Capital gain from the sale, exchange or other disposition of shares held more than one year is long-term capital gain and is eligible for a maximum 20% rate of taxation for non-corporate taxpayers. Special rules (and generally lower maximum rates) apply to non-corporate taxpayers in lower tax brackets. Further preferential tax treatment may be available for non-corporate taxpayers who dispose of subordinate voting shares held for over five years. Gain or loss recognized by a United States Holder on a sale, exchange or other disposition of subordinate voting shares generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. The deductibility of a capital loss recognized on the sale, exchange or other disposition of subordinate voting shares is subject to limitations. A United States Holder who receives foreign currency upon disposition of subordinate voting shares and converts the foreign currency into U.S. dollars subsequent to receipt will have foreign exchange gain or loss based on any appreciation or depreciation in the value of the foreign currency against the U.S. dollar. United States Holders should consult their own tax advisors regarding the treatment of a foreign currency gain or loss.

TAX CONSEQUENCES IF WE ARE A PASSIVE FOREIGN INVESTMENT COMPANY

A non-U.S. corporation will be a PFIC if, in general, either (i) 75% or more of its gross income in a taxable year, including the pro rata share of the gross income of any U.S. or foreign company in which it is considered to own 25% or more of the shares by value, is passive income or (ii) 50% or more of its assets in a taxable year, averaged over the year and ordinarily determined based on fair market value and including the pro rata share of the assets of any company in which it is considered to own 25% or more of the shares by value, are held for the production of, or produce, passive income. Passive income includes amounts derived by reason of the temporary investment of funds raised in a public offering. If we were a PFIC and a United States Holder did not make an election to treat the company as a "qualified electing fund" and did not make a mark-to-market election, each as described below, then:

- Excess distributions by us to a United States Holder would be taxed in a special way. "Excess distributions" are amounts received by a United States Holder with respect to subordinate voting shares in any taxable year that exceed 125% of the average distributions received by the United States Holder from the company in the shorter of either the three previous years or his or her holding period for his or her shares before the present taxable year. Excess distributions must be allocated ratably to each day that a United States Holder has held subordinate voting shares. A United States Holder must include amounts allocated to the current taxable year and to any non-PFIC years in his or her gross income as ordinary income for that year. A United States Holder must pay tax on amounts allocated to each prior taxable PFIC year at the highest rate in effect for that year on ordinary income and the tax is subject to an interest charge at the rate applicable to deficiencies for income tax.

- The entire amount of gain that is realized by a United States Holder upon the sale or other disposition of shares will also be considered an excess distribution and will be subject to tax as described above.

- A United States Holder's tax basis in shares that were acquired from a decedent will not receive a step-up to fair market value as of the date of the decedent's death but instead will be equal to the decedent's tax basis, if lower.

The special PFIC rules will not apply to a United States Holder if the United States Holder makes an election to treat the company as a "qualified electing fund" in the first taxable year in which he or she owns subordinate voting shares and if we comply with reporting requirements. Instead, a shareholder of a qualified electing fund is required for each taxable year to include in income a pro rata share of the ordinary earnings of the qualified electing fund as ordinary income and a pro rata share of the net capital gain of the qualified electing fund as long-term capital gain, subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. We have agreed to supply United States Holders with the information needed to report income and gain pursuant to this election in the event that we are classified as a PFIC. The election is made on a shareholder-by-shareholder basis and may be revoked only with the consent of the Internal Revenue Service. A shareholder makes the election by attaching a completed IRS Form 8621, including the PFIC annual information statement, to a timely filed U.S. federal income tax return. Even if an election is not made, a shareholder in a PFIC who is a United States Holder must file a completed IRS Form 8621 every year.

A United States Holder who owns PFIC shares that are publicly traded could elect to mark the shares to market annually, recognizing as ordinary income or loss each year an amount equal to the difference as of the close of the taxable year between the fair market value of the PFIC shares and the United States Holder's adjusted tax basis in the PFIC shares. If the mark-to-market election were made, then the rules set forth above would not apply for periods covered by the election. The subordinate voting shares would be treated as publicly traded for purposes of the mark-to-market election and, therefore, such election would be made if the Company were classified as a PFIC. A mark-to-market election is, however, subject to complex and specific rules and requirements, and United States Holders are strongly urged to consult their tax advisors concerning this election if we are classified as a PFIC.

We believe that we will not be a PFIC for 2001. Based on our current business plan, we do not expect to become a PFIC in the foreseeable future. These conclusions rest at least in part on factual issues, including a determination as to value of assets and projections as to our revenue. We cannot assure you that our actual revenues, including our revenues for the remainder of 2001, will be as projected or that a determination as to non-PFIC status would not be challenged by the Internal Revenue Service. Moreover, the tests for determining PFIC status are applied annually, and it is difficult to make accurate predictions of future income and assets, which are relevant to the determination as to whether we will be a PFIC in the future. A United States Holder who holds subordinate voting shares during a period in which we are a PFIC will be subject to the PFIC rules, even if we cease to be a PFIC, unless he or she has made a qualifying electing fund election. If we were determined to be a PFIC with respect to a year in which we had not thought that we would be so treated, the information needed to enable United States Holders to make a qualifying electing fund election would not have been provided. United States Holders are strongly urged to consult their tax advisors about the PFIC rules, including the consequences to them of making a mark-to-market or qualifying electing fund elections with respect to subordinate voting shares in the event that we are treated as a PFIC.

TAX CONSEQUENCES FOR NON-UNITED STATES HOLDERS OF SUBORDINATE VOTING SHARES

Except as described in "Information Reporting and Back-up Withholding" below, a non-United States Holder of subordinate voting shares will not be subject to U.S. federal income or withholding tax on the payment of dividends on, and the proceeds from the disposition of, subordinate voting shares unless:

- the item is effectively connected with the conduct by the non-United States Holder of a trade or business in the United States and, in the case of a resident of a country that has an income treaty with the United States, such item is attributable to a permanent establishment, or, in the case of an individual, a fixed place of business, in the United States;

- the non-United States Holder is an individual who holds the subordinate voting shares as a capital asset and is present in the United States for 183 days or more in the taxable year of the disposition and does not qualify for an exemption; or

- the non-United States Holder is subject to tax pursuant to the provisions of U.S. tax law applicable to U.S. expatriates.

INFORMATION REPORTING AND BACK-UP WITHHOLDING

United States Holders generally are subject to information reporting requirements and back-up withholding at a rate of 31% with respect to dividends paid in the United States and on proceeds paid from the disposition of shares, unless the United States Holder (i) is a corporation or comes within certain other exempt categories and demonstrates this fact when so required, or (ii) provides a correct taxpayer identification number, certifies that it is not subject to backup withholdings, and otherwise complies with applicable requirements of the backup withholding rules.

Non-United States Holders generally are not subject to information reporting or back-up withholding with respect to dividends paid on or upon the disposition of shares, provided in some instances that the non-United States Holder provides a taxpayer identification number, certifies to his foreign status or otherwise establishes an exemption.

The amount of any back-up withholding will be allowed as a credit against U.S. federal income tax liability and may entitle the Holder to a refund, provided that required information is furnished to the Internal Revenue Service.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

Any statement in this Annual Report about any of our contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to this Annual Report, the contract or document is deemed to modify our description. You must review the exhibits themselves for a complete description of the contract or document.

You may review a copy of our filings with the SEC, including exhibits and schedules filed with this Annual Report, at the SEC's public reference facilities in Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the regional offices of the SEC located at 7 World Trade Center, 13th Floor, New York, New York 10048 and at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. You may also obtain copies of such materials from the Public Reference Section of the SEC, Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. You may call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. The SEC maintains a Web site (http://www.sec.gov) that contains reports, proxy and information statements and other information

regarding registrants that file electronically with the SEC. We began to file electronically with the SEC in November 2000.

You may read and copy any reports, statements or other information that we file with the SEC at the addresses indicated above and you may also access some of them electronically at the Web site set forth above. These SEC filings are also available to the public from commercial document retrieval services.

We also file reports, statements and other information with the Canadian Securities Administrators and these can be accessed electronically at the Web-site it maintains at http://www.sedar.com.

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

EXCHANGE RATE RISK

Celestica has entered into foreign currency contracts to hedge foreign currency risk. These financial instruments include, to varying degrees, elements of market risk in excess of amounts recognized in the balance sheets. As at December 31, 2000, Celestica had outstanding foreign exchange contracts to sell U.S. $425.1 million in exchange for Canadian dollars over a period of 17 months at a weighted average exchange rate of U.S. $0.67, U.S. $160.2 million in exchange for British pounds sterling over a 12 month period at a weighted average exchange rate of U.S. $1.44, U.S. $35.2 million in exchange for Mexican pesos over a period of 12 months at a weighted average rate of exchange of U.S. $0.10 and U.S. $28.6 million in exchange for Euros over a 12 month period at a weighted average exchange rate of U.S. $0.88. At December 31, 2000, these contracts had a fair value asset of U.S. $7.5 million. The table below provides information about Celestica's foreign currency contracts. The table presents the notional amounts and weighted average exchange rates by expected (contractual) maturity dates. These notional amounts generally are used to calculate the contractual payments to be exchanged under the contracts.

	DECEMBER 31, 2000				
	EXPECTED MATURITY DATE				
	2001	2002	THEREAFTER	TOTAL	FAIR VALUE
FORWARD EXCHANGE AGREEMENTS					
Receive C$/Pay U.S.$					
Contract amount (in millions)	$361.6	$63.5	$--	$425.1	$(3.4)
Average exchange rate	0.67	0.66		0.67	
Receive L/Pay U.S.$					
Contract amount (in millions)	160.2	--	--	160.2	5.8
Average exchange rate	1.44			1.44	
Receive Mexican pesos/Pay U.S.$					
Contract amount (in millions)	$ 35.2	$--	$--	$ 35.2	$ 0.5
Average exchange rate	0.10			0.10	
Receive Euro/Pay (U.S.$)					
Contract amount (in millions)	$ 28.6	--	--	28.6	4.6
Average exchange rate	0.88			0.88	
Total	$585.6	$63.5	$--	$649.1	$ 7.5

INTEREST RATE RISK

Celestica's existing debt is predominantly at fixed rates. The table below provides information about Celestica's financial instruments that are sensitive to changes in interest rates.

	EXPECTED MATURITY DATE							
	2001	2002	2003	2004	2005	THEREAFTER	TOTAL	FAIR VALUE
	(U.S.$ in millions)							
Long-Term Debt								
Subordinate debt	$ 0	$ 0	$ 0	$ 0	$ 0	$130.0	$130.0	$135.2
Fixed rate	10.50%	10.50%	10.50%	10.50%	10.5%	10.50%		
All other fixed rate obligations (including capital leases)	1.3	0.3	0.3	0	0	0	1.9	1.9
Total	$ 1.3	$ 0.3	$ 0.3	$ 0	$ 0	$130.0	$131.9	$137.1

CONVERTIBLE DEBT (LYONS)

We have issued convertible debt with a principal amount at maturity of $1.8 billion, payable August 1, 2020. At March 1, 2001, we were not exposed to interest rate risk on this debt because (i) the issue price represents a fixed yield to maturity, (ii) the principal payable at maturity is fixed and (iii) the conversion ratio into subordinate voting shares of the Company is fixed.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. [RESERVED]

ITEM 16. [RESERVED]

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

The following financial statements have been filed as part of this Annual Report:

ITEM 19. EXHIBITS

The following exhibits have been filed as part of this Annual Report:

EXHIBIT NUMBER	DESCRIPTION
1.	Articles of Incorporation and by-laws as currently in effect:
1.1	Certificate and Articles of Incorporation(1)
1.2	Certificate and Articles of Amendment effective October 22, 1996(1)
1.3	Certificate and Articles of Amendment effective January 24, 1997(1)
1.4	Certificate and Articles of Amendment effective October 8, 1997(1)
1.5	Certificate and Articles of Amendment effective April 29, 1998(2)
1.6	Articles of Amendment effective June 26, 1998(3)
1.7	Restated Articles of Incorporation effective June 26, 1998(3)
1.8	Bylaw No. 1
1.9	Bylaw No. 2(1)
2.	Instruments defining rights of holders of equity or debt securities:
2.1	See Certificate and Articles of Incorporation and amendments thereto identified above.
2.2	Form of Subordinate Voting Share Certificate(5)
2.3	Indenture, dated as of November 18, 1996, by and among Celestica International Inc., Celestica, Inc., Celestica Corporation and The Chase Manhattan Bank, as Trustee (including forms of the Outstanding Notes and Exchange Notes)(6)
2.4	Guarantee Agreement, dated as of November 18, 1996, between Celestica, Inc. and The Chase Manhattan Bank, as Trustee(6)
2.5	Guarantee Agreement, dated as of November 18, 1996, between Celestica Corporation and The Chase Manhattan Bank, as Trustee(6)

EXHIBIT NUMBER	DESCRIPTION
2.6	Supplemental Indenture, dated as of July 7, 1998, among Celestica International Inc., Celestica Inc. and The Chase Manhattan Bank, as Trustee(3)
2.7	Supplemental Indenture, dated as of May 26, 2000, between Celestica Inc. and The Chase Manhattan Bank, as Trustee(7)
2.8	Indenture, dated as of August 1, 2000, between Celestica Inc. and The Chase Manhattan Bank, as Trustee (including a form of the Outstanding Notes).(8)
2.10	Credit Agreement, dated as of July 7, 1998, between Celestica Inc., the subsidiaries of Celestica Inc., specified therein as Designated Subsidiaries, The Bank of Nova Scotia, as Administrative Agent, The Bank of Nova Scotia, as Canadian Facility Agent, The Bank of Nova Scotia, as U.S. Facility Agent, The Bank of Nova Scotia, as U.K. Facility Agent, the financial institutions named in Schedule A as Canadian lenders, the financial institutions named in Schedule B as U.S. lenders, and the financial institutions named in Schedule C as U.K. lenders(3)
2.11	Revolving Term Credit Agreement, dated as of April 22, 1999, between Celestica Inc., the subsidiaries of Celestica Inc., specified therein as Designated Subsidiaries, The Bank of Nova Scotia, as Administrative Agent, The Bank of Nova Scotia, as Canadian Facility Agent, The Bank of Nova Scotia, as U.S. Facility Agent, The Bank of Nova Scotia, as U.K. Facility Agent, the financial institutions named in Schedule A as Canadian lenders, the financial institutions named in Schedule B as U.S. lenders, and the financial institutions named in Schedule C as U.K. lenders(9)
3.	Certain Contracts:
3.1	Management Services Agreement, dated as of July 7, 1998, among Celestica Inc., Celestica North America Inc. and Onex Corporation(5)
3.2	Asset Purchase Agreement, dated as of January 12, 2000, among Celestica Corporation, Celestica Inc. and International Business Machines, Inc.
3.3	Quota (Share) Purchase Agreement, dated February 9, 2000, between Celestica Inc., Celestica Europe Inc., IBM Italia S.p.A. and IBM Semea Servizi Finanziari S.p.A.
3.4	Quota Purchase Agreement, dated June 22, 2000, between NEC do Brasil S.A. and Celestica Inc.
3.5	Amended and Restated Asset Purchase Agreement, dated as of December 5, 2000, between Celestica Corporation, Celestica Ireland Limited, Motorola, Inc. and Motorola B.V.
3.6	Asset Purchase Agreement, dated as of February 19, 2001, by and between Avaya Inc. and Celestica Corporation
3.6.1	Amendment No. 1 to the Asset Purchase Agreement, dated as of May 4, 2001, by and between Avaya Inc. and Celestica Corporation
3.7	Employment Agreement, dated as of October 22, 1996, by and between Celestica, Inc. and Eugene V. Polistuk(1)
3.8	Employment Agreement, dated as of October 22, 1996, by and between Celestica, Inc. and Anthony P. Puppi(1)
3.9	Employment Agreement, dated as of October 22, 1996, by and between Celestica, Inc. and Daniel P. Shea(1)
3.10	Employment Agreement, dated as of June 30, 1998, by and between Celestica Inc. and R. Thomas Tropea(4)

EXHIBIT NUMBER	DESCRIPTION
3.11	Celestica, Inc. Employee Share Purchase and Option Plan (1997)(2)
3.12	Celestica, Inc. -- Celestica Retirement Plan (Canada)(2)
3.13	D2D Employee Share Purchase and Option Plan (1997)(2)
3.13.1	Amended and Restated D2D Employee Share Purchase and Option Plan
3.14	Celestica 1997 U.K. Approved Share Option Scheme(1)
3.15	D2D Pension Plan(2)
3.16	D2D Supplementary Pension Plan(2)
3.17	Celestica Inc. -- Long-Term Incentive Plan(5)
3.17.1	Amended and Restated Celestica Inc. -- Long Term Incentive Plan
3.18	Celestica Inc. -- Employee Share Ownership Plan(5)
3.18.1	Amended and Restated Celestica Inc. -- Employee Share Ownership Plan
8.1	Subsidiaries of Registrant

- ------------

(1) Incorporated by reference to the Registration Statement on Form F-1 of Celestica Inc. filed on April 29, 1998 (Registration No. 333-8700).

(2) Incorporated by reference to Amendment No. 1 to the Registration Statement on Form F-1 of Celestica Inc. filed on June 1, 1998 (Registration No. 333-8700).

(3) Incorporated by reference to the Registration Statement on Form F-1 of Celestica Inc. filed on February 16, 1999 (Registration No. 333-10030).

(4) Incorporated by reference to the Annual Report on Form 20-F of Celestica Inc. filed on May 18, 2000.

(5) Incorporated by reference to Amendment No. 3 to the Registration Statement on Form F-1 of Celestica Inc. filed on June 25, 1998 (Registration No. 333-8700).

(6) Incorporated by reference to Amendment No. 1 to the Registration Statement on Form F-4 of Celestica International Inc. filed on March 5, 1997 (Registration No. 333-6308).

(7) Incorporated by reference to the Registration Statement on Form F-3 of Celestica Inc. filed on July 24, 2000 (Registration No. 333-12272).

(8) Incorporated by reference to the Current Report on Form 6-K of Celestica Inc. for the month of August, 2000.

(9) Incorporated by reference to the Current Report on Form 6-K of Celestica Inc. for the month of February 2000.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

CELESTICA INC.

By: /s/ ELIZABETH L. DELBIANCO

Elizabeth L. DelBianco
VICE-PRESIDENT, GENERAL COUNSEL AND SECRETARY

Date: May 22, 2001

Consolidated Financial Statements of
CELESTICA INC.
Years ended December 31, 1998, 1999 and 2000
(in thousands of U.S. dollars)

AUDITORS' REPORT

To the Board of Directors of
CELESTICA INC.

We have audited the consolidated balance sheets of Celestica Inc. as at December 31, 1999 and 2000 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, 2000. 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.

With respect to the consolidated financial statements for the year ended December 31, 2000, we conducted our audit in accordance with Canadian generally accepted auditing standards and United States generally accepted auditing standards. With respect to the consolidated financial statements for each of the years in the two year period ended December 31, 1999, we conducted our audits in accordance with Canadian generally accepted auditing standards. 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, 1999 and 2000 and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2000 in accordance with Canadian generally accepted accounting principles.

Canadian generally accepted accounting principles vary in certain respects from accounting principles generally accepted in the United States. Application of accounting principles generally accepted in the United States would have affected results of operations for each of the years in the three year period ended December 31, 2000 and shareholders' equity as at December 31, 2000, 1999 and 1998 to the extent summarized in note 24 to the consolidated financial statements.

Toronto, Canada
January 22, 2001

/s/ KPMG LLP
Chartered Accountants

CELESTICA INC.

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS OF U.S. DOLLARS)

	AS AT DECEMBER 31,	
	1999	2000
ASSETS		
Current assets:		
Cash and short-term investments	$ 371,522	$ 883,757
Accounts receivable (note 4)	700,775	1,785,716
Inventories (note 5)	722,333	1,664,304
Prepaid and other assets	37,501	138,830
Deferred income taxes	19,182	48,357
	1,851,313	4,520,964
Capital assets (note 6)	365,447	633,438
Intangible assets (note 7)	367,553	578,272
Other assets (note 8)	71,277	205,311
	$2,655,590	$5,937,985
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 613,110	$1,730,460
Accrued liabilities	205,100	466,310
Income taxes payable	23,257	52,572
Deferred income taxes	6,997	7,702
Current portion of long-term debt (note 9)	2,654	1,364
	851,118	2,258,408
Accrued post-retirement benefits (note 17)	10,007	38,086
Long-term debt (note 9)	131,543	130,581
Other long-term liabilities	890	3,000
Deferred income taxes	3,891	38,641
	997,449	2,468,716
Shareholders' equity	1,658,141	3,469,269
	$2,655,590	$5,937,985

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

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CELESTICA INC.

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)

	YEAR ENDED DECEMBER 31,		
	1998	1999	2000
Revenue	$3,249,200	$5,297,233	$9,752,075
Cost of sales	3,018,665	4,914,674	9,064,074
Gross profit	230,535	382,559	688,001
Selling, general and administrative expenses (note 12)	130,565	202,215	326,052
Amortization of intangible assets (note 7)	45,372	55,569	88,939
Integration costs related to acquisitions (note 13)	8,123	9,616	16,103
Other charges (note 14)	64,743	--	--
	248,803	267,400	431,094
Operating income (loss)	(18,268)	115,159	256,907
Interest on long-term debt	38,959	17,300	17,767
Interest income, net	(6,710)	(6,631)	(36,750)
Earnings (loss) before income taxes	(50,517)	104,490	275,890
Income taxes (note 15):			
Current	15,047	30,735	80,128
Deferred (recovery)	(17,093)	5,329	(10,917)
	(2,046)	36,064	69,211
Net earnings (loss)	$ (48,471)	$ 68,426	$ 206,679
Basic earnings (loss) per share	$ (0.47)	$ 0.41	$ 1.01
Fully diluted earnings per share	N/A	$ 0.40	$ 0.99
Weighted average number of shares outstanding			
--basic (in thousands)	102,992	167,195	199,786
--fully diluted (in thousands)	N/A	178,428	217,907
Net earnings (loss) in accordance with U.S. GAAP (note 24)	$ (54,717)	$ 66,526	$ 197,368
Basic earnings (loss) per share, in accordance with U.S. GAAP (note 24)	$ (0.53)	$ 0.40	$ 0.99
Diluted earnings per share, in accordance with U.S. GAAP (note 24)	N/A	$ 0.38	$ 0.96

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.

CELESTICA INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(IN THOUSANDS OF U.S. DOLLARS)

	CONVERTIBLE DEBT (NOTE 10)	CAPITAL STOCK (NOTE 11)	RETAINED EARNINGS (DEFICIT)	FOREIGN CURRENCY TRANSLATION ADJUSTMENT	TOTAL SHAREHOLDERS' EQUITY
Balance--December 31, 1997	$ --	$ 367,417	$ (3,747)	$ (444)	$ 363,226
Shares issued, net (note 11)	--	535,197	--	--	535,197
Shares to be issued (note 11)	--	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 11)	--	734,003	--	--	734,003
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
Convertible debt issued, net (note 10)	850,372	--	--	--	850,372
Convertible debt accretion, net of tax (note 10)	10,175	--	(5,375)	--	4,800
Shares issued, net (note 11)	--	749,337	--	--	749,337
Currency translation	--	--	--	(60)	(60)
Net earnings for the year	--	--	206,679	--	206,679
Balance--December 31, 2000	$860,547	$2,395,414	$217,512	$(4,204)	$3,469,269

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CELESTICA INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS OF U.S. DOLLARS)

	YEAR ENDED DECEMBER 31,		
	1998	1999	2000
CASH PROVIDED BY (USED IN):			
OPERATIONS:			
Net earnings (loss)	$ (48,471)	$ 68,426	$ 206,679
Items not affecting cash:			
Depreciation and amortization	86,935	126,544	212,500
Deferred income taxes	(17,093)	5,329	(10,917)
Other charges	64,743	--	--
Other	(1,255)	(2,987)	(4,336)
Cash from earnings	84,859	197,312	403,926
Changes in non-cash working capital items:			
Accounts receivable	(13,256)	(227,664)	(995,337)
Inventories	(50,732)	(265,006)	(656,713)
Other assets	(6,783)	1,763	(94,709)
Accounts payable and accrued liabilities	53,643	194,583	1,230,414
Income taxes payable	13,847	4,655	27,293
Non-cash working capital changes	(3,281)	(291,669)	(489,052)
Cash provided by (used in) operations	81,578	(94,357)	(85,126)
INVESTING:			
Acquisitions, net of cash acquired	(48,678)	(64,778)	(634,684)
Purchase of capital assets	(65,770)	(211,831)	(282,780)
Other	(5,241)	(648)	(59,511)
Cash used in investing activities	(119,689)	(277,257)	(976,975)
FINANCING:			
Bank indebtedness	(890)	--	(8,631)
Repayments of long-term debt	(423,226)	(9,978)	(2,252)
Deferred financing costs	(2,179)	(1,495)	(143)
Debt redemption fees	(8,596)	--	--
Issuance of convertible debt	--	--	862,865
Convertible debt issue costs, pre-tax	--	--	(19,405)
Issuance of share capital	423,715	758,176	766,583
Share issue costs, pre-tax	(26,906)	(34,271)	(26,788)
Other	1,862	(1,017)	2,107
Cash provided by (used in) financing activities	(36,220)	711,415	1,574,336
Increase (decrease) in cash	(74,331)	339,801	512,235
Cash, beginning of year	106,052	31,721	371,522
Cash, end of year	$ 31,721	$ 371,522	$ 883,757
Supplemental information			
Paid during the year:			
Interest	$ 38,959	$ 17,240	$ 15,944
Taxes	$ 5,024	$ 26,080	$ 55,019
Non-cash financing activities:			
Convertible debt accretion, net of tax (note 10)	$ --	$ --	$ 5,375

Cash is comprised of cash and short-term investments.

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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 34 facilities located in the United States, Canada, Mexico, United Kingdom, Ireland, Italy, Thailand, China, Hong Kong, Czech Republic, Brazil, Singapore 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, design and repair 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. Goodwill and other intangible assets are amortized 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 assessed based on projected future net cash flows.

(H) PENSION AND NON-PENSION, POST-RETIREMENT BENEFITS:

The Company accrues its obligations under employee benefit plans and the related costs, net of plan assets. The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Past service costs arising from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. The net actuarial gain (loss) is amortized over the average remaining service period of active employees. The average remaining service period of active employees covered by the pension plans is 14 years for 1999 and 2000. The average remaining service period of active employees covered by the other retirement benefit plans is 21 years for 1999 and 2000.

(I) DEFERRED FINANCING COSTS:

Costs incurred relating to the issuance of long-term 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 functional currency of all the Company's subsidiaries is the United States dollar. Prior to January 1, 2000, the functional currency of Celestica U.K. was the British pound sterling whose accounts were translated into U.S. dollars using the current rate method. Assets and liabilities were translated at the year-end exchange rate and revenue and expenses were translated at average exchange rates. Gains and losses arising from the translation of financial statements of foreign operations were deferred in the foreign currency translation adjustment account included as a separate component of shareholders' equity.

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, 1999 and 2000, there were no deferred 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) 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.

(M) 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.

(N) RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

In December 2000, the Canadian Institute of Chartered Accountants released Section 3500, "Earnings per share", which will be effective for the Company's first quarter ended March 31, 2001. The standard will require the use of the treasury stock method for calculating diluted earnings per share, consistent with United States generally accepted accounting principles. Had the Company applied the new standard in 2000, the calculation of 2000 diluted earnings per share would have been $0.98

per share.

(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)

3. ACQUISITIONS:

During 1999 and 2000 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.

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 Fujitsu-ICL Systems Inc., 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:

	ACQUISITIONS
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

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

2000 ACQUISITIONS:

(A) IBM:

In February and May, 2000, the Company acquired certain assets from the Enterprise Systems Group and Microelectronics Division of IBM in Rochester, Minnesota and Vimercate and Santa Palomba, Italy, respectively. The total purchase price of $470,021 was financed with cash.

(B) OTHER ACQUISITIONS:

In June 2000, the Company acquired 100% of the issued and outstanding shares of NDB Industrial Ltda. in Brazil from NEC Corporation. In August 2000, the Company acquired 100% of the issued and outstanding shares of Bull Electronics Inc. in Lowell, Massachusetts from Groupe Bull. In November 2000, the Company acquired 100% of the issued and outstanding shares of NEC Technologies (UK) Ltd. in Telford, U.K. from NEC Corporation. The total purchase price for these acquisitions of $169,757 was financed with cash.

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

	IBM	OTHER ACQUISITIONS
Current assets	$ 301,143	$ 86,533
Capital assets	98,164	35,133
Other long-term assets	2,327	--
Goodwill and intellectual property	213,855	74,045
Other intangible assets	12,201	--
Liabilities assumed	(157,669)	(25,954)
Net assets acquired	$ 470,021	$169,757

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

(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)

4. ACCOUNTS RECEIVABLE:

Accounts receivable are net of an allowance for doubtful accounts of $40,730 at December 31, 2000 (1999--$12,800).

5. INVENTORIES:

	1999	2000
Raw materials	$503,509	$1,298,469
Work in progress	108,928	215,185
Finished goods	109,896	150,650
	$722,333	$1,664,304

6. CAPITAL ASSETS:

	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

	2000		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Land	$ 17,987	$ --	$ 17,987
Buildings	131,877	8,662	123,215
Building improvements	42,760	9,088	33,672
Office equipment	64,531	25,441	39,090
Machinery and equipment	510,202	152,398	357,804
Software	76,925	15,255	61,670
	$844,282	$210,844	$633,438

The above amounts include $8,070 (1999--$7,577) of assets under capital lease and accumulated amortization of $6,106 (1999--$4,006) related thereto.

Depreciation and rental expense for the year ended December 31, 2000 was $121,851 (1999--$69,488; 1998--$39,631) and $46,739 (1999--$21,081; 1998--$13,338), respectively.

(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)

7. INTANGIBLE ASSETS:

	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

	2000		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Goodwill	$434,082	$104,028	$330,054
Other intangible assets	100,869	27,684	73,185
Intellectual property	250,123	75,090	175,033
	$785,074	$206,802	$578,272

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.

Amortization expense is as follows:

	YEAR ENDED DECEMBER 31,		
	1998	1999	2000
Amortization of goodwill	$22,844	$31,064	$39,137
Amortization of other intangible assets	7,736	8,288	10,749
Amortization of intellectual property	14,792	16,217	39,053
	$45,372	$55,569	$88,939

8. OTHER ASSETS:

	1999	2000
Deferred pension (note 17)	$23,054	$ 25,806
Deferred income taxes	37,146	81,504
Commodity taxes recoverable	--	78,290
Other	11,077	19,711
	$71,277	$205,311

Amortization of deferred financing costs for the year ended December 31, 2000 was $1,710 (1999--$1,487; 1998--$1,932).

(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)

9. LONG-TERM DEBT:

	1999	2000
Global, unsecured, revolving credit facility due 2003 (a)...	$ --	$ --
Global, unsecured, revolving credit facility due 2003 (b)...	--	--
Senior Subordinated Notes due 2006 (c).....	130,000	130,000
Other.....	4,197	1,945
	134,197	131,945
Less current portion.....	2,654	1,364
	$131,543	$130,581

(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 bears interest at LIBOR plus a margin and are repayable in July 2003. The weighted average interest rate on this facility during 1999 was 5.8%. In 2000, there were no drawings against this facility. There were no outstanding borrowings on this facility at December 31, 1999 and 2000. Commitment fees in 2000 were $496.

(b) In February 2000, the Company renewed its 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 2003. 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. Other than short-term borrowings under the swing line facility in 1999, there were no borrowings on the revolving credit facility during 1999 and 2000. Commitment fees in 2000 were $683.

(c) 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.

As at December 31, 2000, principal repayments due within each of the next five years on all long-term debt are as follows:

2001.....	$ 1,364
2002.....	326
2003.....	255
2004.....	--
2005.....	--
Thereafter.....	130,000

The global, unsecured, revolving credit facilities 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. CONVERTIBLE DEBT:

In August 2000, Celestica issued Liquid Yield Option-TM- Notes (LYONs) with a principal amount at maturity of $1,813,550, payable August 1, 2020. The Company received gross proceeds of $862,865 and incurred $12,493 in underwriting commissions, net of tax of $6,912. No interest is payable on the LYONs and the issue price of the LYONs represents a yield to maturity of 3.75%. The LYONs are subordinated in right of payment to all existing and future senior indebtedness of the Company.

The LYONs are convertible at any time at the option of the holder, unless previously redeemed or repurchased, into 5.6748 subordinate voting shares for each $1 principal amount at maturity. Holders may require the Company to repurchase all or a portion of their LYONs on August 2, 2005, August 1, 2010 and August 1, 2015 and the Company may redeem the LYONs at any time on or after August 1, 2005 (and, under certain circumstances, before that date). The Company is required to offer to repurchase the LYONs if there is a change in control or a delisting event. Generally, the redemption or

repurchase price is equal to the accreted value of the LYONs. The Company may elect to pay the principal amount at maturity of the LYONs or the repurchase price that is payable in certain circumstances, in cash or subordinate voting shares or any combination thereof.

(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)

Pursuant to Canadian generally accepted accounting principles, the LYONs are recorded as an equity instrument and bifurcated into a principal equity component (representing the present value of the notes) and an option component (representing the value of the conversion features of the notes). The principal equity component is accreted over the 20-year term through periodic charges to retained earnings.

Supplementary fully diluted earnings per share is $0.95 for the year ended December 31, 2000 and has been determined by assuming the principal element of the convertible debt at maturity will be settled by the issuance of common shares based on current share prices.

11. 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.

(B) ISSUED AND OUTSTANDING:

NUMBER OF SHARES	SUBORDINATE VOTING SHARES	MULTIPLE VOTING SHARES	TOTAL SUBORDINATE AND MULTIPLE VOTING SHARES OUTSTANDING	SHARES TO BE ISSUED
Balance December 31, 1998	110,013,288	39,065,950	149,079,238	1,507,348
LTIP award (i)	52,886	--	52,886	--
Equity offerings (ii)	34,500,000	--	34,500,000	--
Other share issuances (iii)	726,955	--	726,955	--
Issued as consideration for acquisitions (iv)	1,000,172	--	1,000,172	(1,000,172)
Balance December 31, 1999	146,293,301	39,065,950	185,359,251	507,176
Equity offering (v)	16,600,000	--	16,600,000	--
Other share issuances (vi)	1,279,137	--	1,279,137	--
Issued as consideration for acquisitions (vii)	147,999	--	147,999	(147,999)
Balance December 31, 2000	164,320,437	39,065,950	203,386,387	359,177

AMOUNT	SUBORDINATE VOTING SHARES	MULTIPLE VOTING SHARES	SHARES TO BE ISSUED	TOTAL AMOUNT
Balance December 31, 1998	$ 763,803	$138,811	$ 9,460	$ 912,074
LTIP award (i)	534	--	--	534
Equity offerings, net of issue costs (ii)	727,408	--	--	727,408
Other share issuances (iii)	6,061	--	--	6,061
Issued as consideration for acquisitions (iv)	6,616	--	(6,616)	--
Balance December 31, 1999	1,504,422	138,811	2,844	1,646,077
Equity offering, net of issue costs (v)	740,129	--	--	740,129
Other share issuances (vi)	9,208	--	--	9,208
Issued as consideration for acquisitions (vii)	1,113	--	(1,113)	--
Balance December 31, 2000	$2,254,872	$138,811	$ 1,731	$2,395,414

1999 CAPITAL TRANSACTIONS:

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.

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

(ii) 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 cash proceeds of $488,031 and incurred $15,286 in share issuance costs, net of tax of $6,246.

(iii) 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.

(iv) In 1999, the Company issued 1,000,172 subordinate voting shares to former stockholders of International Manufacturing Services, Inc. (IMS), in connection with the merger with IMS, at an ascribed value of $6,616 for $1,078 cash. Total shares of 1,507,348 were reserved for issuance at the time of the IMS merger on December 31, 1998. 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.

2000 CAPITAL TRANSACTIONS:

(v) In March 2000, the Company issued 16,600,000 subordinate voting shares for gross cash proceeds of $757,375 and incurred $17,246 in share issue costs, net of tax of $9,542.

(vi) During 2000, pursuant to employee share purchase and option plans and LTIP awards, the Company issued 1,279,137 subordinate voting shares as a result of the exercise of options for cash of $9,208.

(vii) In 2000, the Company issued 147,999 subordinate voting shares to former stockholders of IMS, in connection with the merger with IMS, at an ascribed value of $1,113 for $241 cash. Total shares of 1,507,348 were reserved for issuance at the time of the IMS merger on December 31, 1998. As at December 31, 2000, 359,177 subordinate voting shares are reserved for issuance at an ascribed value of $1,731 for IMS options with an exercise price below fair value at the date of the merger.

(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.

(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
Granted	4,162,929	$55.40
Exercised	(1,427,136)	$ 6.85
Cancelled	(176,689)	$ 7.33
Outstanding at December 31, 2000	17,153,891	$25.16
Cash consideration received on options exercised	$ 9,208	
Shares reserved for issuance upon exercise of stock options or awards	21,915,472	

The following options were outstanding as at December 31, 2000:

PLAN	RANGE OF EXERCISE PRICES	OUTSTANDING OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	EXERCISABLE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	REMAINING LIFE (YEARS)
ESPO	$5.00 - $ 7.50	5,970,827	$ 5.36	2,786,370	$ 5.31	7
LTIP	$8.75 - $13.69	1,840,987	$12.13	547,258	$ 11.60	8
	$24.18 - $24.18	829,200	$24.18	207,300	$ 24.18	9
	$39.03 - $39.03	3,035,600	$39.03	758,900	$ 39.03	9
	$55.40 - $56.19	4,158,929	$55.95	--	--	9
Other	$0.93 - $13.31	1,318,348	$ 4.61	999,741	$ 4.97	6
		17,153,891				

12. RESEARCH AND DEVELOPMENT COSTS:

Total research and development costs for 2000 were $19,517 (1999--$19,728; 1998--$19,790).

13. INTEGRATION COSTS RELATED TO ACQUISITIONS:

The Company incurred costs of $16,103 in 2000 (1999--$9,616; 1998--$8,123) relating to the establishment of business processes, infrastructure and information systems for acquired operations. None of the integration costs incurred related to existing operations.

14. OTHER CHARGES:

	YEAR ENDED DECEMBER 31,		
	1998	1999	2000
Write-down of intellectual property and goodwill (a)	$41,813	$ --	$ --
Deferred financing costs and debt redemption fees (b)	17,830	--	--
Other	5,100	--	--
	$64,743	$ --	$ --

(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)

(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.

15. INCOME TAXES:

	YEAR ENDED DECEMBER 31,		
	1998	1999	2000
Income (loss) before tax:			
Canadian operations	$ 209	$ 84,849	$179,405
Foreign operations	(50,726)	19,641	96,485
	$(50,517)	$104,490	$275,890
Current income tax expense:			
Canadian operations	$ 9,969	$ 25,470	$ 51,290
Foreign operations	5,078	5,265	28,838
	$ 15,047	$ 30,735	$ 80,128
Deferred income tax expense (recovery):			
Canadian operations	$(10,490)	$ 14,427	$ 33,030
Foreign operations	(6,603)	(9,098)	(43,947)
	$(17,093)	$ 5,329	$(10,917)

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

	YEAR ENDED DECEMBER 31,		
	1998	1999	2000
Combined Canadian federal and provincial income tax rate	44.6%	44.6%	44.0%
Income taxes (recovery) based on earnings (loss) before income taxes at statutory rates	$(22,530)	$ 46,602	$121,392
Increase (decrease) resulting from:			
Manufacturing and processing deduction	1,694	(8,043)	(17,668)
Foreign income taxed at lower rates	(3,016)	(11,373)	(43,871)
Amortization of non-deductible costs	17,036	9,514	8,842
Other, including large corporations tax	4,770	(636)	516
Income tax expense (recovery)	$ (2,046)	$ 36,064	$ 69,211

(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)

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, 1999 and 2000:

	1999	2000
Deferred tax assets:		
Income tax effect of net operating losses carried forward	$ 14,288	$ 52,504
Accounting provisions not currently deductible	13,633	21,560
Capital, intangible and other assets	18,115	6,746
Share issue and convertible debt issue costs	15,815	23,004
Other	2,402	1,829
Total deferred tax assets	64,253	105,643
Deferred tax liabilities:		
Capital, intangible and other assets	(4,223)	(12,382)
Deferred pension asset	(7,925)	(8,868)
Other	(6,665)	(875)
Total deferred tax liabilities	(18,813)	(22,125)
Deferred income tax asset, net	$ 45,440	$ 83,518

Celestica has been granted tax incentives, including tax holidays, for its Czech Republic, China, Malaysia and Thailand subsidiaries. These tax incentives expire between 2002 and 2012, and are subject to certain conditions with which the Company expects to comply.

As at December 31, 2000, the Company had $131,000 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 15 year period commencing in 2006.

The Company also has net capital losses amounting to $15,500, 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 $265,000. Based upon projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that it is more likely than not that the Company will realize the benefits of these assets.

16. RELATED PARTY TRANSACTIONS:

In 2000, the Company expensed acquisition and management related fees of $2,087 (1999--$2,040; 1998--$2,020) and capitalized acquisition related fees of $500 (1999--$Nil; 1998--$2,000) charged by its parent company. Management believes that the fees charged were reasonable in relation to the services provided.

17. PENSION AND NON-PENSION POST-RETIREMENT BENEFIT PLANS:

The Company provides various pension and non-pension post-retirement benefit plans for its employees. 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. 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,		
	1998	1999	2000
Period cost, plans providing pension benefits	$5,685	$8,617	$12,815

(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)

For the defined benefit pension 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 four years based on actuarial calculations to maintain the plans on a fully funded basis. The most recent actuarial valuations were completed as at January, March and April 2000. The Company accrues the expected costs of providing non-pension, post-retirement benefits during the periods in which the employees render service.

The estimated present value of accrued plan benefits and the estimated market value of the net assets available to provide for these benefits at December 31, 1999 and 2000 are as follows:

	PENSION PLANS		OTHER BENEFIT PLANS	
	1999	2000	1999	2000
Plan assets, at fair value	$191,132	$188,559	$ --	$ --
Projected benefit obligations	147,281	170,295	17,504	47,699
Excess of plan assets over projected benefit obligations	43,851	18,264	(17,504)	(47,699)
Unamortized past service costs	--	--	3,873	4,287
Unrecognized net loss (gain) from past experience and effects of changes in assumptions	(17,865)	9,778	3,499	5,373
Foreign currency exchange rate changes	(2,932)	(2,236)	125	(47)
Deferred amount	$ 23,054	$ 25,806	$(10,007)	$(38,086)

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:

	PENSION PLANS	
	1999	2000
Opening plan assets	$151,300	$191,132
Actual return on plan assets	30,046	1,504
Foreign currency exchange rate changes	2,518	(11,176)
Contributions by employees	1,873	2,107
Contributions by employer	7,033	7,526
Benefits paid	(1,638)	(2,534)
	$191,132	$188,559
Vested benefit obligations	$ 89,251	$100,641
Accumulated benefit obligations	$133,414	$143,150

There are no assets recorded for the other benefit plans.

(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)

Projected benefit obligations are outlined below:

	PENSION PLANS		OTHER BENEFIT PLANS	
	1999	2000	1999	2000
Opening projected benefit obligations	$125,695	$147,281	$15,482	$17,504
Service cost	6,557	7,459	1,149	1,455
Interest cost	8,959	10,583	1,123	1,481
Benefits paid	(1,638)	(2,534)	(18)	(155)
Actuarial gains and losses	--	7,297	(937)	360
Plan amendments	--	--	--	657
Acquisitions	--	--	--	26,345
Changes in assumptions	4,446	7,484	--	538
Foreign currency exchange rate changes	3,262	(7,275)	705	(486)
	$147,281	$170,295	$17,504	$47,699

Net plan expense is outlined below:

	PENSION PLANS YEAR ENDED DECEMBER 31,			OTHER BENEFIT PLANS YEAR ENDED DECEMBER 31,		
	1998	1999	2000	1998	1999	2000
Plan cost:						
Service cost--benefits earned	$ 5,659	$ 6,557	$ 7,459	$ 841	$ 1,149	$ 1,455
Interest cost on projected benefit obligations	7,467	8,959	10,583	855	1,123	1,481
Actual return on plan assets	(14,194)	(30,046)	(1,504)	--	--	--
Amortization of past service costs	--	--	2,405	--	--	--
Net amortization and deferral	3,994	18,584	(14,982)	334	1,388	391
	$ 2,926	$ 4,054	$ 3,961	$ 2,030	$ 3,660	$ 3,327
Actuarial assumptions:						
Weighted average discount rate for projected benefit obligations	6.50%	6.00%-6.50%	6.50%	6.50%-6.75%	6.50%-8.00%	7.00%-7.75%
Weighted average rate of compensation increase	4.00%	4.00%	4.00%	5.10%	4.50%	4.50%
Weighted average expected long-term rate of return on plan assets	7.50%	7.50%	7.25%-7.50%	--	--	--
Health care cost trend rate	--	--	--	5.10%-5.50%	5.10%-7.40%	5.10%-6.80%

A one-percentage point increase and decrease in the assumed health care cost trend rate would increase by $540 and decrease by $377 the service cost and increase by $3,465 and decrease by $2,728 the accumulated obligation for other benefit plans for the year ended December 31, 2000.

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 based on the current trading value, as quoted by brokers active in these markets.

(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, 1999 and 2000, are as follows:

	DECEMBER 31, 1999		DECEMBER 31, 2000	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Senior Subordinated Notes and other long-term debt.....	$130,000	$136,013	$130,000	$135,200
Foreign currency contracts.....	--	4,250	--	7,498

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, 2000, the Company had outstanding foreign exchange contracts to sell $425,091 in exchange for Canadian dollars over a period of 17 months at a weighted average exchange rate of U.S. $0.67. In addition, the Company had exchange contracts to sell $28,609 in exchange for Euros over a period of 12 months at a weighted average exchange rate of U.S. $0.88, $160,169 in exchange for British pounds sterling over a period of 12 months at a weighted average exchange rate of U.S. $1.44, and $35,133 in exchange for Mexican pesos over a period of 12 months at a weighted average exchange rate of U.S. $0.10. At December 31, 2000, these contracts had a fair value asset of $7,498 (1999--$4,250).

(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
2001.....	$52,465	$10,681	$63,146
2002.....	45,510	562	46,072
2003.....	33,976	--	33,976
2004.....	14,083	--	14,083
2005.....	8,939	--	8,939
Thereafter.....	42,016	--	42,016

20. CONTINGENCIES:

Contingent liabilities in the form of letters of credit and guarantees, including guarantees of employee share purchase loans, amounted to $12,018 at December 31, 2000 (1999--$30,784).

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.

21. SIGNIFICANT CUSTOMERS:

During 2000, two customers individually comprised 25% and 21% of total revenue across all geographic segments. At December 31, 2000, these customers represented 21% and 26%, respectively, of the Company's accounts receivable.

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.

(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)

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.

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 income taxes. Inter-segment transactions are reflected at market value.

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. Certain comparative information has been restated to reflect changes in the management of operating segments.

	YEAR ENDED DECEMBER 31,		
	1998	1999	2000
REVENUE			
Canada	$1,555,592	$2,226,978	$3,006,576
United States	944,324	1,360,609	3,265,786
Europe	749,284	1,108,615	2,823,268
Asia	--	710,164	1,141,925
Elimination of inter-segment revenue	--	(109,133)	(485,480)
	$3,249,200	$5,297,233	$9,752,075

	YEAR ENDED DECEMBER 31,		
	1998	1999	2000
EBIAT			
Americas	$ 75,058	$ 114,168	$ 202,376
Europe	24,912	42,840	121,144
Asia	--	23,336	38,429
	99,970	180,344	361,949
Interest, net	(32,249)	(10,669)	18,983
Amortization of intangible assets	(45,372)	(55,569)	(88,939)
Integration costs related to acquisitions	(8,123)	(9,616)	(16,103)
Other charges	(64,743)	--	--
Earnings (loss) before income taxes	$ (50,517)	$ 104,490	$ 275,890
Adjusted net earnings	$ 45,372	$ 122,974	$ 304,062

	YEAR ENDED DECEMBER 31,		
	1998	1999	2000
CAPITAL EXPENDITURES			
Americas	$ 39,118	$ 138,004	$ 154,006
Europe	26,652	29,102	86,833
Asia	--	44,725	41,941
	$ 65,770	$ 211,831	$ 282,780

(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)

	AS AT DECEMBER 31,	
	1999	2000
TOTAL ASSETS		
Americas	$1,755,682	$3,444,528
Europe	519,204	1,904,731
Asia	380,704	588,726
	$2,655,590	$5,937,985
INTANGIBLE ASSETS		
Americas	$ 238,093	$ 307,802
Europe	54,214	196,557
Asia	75,246	73,913
	$ 367,553	$ 578,272
CAPITAL ASSETS		
Americas	$ 226,617	$ 327,020
Europe	71,647	216,049
Asia	67,183	90,369
	$ 365,447	$ 633,438

23. SUBSEQUENT EVENT:

In December 2000, the Company entered into agreements with Motorola Inc. of Schaumburg, Illinois to purchase the manufacturing assets in Dublin, Ireland and Mt. Pleasant, Iowa. The purchase price is estimated to be approximately $70,000. At the same time, the Company entered into a strategic supply agreement. This acquisition is expected to close in the first quarter of 2001.

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,		
	1998	1999	2000
Net earnings (loss) in accordance with Canadian GAAP	$(48,471)	$68,426	$206,679
Compensation expense (a)(b)	(6,246)	(1,900)	(2,500)
Interest expense on convertible debt, net of tax of $3,768 (c)	--	--	(6,811)
Net earnings (loss) in accordance with United States GAAP	$(54,717)	$66,526	$197,368
Other comprehensive income:			
Foreign currency translation adjustment	(146)	(3,554)	(60)
Comprehensive income (loss) in accordance with United States GAAP	$(54,863)	$62,972	$197,308
Basic earnings (loss) per share	$ (0.53)	$ 0.40	$ 0.99
Diluted earnings per share (d)	N/A	$ 0.38	$ 0.96
Net earnings (loss) is comprised of the following:			
Net earnings (loss)	$(54,717)	$66,526	$197,368
Extraordinary loss on debt redemption, net of tax (note 14)	14,367	--	--
Net earnings (loss) before extraordinary loss	$(40,350)	$66,526	$197,368
Basic earnings (loss) per share before extraordinary loss	$ (0.39)	$ 0.40	$ 0.99
Diluted earnings per share before extraordinary loss (d)	N/A	$ 0.38	$ 0.96

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.

(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)

The cumulative effect of these adjustments on shareholders' equity of the Company is as follows:

	DECEMBER 31,		
	1998	1999	2000
Shareholders' equity in accordance with Canadian GAAP.....	$859,266	$1,658,141	$3,469,269
Compensation expense (a)(b).....	(6,246)	(8,146)	(10,646)
Interest expense on convertible debt, net of tax (c).....	--	--	(6,811)
Convertible debt (c).....	--	--	(860,547)
Convertible debt accretion, net of tax (c).....	--	--	5,375
Shareholders' equity in accordance with United States GAAP.....	$853,020	$1,649,995	$2,596,640

(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.

(c) Under Canadian GAAP, the Company recorded the convertible debt as an equity instrument and recorded accretion charges to retained earnings. Under United States GAAP, the convertible debt was recorded as a long-term liability and accordingly, the Company recorded the accretion charges and amortization of debt issue costs to interest expense.

(d) Under United States GAAP, diluted earnings per share is calculated using the treasury stock method. Under the treasury stock method, the denominator is adjusted for the assumed number of shares that would be repurchased by the Company using the proceeds from the exercise of stock options, net of the number of shares issued upon exercise of those options. Under Canadian GAAP, the denominator is adjusted only for the assumed number of shares issued upon exercise of the stock options and the numerator is adjusted for the imputed interest income earned on the exercise proceeds.

OTHER DISCLOSURES REQUIRED UNDER UNITED STATES GAAP:

(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 earnings (loss) and earnings (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 5.4% (1999--5%; 1998--5%), dividend yield of 0%, a volatility factor of the expected market price of the Company's shares of 70% (1999--47%; 1998--50%); and a weighted-average expected option life of 7.5 years in 2000 (1999--5 years; 1998--5 years). The weighted-average grant date fair values of options issued in 2000 was $40.49 per share (1999--$10.24 per share; 1998--$4.30 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, 2000, the Company's United States GAAP pro forma net earnings (loss) is $176,231 and basic earnings (loss) per share is $0.88 (1999--$52,345 and $0.31 per share; 1998--$(61,699) and $(0.60) per share).

(b) Earnings per share supplemental disclosure:

The following table sets forth the computation of United States GAAP basic and diluted earnings (loss) per share:

	YEAR ENDED DECEMBER 31,		
	1998	1999	2000
Earnings (loss) available to shareholders--basic	$(54,717)	$ 66,526	$197,368
Add: Interest expense on convertible debt, net of tax	--	--	6,811
Earnings (loss) available to shareholders--diluted	$(54,717)	$ 66,526	$204,179
Weighted average shares--basic (in thousands)	102,992	167,195	199,786
Weighted average shares--diluted (in thousands) (i)	N/A	175,582	211,815
Basic earnings (loss) per share	$ (0.53)	$ 0.40	$ 0.99
Diluted earnings (loss) per share	N/A	$ 0.38	$ 0.96

(i) Adjusted for the dilutive impact of outstanding stock options and convertible debt.

N/A-- In 1998, the effect of stock options has been excluded from the computation of diluted earnings (loss) per share as the effect was anti-dilutive due to the loss for the year.

(c) Other recent United States accounting pronouncements:

The Financial Accounting Standards Board (FASB) has issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 138 which amends SFAS No. 133. SFAS No. 133 establishes methods of accounting for derivative financial instruments and hedging activities related to those instruments as well as other hedging activities. The standard requires that all derivatives be recorded on the balance sheet at fair value. The Company will implement SFAS No. 133 for its first quarter ended March 31, 2001. In accordance with the new standard, the Company will account for its existing foreign currency contracts as cash flow hedges. Accordingly, on January 1, 2001, the Company recorded an asset in the amount of $7,498 and a corresponding credit to other comprehensive income as a cumulative-effect type adjustment to reflect the initial mark-to-market on the foreign currency contracts. The Company expects to release $6,477 of the gain to earnings in the next 12 months as the related hedged items are recognized in earnings.

[EXHIBIT INDEX]

EXHIBIT NUMBER	DESCRIPTION
1.	Articles of Incorporation and by-laws as currently in effect:
1.1	Certificate and Articles of Incorporation(1)
1.2	Certificate and Articles of Amendment effective October 22, 1996(1)
1.3	Certificate and Articles of Amendment effective January 24, 1997(1)
1.4	Certificate and Articles of Amendment effective October 8, 1997(1)
1.5	Certificate and Articles of Amendment effective April 29, 1998(2)
1.6	Articles of Amendment effective June 26, 1998(3)
1.7	Restated Articles of Incorporation effective June 26, 1998(3)
1.8	Bylaw No. 1
1.9	Bylaw No. 2(1)
2.	Instruments defining rights of holders of equity or debt securities:
2.1	See Certificate and Articles of Incorporation and amendments thereto identified above.
2.2	Form of Subordinate Voting Share Certificate(5)
2.3	Indenture, dated as of November 18, 1996, by and among Celestica International Inc., Celestica, Inc., Celestica Corporation and The Chase Manhattan Bank, as Trustee (including forms of the Outstanding Notes and Exchange Notes)(6)
2.4	Guarantee Agreement, dated as of November 18, 1996, between Celestica, Inc. and The Chase Manhattan Bank, as Trustee(6)
2.5	Guarantee Agreement, dated as of November 18, 1996, between Celestica Corporation and The Chase Manhattan Bank, as Trustee(6)
2.6	Supplemental Indenture, dated as of July 7, 1998, among Celestica International Inc., Celestica Inc. and The Chase Manhattan Bank, as Trustee(3)
2.7	Supplemental Indenture, dated as of May 26, 2000, between Celestica Inc. and The Chase Manhattan Bank, as Trustee(7)
2.8	Indenture, dated as of August 1, 2000, between Celestica Inc. and The Chase Manhattan Bank, as Trustee (including forms of the Outstanding Notes)(8)
2.10	Credit Agreement, dated as of July 7, 1998, between Celestica Inc., the subsidiaries of Celestica Inc., specified therein as Designated Subsidiaries, The Bank of Nova Scotia, as Administrative Agent, The Bank of Nova Scotia, as Canadian Facility Agent, The Bank of Nova Scotia, as U.S. Facility Agent, The Bank of Nova Scotia, as U.K. Facility Agent, the financial institutions named in Schedule A as Canadian lenders, the financial institutions named in Schedule B as U.S. lenders, and the financial institutions named in Schedule C as U.K. lenders(3)
2.11	Revolving Term Credit Agreement, dated as of April 22, 1999, between Celestica Inc., the subsidiaries of Celestica Inc., specified therein as Designated Subsidiaries, The Bank of Nova Scotia, as Administrative Agent, The Bank of Nova Scotia, as Canadian Facility Agent, The Bank of Nova Scotia, as U.S. Facility Agent, The Bank of Nova Scotia, as U.K. Facility Agent, the financial institutions named in Schedule A as Canadian lenders, the financial institutions named in Schedule B as U.S. lenders, and the financial institutions named in Schedule C as U.K. lenders(9)
3.	Certain Contracts:

EXHIBIT NUMBER	DESCRIPTION
3.1	Management Services Agreement, dated as of July 7, 1998, among Celestica Inc., Celestica North America Inc. and Onex Corporation(5)
3.2	Asset Purchase Agreement, dated as of January 12, 2000, among Celestica Corporation, Celestica Inc. and International Business Machines, Inc.
3.3	Quota (Share) Purchase Agreement, dated February 9, 2000, between Celestica Inc., Celestica Europe Inc., IBM Italia S.p.A. and IBM Semea Servizi Finanziari S.p.A.
3.4	Quota Purchase Agreement, dated June 22, 2000, between NEC do Brasil S.A. and Celestica Inc.
3.5	Amended and Restated Asset Purchase Agreement, dated as of December 5, 2000, between Celestica Corporation, Celestica Ireland Limited, Motorola, Inc. and Motorola B.V.
3.6	Asset Purchase Agreement, dated as of February 19, 2001, by and between Avaya Inc. and Celestica Corporation
3.6.1	Amendment No. 1 to the Asset Purchase Agreement, dated as of May 4, 2001, by and between Avaya Inc. and Celestica Corporation
3.7	Employment Agreement, dated as of October 22, 1996, by and between Celestica, Inc. and Eugene V. Polistuk(1)
3.8	Employment Agreement, dated as of October 22, 1996, by and between Celestica, Inc. and Anthony P. Puppi(1)
3.9	Employment Agreement, dated as of October 22, 1996, by and between Celestica, Inc. and Daniel P. Shea(1)
3.10	Employment Agreement, dated as of June 30, 1998, by and between Celestica Inc. and R. Thomas Tropea(4)
3.11	Celestica, Inc. Employee Share Purchase and Option Plan (1997)(2)
3.12	Celestica, Inc. -- Celestica Retirement Plan (Canada)(2)
3.13	D2D Employee Share Purchase and Option Plan (1997)(2)
3.13.1	Amended and Restated D2D Employee Share Purchase and Option Plan
3.14	Celestica 1997 U.K. Approved Share Option Scheme(1)
3.15	D2D Pension Plan(2)
3.16	D2D Supplementary Pension Plan(2)
3.17	Celestica Inc. -- Long-Term Incentive Plan(5)
3.17.1	Amended and Restated Celestica Inc. -- Long Term Incentive Plan
3.18	Celestica Inc. -- Employee Share Ownership Plan(5)
3.18.1	Amended and Restated Celestica Inc. -- Employee Share Ownership Plan
8.1	Subsidiaries of Registrant

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(1) Incorporated by reference to the Registration Statement on Form F-1 of Celestica Inc. filed on April 29, 1998 (Registration No. 333-8700).

(2) Incorporated by reference to Amendment No. 1 to the Registration Statement on Form F-1 of Celestica Inc. filed on June 1, 1998 (Registration No. 333-8700).

(3) Incorporated by reference to the Registration Statement on Form F-1 of Celestica Inc. filed on February 16, 1999 (Registration No. 333-10030).

(4) Incorporated by reference to the Annual Report on Form 20-F of Celestica Inc. filed on May 18, 2000.

(5) Incorporated by reference to Amendment No. 3 to the Registration Statement on Form F-1 of Celestica Inc. filed on June 25, 1998 (Registration No. 333-8700).

(6) Incorporated by reference to Amendment No. 1 to the Registration Statement on Form F-4 of Celestica International Inc. filed on March 5, 1997 (Registration No. 333-6308).

(7) Incorporated by reference to the Registration Statement on Form F-3 of Celestica Inc. filed on July 24, 2000 (Registration No. 333-12272).

(8) Incorporated by reference to the Current Report on Form 6-K of Celestica Inc. for the month of August, 2000.

(9) Incorporated by reference to the Current Report on Form 6-K for the month of February 2000.

CELESTICA INC.
BY-LAW 1

A by-law relating generally to the conduct of the affairs of CELESTICA INC.

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of CELESTICA INC. (hereinafter called the "Corporation") as follows:

DEFINITIONS

1. In this by-law and all other by-laws of the Corporation, unless the context otherwise specifies or requires:

(a) "Act" means the BUSINESS CORPORATIONS ACT, R.S.O. 1990, c. B.16, as from time to time amended, and every statute that may be substituted therefor and, in the case of such amendment or substitution, any reference in the by-laws of the Corporation shall be read as referring to the amended or substituted provisions;

(b) "by-law" means any by-law of the Corporation from time to time in force and effect;

(c) all terms contained in the by-laws which are defined in the Act shall have the meanings given to such terms in the Act;

(d) words importing the singular number only shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter genders; and

(e) the headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

REGISTERED OFFICE

2. The Corporation may from time to time (i) by resolution of the directors change the address of the registered office of the Corporation within the municipality or geographic township within Ontario specified in its articles, and (ii) by special resolution, change the municipality or geographic township within Ontario in which its registered office is situated.

SEAL

3. The Corporation may, but need not, have a corporate seal. An instrument or agreement executed on behalf of the Corporation by a director, an officer or an agent of the Corporation is not invalid merely because the corporate seal, if any, is not affixed thereto.

DIRECTORS

4. NUMBER AND POWERS. The number of directors, or the minimum and maximum number of directors of the Corporation, is set out in the articles of the Corporation. A majority of the directors shall be resident Canadians, but if the Corporation has only one or two directors, that director or one of the two directors, as the case may be, shall be a resident Canadian. Subject to any unanimous shareholder agreement, the directors shall manage or supervise the management of the business and affairs of the Corporation and may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation and are not by the Act, the articles, the by-laws, any special resolution of the Corporation, a unanimous shareholder agreement or by statute expressly directed or required to be done in some other manner.

Notwithstanding any vacancy among the directors, the remaining directors may exercise all the powers of the directors so long as a quorum of the directors remains in office.

Subject to subsections 124(1), (2), (4) and (5) of the Act and to the Corporation's articles, where there is a quorum of directors in office and a vacancy occurs, the directors remaining in office may appoint a qualified person to hold office for the unexpired term of his predecessor.

5. DUTIES. Every director and officer of the Corporation in exercising his powers and discharging his duties shall:

(a) act honestly and in good faith with a view to the best interests of the Corporation; and

(b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Every director and officer of the Corporation shall comply with the Act, the regulations thereunder, the Corporation's articles and by-laws and any unanimous shareholder agreement.

6. QUALIFICATION. Every director shall be an individual 18 or more years of age and no one who is of unsound mind and has been so found by a court in Canada or elsewhere or who has the status of a bankrupt shall be a director.

7. TERM OF OFFICE. A director's term of office (subject to the provisions, if any, of the Corporation's articles, and subject to his election for an expressly stated term) shall be from the date of the meeting at which he is elected or appointed until the close of the annual meeting of shareholders next following his election or appointment or until his successor is elected or appointed.

8. VACATION OF OFFICE. The office of a director shall be vacated if:

(a) he dies or, subject to subsection 119(2) of the Act, sends to the Corporation a written resignation and such resignation, if not effective upon receipt by the Corporation, becomes effective in accordance with its terms;

(b) he is removed from office;

(c) he becomes bankrupt; or

(d) he is found by a court in Canada or elsewhere to be of unsound mind.

9. ELECTION AND REMOVAL. Directors shall be elected by the shareholders by ordinary resolution on a show of hands, or by ballot if a ballot is demanded. Except for those directors elected for an expressly stated term, all the directors then in office shall cease to hold office at the close of the meeting of shareholders at which directors are to be elected but, if qualified, are eligible for re-election. Subject to subsection 122(2) of the Act, the shareholders of the Corporation may by ordinary resolution at an annual or special meeting remove any director before the expiration of his term of office and may, by a majority of the votes cast at the meeting, elect any person in his stead for the remainder of his term.

Whenever at any election of directors of the Corporation the number or the minimum number of directors required by the articles is not elected by reason of the disqualification, incapacity or the death of any candidates, the directors elected at that meeting may exercise all the powers of the directors if the number of directors so elected constitutes a quorum pending the holding of a meeting of shareholders in accordance with subsection 124(3) of the Act.

A retiring director shall cease to hold office at the close of the meeting at which his successor is elected unless such meeting was called for the purpose of removing him from office as a director in which case the director so removed shall vacate office forthwith upon the passing of the resolution for his removal.

10. VALIDITY OF ACTS. An act done by a director or by an officer is not invalid by reason only of any defect that is thereafter discovered in his appointment, election or qualification.

MEETINGS OF DIRECTORS

11. PLACE OF MEETING. Meetings of directors and of any committee of directors may be held at any place within or outside Ontario and in any financial year a majority of the meetings of the board of directors need not be held at a place within Canada. A meeting of directors may be convened by the Chairman of the Board (if any), the President or any director at any time and the Secretary shall upon direction of any of the foregoing convene a meeting of directors. A quorum of the directors may, at any time, call a meeting of the directors for the transaction of any business the general nature of which is specified in the notice calling the meeting.

12. NOTICE. Notice of the time and place for the holding of any such meeting shall be sent to each director not less than two days (exclusive of the day on which the notice is sent but inclusive of the day for which notice is given) before the date of the meeting; provided that meetings of the directors or of any committee of directors may be held at any time without formal notice if all the directors are present (except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all the absent directors have waived notice.

Notice of the time and place for the holding of any meeting of directors or any committee of directors may be given by delivery, telegraph, cable, telex or other electronic means that produces a written copy.

For the first meeting of directors to be held following the election of directors at an annual or special meeting of the shareholders or for a meeting of directors at which a director is appointed to fill a vacancy in the board, no notice of such meeting need be given to the newly elected or appointed director or directors in order for the meeting to be duly constituted, provided a quorum of the directors is present.

13. WAIVER OF NOTICE. Notice of a meeting of directors or of any committee of directors or any irregularity in a meeting or in the notice thereof may be waived in any manner by any director and such waiver may be validly given either before or after the meeting to which such waiver relates. Attendance of a director at a meeting of directors is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

14. TELEPHONE PARTICIPATION. Where all the directors of the Corporation present at or participating in the meeting consent thereto (either before or after the meeting), a director may participate in a meeting of directors or of any committee of directors by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in a meeting by such means shall be deemed for the purposes of the Act to be present at that meeting. If the majority of the directors participating in the meeting are then in Canada, the meeting shall be deemed to be held in Canada.

15. ADJOURNMENT. Any meeting of directors or of any committee of directors may be adjourned from time to time by the chairman of the meeting, with the consent of the meeting, to a fixed time and place and no notice of the time and place for the holding of the adjourned meeting need be given to any director if the time and place of the adjourned meeting is announced at the original meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

16. QUORUM AND VOTING. A majority of the number of directors or minimum number of directors required by the articles shall constitute a quorum for the transaction of business. If the Corporation has fewer than three directors, all directors must be present at any meeting of directors to constitute a quorum. Subject to subsection 124(1) and subsection 126(7) of the Act, no business shall be transacted by the directors except at a meeting of directors at which a quorum is present and at which a majority of the directors present are resident Canadians or, where the Corporation has fewer than three directors, at which one of the directors present is a resident Canadian. Questions arising at any meeting of directors shall be decided by a majority of votes. In case of an equality of votes, the chairman of the meeting in addition to his original vote shall not have a second or casting vote.

COMMITTEES OF DIRECTORS

17. GENERAL. The directors may from time to time appoint from their number a committee of directors, a majority of whom shall be resident Canadians, and may delegate to such committee any of the powers of the directors, except that no such committee shall have the authority to:

(a) submit to the shareholders any question or matter requiring the approval of the shareholders;

(b) fill a vacancy among the directors or in the office of auditor or appoint or remove any of the chief executive officer, however designated, the chief financial officer, however designated, the chairman or the president of the Corporation;

(c) subject to section 184 of the Act, issue securities except in the manner and on the terms authorized by the directors;

(d) declare dividends;

(e) purchase, redeem or otherwise acquire shares issued by the Corporation;

(f) pay a commission referred to in section 37 of the Act;

(g) approve a management information circular referred to in Part VIII of the Act;

(h) approve a take-over bid circular, directors' circular or issuer bid circular referred to in Part XX of the SECURITIES ACT;

(i) approve any financial statements referred to in clause 154(1)(b) of the Act and Part XVIII of the SECURITIES ACT;

(j) approve an amalgamation under section 177 or an amendment to the articles under subsection 168(2) or (4) of the Act; or

(k) adopt, amend or repeal by-laws.

18. AUDIT COMMITTEE. If the Corporation is an "offering corporation" as defined in paragraph 1(1) of the Act, the board of directors shall, and otherwise the directors may, elect annually from among their number an audit committee to be composed of not fewer than three directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates, to hold office until the next annual meeting of the shareholders.

Each member of the audit committee shall serve during the pleasure of the board of directors and, in any event, only so long as he shall be a director. The directors may fill vacancies in the audit committee by election from among their number.

The audit committee shall have power to fix its quorum at not less than a majority of its members and to determine its own rules of procedure subject to any regulations imposed by the board of directors from time to time and to the following paragraph.

The auditor of the Corporation is entitled to receive notice of every meeting of the audit committee and, at the expense of the Corporation, to attend and be heard thereat; and, if so requested by a member of the audit committee, shall attend every meeting of the committee held during the term of office of the auditor. The auditor of the Corporation or any member of the audit committee may call a meeting of the committee.

The audit committee shall review the financial statements of the Corporation and shall report thereon to the board of directors of the Corporation prior to approval thereof by the board of directors and shall have such other powers and duties as may from time to time by resolution be assigned to it by the board.

REMUNERATION OF DIRECTORS, OFFICERS AND EMPLOYEES

19. The remuneration to be paid to the directors of the Corporation shall be such as the directors shall from time to time by resolution determine and such remuneration shall be in addition to the salary paid to any officer or employee of the Corporation who is also a director. The directors may also by resolution award special remuneration to any director in undertaking any special services on the Corporation's behalf other than the normal work ordinarily required of a director of a corporation. The confirmation of any such resolution or resolutions by the shareholders shall not be required. The directors may fix the remuneration of the officers and employees of the Corporation. The directors, officers and employees shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Corporation.

SUBMISSION OF CONTRACTS OR TRANSACTIONS TO SHAREHOLDERS FOR APPROVAL

20. The directors in their discretion may submit any contract, act or transaction for approval, ratification or confirmation at any meeting of the shareholders called for the purpose of considering the same and any contract, act or transaction that shall be approved, ratified or confirmed by resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Corporation's articles or by-laws) shall be as valid and as binding upon the Corporation and upon all the shareholders as though it had been approved, ratified and/or confirmed by every shareholder of the Corporation.

FOR THE PROTECTION OF DIRECTORS AND OFFICERS

21. No director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense suffered or incurred by the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation including any person, firm or corporation with whom or which any moneys, securities or effects shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office of trust or in relation thereto, unless the same shall happen by or through his failure to exercise the powers and to discharge the duties of his office honestly and in good faith with a view to the best interests of the Corporation, and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, provided that nothing herein contained shall relieve a director or officer from the duty to act in accordance with the Act or regulations made thereunder or relieve him from liability for a breach thereof. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board of directors. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact of his being a shareholder, director or officer of the Corporation shall not disentitle such director or officer or such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

INDEMNITIES TO DIRECTORS AND OTHERS

22. Subject to subsections 136(2) and (3) of the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of such corporation or body corporate, if

(a) he acted honestly and in good faith with a view to the best interests of the Corporation; and

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation is hereby authorized to execute agreements evidencing its indemnity in favour of the foregoing persons to the full extent permitted by law.

OFFICERS

23. APPOINTMENT OF OFFICERS. The directors may annually or as often as may be required appoint a President and a Secretary and if deemed advisable may annually or as often as may be required appoint a Chairman of the Board, one or more Vice-Presidents, a Treasurer and one or more Assistant Secretaries and/or one or more Assistant Treasurers. None of such officers, except the Chairman of the Board, need be a director of the Corporation. Any director may be appointed to any office of the Corporation. Two or more of such offices may be held by the same person. In case and whenever the same person holds the offices of Secretary and Treasurer he may but need not be known as the Secretary-Treasurer. The directors may from time to time appoint such other officers, employees and agents as they shall deem necessary who shall have such authority and shall perform such functions and duties as may from time to time be prescribed by resolution of the directors.

24. REMOVAL OF OFFICERS, ETC. All officers, employees and agents, in the absence of agreement to the contrary, shall be subject to removal by resolution of the directors at any time, with or without cause.

25. DUTIES OF OFFICERS MAY BE DELEGATED. In case of the absence or inability or refusal to act of any officer of the Corporation or for any other reason that the directors may deem sufficient, the directors may delegate all or any of the powers of such officer to any other officer or to any director for the time being.

26. CHAIRMAN OF THE BOARD. The Chairman of the Board shall, when present, preside at all meetings of the directors, any committee of the directors and shareholders, shall sign such documents as may require his signature in accordance with the by-laws of the Corporation and shall have such other powers and shall perform such other duties as may from time to time be assigned to him by resolution of the directors or as are incidental to his office.

27. PRESIDENT. In the absence of the Chairman of the Board, and if the President is also a director of the Corporation, the President shall, when present, preside at all meetings of the directors, any committee of the directors and shareholders; he shall sign such contracts, documents or instruments in writing as require his signature and shall have such other powers and shall perform such other duties as may from time to time be assigned to him by resolution of the directors or as are incidental to his office.

28. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall exercise general supervision over the business and affairs of the Corporation. The position of Chief Executive Officer may be held by any officer or director of the Corporation, or other individual, in each case appointed by the directors. The Chief Executive Officer shall sign such contracts, documents or instruments in writing as require his signature and shall have such other powers and shall perform such other duties as may from time to time be assigned to him by resolution of the directors or as are incidental to his office.

29. VICE-PRESIDENT. The Vice-President or, if more than one, the Vice-Presidents in order of seniority, shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President; provided, however, that a Vice-President who is not a director shall not preside as chairman at any meeting of directors or shareholders. The Vice-President or, if more than one, the Vice-Presidents in order of seniority, shall sign such contracts, documents or instruments in writing as require his or their signatures and shall also have such other powers and duties as may from time to time be assigned to him or them by resolution of the directors or by the Chief Executive Officer or as are incidental to his office.

30. SECRETARY. The Secretary shall give or cause to be given notices for all meetings of the directors, any committee of the directors and shareholders when directed to do so and shall have charge of the minute books of the Corporation and, subject to the provisions of paragraph 45 hereof, of the documents and registers referred to in subsections 140(1) and (2) of the Act. He shall sign such contracts, documents or instruments in writing as require his signature and shall have such other powers and duties as may from time to time be assigned to him by resolution of the directors or as are incidental to his office.

31. TREASURER/CONTROLLER. Subject to the provisions of any resolution of the directors, the Treasurer or the Controller shall have the care and custody of all the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks or with such other depositary or depositaries as the directors may by resolution direct. He shall prepare and maintain adequate accounting records. He shall manage the Corporation's financial information systems and shall provide financial information and data to the directors

of the Corporation. He shall sign such contracts, documents or instruments in writing as require his signature and shall have such other powers and duties as may from time to time be assigned to him by resolution of the directors or as are incident to his office. He may be required to give such bond for the faithful performance of his duties as the directors in their uncontrolled discretion may require and no director shall be liable for failure to require any such bond or for the insufficiency of any such bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided. If the Corporation should appoint both a Treasurer and a Controller, their respective duties shall be allocated between them in such manner as the directors or the Chief Executive Officer may determine.

32. COMPLIANCE OFFICER. Subject to the provisions of any resolution of the directors, the Compliance Officer shall have the responsibility for ensuring that the Corporation complies with all rules and regulations of any statutory or regulatory body or similar authority having jurisdiction over the Corporation or any organization of which the Corporation is a member, including any stock exchange, securities exchange or commodities exchange. He shall advise the Corporation of the requirements of such entities and shall assist the directors in the development of policies to ensure compliance therewith. He shall prepare and maintain adequate records to comply with the requirements of any such institution or organization and he shall sign such contracts, documents or instruments in writing as require his signature and shall have such other powers and duties as may from time to time be assigned to him by resolution of the directors or as are incident to his office.

33. ASSISTANT SECRETARY AND ASSISTANT TREASURER. The Assistant Secretary or, if more than one, the Assistant Secretaries in order of seniority, and the Assistant Treasurer or, if more than one, the Assistant Treasurers in order of seniority, shall perform all the duties of the Secretary and Treasurer, respectively, in the absence or inability to act of the Secretary or Treasurer, as the case may be. The Assistant Secretary or Assistant Secretaries, if more than one, and the Assistant Treasurer or Assistant Treasurers, if more than one, shall sign such contracts, documents or instruments in writing as require his or their signatures, respectively, and shall have such other powers and duties as may from time to time be assigned to them by resolution of the directors.

34. MANAGING DIRECTOR. The directors may from time to time appoint from their number a Managing Director who is a resident Canadian and may delegate to the Managing Director any of the powers of the directors subject to the limits on authority provided by subsection 127(3) of the Act. A Managing Director shall conform to all lawful orders given to him by the directors of the Corporation and shall at all reasonable times give to the directors or any of them all information they may require regarding the affairs of the Corporation. Any agent or employee appointed by a Managing Director shall be subject to discharge by the directors.

35. VACANCIES. If the office of Chairman of the Board, President, Vice-President, Secretary, Assistant Secretary, Treasurer, Controller, Assistant Treasurer, Compliance Officer, or any other office created by the directors pursuant to paragraph 23 hereof shall be or become vacant by reason of death, resignation or in any other manner whatsoever, the directors shall in the case of the President or the Secretary and may in the case of the other officers appoint an officer to fill such vacancy.

SHAREHOLDERS' MEETINGS

36. ANNUAL OR SPECIAL MEETINGS. Subject to subsection 104(1) of the Act, the directors of the Corporation,

(a) shall call an annual meeting of shareholders not later than 15 months after holding the last preceding annual meeting; and

(b) may at any time call a special meeting of shareholders.

37. PLACE OF MEETINGS. Subject to the articles and any unanimous shareholder agreement, a meeting of the shareholders of the Corporation may be held at such place in or outside Ontario as the directors may determine or, in the absence of such a determination, at the place where the registered office of the Corporation is located.

38. MEETING BY ELECTRONIC MEANS. A meeting of the shareholders may be held by telephonic or electronic means and a shareholder who, through those means, votes at the meeting or establishes a communications link to the meeting shall be deemed for the purposes of the Act to be present at the meeting. A meeting held by telephonic or electronic means shall be deemed to be held at the place where the registered office of the Corporation is located.

39. NOTICE. A notice stating the day, hour and place of meeting and, if special business is to be transacted thereat, stating (or accompanied by a statement of) (i) the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon, and (ii) the text of any special resolution or by-law to be submitted to the meeting, shall be served by sending such notice to each person who is entitled to notice of such meeting and who on the record date for notice appears on the records of the Corporation or its transfer agent as a shareholder entitled to vote at the meeting and to each director of the Corporation and to the auditor of the Corporation by prepaid mail not less than 21 days and not more than 50 days (exclusive of the day of mailing and of the day for which notice is given) before the date (if the Corporation is an offering corporation as such term is defined in the Act) or not less than 10 days before the date (if the Corporation is not an offering corporation) of every meeting addressed to the latest address of each such person as shown in the records of the Corporation or its transfer agent, or if no address is shown therein, then to the last address of each such person known to the Secretary; provided that a meeting of shareholders may be held for any purpose at any date and time and at any place without notice if all the shareholders and other persons entitled to notice of such meeting are present in person or represented by proxy at the meeting (except where the shareholder or such other person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all the shareholders and other persons entitled to notice of such meeting and not present in person nor represented by proxy thereat waive notice of the meeting. Notice of any meeting of shareholders or the time for the giving of any such notice or any irregularity in any such meeting or in the notice thereof may be waived in any manner by any shareholder, the duly appointed proxy of any shareholder, any director or the auditor of the Corporation and any other person entitled to attend a meeting of shareholders, and any such waiver may be validly given either before or after the meeting to which such waiver relates.

The auditor of the Corporation is entitled to attend any meeting of shareholders of the Corporation and to receive all notices and other communications relating to any such meeting that a shareholder is entitled to receive.

40. OMISSION OF NOTICE. The accidental omission to give notice of any meeting to or the non-receipt of any notice by any person shall not invalidate any resolution passed or any proceeding taken at any meeting of shareholders.

41. RECORD DATES FOR NOTICE OF MEETINGS. Subject to subsection 95(4) of the Act, the directors may fix in advance the date as the record date for the determination of shareholders entitled to receive notice of a meeting of shareholders, but such record date shall not precede by more than 50 days or by less than 21 days the date on which the meeting is to be held.

If no record date is fixed, the record date for the determination of the shareholders entitled to receive notice of a meeting of the shareholders shall be

(i) at the close of business on the day immediately preceding the day on which notice is given; or

(ii) if no notice is given, the day on which the meeting is held.

42. VOTES. Every question submitted to any meeting of shareholders shall be decided in the first instance on a show of hands and in case of an equality of votes the chairman of the meeting shall neither on a show of hands nor on a ballot have a second or casting vote in addition to the vote or votes to which he may be entitled as a shareholder or proxy nominee.

At any meeting, unless a ballot is demanded by a shareholder or proxyholder entitled to vote at the meeting, either before or after any vote by a show of hands, a declaration by the chairman of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be evidence of the fact without proof of the number or proportion of votes recorded in favour of or against the motion.

In the absence of the Chairman of the Board (if any), the President and any Vice-President who is a director, the shareholders present entitled to vote shall choose another director as chairman of the meeting and if no director is present or if all the directors decline to take the chair then the shareholders present shall choose one of their number to be chairman.

If at any meeting a ballot is demanded on the election of a chairman or on the question of adjournment or termination, the ballot shall be taken forthwith without adjournment. If a ballot is demanded on any other question or as to the election of directors, the ballot shall be taken in such manner and either at once or later at the meeting or after adjournment as the chairman of the meeting directs. The result of a ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded. A demand for a ballot may be made either before or after any vote by a show of hands and may be withdrawn.

Where two or more persons hold the same share or shares jointly, any one of such persons present at a meeting of shareholders has the right, in the absence of the other or others, to vote in respect of such share or shares, but if more than one of such persons are present or represented by proxy and vote, they shall vote together as one on the share or shares jointly held by them.

43. PROXIES. Votes at meetings of the shareholders may be given either personally or by proxy. At every meeting at which he is entitled to vote, every shareholder present in person and every proxyholder shall have one vote on a show of hands. Upon a poll at which he is entitled to vote every shareholder present in person or by proxy shall (subject to the Corporation's articles) have one vote for every share registered in his name.

Every shareholder, including a shareholder that is a body corporate, entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder or proxyholders or one or more alternate proxyholders, who need not be shareholders, as his nominee to attend and act at the meeting in the manner, to the extent and with the authority conferred by the proxy.

A proxy shall be in written or printed format or a format generated by telephonic or electronic means and becomes a proxy when completed and signed in writing or by electronic signature by the shareholder or his attorney authorized by a document that is signed in writing or by electronic signature or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized. If a proxy or document authorizing an attorney is signed by electronic signature, the means of electronic signature shall permit a reliable determination that the proxy or document was created or communicated by or on behalf of the shareholder or the attorney, as the case may be. If the Corporation is an "offering corporation" as defined in paragraph 1(1) of the Act, any such proxy appointing a proxyholder to attend and act at a meeting or meetings of shareholders ceases to be valid one year from its date.

An instrument appointing a proxyholder may be in the following form or in any other form which complies with the regulations made under the Act:

"The undersigned shareholder of CELESTICA INC. hereby appoints of , whom failing, , of as the nominee of the undersigned to attend and act for and on behalf of the undersigned at the meeting of the shareholders of the said Corporation to be held on the day of , and at any adjournment thereof in the same manner, to the same extent and with the same power as if the undersigned were present, either personally or by telephonic or electronic means, at the said meeting or such adjournment thereof.

Dated the day of , .

_____
Signature of Shareholder

This form of proxy must be signed in writing or by electronic signature by a shareholder or his attorney authorized by a document that is signed in writing or by electronic signature or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized."

The directors may from time to time pass regulations regarding the lodging of instruments appointing a proxyholder at some place or places other than the place at which a meeting or adjourned meeting of shareholders is to be held and for particulars of such instruments to be telegraphed, cabled, telexed, sent in writing or otherwise communicated by electronic means that produces a written copy before the meeting or adjourned meeting to the Corporation or any agent of the Corporation appointed for the purpose of receiving such particulars and providing that instruments appointing a proxyholder so lodged may be voted upon as though the instruments themselves were produced at the meeting or adjourned meeting and votes given in accordance with such regulations shall be valid and shall be counted. The chairman of the meeting of shareholders may, subject to any regulations made as aforesaid, in his discretion accept telegraphic, telex, cable or written communication, or electronic communication that produces a written copy, as to the authority of anyone claiming to vote on behalf of and to represent a shareholder notwithstanding that no instrument of proxy conferring such authority has been lodged with the Corporation, and any votes given in accordance with such telegraphic, telex, cable, written or electronic communication accepted by the chairman of the meeting shall be valid and shall be counted.

44. ADJOURNMENT. The chairman of the meeting may with the consent of the meeting adjourn any meeting of shareholders from time to time to a fixed time and place and if the meeting is adjourned for less than 30 days, no notice of the time and place for the holding of the adjourned meeting need be given to any shareholder, other than by announcement at the earliest meeting that is adjourned. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting but, unless the meeting is adjourned by one or more adjournments for an aggregate of more than 90 days, section 111 of the Act does not apply. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The persons who formed a quorum at the original meeting are not required to form a quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

45. QUORUM. Two persons present and each holding or representing by proxy at least one issued share of the Corporation shall be a quorum of any meeting of shareholders for the choice of a chairman of the meeting and for the adjournment of the meeting to a fixed time and place but may not transact any other business; for all other purposes a quorum for any meeting shall be persons present not being less than two in number and holding or representing by proxy not less than 35% of the total number of the issued shares of the Corporation for the time being enjoying voting rights at such meeting. If a quorum is present at the opening of a meeting of

shareholders, the shareholders present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.

Notwithstanding the foregoing, if the Corporation has only one shareholder, or only one shareholder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting and a quorum for such meeting.

SHARES AND TRANSFERS

46. ISSUANCE. Subject to the articles of the Corporation and any unanimous shareholder agreement, shares in the Corporation may be issued at such time and issued to such persons and for such consideration as the directors may determine.

47. SECURITY CERTIFICATES. Security certificates (and the form of transfer power on the reverse side thereof) shall (subject to compliance with section 56 of the Act) be in such form as the directors may from time to time by resolution approve and, subject to subsection 55(3) of the Act, such certificates shall be signed manually by at least one director or officer of the Corporation or by or on behalf of a registrar, transfer agent, branch transfer agent or issuing or other authenticating agent of the Corporation, or by a trustee who certifies it in accordance with a trust indenture, and any additional signatures required on a security certificate may be printed or otherwise mechanically reproduced thereon. Notwithstanding any change in the persons holding an office between the time of actual signing and the issuance of any certificate and notwithstanding that a person signing may not have held office at the date of issuance of such certificate, any such certificate so signed shall be valid and binding upon the Corporation.

48. TRANSFER AGENTS. For each class of securities and warrants issued by the Corporation, the directors may from time to time by resolution appoint or remove,

(a) a trustee, transfer agent or other agent to keep the securities register and the register of transfer and one or more persons or agents to keep branch registers; and

(b) a registrar, trustee or agent to maintain a record of issued security certificates and warrants,

and, subject to section 48 of the Act, one person may be appointed for the purposes of both clauses (a) and (b) in respect of all securities and warrants of the Corporation or any class or classes thereof.

49. SURRENDER OF SECURITY CERTIFICATES. Subject to the Act, no transfer of a security issued by the Corporation shall be recorded or registered unless and until (i) the security certificate representing the security to be transferred has been surrendered and cancelled, or (ii) if no security certificate has been issued by the Corporation in respect of such share, a duly executed security transfer power in respect thereof has been presented for registration.

50. DEFACED, DESTROYED, STOLEN OR LOST SECURITY CERTIFICATES. In case of the defacement, destruction, theft or loss of a security certificate, the fact of such defacement, destruction, theft or loss shall be reported by the owner to the Corporation or to an agent of the Corporation (if any) acting on behalf of the Corporation, with a statement verified by oath or statutory declaration as to the defacement, destruction, theft or loss and the circumstances concerning the same and with a request for the issuance of a new security certificate to replace the one so defaced, destroyed, stolen or lost. Upon the giving to the Corporation (or, if there be an agent, hereinafter in this paragraph referred to as the "Corporation's agent", then to the Corporation and the Corporation's agent) of an indemnity bond of a surety company in such form as is approved by the directors or by the Chairman of the Board (if any), the President, a Vice-President, the Secretary or the Treasurer of the Corporation, indemnifying the Corporation (and the Corporation's agent, if any) against all loss, damage and expense, which the Corporation and/or the Corporation's agent may suffer or be liable for by reason of the issuance of a new security certificate to such shareholder, and provided the Corporation or the Corporation's agent does not have notice that the security has been acquired by a bona fide purchaser, a new security certificate may be issued in replacement of the one defaced, destroyed, stolen or lost, if such issuance is ordered and authorized by any one of the Chairman of the Board (if any), the President, a Vice-President, the Secretary or the Treasurer of the Corporation or by resolution of the directors.

DIVIDENDS

51. The directors may from time to time by resolution declare and the Corporation may pay dividends on its issued shares, subject to the provisions (if any) of the Corporation's articles.

The directors shall not declare and the Corporation shall not pay a dividend if there are reasonable grounds for believing that:

(a) the Corporation is, or, after the payment, would be unable to pay its liabilities as they become due; or

(b) the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

The directors may declare and the Corporation may pay a dividend by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation and, subject to section 38 of the Act, the Corporation may pay a dividend in money or property.

52. In case several persons are registered as the joint holders of any securities of the Corporation, any one of such persons may give effectual receipts for all dividends and payments on account of dividends, principal, interest and/or redemption payments on redemption of securities (if any) subject to redemption in respect of such securities.

RECORD DATES

53. Subject to subsection 95(4) of the Act, the directors may fix in advance a date as the record date for the determination of shareholders (i) entitled to receive payment of a dividend, (ii) entitled to participate in a liquidation or distribution, or (iii) for any other purpose except the right to receive notice of or to vote at a meeting of shareholders, but such record date shall not precede by more than 50 days the particular action to be taken.

If no record date is fixed, the record date for the determination of shareholders for any purpose, other than to establish a record date for the determination of shareholders entitled to receive notice of a meeting of shareholders or to vote, shall be the close of business on the day on which the directors pass the resolution relating thereto.

VOTING SECURITIES IN OTHER ISSUERS

54. All securities of any other body corporate or issuer of securities carrying voting rights held from time to time by the Corporation may be voted at all meetings of shareholders, bondholders, debenture holders or holders of such securities, as the case may be, of such other body corporate or issuer and in such manner and by such person or persons as the directors of the Corporation shall from time to time determine and authorize by resolution. The duly authorized signing officers of the Corporation may also from time to time execute and deliver for and on behalf of the Corporation proxies and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote in such names as they may determine without the necessity of a resolution or other action by the directors.

NOTICES, ETC.

55. SERVICE. Any notice or other document required to be given or sent by the Corporation to any shareholder or director of the Corporation shall be delivered personally or sent by prepaid mail or by telegram, telex or other electronic means that produces a written copy addressed to:

(a) the shareholder at his latest address as shown on the records of the Corporation or its transfer agent; and

(b) the director at his latest address as shown in the records of the Corporation or in the last notice filed under the CORPORATIONS INFORMATION ACT, whichever is the more current.

With respect to every notice or other document sent by prepaid mail it shall be sufficient to prove that the envelope or wrapper containing the notice or other document was properly addressed and put into a post office or into a post office letter box and shall be deemed to be received by the addressee on the fifth day after mailing.

56. If the Corporation sends a notice or document to a shareholder and the notice or document is returned on three consecutive occasions because the shareholder cannot be found, the Corporation is not required to send any further notices or documents to the shareholder until he informs the Corporation in writing of his new address.

57. SHARES REGISTERED IN MORE THAN ONE NAME. All notices or other documents shall, with respect to any shares in the capital of the Corporation registered in more than one name, be given to whichever of such persons is named first in the records of the Corporation and any notice or other document so given shall be sufficient notice or delivery of such document to all the holders of such shares.

58. PERSONS BECOMING ENTITLED BY OPERATION OF LAW. Every person who by operation of law, transfer or by any other means whatsoever shall become entitled to any shares in the capital of the Corporation shall be bound by every notice or other document in respect of such shares which prior to his name and address being entered on the records of the Corporation shall have been duly given to the person or persons from whom he derives his title to such shares.

59. DECEASED SHAREHOLDER. Any notice or other document delivered or sent by post or left at the address of any shareholder as the same appears in the records of the Corporation shall, notwithstanding that such shareholder be then deceased and whether or not the Corporation has notice of his death, be deemed to have been duly served in respect of the shares held by such shareholder (whether held solely or with other persons) until some other person be entered in his stead in the records of the Corporation as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient service of such notice or other document on his heirs, executors or administrators and all persons (if any) interested with him in such shares.

60. SIGNATURES TO NOTICES. The signature of any director or officer of the Corporation to any notice may be written, printed or otherwise mechanically reproduced.

61. COMPUTATION OF TIME. Where a given number of days' notice or notice extending over any period is required to be given under any provisions of the articles or by-laws of the Corporation, the day of service, posting or other communication of the notice shall not be counted in such number of days or other period, and such number of days or other period shall commence on the day following the day of service, posting or other communication of the notice and shall terminate at midnight of the last day of the period except that if the last day of the period falls on a Sunday or holiday the period shall terminate at midnight of the day next following that is not a Sunday or holiday.

62. PROOF OF SERVICE. A certificate of any officer of the Corporation in office at the time of the making of the certificate or of an agent of the Corporation as to facts in relation to the mailing or delivery or service of any notice or other documents to any shareholder, director, officer or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation, as the case may be.

CHEQUES, DRAFTS, NOTES, ETC.

63. All cheques, drafts or orders for the payment of money and all notes, acceptances and bills of exchange shall be signed by such officer or officers or other person or persons, whether or not officers of the Corporation, and in such manner as the directors may from time to time designate by resolution.

CUSTODY OF SECURITIES

64. All securities (including warrants) owned by the Corporation shall be lodged (in the name of the Corporation) with a chartered bank or a trust company or in a safe or safety deposit box or, if so authorized by resolution of the directors, with such other depositaries or in such other manner as may be determined from time to time by the directors.

All securities (including warrants) belonging to the Corporation may be issued and held in the name of a nominee or nominees of the Corporation (and if issued or held in the names of more than one nominee shall be held in the names of the nominees jointly with the right of survivorship) and shall be endorsed in blank with endorsement guaranteed in order to enable transfer thereof to be completed and registration thereof to be effected.

EXECUTION OF CONTRACTS, ETC.

65. Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed by any director or officer and all contracts, documents or instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The directors are authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Corporation either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing.

The corporate seal, if any, of the Corporation may, when required, be affixed to contracts, documents or instruments in writing signed as aforesaid or by an officer or officers, person or persons appointed as aforesaid by resolution of the board of directors.

The term "contracts, documents or instruments in writing" as used in this by-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, powers of attorney, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of securities and all paper writings.

In particular, without limiting the generality of the foregoing, any director or officer is authorized to sell, assign, transfer, exchange, convert or convey all securities owned by or registered in the name of the Corporation and to sign and execute (under the seal of the Corporation or otherwise) all assignments, transfers, conveyances, powers of attorney and other instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveying any such securities.

The signature or signatures of any such officer or director of the Corporation and/or of any other officer or officers, person or persons appointed as aforesaid by resolution of the directors may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon all contracts, documents or instruments in writing or bonds, debentures or other securities of the Corporation executed or issued by or on behalf of the Corporation and all contracts, documents or instruments in writing or securities of the Corporation on which the signature or signatures of any of the foregoing officers, directors or persons shall be so reproduced, by authorization by resolution of the directors, shall be deemed to have been manually signed by such officers, directors or persons whose signature or signatures is or are so reproduced and shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that the officers, directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing or securities of the Corporation.

FINANCIAL YEAR

66. The financial year of the Corporation shall terminate on such day in each year as the board of directors may from time to time by resolution determine.

CONFIDENTIAL MATERIALS OMITTED AND
FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION.
ASTERISKS DENOTE OMISSIONS.

EXHIBIT 3.2

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ASSET PURCHASE AGREEMENT

BETWEEN

CELESTICA CORPORATION

(AS "BUYER"),

CELESTICA INC.

(AS "GUARANTOR")

AND

INTERNATIONAL BUSINESS MACHINES CORPORATION,

(AS "SELLER")

DATED: JANUARY 12, 2000

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Exhibits:

ASSET PURCHASE AGREEMENT

THIS AGREEMENT, dated as of January 12, 2000, by and among Celestica Corporation, a Delaware corporation ("Buyer") and a wholly owned direct or indirect subsidiary of Celestica Inc., Clestica Inc., incorporated under the laws of the Province of Ontario, Canada ("Guarantor") and International Business Machines Corporation, a New York corporation ("Seller").

WITNESSETH:

WHEREAS, Seller wishes to sell certain assets used in the production of manufacturing components; and

WHEREAS, Buyer wishes to purchase from Seller, and Seller wishes to sell to Buyer, the Transferred Assets (as defined herein) for the purchase price and subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises set forth above and the respective covenants, agreements, representation and warranties hereinafter set forth, Buyer and Seller hereby agree as follows:

DEFINITIONS.

CERTAIN DEFINITIONS. As used in this Agreement, the following terms shall have the meanings specified below:

"AFFILIATE" shall mean, as to any Person, any other Person or entity which is controlling, controlled by or under common control with such Person or entity.

"ALLOCATION STATEMENTS" shall have the meaning set forth in Section 3.1.

"ASSUMED LIABILITIES" shall have the meaning set forth in Section 1.4.

"ASSUMPTION AGREEMENT" shall mean the Assignment and Assumption Agreement in the form set out in Exhibit A to be entered into by the Buyer and the Seller on the Closing Date and by which Buyer assumes the Assumed Liabilities.

"BILL OF SALE" shall mean the Bill of Sale in the form set out in Exhibit B to be entered into by the Buyer and Seller on the Closing Date.

"BURDENSOME CONDITION" shall mean any action taken or credibly threatened, by or before any Governmental Authority or other Person to challenge the legality of the transactions contemplated by the Operative Agreements or that would otherwise deprive a Party of the material benefit of any such transaction, including (i) the pendency of an investigation by a Governmental Authority (formal or informal), (ii) the institution of any litigation, or threat thereof, (iii) an order by a Governmental Authority of competent jurisdiction preventing consummation of the transactions contemplated by the Operative Agreements or placing material conditions or limitations upon such consummation, or (iv) the issuance of any subpoena, civil investigative demand or other request for documents or information relating to such transactions that is unreasonably burdensome in the reasonable judgment of the applicable Person.

"CLOSING" shall have the meaning set forth in Section 2.1.

"CLOSING DATE" shall have the meaning set forth in Section 2.1.

"CLOSING STATEMENT" shall have the meaning set forth in Section 2.2.

"COBRA" shall have the meaning set forth in Section 6.11.

"CODE" shall have the meaning set forth in Section 3.1.

"CONFIDENTIALITY AGREEMENT" shall mean that certain letter agreement between Celestica Inc. and Seller, dated August 5, 1999, concerning the subject matter of this Agreement.

"control" means, in respect of any Person, the power or authority to direct, or cause the direction of, directly or indirectly, the management, policies or actions of any other Person, whether through the ownership of equity securities or voting securities or by contract or otherwise (and "controlling" and "controlled by" shall be construed accordingly).

"DATE OF EXECUTION" shall mean the date this Agreement and the other Operative Agreements identified for signature on that date are signed.

"DISCLOSURE SCHEDULE" shall have the meaning set forth in the Schedule of Disclosures and Exceptions to this Agreement.

"EMPLOYEES" shall have the meaning set forth in Section 4.2.

"ENVIRONMENTAL LAWS" shall mean all federal, state, local and foreign laws and regulations relating to the protection of human health or the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) including laws and regulations relating to the release of Hazardous Materials, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

"ERISA" means the Employee Retirement Income Security Act of 1974 as amended.

"FINANCIAL INFORMATION" means the financial information attached as Schedule A.

"GOVERNMENTAL ACTIONS" shall mean any authorizations, consents, approvals, waivers, exceptions, variances, franchises, permissions, permits, and licenses of, and filings and declarations with, Governmental Authorities, including the expiration or termination of waiting periods imposed under the HSR Act.

"GOVERNMENTAL AUTHORITY" shall mean any Federal, state, local or foreign court, governmental or administrative agency or commission or other governmental agency, authority, instrumentality or regulatory body.

"GOVERNMENTAL RULE" shall mean any statute, law, treaty, rule, code, ordinance, regulatioin or order of any Governmental Authority or any judgment, decree, injunction, writ, order or like action of any Federal, state, local or foreign court, arbitrator or other judicial tribunal of competent jursidiction.

"GUARANTOR" shall mean Celestica Inc., an Ontario corporation.

"HAZARDOUS MATERIALS" shall mean only those pollutants, contaminants or wastes that are included in the definition of such terms in any applicable Environmental Law.

"HSR ACT" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"INTELLECTUAL PROPERTY AGREEMENT" shall mean the agreement so entitled between the Seller and Celestica Liquidity Management Hungary L.L.C., an Hungarian limited liability company, entered into on the Date of Execution, dealing with intellectual property in connection with the Rochester site where assets are being transferred under this Agreement.

"LEASE AGREEMENT" shall mean the Real Estate Lease Agreement between the Buyer and Seller, to be entered into on the Closing Date, the form of which is attached hereto as Exhibit D.

"LEASED PREMISES" shall have the meaning set forth in the Lease Agreement.

"LIMITATION AMOUNT" shall have the meaning set forth in Section 9.2.

"OPERATIVE AGREEMENTS" shall mean this Agreement, the Intellectual Property Agreement, the Bill of Sale, the Assumption Agreement, the Lease Agreement, the Supply Agreement and the Transition Services Agreement.

"PARTIES" shall mean Buyer, Seller and Guarantor.

"PARTY" shall mean Buyer, Seller or Guarantor, respectively, as applicable.

"PERMITTED LIENS" shall mean: (i) liens for Taxes, assessments and governmental charges due and being contested in good faith by Seller; (ii) any liens upon any of the Transferred Assets, provided that the same are not of such a nature that would individually or in the aggregate materially adversely affect the value of the Transferred Assets; (iii) liens for Taxes either not due and payable or due but for which notice of assessment has not been given, or which may thereafter be paid without penalty; (iv) undetermined or inchoate liens, charges and privileges incidental to current operations or the ordinary course of business; any statutory liens, charges, adverse claims, security interests or encumbrances of any nature whatsoever claimed or held by any Governmental Authority that have not at the time been filed and registered against title to the Transferred Assets or that relate to obligations that are not due or delinquent; (v) security given in the ordinary course of business to any public utility, Governmental Authority or to any statutory or public authority in connection with the Transferred Assets; (vi) other imperfections of title or encumbrances, if any, which imperfections of title or other encumbrances do not materially impair the use of the assets to which they relate; and (vii) all encumbrances, covenants, easements, agreements and restrictions of record applicable to the land and buildings thereon which encumber Buyer's leasehold interest and are described in the Lease Agreement.

"PERSON" shall mean any individual, firm, corporation, partnership, limited liability company, trust, joint venture, Governmental Authority or other entity, and shall include any successor (by merger or otherwise) of such entity.

"PRE-CLOSING TAX PERIOD" shall have the meaning set forth in Section 3.2.

"PURCHASE PRICE" shall have the meaning specified in Section 1.3.

"REGULAR EMPLOYEES" shall have the meaning set forth in Section 4.2.

"RETAINED ENVIRONMENTAL LIABILITIES" shall mean any liability, obligation, judgment, penalty, fine, cost or expense, of any kind or nature, or the duty to indemnify, defend or reimburse any Person with respect to: (i) the presence on or before the Closing Date of any Hazardous Materials in the soil, groundwater, surface water, air or building materials of the Seller's Rochester site ("Pre-Existing Contamination"); (ii) the migration at any time prior to or after the Closing Date of Pre-Existing Contamination to any other real property, or the soil, groundwater, surface water, air or building materials thereof; (iii) any transportation, transfer, recycling, storage, use, handling, treatment, manufacture, removal, investigation, remediation, release, emission, sale, disposal or distribution of any Hazardous Materials or any waste containing Hazardous Materials conducted on or from the Seller's Rochester site on or prior to the Closing Date or otherwise occurring prior to the Closing Date in connection with or to benefit the operations at the Seller's Rochester site ("Pre-Closing Hazardous Materials Activities"), (iv) the exposure of any Person to Pre-Existing Contamination in the course of or as

a consequence of any Pre-Closing Hazardous Materials Activities, without regard to whether any health effect of the exposure has been manifested as of the Closing PROVIDED, HOWEVER, that the burden of proof shall be on the Buyer to show that such liability, obligation or expense with respect to such Person was proximately caused by the Pre-Existing Contamination and arose prior to Closing; (v) the violation of any Environmental Laws by Seller or its Affiliates or their agents, employees, predecessors in interest, contractors, invitees or licensees on or prior to the Closing Date or in connection with any Pre-Closing Hazardous Materials Activities on or prior to the Closing Date; (vi) any actions or proceedings brought or threatened by any third party with respect to any of the foregoing; and (vii) any of the foregoing to the extent they continue after the Closing Date.

"SERVICE CREDIT" shall have the meaning set forth in Section 4.2.

"SUBCONTRACTED WORK" shall have the meaning set forth in Section 4.1.

"SUBSIDIARY" of any Person shall mean a corporation, company, or other entity (i) more than 50% of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, limited liability company, joint venture or unincorporated association), but more than 50% of whose ownership interest representing the right to make decisions for such entity is, now or hereafter owned or controlled, directly or indirectly, by such Person, but such corporation, company or other entity shall be deemed to be a Subsidiary only so long as such ownership or control exists.

"SUPPLEMENTAL EMPLOYEES" shall have the meaning set forth in Section 4.2.

"SUPPLY AGREEMENT" shall mean the agreement so entitled between the Buyer and Seller entered into on the Date of Execution.

"TAX" OR "TAXES" shall mean all taxes, imposts, duties, withholdings, charges, fees, levies, or other assessments imposed by any governmental or taxing authority, whether domestic or foreign (including but not limited to, income, excise, property, sales, use, transfer, conveyance, payroll or other employment related tax, license, ad valorem, value added, withholding, social security, national insurance (or other similar contributions or payments), franchise, estimated severance, stamp taxes, taxes based upon or measured by capital stock, net worth or gross receipts and other taxes), together with all interest, fines, penalties and additions attributable to or imposed with respect to such amounts and any obligations under any agreement or arrangements with any Person with respect to such amounts.

"TAX RETURNS" shall have the meaning set forth in Section 3.2.

"TRANSFERRED ASSETS" shall mean such items of equipment, office furniture, contracts, inventory, work in process and other assets which are owned by Seller as are listed on the subschedules to Schedule 1.1 to this Agreement, as the same may be depleted or augmented prior to the Closing Date while being managed in the ordinary course of business.

"TRANSITION SERVICES AGREEMENT" shall mean the agreement so entitled between the Buyer and Seller entered into on the Date of Execution.

ARTICLE I. PURCHASE AND SALE OF ASSETS.

1.1. TRANSFERRED ASSETS. Upon the terms and subject to the conditions hereof, as of the Closing Date (as defined in Section 2.1 hereof), Seller hereby sells, transfers, conveys, assigns and delivers to Buyer, and Buyer hereby purchases and accepts from Seller, all right, title and interest of Seller in and to the Transferred Assets (subject to the Closing Statement adjustments), and leases the buildings described in and pursuant to the provisions of the Lease Agreement. The Transferred Assets will be made available on the Closing Date, where then located on the Rochester site, and Buyer will make arrangements, if any, concerning possible repositioning, packing, moving, and reinstallation of the Transferred Assets.

1.2. EXCLUDED ASSETS. Notwithstanding anything to the contrary in this Agreement, any assets which are not Transferred Assets will be retained by Seller and are excluded from the transaction, including (i) except as set forth in Schedule 1.4., any interest in any contractual arrangement with any Affiliate of Seller, and (ii) any interests of Seller in real property, other than as set forth in the Lease Agreement. All intellectual property matters are addressed exclusively in the Intellectual Property Agreement and no intellectual property matters (other than as set forth in Section 4.3.) are included in the subject matter of this Agreement.

1.3. CONSIDERATION. The purchase price to be paid by Buyer to Seller for the Transferred Assets and the Assumed Liabilities (the "Purchase Price") shall be (a) the net book value of the Transferred Assets, as set forth in this Agreement, which is seventy five million dollars ($75,000,000); plus (b) fifty six million dollars ($56,000,000) in additional consideration; and (c) plus any additional consideration to be paid by Buyer pursuant to Section 4.8., below. The $56,000,000 amount identified in (b) of the preceding sentence is consideration for the know-how license provided by the Intellectual Property Agreement. On the Closing Date, Buyer shall pay to Seller the aggregate amount set forth in this Section 1.3., which is one hundred thirty one million dollars ($131,000,000), by electronic funds transfer, such sum in immediately available funds in U.S. dollars to the following account.

Account Name:	International Business Machines Corporation
Bank:	Chase Manhattan 1 Chase Manhattan Plaza, 7th Floor New York, New York 10081
Bank Contact:	Chase Contact: Ms. Joyce Leary-Bates Phone: 212-552-3779
Account Number:	****

Reference: Celestica Corporation, Rochester Assets;
IBM Contact Person is K.P. Tang

ABA Routing Number: ***

1.4. ASSUMED LIABILITIES. Upon the terms and subject to the conditions hereof, as of the Closing, Seller will assign and transfer to Buyer, and Buyer will assume, and thereafter shall fully perform and discharge, on a timely basis and in accordance with their respective terms, only the liabilities and obligations of Seller listed on Schedule 1.4. hereto (the "Assumed Liabilities"). Without limiting the generality of the foregoing, except for the Assumed Liabilities or as provided in the Operative Agreements, Buyer is not assuming any liability, obligation or commitment of any nature of Seller (including, but not limited to, Retained Environmental Liabilities) related to Seller's operations prior to Closing.

ARTICLE II. CLOSING.

2.1. CLOSING DATE. Subject to the conditions set forth in Articles VII and VIII below, the closing of the transaction provided for in this Agreement (the "Closing") shall take place at the offices of Seller at Armonk, New York on the last business day of the calendar month, once this Agreement is executed, when both of the following have occurred: (i) the expiration or early termination of all applicable HSR Act waiting periods; and (ii) the satisfaction or waiver of the other conditions set forth in Articles VII and VIII hereof, or at such other time or on such other date as may be agreed upon by Seller and Buyer (the "Closing Date"). All transactions provided for herein to occur on and as of the Closing Date shall be deemed to have occurred simultaneously and to be effective as soon as the Parties have completed the Closing or as of the close of business on the Closing Date, whichever first occurs.

2.2. CLOSING STATEMENT. Five (5) days after Closing, Seller will prepare and deliver to Buyer a closing statement for the physical assets and inventory of the Transferred Assets (the "Closing Statement"), as of the Closing Date. The purpose of the Closing Statement is to show the numerical increase or decrease, as applicable, in the physical assets and inventory of the Transferred Assets, between the Date of Execution and the Closing. Each item of inventory will be assigned the same standard cost and manufacturing value add that is set forth for such items of inventory in this Agreement at the Date of Execution. Each physical asset other than inventory will be assigned its net book value on the books of the Seller as of the Closing Date. The Closing Statement shall become final and binding upon the Parties unless Buyer gives written notice of its disagreement of such items included on or excluded from the Closing Statement within ten (10) days following Seller's receipt of the Closing Statement, which disagreement will be based solely upon the methodology set forth in Schedule 2.2 for reviewing the Closing Statement. Any such notice shall specify in reasonable detail the nature of any disagreement so asserted. In the event that the Closing Statement (as finally resolved) indicates an error in the

Purchase Price, within 15 days of such statement becoming final, such error shall be corrected by either (i) Seller tendering a check to Buyer in the event that Buyer overpaid at the Closing or (ii) Buyer tendering a check to Seller in the event that Buyer underpaid at the Closing.

ARTICLE III. TAX MATTERS.

3.1. ALLOCATION OF PURCHASE PRICE. Buyer and Seller hereby agree to the allocation of the Purchase Price set forth in Schedule 3.1. (the "Allocation Statements"), allocating the total of the Purchase Price (and other payments properly treated as additional Purchase Price for Tax purposes) to the different Transferred Assets pursuant to Section 1060 of the Internal Revenue code of 1986, as amended, and the Treasury Regulations promulgated thereunder (hereinafter, the "Code").

Buyer and Seller shall each file all income, franchise and other Tax Returns (as defined below), and execute such other documents as may be required by any Governmental Authority, in a manner consistent with the Allocation Statements. Buyer shall prepare the Form 8594 under Section 1060 of the Code based on the Allocation Statements and deliver such form and all documentation used in the preparation and support of such form to Seller within 30 days after the Closing Date. Buyer and Seller agree to file such form with each relevant taxing authority and to refrain from taking any position inconsistent with such form or the Allocation Statements.

3.2. FILING OF RETURNS AND PAYMENT OF TAXES. Seller shall prepare and file, or cause to be prepared and filed, with the appropriate authorities all Tax returns, reports and forms (herein "Tax Returns") and shall pay, or cause to be paid, when due all Taxes relating to the Transferred Assets or their use attributable to any taxable period which ends on or prior to the Closing Date (herein "Pre-Closing Tax Period"). Buyer shall prepare and file, or cause to be prepared and filed, with the appropriate authorities all Tax Returns, and shall pay, or cause to be paid, when due all Taxes relating to the Transferred Assets attributable to taxable periods which are not part of the Pre-Closing Tax Period. If, in order to properly prepare its Tax Returns or other documents required to be filed with governmental authorities, it is necessary that a Party be furnished with additional information, documents or records relating to the Transferred Assets, both Seller and Buyer agree to use reasonable efforts to furnish or make available such non-privileged information at the recipient's request, cost and expense; PROVIDED, HOWEVER, that no Party shall be entitled to review or examine the Tax Returns of any other Party.

For purposes of this Section 3.2., in the case of any Taxable period that includes (but does not end on) the Closing Date (a "Straddle Period"), the Taxes for the Pre-Closing Tax Period shall be computed as if the Pre-Closing Tax Period ended as of the close of business on the Closing Date and the amount of Taxes for the Post-Closing Tax Period shall be the excess, if any, of (x) the Taxes for the Straddle Period over (y) the Taxes for the Pre-Closing Tax Period.

3.3. REFUNDS AND CREDITS. Any refunds and credits attributable to the Pre-Closing Tax Period shall be for the account of Seller and any refunds and credits attributable to any period which is not part of the Pre-Closing Tax Period are for the account of Buyer

3.4. TRANSFER TAXES. All transfer, documentary, sales, use, registration, value-added and real estate transfer taxes and any similar taxes and related fees (including interest, penalties and additions to Tax) incurred in connection with this Agreement and the other Operative Agreements and the transactions contemplated hereby and thereby shall be borne by Buyer, in addition to the consideration provided for in Section 1.3. To the extent legally able to do so, Buyer and Seller shall cooperate with each other to obtain exemptions from such taxes, provided that neither Party shall be obligated to seek any exemption that would require any governmental audit of its books and records.

ARTICLE IV. ADDITIONAL COVENANTS AND AGREEMENTS.

4.1. CONSENTS, NOVATIONS AND SUBCONTRACTED WORK. Buyer and Seller shall use reasonable efforts to obtain, as soon as practicable, all requisite consents to transfers, assignments and novations, as the case may be, of all of the Transferred Assets and the Assumed Liabilities. Buyer shall cooperate with Seller (including, where necessary, entering into appropriate instruments of assumption as shall be agreed upon) to have Seller released from all liability to third parties with respect to the Assumed Liabilities, and the Parties will each solicit such releases concurrently, in a manner acceptable to the Parties, with the solicitation of consents from third parties to the transfer, assignment and novation of the Transferred Assets and the Assumed Liabilities; provided, that neither Party shall be required to grant any additional consideration to any third party in order to obtain any such consent, novation, assumption or release. For any Assumed Liabilities for which Seller has any secondary liability to third parties, Buyer shall provide Seller reasonable access and information in order for Seller to ascertain continuing compliance by Buyer with all contract terms and conditions applicable thereto. The material consents to assignments and novations identified by the Parties as of the Date of Execution are listed on Schedule 4.1. If any such required consents and novations cannot be secured without the incurring of any significant additional costs, where additional actions is deemed necessary by the Parties, the Parties agree to (other than with respect to the ECAT Licensed Software set forth on Schedules 1.1(d) and 1.4) enter into such other arrangements with respect to the underlying rights and obligations as shall permit Buyer to perform the obligations of Seller thereunder, as a subcontractor or otherwise, and Buyer to obtain the benefit thereof (the "Subcontracted Work"), and until the requisite consents and novations are obtained, such obligations will not be deemed to be included in the Assumed Liabilities and nothing contained herein will be deemed to create an obligation or relationship that would constitute a breach of the contract underlying such rights and obligations. Buyer agrees to diligently perform and discharge the obligations of Seller in connection with the Subcontracted Work directly, or indirectly through Seller, as applicable and to the extent that consents to assignment and novation are obtained after the Closing, the Parties agree that such obligations will no longer be considered to be Subcontracted Work at such time, but will instead be deemed to be Assumed Liabilities for all purposes of this Agreement.

4.2. EMPLOYEES AND EMPLOYEE BENEFITS. (a) Schedule 4.2.(a)(1) contains a list of the regular employees employed by Seller as of the date hereof in connection with the

Transferred Assets (including active employees and employees who are on leave of absence or sick leave) (the "Regular Employees") and Schedule 4.2.(a)(2) contains a list of the supplemental employees temporarily employed by Seller as of the date hereof in connection with the Transferred Assets (the "Supplemental Employees", and together with the Regular Employees, the "Employees"). These schedules will be updated immediately prior to the Closing to reflect changes in that population between the Date of Execution and the Closing. Buyer shall make employment offers to the Employees effective as of the Closing Date. The Regular Employees who shall have received employment offers from Buyer and who begin their employment with Buyer shall be employed by Buyer in accordance with the terms and conditions set forth in subsections 4.2(b)(2), 4.2(c), 4.2(d) AND 4.2(e) below. Supplemental Employees who shall have received employment offers from Buyer and who begin their employment with Buyer shall be employed by Buyer in accordance with the terms and conditions set forth in subsection 4.2(f) below.

(b) Effective upon the Closing, Buyer agrees that it will employ the Regular Employees in the same positions and at the same salaries and substantially the same terms and conditions, including benefit plans, as those in effect immediately prior to the Closing. In determining whether Buyer's offer of employment to Regular Employees includes compensation components that are substantially comparable in the aggregate to those provided by Seller prior to Closing, such determination shall take into consideration all stock options, restricted stock and restricted units granted to the Regular Employees prior to the Closing. For twelve (12) months after the Closing (or for purposes of seniority for the calculation of shift preference, the later of (i) twelve (12) months after the Closing, and (ii) as long as the shift arrangement existing on the Closing Date is in effect), prior periods of a Regular Employee's employment with Seller (herein "Service Credit") will be considered as employment with Buyer for purposes of seniority for the calculation of shift preference and severance pay only. Buyer has summarized its planned employment terms and benefit plans for the Regular Employees in Schedule 4.2.(a)(3). Buyer shall implement the following severance pay practice for the Regular Employees: if, within the first twelve (12) months after Closing, a Regular Employee is involuntarily severed without cause from full time employment with Buyer, such Regular Employee shall receive one (1) week of severance pay for each six (6) months of service, with a minimum of eight (8) weeks and a maximum of twenty-six (26) weeks. Each week of severance pay will be an amount equal to one week of such Regular Employee's total base cash employment compensation from Buyer for full time employment. For one year from the Closing Date, Buyer agrees that it will not change this severance pay practice as applied to the Regular Employees. Buyer agrees to use reasonable efforts to obtain a general release from such severed Regular Employees which includes Seller and its Subsidiaries and Affiliates, as a condition of such severance pay. Nothing contained in this Agreement shall be construed to in any way limit or prevent Buyer from terminating any Regular Employee at any time for cause or for reasons related to poor performance or conditions of employment. For the purposes of this paragraph, "cause" shall mean the determinations of the applicable courts, under the applicable common law and statutes, as "cause" in such employment termination cases.

(c) Buyer shall be responsible as of Closing for all liabilities, salaries, benefits and similar employer obligations for the post-Closing period for all Regular Employees. Vacation

earned by Regular Employees in the calendar year in which the Closing takes place will be transferred to and honoured by Buyer. Seller shall pay Buyer a cash payment per Regular Employee equal to such Regular Employee's daily base salary for each vacation day earned prior to the Closing Date which such Regular Employee has not taken as of the Closing Date. Buyer shall pay Seller a cash payment per Employee equal to such Employee's daily base salary for each previously taken but not yet earned vacation day for such Employee as of the Closing Date.

(d) Buyer shall be responsible for liabilities with respect to the termination of any Regular Employees by Buyer after the Closing, including without limitation, health care continuation coverage with respect to plans established or maintained by Buyer after the Closing, and damages or settlements arising out of any claims of wrongful or illegal termination, and for complying with the requirements of all applicable laws with respect to any such termination.

(e) Seller agrees that, for a period of two years from the Closing Date, it will not, directly or indirectly, solicit for employment any Regular Employee (so long as such person is employed by Buyer); PROVIDED, HOWEVER, that solicitation shall not include general employment advertising or the use of any independent employment agency or search firm not specifically directed to employees of Buyer or any of its Affiliates.

Buyer agrees that, for a period of two years from the Closing Date, it will not, directly or indirectly, solicit for employment any employee of Seller (or any of its Subsidiaries) employed in Rochester, Minn. or with whom Buyer had contact in connection with this transaction (so long as such person is employed by Seller), PROVIDED, HOWEVER, that solicitation shall not include general employment advertising or the use of any independent employment agency or search firm not specifically directed to employees of Seller or any of its Affiliates.

(f) Buyer will employ each Supplemental Employee as either a temporary or regular employee of Buyer, or will enter into a contractor relationship with any such Supplemental Employee, in each instance as Buyer may determine in its own discretion. The terms and conditions of any such relationship between Buyer and a Supplemental Employee shall be as determined by Buyer. Prior periods of a Supplemental Employee's employment with Seller will not be considered as employment with Buyer for any purpose. Buyer shall have no responsibility for any liabilities, salaries, benefits, or similar employer obligations accruing to the Supplemental Employees as a result of their employment with Seller. Nothing contained in this Agreement shall be construed in any way to limit or prevent Buyer from terminating any Supplemental Employee at any time for any reason.

4.3. SHRINK-WRAP SOFTWARE. Seller shall transfer at Closing, to the extent it has the legal right to do so and subject to the applicable license agreements with the licensors, its royalty-free usage rights to the shrink-wrap personal computer software (also known as conditions-of-use software) being used in its ordinary course of business as of the Date of Execution on the personal computers that are Transferred Assets. Seller further agrees to transfer at Closing, to the extent it has the legal right to do so and subject to the applicable license agreements with the licensors, its royalty-free usage rights to all upgrades and updates (including

but not limited to Year 2000 upgrades and updates) to the shrink-wrap personal computer software that is in Seller's possession and being used on the personal computers that are as of the Closing Date. If such software copyrights are owned by Seller, Seller's license terms and conditions continue to apply.

4.4. FURTHER ACTION. The Parties each agree to execute and deliver after the Closing Date such other documents, certificates, agreements and other writings and to take such other actions as may be necessary or desirable, in the opinion of the Parties' counsel in order to consummate or implement expeditiously the transactions contemplated hereby.

4.5. INVESTIGATION OF ENVIRONMENTAL CONDITIONS. Prior to the Closing Date, Buyer shall have the right to obtain and investigate such reports and information concerning (i) the use, storage, transport or manufacture of Hazardous Materials by Seller on or about the Leased Premises, (ii) exposure of the Seller's employees to Hazardous Materials, (iii) the Hazardous Materials disposal practices of Seller with respect to the electronic card assembly and test activities at Seller's Rochester site, (iv) the presence or absence of Hazardous Materials on or about the Leased Premises and (v) the likelihood that Hazardous Materials on property in the vicinity of the Leases Premises would have migrated to the Leased Premises from another location (collectively, the "Environmental Matters"). Prior to Closing, Buyer and its consultants and other representatives (i) shall have the right to enter the Leased Premises for the purpose of conducting such inspections and tests and taking such soil and groundwater samples as Buyer or its consultants or representatives shall deem necessary, and (ii) shall have access to all records relating to the Environmental Matters with respect to the electronic card assembly and test activities at the Seller's Rochester site and the Leased Premises. In this regard, Buyer shall have the right, but not the obligation, to retain such environmental consultants as Buyer shall deem desirable to assist Buyer in evaluating the Environmental Matters.

4.6. GUARANTEE. Guarantor hereby fully and unconditionally guarantees, without notice and presentment or other legal formalities, (i) all of the representations and warranties of, and (ii) the timely performance of all of the obligations of, its Subsidiaries and Affiliates, including Buyer, under all of the Operative Agreements and closing documents. Guarantor also agrees to cause such Subsidiaries and Affiliates to perform all such obligations in a timely manner. Guarantor hereby agrees and represents that, for the purposes of this Agreement, for itself in its own corporate capacity, it will meet the conditions of Sections 8.2., 8.3., 8.5., and 8.6., as if it were Buyer.

4.7. POST-CLOSING PAYMENTS. The Parties acknowledge that, after the Closing Date, Seller may make payments to third parties on behalf of Buyer associated with the Transferred Assets and Assumed Liabilities. Buyer agrees to reimburse Seller for such payments immediately upon receipt of an invoice from Seller. Seller shall invoice Buyer monthly on the fifth (5th) day of each month. If Buyer disputes such invoice on the basis that such payment did not relate to the Transferred Assets or the Assumed Liabilities. Buyer shall, within three (3) business days of receiving such invoice, give notice to Seller of such dispute and the Parties shall

act in good faith to resolve such dispute. All amounts payable by Buyer to Seller pursuant to this Section 4.8, shall be paid in immediately available funds in U.S. dollars to Seller's account set forth in Section 1.3.

ARTICLE V. REPRESENTATIONS AND WARRANTIES OF BUYER.

Buyer hereby represents and warrants to Seller as follows:

5.1. INCORPORATION. Buyer is a duly organized and validly existing corporation in good standing under the laws of the State of Delaware, and Guarantor is a duly incorporated and validly existing corporation in good standing under the laws of the State of Delaware, each with all requisite corporate power and authority to own its properties and conduct its business.

5.2. AUTHORITY. Each of Buyer and Guarantor has the requisite corporate power and authority to execute and deliver each of the Operative Agreements and to perform its respective obligations under each of the foregoing. Each of the Operative Agreements has been duly and validly authorized, executed and delivered by each of Buyer and Guarantor and constitutes the valid and binding agreement of Buyer and Guarantor in accordance with its respective terms. No other corporate proceedings on the part of Buyer or corporate proceedings on the part of Guarantor are necessary to authorize the Operative Agreements and the transactions contemplated by any of the foregoing.

5.3. NO CONFLICT. The execution and delivery by each of Buyer and Guarantor of each of the Operative Agreements does not, and the performance of its obligations thereunder, will not:

(a) conflict with, or result in a breach of, any of the provisions of Buyer's Certificate of Incorporation or Guarantor's Certificate of Incorporation or By-laws;

(b) breach, violate or contravene any Governmental Rule, or create any right of termination or acceleration or encumbrance, that, singly or in the aggregate, would have a material adverse effect on the authority or ability of either to perform either of its obligations under this Agreement, the Lease Agreement, the Supply Agreement, the Transition Services Agreement and the Assumption Agreement or the Assumed Liabilities; and

(c) conflict in any respect with, or result in a breach of or default under, any contract, license, franchise, permit or any other agreement or instrument to which either Buyer or Guarantor is a Party or by which either Buyer or Guarantor or any of their properties may be affected or bound that, singly or in the aggregate, would have a material adverse effect on the authority or ability of either Buyer or Guarantor to perform its obligations under this Agreement, the Lease Agreement, the Supply Agreement, the Transition Services Agreement and the Assumption Agreement or the Assumed Liabilities.

5.4. GOVERNMENTAL CONSENTS. Other than compliance with the HSR Act pre-notification requirements, no material consent, approval or authorization of, or designation, declaration or filing with, any Governmental Authority on the part of Buyer or Guarantor is required in connection with the execution or delivery by Buyer and Guarantor of this Agreement, the Lease Agreement, the Supply Agreement, the Transition Services Agreement or the Assumption Agreement, or the consummation by Buyer and Guarantor of the transactions contemplated by any of the foregoing.

5.5. NO BROKER. Neither Buyer nor Guarantor has engaged any corporation, firm or other Person who is entitled to any fee or commission as a finder or a broker in connection with the negotiation of the Operative Agreements or the consummation of the transactions contemplated thereby, and Buyer and Guarantor shall be responsible for all liabilities and claims (including costs and expenses of defending against same) arising in connection with any claim by a finder or broker that it acted on behalf of Buyer or Guarantor in connection with the transactions contemplated thereby.

ARTICLE VI. REPRESENTATIONS AND WARRANTIES OF SELLER.

Except as set forth on the disclosure schedule delivered by Seller to Buyer (the "Disclosure Schedule"), Seller hereby represents and warrants to Buyer as follows:

6.1. INCORPORATION. Seller is a duly incorporated and validly existing corporation in good standing under the laws of the State of New York, with all requisite corporate power and authority to own its properties and conduct its business, and is duly qualified in each jurisdiction in which its ownership of property requires such qualification except where the failure to so qualify would not have a material adverse effect upon the Transferred Assets.

6.2. AUTHORITY. Seller has the requisite corporate power and authority to execute and deliver the Operative Agreements and to perform its obligations under each of the foregoing. Each of the Operative Agreements has been duly and validly authorized, executed and delivered by Seller and constitutes the valid and binding agreement of Seller in accordance with its respective terms. No other corporate proceedings on the part of Seller are necessary to authorize the Operative Agreements and the transactions contemplated by any of the foregoing.

6.3. NO CONFLICT. The execution and delivery by Seller of each of the Operative Agreements does not, and the performance by Seller of its obligations thereunder will not:

(a) conflict with, or result in a breach of, any of the provisions of its Articles of Incorporation or By-laws;

(b) breach, violate or contravene any Governmental Rule, or create any right of termination or acceleration or encumbrance, that, singly or in the aggregate, would have a material adverse effect on (i) its authority or ability to perform its obligations under this Agreement, the Lease Agreement, the Supply Agreement, the Intellectual Property Agreement,

the Transition Services Agreement, the Assumption Agreement or the Bill of Sale; or (ii) the Transferred Assets; and

(c) conflict in any respect with, or result in a breach of or default under, any contract, license, franchise, permit or any other agreement or instrument to which it is a party or by which it or any of the Transferred Assets may be bound that, singly or in the aggregate, would have a material adverse effect on (i) its authority or ability to perform its obligations under this Agreement, the Lease Agreement, the Supply Agreement, the Intellectual Property Agreement, the Transition Services Agreement, the Assumption Agreement or the Bill of Sale; or (ii) the Transferred Assets (except for agreements and instruments that require the consent or approval of a third party for the transactions contemplated by this Agreement).

6.4. GOVERNMENTAL CONSENTS. Other than compliance with the HSR Act pre-notification requirements and Section 6.10., no material consent, approval or authorization of, or designation, declaration or filing with, any Governmental Authority on the part of Seller is required in connection with the execution or delivery by Seller of the Operative Agreements or the consummation by Seller of the transactions contemplated by any of the foregoing.

6.5. NO BROKER. Seller has engaged no corporation, firm or other Person who is entitled to any fee or commission as a finder or a broker in connection with the negotiation of the Operative Agreements or the consummation of the transactions contemplated thereby, and Seller shall be responsible for all liabilities and claims (including costs and expenses of defending against same) arising in connection with any claim by a finder or broker that it acted on behalf of Seller in connection with the transactions contemplated thereby.

6.6. TITLE TO PERSONAL PROPERTY. Seller has good and marketable title to all tangible personal property listed on Schedule 1.1. hereto, free and clear of any liens or encumbrances, other than Permitted Liens. All of the Transferred Assets are located at the Seller's Rochester site.

6.7. LITIGATION. There are no actions, suits, proceedings or investigations pending or, to Seller's knowledge, threatened in a writing to Seller against or directly affecting the Transferred Assets, at law or in equity, including any administrative proceedings or condemnation actions with any regulatory authority. There is no existing default by Seller with respect to any judgment, order, writ, injunction or decree of any Governmental Authority or arbitrator which materially adversely affects the Transferred Assets.

6.8. NO RIGHTS IN OTHERS TO TRANSFERRED ASSETS. Neither Seller nor any Affiliate of Seller is party to any outstanding contracts or other arrangements giving any Person any present or future right to require Seller to transfer to any Person any ownership or possessory interest in, or to grant any lien on, any of the Transferred Assets, other than pursuant to this Agreement.

6.9. CONTRACTS. Schedule 1.4. contains a true and complete list of all material contracts included in the Assumed Liabilities. Seller has performed or is performing all material

obligations required to be performed by it under such contracts and is not (with or without notice, lapse of time or both) in breach or default in any material respect thereunder, and, to the knowledge of Seller, no other party to any of such contracts is (with or without notice, lapse of time or both) in breach or default in any material respect thereunder.

6.10. LICENSES AND PERMITS. Seller has all licenses and permits and other governmental authorizations and approvals required for Seller's operation of the Transferred Assets, except where the failure to have such licenses and permits would not have a material adverse effect on Seller's ability to operate the Transferred Assets. All licenses and permits held by Seller which are material to the operation of the Transferred Assets are valid and in full force and effect and there are not pending or, to the knowledge of Seller, threatened in a writing to Seller, any proceedings which could result in the termination or impairment of any such license or permit which termination or impairment would materially interfere with the operation of the Transferred Assets as presently operated by Seller. Buyer must seek a regulatory or other permitted transfer of, or obtain through separate application for itself, any applicable licenses and permits, including environmental licenses and permits, which are required for Buyer's operation or ownership of the Transferred Assets. At Buyer's request and expense, Seller will assist Buyer in obtaining the transfer of applicable licenses and permits.

6.11. EMPLOYEES. (a) Seller is not a party to or bound by any union contract insofar as it applies to the Transferred Assets or the Employees. No representation petition has been filed with the National Labor Relations Board and, to Seller's knowledge, no union card signing campaign is in progress at Seller's facility, concerning the Transferred Assets or the Employees, other than recent organizational activity triggered by retirement plan changes, which has been disclosed to Buyer.

(b) Each "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) providing for benefits in connection with the performance of services to Seller and maintained by Seller with respect to the Employees has been identified in Schedule 6.11. and has been delivered to Buyer, together with the most recent determination letter in the case of any "pension benefit plan" (as such term is defined in Section 3(2) of ERISA). Other than as set forth in this Section 6.11., Seller does not have any agreement or understanding, whether written or oral, with any Employee concerning employment benefits for such Employee from Seller. Seller retains and does not transfer to Buyer any liability or obligation with respect to or under any agreement between Seller and any of its employees except as set forth in this Agreement, or under any "employee benefit plan". Seller has complied with the health care continuation requirements under Section 601 et. seq. of ERISA ("COBRA") with respect to the Employees and their spouses, former spouses and dependents up through the Closing Date.

6.12. WARRANTIES. EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES MADE BY SELLER IN THIS ARTICLE VI, SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, CONCERNING THE TRANSFERRED ASSETS AND ASSUMED LIABILITIES INCLUDING ENVIRONMENTAL MATTERS, IT BEING SPECIFICALLY UNDERSTOOD BY BUYER THAT, EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN THIS ARTICLE VI,

THE TRANSFERRED ASSETS AND ASSUMED LIABILITIES ARE BEING SOLD AND TRANSFERRED "AS IS" IN ALL RESPECTS. SELLER SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF BUYER'S, WHETHER OR NOT SELLER HAS BEEN MADE AWARE OF ANY SUCH PURPOSE.

6.13. TAXES. Seller has timely filed within the time period for filing or any extension granted with respect thereto, all Tax returns which it is required to file relating or pertaining to any and all Taxes attributable to or levied upon the Transferred Assets with respect to the Pre-Closing Tax Period and has paid any and all Taxes it is required to pay in connection with the taxable period to which such Tax returns relate. There are (and as of immediately following the Closing there will be) no liens for Taxes on the Transferred Assets, other than Permitted Liens, and no action, proceeding or, to the knowledge of Seller, investigation has been instituted against Seller which would give rise to any such lien, other than Permitted Liens. Seller has no knowledge of any claims asserted or threatened with respect to any Taxes. None of the Transferred Assets are treated as "tax-exempt use property" within the meaning of Section 168(b) of the Code.

6.14. OTHER INFORMATION. This Agreement, the Exhibits, Appendices and Schedules hereto, as each may be amended prior to the Closing, and all certificates delivered to Buyer and its representatives from Seller at Closing in connection with this Agreement do not and will not contain any untrue statement of any material fact and do not and when delivered will not omit to state a material fact necessary to make the statement herein or therein not misleading.

6.15. FINANCIAL INFORMATION. The Financial Information provided by Seller to Buyer with respect to the Transferred Assets was derived from or included in the financial records of the Seller, which have been maintained in accordance with the Seller's normal internal practices for such information.

ARTICLE VII. CONDITIONS TO BUYER'S OBLIGATIONS.

The obligation of Buyer to consummate the transactions contemplated herein is subject to the satisfaction (or waiver by Buyer) of the conditions set forth below in this Article.

7.1. REPRESENTATIONS AND WARRANTIES. Subject to Section 9.2., the representations and warranties of Seller made in this Agreement shall be true and correct in all material respects as of the Date of Execution and as of the Closing Date with the same effect as if made at and as of the Closing Date, except to the extent such representations and warranties expressly relate to an earlier time. Seller shall have performed in all material respects its respective covenants and agreements contained in this Agreement and the other Operative Agreements required to be performed at or prior to the Closing.

7.2. CONSENTS, APPROVALS AND INJUNCTIONS. (a) Seller shall have obtained or made all consents, approvals, orders, licenses, permits and authorizations of, and registrations,

declarations and filings with, any Governmental Authority or any other Person required to be obtained or made by or with respect to the Transferred Assets in connection with the execution and delivery of this Agreement.

(b) No injunction, order or decree of any Governmental Authority shall be in effect as of the Closing, and no lawsuit, claim, proceeding or investigation shall be pending or threatened by or before any Governmental Authority as of the Closing, which would restrain, prohibit or make unlawful the consummation of the transactions contemplated by the Operative Agreements or invalidate or suspend any provision of the Operative Agreements.

(c) No action or proceeding challenging the transactions or any provision of this Agreement or the other Operative Agreements shall be pending or threatened against any party.

7.3. CONSENTS, ETC.; BURDENSOME CONDITIONS. (a) All Governmental Actions set forth on Schedule 7.3.(a), including the issuance or transfer of all permits or other consents of Governmental Authorities necessary for Seller to transfer the Transferred Assets shall (i) have been taken, given or obtained, (ii) be in full force and effect and (iii) not be subject to any pending proceedings or appeals, administrative, judicial or otherwise (and the time for appeal shall have expired or, if an appeal shall have been taken, it shall have been dismissed).

(b) All consents of any other Person listed on Schedule 7.3.(b) necessary in order for Seller to transfer the Transferred Assets shall have been obtained and shall be in full force and effect.

(c) No Burdensome Condition shall exist with respect to Buyer in connection with the transactions contemplated by the Operative Agreements.

7.4. GOVERNMENTAL RULE. No Governmental Rule shall have been instituted, issued or proposed to restrain, enjoin or prevent the transfer of the Transferred Assets as contemplated hereby or to invalidate, suspend or require modification of any material provision of any Operative Agreement.

7.5. OPERATIVE AGREEMENTS. Seller shall have entered into each of the Operative Agreements to be executed by it and each such Operative Agreement shall be in full force and effect without breach thereunder.

7.6. CLOSING DOCUMENTS. Seller shall have delivered to Buyer the following documents:

(a) a certificate of Seller, dated the Closing Date, to the effect that Seller's representations and warranties in this Agreement are true and correct and that all actions required to be taken by Seller prior to the Closing have been duly taken;

(b) an incumbency certificate dated the Closing Date for the authorized signatories of Seller executing this Agreement and any documents delivered in connection with this Agreement at the Closing; and

(c) a certificate of the secretary or assistant secretary of Seller, dated the Closing Date, as to the continued existence of Seller.

7.7. PROCEEDINGS. All corporate and legal proceedings taken by Seller in connection with the execution of the Operative Agreements and the transfer of the Transferred Assets shall be reasonably satisfactory in form and substance to Buyer and its counsel, and Buyer shall have received all such certified or other copies of all such documents as it shall have reasonably requested.

ARTICLE VIII. CONDITIONS TO SELLER'S OBLIGATIONS.

The obligations of Seller to consummate the transactions contemplated herein shall be subject to the satisfaction (or waiver by Seller) of the conditions set forth below in this Article.

8.1. PAYMENT OF PURCHASE PRICE. The payment of the Purchase Price in the manner specified in Section 1.3.

8.2. REPRESENTATIONS AND WARRANTIES. The covenants, agreements, representations and warranties of Buyer made in this Agreement shall be true and correct in all material respects as of the Date of Execution and as of the Closing Date with the same effect as if made at and as of the Closing Date.

8.3. CONSENTS, APPROVALS AND INJUNCTIONS. (a) Buyer shall have obtained or made all consents, approvals, licenses, permits and authorizations of, and registrations, declarations and filings with, any Governmental Authority or any other Person required to be obtained or made by or with respect to Buyer in connection with the execution and delivery of this Agreement and the other Operative Agreements and the Closing.

(b) No injunction, order or decree of any Governmental Authority shall be in effect as of the Closing, and no lawsuit, claim, proceeding or investigation shall be pending or threatened by or before any Governmental Authority as of the closing, which would restrain, prohibit or make unlawful the transfer of the Transferred Assets or the Assumed Liabilities or invalidate or suspend any provision of the Operative Agreements.

(c) No Burdensome Condition shall exist with respect to Seller in connection with the transactions contemplated by the Operative Agreements.

8.4. OPERATIVE AGREEMENTS. Buyer shall have entered into each of the Operative Agreements to be executed by it and each such Operative Agreement shall be in full force and effect without breach thereunder.

8.5. CLOSING DOCUMENTS. Buyer shall have delivered to Seller the following documents:

(a) a certificate of an authorized signatory of Buyer, dated the Closing Date, to the effect that Buyer's representations and warranties in this Agreement are true and correct and that all actions required to be taken by Buyer prior to the closing have been duly taken;

(b) an incumbency certificate dated the Closing Date for the authorized signatories of Buyer executing any Operative Agreements and any documents delivered in connection with the Operative Agreements at the Closing; and

(c) a certificate of the secretary of Buyer, dated the Closing Date, as to the continued existence of Buyer, certifying the attached copy of the By-laws of Buyer, the authorization of the execution, delivery and performance of the Operative Agreements and the resolutions adopted by the Board of Directors of Buyer authorizing the actions to be taken by Buyer under the Operative Agreements.

8.6. PROCEEDINGS. All corporate and legal proceedings taken by Buyer in connection with the transactions contemplated by the Operative Agreements and all documents and papers relating to such transactions shall be reasonably satisfactory in form and substance to Seller and its counsel, and Seller shall have received all such certified or other copies of all such documents as it shall have reasonably requested.

8.7. EMPLOYEES. Buyer shall have made offers of employment, effective upon and contingent upon the closing and consistent with the terms and conditions of this Agreement, to all of the Employees.

ARTICLE IX. GENERAL MATTERS.

9.1. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All representations and warranties made by the Parties in this Agreement or in any schedule, document, certificate or other instrument delivered by or on behalf of the Parties pursuant to this Agreement shall survive the Closing for a period of **** after the Closing Date; PROVIDED, HOWEVER, that all representations and warranties relating to **** and the Seller's *** shall survive the Closing Date ***.

9.2. LIMITATION OF LIABILITY. Notwithstanding anything to the contrary set forth in the Operative Agreements other than this Agreement, unless this section is specifically excluded from application to a specific Operative Agreement or provision in an Operative Agreement,

Seller shall not be liable for any amounts with respect to the breach of representations and warranties unless and until such amounts shall exceed in the aggregate **** dollars (the "Limitation Amount") (in which case Seller shall only be liable with respect to the excess over the Limitation Amount). There shall be no Seller liability for individual breaches of a representation or warranty when the damages resulting from such breach are less than **** and such amounts shall not be taken into account in determining whether the Limitation Amount has been exceeded. In no event shall Seller's liability with respect to the breach of representations and warranties exceed **** percent of the Purchase Price in the aggregate; PROVIDED, HOWEVER, that such limitation shall not be applicable with respect to Seller's representations and warranties regarding ****. Neither Seller or Buyer shall be responsible for any indirect, incidental, punitive, special or consequential damages whatsoever, including loss of profits or goodwill, unless specifically allowed under the Supply Agreement.

9.3. PUBLIC ANNOUNCEMENTS. The Confidentiality Agreement between the Seller and Celestica Inc., dated August 5, 1999, concerning the subject matter of this Agreement, continues to apply, and the Operative Agreements and the proposed transaction is subject to and confidential under that Confidentiality Agreement. For six (6) months after the Closing Date, all public announcements relating to this Agreement or the transactions contemplated hereby shall be made only after consultation between the Parties, except for disclosures by either Party that in the opinion of counsel for such Party are required by law, rule or regulation. Any disclosures to customers in connection with commercial relationships shall not reveal the Purchase Price of this Agreement. Notwithstanding the foregoing, either Party shall have the right, in its sole discretion, to make such disclosures as it may deem necessary or advisable to any Governmental Authority. In the event of a breach or anticipatory breach of this Section 9.3. by either Party, the other Party shall be entitled, in addition to any and all other remedies available at law or in equity, to preliminary and permanent injunctive relief and specific performance without proving damages.

9.4. COSTS. Each Party shall be responsible for the costs and expenses incurred by it in the negotiation, execution and delivery of the Operative Agreements and, except as otherwise provided elsewhere in such agreements, the consummation of the transactions contemplated hereby.

9.5. DUE DILIGENCE. Buyer has engaged in the entire due diligence effort it deemed appropriate prior to executing this Agreement. The sale of the Transferred Assets is based solely upon the results of that due diligence and there has been no reliance upon the representations or statements of Seller, other than as set forth in Article VI.

9.6. BULK SALES. Buyer hereby waives compliance with any applicable bulk sales or similar laws and Seller will indemnify Buyer from damages resulting from such waiver. Buyer shall discharge the Assumed Liabilities in accordance with their terms and Buyer agrees that Seller shall have no liability for any failure of Buyer to discharge the Assumed Liabilities in accordance with their terms.

9.7. MODIFICATION AND WAIVER. No modification or waiver of any provision of this Agreement and no consent by either Party to any departure therefrom shall be effective unless in a writing referencing the particular section of this Agreement to be modified or waived and signed by a duly authorized signatory of each Party, and the same will only then be effective for the period and on the conditions and for the specific instances and purposes specified in such writing.

9.8. GOVERNING LAW. This Agreement has been delivered at and shall be deemed to have been made at Armonk, New York, and shall be interpreted, and the rights and liabilities of the Parties hereto determined, in accordance with the laws of the State of New York applicable to agreements executed, delivered and performed within such State, without regard to the principles of conflicts of laws thereof. As part of the consideration for value this day received, each of the Parties hereby consents to the exclusive jurisdiction of any New York State court located within the County of Westchester and any federal court of the United States of America located in the Southern District of New York. Each of the Parties hereby: (i) waives trial by jury, (ii) waives any objection to New York venue of any action instituted hereunder, and (iii) consents to the granting of such legal or equitable relief as is deemed appropriate by any aforementioned court.

9.9. NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given and shall be effective (a) when delivered by messenger or courier, or (b) five days after deposit for mailing by registered or certified mail, postage prepaid, return receipt requested, when also transmitted by telecopy as follows:

(a) if to Seller, to:

International Business Machines Corporation
New Orchard Road
Armonk, New York 10504

Attention: Lee A. Dayton
Vice President, Corporate Development and
Real Estate
Telecopy: (914) 499-7802

with a copy to:

International Business Machines Corporation
New Orchard Road
Armonk, New York 10504

Attention: Gregory C. Bomberger, Esq.
Associate General Counsel
Telecopy: (914) 499-6006

(b) if to Buyer, to:

Celestica Corporation
100 Domain Drive
Exeter New Hampshire
03833-4899
Attention:
Telecopy:

with a copy to:
Celestica Inc.
844 Don Mills Road, 32/37
North York, Ontario
M3C 1V7

Attention: Vice President and General Counsel
Telecopy: 416-448-5454

(c) if to Guarantor, to:

Celestica Inc.
844 Don Mills Road, 32/37
North York, Ontario
M3C 1V7

Attention: Vice President and General Counsel
Telecopy: 416-448-5454

with a copy to:
None.
Attention:
Telecopy:

or to such Person or address as the Parties shall hereafter designate to the other from time to time by similar written notice.

9.10. ASSIGNMENT. This Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the successors and assigns of the Parties; PROVIDED, that, no Party may assign its rights hereunder without the written consent of the other unaffiliated Party.

9.11. COUNTERPARTS. This Agreement may be executed by the Parties in one or more counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

9.12. NO THIRD PARTY BENEFICIARIES. This Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing herein expressed or implied shall

give or be construed to give any Person, other than Parties and such permitted successors and assigns, any legal or equitable rights hereunder.

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9.13. ENTIRE AGREEMENT. This Agreement, together with the Intellectual Property Agreement, the Lease Agreement, the Supply Agreement, the Transition Services Agreement, the Assumption Agreement, the Bill of Sale and the Confidentiality Agreement, each between Buyer and Seller (and in the case of this Agreement, Guarantor), comprise the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersede all prior agreements, understanding and representations, oral or written, between Buyer and Seller relating hereto and thereto.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized signatories as of the date and year first above written.

INTERNATIONAL BUSINESS MACHINES CORPORATION

BY: /s/ Lee A. Dayton

NAME: Lee A. Dayton

TITLE: Vice President, Corporate Development & Real Estate

CELESTICA CORPORATION

BY: /s/ Iain Kennedy

NAME: Iain Kennedy

TITLE: Authorized Signatory

CELESTICA INC.

BY: /s/ Iain Kennedy

NAME: Iain Kennedy

TITLE: Senior Vice President

CONFIDENTIAL MATERIALS OMITTED AND
FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION.
ASTERISKS DENOTE OMISSIONS.

To IBM Italia S.p.A. and
to IBM Semea Servizi Finanziari S.p.A.
Via Tolmezzo, 15
Milano

Toronto, February 9, 2000

Dear Sirs,

as agreed please find herein below the terms and conditions upon which we are available to execute the following transaction.

QUOTA (SHARE) PURCHASE AGREEMENT

BETWEEN

IBM ITALIA SPA

AND

IBM SEMEA SERVIZI FINANZIARI SPA

AND

CELESTICA INC.

AND

CELESTICA EUROPE INC.

QUOTA (SHARE) PURCHASE AGREEMENT

BETWEEN

IBM ITALIA S.p.A., a corporation formed under the laws of Italy, with registered office at Via Tolmezzo, 15 Milan (Italy), with a corporate capital of Lire 700,000,000,000 entirely paid in, registered with the Registry of Enterprises of Milan at no. 334553, fiscal code no. 01442240030.

IBM SEMEA SERVIZI FINANZIARI S.p.A., a corporation formed under the laws of Italy, with registered office at Via Tolmezzo, 15 Milan (Italy), with a corporate capital of Lire 70,000,000,000, entirely paid in, registered with the Registry of Enterprises of Milan at no. 271598, fiscal code no. 08824510153.

(hereinafter collectively referred to as "Seller")

AND

CELESTICA INC., incorporated under the laws of the Province of Ontario, Canada

AND

CELESTICA EUROPE INC., incorporated under the laws of the Province of Ontario, Canada

(hereinafter COLLECTIVELY referred to as "Buyer");

WHEREAS

(a) Seller, which is an Affiliate of International Business Machines Corporation, owns a Participation equal to the entire corporate capital of WCE Italia S.r.l. ("Company").

(b) The Company will own and operate a business in the area of electronic card assembly and test manufacturing at the plant in Vimercate (Milan, Italy) and in the area of electronic card assembly and test and assembly of the other components of information technology systems located at the plant in Santa Palomba (Rome, Italy);

(c) Seller wishes to sell, on the terms and conditions set forth in the present Agreement, the entire Participation owned in the Company;

(d) Buyer belongs to a group with a leading position in the electronic components contract manufacturing business and has recently expressed its intention to expand its business in Europe;

(e) In this respect Buyer has conducted such due diligence investigation of the Manufacturing Operations and the Company as it deems appropriate, and Buyer desires, under the terms and conditions set forth herein, to acquire from Seller all the participation owned by Seller in the Company;

NOW, THEREFORE, IN CONSIDERATION OF THE RECITALS

THE PARTIES AGREE AS FOLLOWS:

ARTICLE 1
RECITALS AND PURPOSE OF THE AGREEMENT

The above recitals form an integral part of this Agreement.

Pursuant to and on the terms and conditions of this Agreement Buyer shall purchase from Seller, and Seller shall sell to Buyer, the Participation against the payment of the Purchase Price.

ARTICLE 2
DEFINITIONS

CERTAIN DEFINITIONS. As used in this Agreement, the following terms shall have the meanings specified below:

"AGREEMENT" means this Quota (Share) Purchase Agreement, as well as all the Attachments, Annexes, Exhibits and Schedules attached hereto and thereto;

"AFFILIATE" shall mean, as to any entity, any company under "Control" (as defined hereinbelow) of, and/or any company which is exercising Control over that entity and/or any company which is under common Control with that entity;

"BUSINESS DAY" means every working day upon which banks are normally open for business in Milan and Rome, Italy;

"CLOSING INVENTORY/ASSET STATEMENT" shall have the meaning set forth in Section 3.3;

"COMPANY" means WCE Italia S.r.l., an Italian SOCIETA A RESPONSABILITA LIMITATA (limited liability company, incorporated by quotas) with a head office in Novedrate, Italy;

"CONTROL" has the meaning ascribed to such work in Article 2359 of the Italian Civil Code whether used as a noun or as a verb;

"DATE OF EXECUTION" means the date on which this Agreement is signed (executed);

"EMPLOYEES" shall have the meaning set forth in Section 5.3;

"FINANCIAL INFORMATION" means the information attached as Schedule A;

"GOVERNMENTAL AUTHORITY" shall mean any country, local or foreign court, governmental or administrative agency or commission or other governmental agency, authority, instrumentality or regulatory body;

"MANUFACTURING OPERATIONS" means the business operated by an IBM Affiliate in the area of electronic card assembly and test manufacturing at the plant in Vimercate (Milan, Italy) and in the area of electronic card assembly and test and assembly of other components of information technology systems located at the plant in Santa Palomba (Rome, Italy);

"MATERIAL ADVERSE EFFECT" means an adverse impact in an amount exceeding ITL 50 billion on the profitability, revenues, assets or financial position of the Company or the Manufacturing Operations;

"OPERATIVE AGREEMENTS" means the Quota (Share) Purchase Agreement, the Transitional Services Agreement and the Lease Agreements, executed in connection with this transaction at or prior to the Date of Execution, between and among the indicated Affiliates of Buyer and Seller. When the titles of these agreements are capitalized in this Agreement, it is a reference to the specifically referenced agreement, respectively, as identified above;

"PARTICIPATION" means the quotas (shares) corresponding to 100% of the Company's corporate capital, currently owned and which will be owned by and available to Seller at the Quota Purchase Closing Date to be transferred to Buyer pursuant to this Agreement;

"PARTY"/"PARTIES" means Buyer or Seller, respectively, or all of them collectively when used in the plural form;

"PERMITTED LIENS" means: (i) Security Interests created or imposed by operation of law and arising in the ordinary course of business and not as a result of any default or omission on the part of the Seller; (ii) Security Interests for taxes not yet due or Security Interests for taxes being contested in good faith by appropriate proceedings for which, in any event, adequate reserves have been established and passed to the Company (and as to which the property subject to such Security Interest is not yet subject to foreclosure, sale or loss on account thereof); (iii) rights-of-way and restrictions (including zoning restrictions) and other similar charges not, in any event, interfering with the ordinary conduct of business at the relevant property; (iv) all liens imposed by law or regulation which are set forth under titles 3, 4,5 or 6 of the Libro Terzo of the Italian Civil Code; and (v) all liens described in Schedule QSPA Permitted Liens to this Agreement;

"PERSON" shall mean any individual, firm, corporation, partnership, limited liability company, trust, joint venture, Governmental Authority or other entity, and shall include any successor (by merger or otherwise) of such entity;

"PURCHASE PRICE" means the amount specified in Section 3.2.1;

"QUOTA PURCHASE CLOSING" means the purchase by Buyer from Seller, and the sale by Seller to Buyer, of the Participation, free from pledges, charges and encumbrances of any kind, by way of the execution of the notarial deed of transfer in the form provided for in Annex A (hereinafter the "Deed of Transfer") and the simultaneous receipt by Seller of the Purchse Price; all pursuant to, and on the terms and conditions of, this Agreement, which the Parties agree shall take place at the offices of Seller in Segrate, Italy at 10 a.m. on the latter of April 28, 2000, or the last business day of the calendar month, once this Agreement is executed, in both cases provided that both of the following have occurred at least three Business Days prior thereto: (i) the Parties have received the written consent to the Quota Purchase Closing of International Business Machines Corporation and of Celestica Inc. respectively, and (ii) the Parties have received any necessary antitrust approvals or the expiration of any necessary antitrust waiting periods under applicable law; or on the last Business Day of the first month thereafter, provided both (i) and (ii) above have occurred, or as otherwise agreed upon by the Parties before the Quota Purchase Closing Date;

"QUOTA PURCHASE CLOSING DATE" means the date on which the Quota Purchase Closing shall take place;

"SELLER'S BANK" means Banca Commerciale Italiana, Sede di Milano; Corso Porta Nuova, 7, Milano branch, account no. **** for IBM Italia S.p.A.; account no. **** for IBM Semea Servizi Finanziari S.p.A.; Swift Code **** (or such other bank which the IBM Italia S.p.A. will communicate to Buyer at least 10 (ten) Business Days prior to the Quota Purchase Closing Date also on behalf of IBM Semea Servizi Finanziari S.p.A.);

"SECURITY INTEREST" means any mortgage, charge, pledge, lien, hypothecation, right of set-off, assignment by way of security, reservation of title, or any other security interest or encumbrance whatsoever, howsoever created or arising or any other agreement or arrangement (including, without limitation, a sale and repurchase agreement) having the practical effect of conferring security and any agreement to enter into, create or establish any of the foregoing.

ARTICLE 3
PURCHASE OF THE PARTICIPATION

3.1 QUOTA PURCHASE CLOSING. The Parties agree that, subject to the receipt of the written consent as specified in the "Quota Purchase Closing" definition, the Quota Purchase Closing shall take place on the Quota Purchase Closing Date. More specifically, the Parties agree that the following shall occur at the Quota Purchase Closing:

3.1.1 PURCHASE OF THE PARTICIPATION. Seller shall sell and transfer to Buyer, which shall acquire and receive it, the Participation, free from any Security Interest and any other

claim of any kind, by virtue of the execution of the Deed of Transfer; Buyer shall pay to Seller the Purchase Price pursuant to the provisions set forth in Section 3.2 below.

3.1.2 SINGLE STEP. The Parties expressly acknowledge to each other that, for the purposes of this Agreement, the operations contemplated in Section 3.1.1 above shall be deemed as a single and sole action and that if one of the steps fails or is incompletely performed, the Quota Purchase Closing shall be deemed not to have taken place.

3.2 PURCHASE PRICE.

3.2.1 PURCHASE PRICE. The Parties agree that the aggregate purchase price to be paid by Buyer to Seller, and to be received from Buyer by Seller, in order to acquire the Participation ("Purchase Price") is equal to four hundred twenty two and one-half billion Italian Lire (ITL 422,500,000,000), ("Purchase Price"), as detailed on Schedule 3.2.1, and shall be divided between IBM Italia S.p.A. and IBM Semea Servizi Finanziari S.p.A in proportion of their respective quota of capital in the Company, provided, however, that if the expert valuation performed by the technical expert appointed by the judge according to article 2343 paragraph 1 of the Italian Civil Code results in a higher valuation of the Manufacturing Operations, for reasons other than those already provided for in Section 3.3, 3.4 and 3.5. herein, then the Purchase Price shall be adjusted upward to reflect that higher valuation established by such court appointed technical expert.

3.2.2 PAYMENT AND LIABILITIES. The Purchase Price will be paid by Buyer to Seller on the Quota Purchase Closing Date, by electronic funds transfer or by internal bank branch transfer from the Buyer's account, in each case to the Sellers' bank accounts at Sellers' Bank, in immediately available funds in Italian Lire. Such transfer will be timely made to enable Sellers' Bank to confirm the crediting of the Purchase Price prior to the completion of the Quota Purchase Closing. Upon the terms and subject to the conditions hereof, as of the Quota Purchase Closing, through sale of the Participation in the Company, Seller will indirectly transfer to Buyer, and Buyer will indirectly assume, through its ownership of the Participation, and thereafter shall cause the Company to fully perform and discharge, on a timely basis and in accordance with their respective terms, the liabilities and obligations of the Company, agreed to be assumed pursuant to this Agreement.

3.3 CLOSING INVENTORY/ASSET STATEMENT. Twenty (20) days after Quota Purchase Closing, Seller will prepare and deliver to Buyer a closing inventory/asset statement for the transaction, as of the Quota Purchase Closing Date ("Closing Inventory/Asset Statement"). The purpose of the Closing Inventory/Asset Statement is to show the numerical increase or decrease, as applicable, in the physical fixed assets and inventory of the Manufacturing Operations/Company (other than land and buildings and real estate fixtures), between the amount set forth on Schedule 3.3 to this Agreement at the signing of this Agreement, and the amount existing as of the Quota Purchase Closing Date. Each item of inventory will be assigned the same standard cost and manufacturing value add that is set forth for such items of inventory at the date this Agreement is signed. Each physical fixed asset (other than inventory and land and buildings and real estate fixtures) will be assigned its net book value

on the books of Seller as of the Quota Purchase Closing Date. The Closing Inventory/Asset Statement shall became final and binding upon the Parties unless Buyer gives written notice of its disagreement of such items included on or excluded from the Closing Inventory/Asset Statement within twenty (20) days following Seller's receipt of the Closing Inventory/Asset Statement, which disagreement will be based solely upon the methodology set forth in Schedule 3.3 for reviewing the Closing Inventory/Asset Statement. Any such notice shall specify in reasonable detail the nature of any disagreement so asserted. In the event that the Closing Inventory/Asset Statement (as finally resolved) indicates an adjustment in the Purchase Price, within fifteen (15) days of such statement becoming final, such adjustment shall be made by either (i) Seller transferring by immediately available electronic funds transfer to Buyer in the event that Buyer overpaid at the Quota Purchase Closing or (ii) Buyer transferring by immediately available electronic funds transfer to Seller in the event that Buyer underpaid at the Quota Purchase Closing.

3.4. ADDITIONAL PURCHASE PRICE ADJUSTMENT. The Purchase Price will also be adjusted upwards after the Quota Purchase Closing Date to include amounts equal to the aggregate of all of the following gross asset items that are transferred to Buyer as part of the Company or otherwise, all in Italian Lire: cash and near cash equivalents; prepaid expenses; and accounts receiveable, including the receivables with Employees as set forth in Schedule 3.5., Section 4, in each case related to the Manufacturing Operations. In the event that such amounts are transferred to the Buyer as part of the Company, Buyer shall pay the aggregate amounts so transferred by immediately available electronic funds transfer to Seller within fifteen (15) days of the Quota Purchase Closing Date.

3.5 PAYABLES PURCHASE PRICE ADJUSTMENT. The Parties agree that the Purchase Price will also be adjusted downwards after the Quota Purchase Closing Date to include amounts equal to the aggregate of (i) the total liabilities of the Company to its Employees as set forth in Schedule 3.5., Sections 1, 2, 3, (ii) accounts payable transferred with the Company, which remain unpaid by the Company and the Seller and its Affiliates, due for the purchase of the assets by the Company or the Seller and its Affiliates of inventory and physical fixed assets of the Manufacturing Operations/Company whose value has already been received by the Seller through the asset valuation and payment mechanism set forth in Section 3.2.1 or Section 3.3, and (iii) the Seller's relative pro rata share, based upon calendar days prior to the Quota Purchase Closing Date over the billing period, of unpaid accounts payable transferred with the Company, under contracts for services or for services, such as utility services, provided prior to the Quota Purchase Closing Date, where either (x) billing cycles for such services accounts payable cover the period both before and after the Quota Purchase Closing Date or (y) such services or payables relate exclusively to periods prior to the Quota Purchase Closing Date; all except as otherwise expressly provided under this Agreement for assumed liabilities. In the event that such accounts payables are transferred to the Buyer as part of the Company, Seller shall pay the aggregate amounts, as set forth in (i), (ii) and (iii) of this Section 3.5, so transferred to Buyer, by immediately available electronic funds transfer to Buyer within fifteen (15) days of the Quota Purchase Closing Date. To the extent that Seller or its Affiliates

have paid for contracts for or for services that relate to periods after the Quota Purchase Closing Date, such sums will be treated as prepaid expenses under Section 3.4.

ARTICLE 4
MANAGEMENT OF THE COMPANY PRIOR TO THE QUOTA PURCHASE CLOSING

Seller, for the period between the Date of Execution and the Quota Purchase Closing, will manage the Manufacturing Operations in the ordinary course of business, except as the preparation for this transaction varies from such ordinary course.

Seller further agrees that between the Date of Execution of this Agreement and the Quota Purchase Closing, it will not, without the Buyer's prior written consent: effect a merger of the Company with other companies, or demerge (spin-off) assets used in the Manufacturing Operations or take any action or cause the Manufacturing Operations or the Company to take any action, other than as contemplated by the Operative Agreements and other than in the ordinary course of business, that would have a material adverse effect upon the Manufacturing Operations or Company.

ARTICLE 5
OBLIGATIONS OF THE PARTIES PRIOR TO OR AFTER THE QUOTA PURCHASE CLOSING

5.1 RESIGNATIONS. Prior to the completion of the Quota Purchase Closing Seller shall arrange that all the members of the board of directors and all the members of the board of statutory auditors of the Company shall have tendered their resignations in writing, effective as of the Quota Purchase Closing, from all the offices held by them in the Company. Seller will cooperate with Buyer so that the Company can adopt, as soon as practical after the Quota Purchase Closing, actions necessary to appoint a new board of directors and statutory auditors chosen by Buyer.

5.2 RESOLUTION. Buyer and its Affiliates hereby irrevocably undertake not to take, participate in, or cause to be taken by the Company or others, any action for liability or damages against any of the officers, employees, directors or statutory auditors of the Company appointed by the Seller and resigning from their offices in compliance with Section 5.1, arising out of or in connection with the activities of such representatives acting in such capacities prior to the Quota Purchase Closing. Buyer agrees that, concurrent with the Quota Purchase Closing, a quotaholders resolution will be validly adopted in a form satisfactory to Seller, confirming this Section 5.2.

5.3. EMPLOYMENT MATTERS. The term Employee(s) shall mean the employee(s) being employed with the Company at the time of the Quota Purchase Closing. The employees employed by Seller in connection with the Manufacturing Operations at the date hereof are listed in Schedule 5.3.1. Schedule 5.3.1 also shows their present status of employment. This Schedule will be updated immediately prior to the Quota Purchase Closing to reflect changes

related to such employee(s) between the Date of Execution and the Quota Purchase Closing. Seller will not intentionally enlarge the total number of Employees above the number shown on Schedule 5.3.1 without the prior written consent of Buyer. The number of Employees may vary due to events outside of Seller's control, transactions in the ordinary course of business, preparations for the transaction contemplated by the Operative Agreements, or the effects of the applicable transfer of undertaking legal provisions.

Seller and Seller's Affiliates have in relation to each of such employees, complied with all the terms of the respective employment statutes, regulations, codes of conduct, collective agreements and orders relevant to the listed status of the Employees.

Buyer agrees to apply to the Employees, for a period of three (3) years after the Quota Purchase Closing Date, the terms and conditions of employment provided by the Seller to such Employees immediately prior to the Quota Purchase Closing Date except for changes which might be agreed through individual or collective agreements. Such terms and conditions of employment are summarized in Schedule 5.3.2. Further, Buyer agrees to cause the Company to comply with article 2112 of the Italian Civil Code. Previously accrued employment benefits and future employment benefits, which cannot be provided or cannot be provided in precisely the same form or manner by Buyer because of the change of ownership in the Company from Seller to Buyer (e.g. incentive stock options), shall be financially compensated by Buyer on an equivalent level.

Buyer agrees that, in relation to Seller and Seller's Affiliates, the Company is solely liable for any claims of its Employees which relate to the period after the Quota Purchase Closing Date, including but not limited to areas where the applicable law provides for any joint liability of Seller and the Company or Buyer as a consequence of the transfer of the Manufacturing Operations from Seller into the Company and the transfer of the Company from Seller to Buyer and that Seller is solely liable for any claims of Employees which relate to the period up to and including the Quota Purchase Closing Date, including, but not limited to, arrears where the applicable law provides for joint liability of the Seller and the Company as a consequence of the transfer of the Manufacturing Operations from Seller into the Company, provided such claims are not pre-closing liabilities expressly transferred with the Company pursuant to this Agreement.

Buyer and Seller agree to furnish each other with such information concerning Employees as is reasonably requested, subject to the privacy policies of both Parties and subject to the extent permissible under applicable law.

5.4 IBM COMMERCIAL SOFTWARE. The Buyer agrees that it will execute a standard IBM commercial software licensing agreement, in the forms attached hereto as Exhibit S, effective on the Quota Purchase Closing Date, to cover all of the commercially offered IBM software that is utilized by the Company, if any, where that software is not being provided as part of a service to the Company by IBM under the Transition Services Agreement. The

referenced software agreement will provide the standard IBM offerings and prices for the licensing, maintenance and support of such IBM commercially available software.

5.5. COMPANY TAXES. Except as provided in Section 9.2, at the Quota Purchase Closing Date the Company will have complied with its duties under any tax and social security laws and regulations in force from time to time and applicable to the Company itself or the Manufacturing Operations and taxes, interest, and penalties, if any, arising from the failure to comply with such duties will be borne by Seller. With reference: (a) to the provisions under article 26 of D.P.R. 26/10/1972 No. 643, Seller covenants that there will be no tax liability against or to be borne by the Company with reference to the transfer to the Company of the land and buildings of the Manufacturing Operations; and (b) to the provisions under article 14 of D. Lgs. 18/12/1997 No. 472, and subject to Section 9.2, Seller covenants that there will be no tax liability against or to be borne by the Company with reference to the joint liability between the Company and Seller provided for by said article 14(1) of D.Lgs. 18/12/1997 No. 472.

5.6. WAIVER. The Seller hereby expressly agrees that Article 1495 of the Italian Civil Code shall not apply in connection with the sale of the Participation under this Agreement.

5.7 GOVERNMENTAL PROGRAMS. For the governmental contracts identified on Schedule 9.1, if the transfer of the Participation under this Agreement results in the applicable governmental agency with such authority exercising any right it might have to (i) require early repayment of such loans, with below market rates prior to the maturity date thereof or (ii) require repayment of outright grants made under those contracts, the following adjustment will be made: an amount equal to the outright grants so repaid and the loan premium (the remaining term, amount and payment stream under such revoked loans, when compared to an identical remaining term, amount and payment stream under the borrowing interest rate for the Company during the relevant remaining period) so lost, shall be damages included in the calculation of the Limitation Amount set forth in Section 8.1.2.(a) for purposes of the calculation of damages thereunder. The Parties agree to take commercially reasonable steps to attempt to avoid the governmental actions specified in this Section. For the avoidance of doubt, the normal repayment of the loan contracts identified on Schedule 9.1 shall be the responsibility of the Buyer.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF THE SELLER

Except as set forth on the disclosure schedule delivered by Seller to Buyer (the "Disclosure Schedule"), as updated to reflect events occurring after the date hereof and prior to the Quota Purchase Closing Date, within five Business Days of the end of each month, upon the occurrence of such events, with the next to last such update to be delivered to the Buyer no later than three Business Days before the Quota Purchase Closing Date (the last update to cover only the intervening period), the Seller hereby represents and warrants under this Article 6 to Buyer as of the date hereof and as of the Quota Purchase Closing Date:

6.1 REGARDING THE SELLER:

6.1.1 ORGANIZATION AND GOOD STANDING. Both IBM Italia S.p.A. and IBM Semea Servizi Finanziari S.p.A. are duly organized, validly existing and in good standing, under the laws of Italy and are duly qualified, under all applicable laws, to enter into this Agreement and to perform any and all of their obligations under this Agreement. The books of the meetings of the corporate bodies of the Company have been kept pursuant to the applicable law and accurately reflect, without any omissions, the proceedings at such meetings and the resolutions passed from time to time. Such resolutions have been passed in compliance with the provisions of the respective by-laws in force from time to time. This Agreement has been duly executed and delivered by Seller and this Agreement constitutes a legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms.

6.1.2 NO BANKRUPTCY PROCEEDINGS. Both IBM Italia S.p.A. and IBM Semea Servizi Finanziari S.p.A. are validly existing and no liquidator, administrative receiver, administrator or similar officer has been appointed in respect of them and no action is currently being taken to appoint any such liquidator, receiver, administrative receiver, administrator or similar officer. Both IBM Italia S.p.A. and IBM Semea Servizi Finanziari S.p.A. have not agreed to the assignment of their assets (or any part of them) for the benefit of their creditors. There is no action or proceeding now pending or threatened in writing to dissolve either IBM Italia S.p.A. or IBM Semea Servizi Finanziari S.p.A. or to declare their corporate rights and powers, or any of them, to be null and void or to declare that they or their board of directors or any of their directors, officers, agents or employees have exceeded or violated any of their corporate rights or powers.

6.1.3 NO BREACH. The execution of this Agreement and the performance by the Seller of its obligations hereunder will not result in the breach or violation of any of the provisions of, or constitute a default under, or conflict with, violate, or cause the acceleration or the revocation, termination or modification of any obligation or right of Seller under: (i) the corporate documents of IBM Italia S.p.A. or of IBM Semea Servizi Finanziari S.p.A.; (ii) any law or governmental order applicable to IBM Italia S.p.A. or to IBM Semea Servizi Finanziari S.p.A.; (iii) any contract, agreement or other arrangement, executed by IBM Italia S.p.A. or by IBM Semea Servizi Finanziari S.p.A.; (iv) any judgment, injunction, decree, order or award of any court, governmental body or arbitrator having jurisdiction over IBM Italia S.p.A. or IBM Semea Servizi Finanziari S.p.A.; (v) any material license, permit, approval, consent or authorization necessary to the ownership of the Participation; all except where such action, either individually or combined with other breaches of representations and warranties by Seller and its Affiliates under the Operative Agreements, would not have a material adverse effect.

6.1.4 TITLE TO ASSETS AND PARTICIPATION. At Closing the Company will hold exclusive and full title to all its assets which are particularly described in Schedule 6.3,

subject to the provisions of the Operative Agreements, all of which are free from any constraint or lien, option, contractual right, right in rem or of any other nature, and from any registration or prejudicial recording, other than Permitted Liens. IBM Italia S.p.A. and IBM Semea Servizi Finanziari S.p.A. are, or will be at the Quota Purchase Closing Date, the sole registered and beneficial owners with full legal title to the Participation and at the Quota Purchase Closing Date will be entitled to sell the full legal title and ownership of the Participation to Buyer. The Participation is free from pledges, claims charges and encumbrances or similar third party rights of any kind, and there are no outstanding options, warrants, agreements, conversion rights, preemption rights or other rights to subscribe for purchase or otherwise acquire all or part of the Participation, including quotaholders agreements.

6.2 REGARDING THE COMPANY:

6.2.1 ORGANIZATION AND GOOD STANDING. The Company is duly organized, validly existing and in good standing, under the laws of Italy and is duly qualified, under all applicable laws, to carry out the Manufacturing Operations, subject to Section 6.2.4, except where the failure to so qualify would not, either individually or combined with other breaches of representations and warranties by Seller and its Affiliates under the Operative Agreements, have a material adverse effect upon the transactions contemplated by the Operative Agreements.

6.2.2 FINANCIAL INFORMATION. The Financial Information provided by Seller to Buyer with respect to the Transferred Assets was derived from or included in the financial records of the Seller, which have been maintained in accordance with the Seller's normal internal practices for such information.

6.2.3 EQUIPMENT. All manufacturing equipment owned by the Company at the Quota Purchase Closing Date will have been, immediately prior to the Closing, operated or used in compliance with applicable laws or regulations, except where the failure to be in compliance would not, either individually or combined with other breaches of representations and warranties by Seller and its Affiliates under the Operative Agreements, have a material adverse effect.

6.2.4 GOVERNMENTAL AUTHORIZATIONS -- COMPLIANCE WITH LAW. The Company, prior to Closing, will have duly obtained, or will have filed an application to obtain, all required authorizations, concessions and permits whether issued by governmental, regional, or local authorities required for carrying out the Manufacturing Operations, except where the failure to have such licenses and permits would not, either individually or combined with other breaches of representations and warranties by Seller and its Affiliates under the Operative Agreements, have a material adverse effect. All permits held at the date hereof by Seller in respect of the Manufacturing Operations, which are transferable and exclusively utilized for such operations will, prior to Closing, be transferred or will have been applied for a transfer, to the Company.

6.2.5 LITIGATION. There is no suit, action, arbitration, proceeding or governmental proceeding or prosecution pending or, to Seller's knowledge, threatened in a writing to IBM Italia or its Affiliates by or against the Company or Seller in respect of the Manufacturing Operations and there is no outstanding default of a judgment, decree, injunction, rule or order of any Court, Board of Arbitrators or governmental or tax authority against the Company or the Seller; in each case which, either individually or combined with other breaches of representations and warranties by Seller and its Affiliates under the Operative Agreements, have a material adverse effect.

6.2.6 NO OTHER REPRESENTATIONS & WARRANTIES. Except for the express representations and warranties made by Seller in this Article 6, Seller makes no representation or warranty, express or implied, concerning either Seller, the Company or the Manufacturing Operations, it being specifically understood by Buyer that, except for the express warranties set forth in this Article 6, the Company's business is being transferred "as is" in all respects. Seller specifically disclaims any warranty of suitability or fitness for any particular purpose of Buyer's, whether or not Seller has been made aware of any such purpose.

6.3. REGARDING THE MANUFACTURING OPERATIONS. Annexed as Schedule 6.3 subschedules hereto is a listing of the assets and liabilities of the Manufacturing Operations, all of which (subject to acquisitions and dispositions in the ordinary course of business between the date hereof and the Quota Purchase Closing Date) will be assets and liabilities of the Company as of the Closing:

(a) a description of the land and buildings, described in Schedule 6.3(a);

(b) a listing of the machinery, production equipment, computer equipment, hardware, fixtures, vehicles, furnishings, parts, supplies, accessories, tools, dies, jigs and other fixed assets described in Schedule 6.3(b);

(c) an estimated inventory valuation, in Schedule 6.3(c);

(d) a listing of the contracts described in Schedule 6.3(d)

6.4 RECORDS. At or prior to Closing, copies of the operational records relating to the Manufacturing Operations and the assets described in Schedule 6.3, including, without limitation, the Employees' records, cost records, manufacturing data, outstanding purchase orders, production records, supply records, inventory records, correspondence files and environmental reports, data, information and materials (together with, in the case of such information which is stored electronically, copies of the media on which the same is stored), all in conformance with applicable law, will be provided.

6.5. SUPPLIERS. There are a number of suppliers to the Manufacturing Operations whose products and services are not covered by contracts that are directly with the Company.

These suppliers are part of larger contracts for the provision of products and services to other entities owned by the Seller, in addition to the Manufacturing Operations. Between the Date of Execution and the Closing, the Company and the Seller will initiate contract negotiations with such suppliers, for the provision of such products and services under separate contracts with the Company. A list of the current products and services which have been identified as falling within this category as of the Date of Execution is set forth in Schedule 6.5.

6.6 SOFTWARE. The third party software licenses listed on Schedule 6.3(d) are the licenses being transferred along with the Company. There are other third party software packages being utilized in the Manufacturing Operations whose licenses are not being transferred, either because the licenses are not transferable, or because other units of the Seller utilize such software and need to retain the licenses; therefore the Buyer will need to separately obtain licenses for such third party software; the currently identified third party software that falls into this category is listed in Schedule 6.6.

6.7. ENVIRONMENTAL MATTERS. (a) Definitions for this Section 6.7 and for Section 7.1.4:

"knowledge of Seller" shall mean the knowledge acquired based upon reasonable inquiry of IBM Italy's management (with the position of EH&S Manager, H&S Environmental Area Manager or site operations manager or higher title) in the Manufacturing Operations and including the following persons at Johnson Controls: Alberto Rizzi, manager of Johnson Controls Environmental Affairs Programs Italy; Michele Amaru, Vimercate Environmental Specialist and Chiara Guglielmo, Santa Palomba Environmental Specialist.

"Environmental Baseline" shall mean the environmental condition of the Real Property as set forth in the Report.

"Environmental Law" shall mean any applicable Italian national, regional or local or European Union law, statute, ordinance, judgment, governmental directive, regulation or other governmental requirement that are generally enforced and publicly promulgated by a Governmental Authority having jurisdiction over the Real Property or the Manufacturing Operations, including such environmental laws that are generally applied to and relate to matters of pollution or of environmental regulation or control or protection of the environment, as well as governmental directives or orders that are properly issued with respect to the Real Property or the Manufacturing Operations, as any have been amended to the date of Closing.

"Hazardous Materials" shall mean any hazardous substance, hazardous waste, pollutant, contaminant, toxic material or words of similar import as defined under any applicable Environmental Law, except that notwithstanding anything to the contrary herein or in this Agreement, Hazardous Materials shall not mean or include (i) contamination caused by the normal application of pesticides, fungicides or other agricultural products for agricultural purposes; (ii) soil, groundwater or surface water contamination that is below concentration levels that would be actionable or in violation of any applicable Environmental Law and

below any cleanup or remediation standards levels generally enforced and publicly promulgated by an applicable Governmental Authority; (iii) any amount of hazardous substances released or spilled to the environment which are below any actionable concentration level under applicable Environmental Law, which are not in violation of any applicable Environmental Law and which are below such promulgated standards; (iv) naturally occurring contamination, which is not resulting from human activity, or which is endemic to the Provence of Milan and which did not originate from the Real Property and for which the Seller would not be liable under applicable Environmental Law.

"Real Property" means the real property owned by the Company at the Quota Purchase Closing Date.

"Report" means the Report referred to in Section 7A.1.4.

(b) The following representations are the sole and exclusive representations made by Seller to Buyer relating to the environmental conditions at the Real Property.

(i) Subject to Section 6.2.4, to the knowledge of Seller, as of the date hereof and the Quota Purchase Closing Date, operations at the Real Property are in compliance in all material respects with applicable Environmental Law.

(ii) Except as set forth in Schedule 6.7(b)(ii), the knowledge of Seller there are no underground storage tanks for Hazardous Materials on the Real Property.

(iii) To the knowledge of Seller, Seller has not received any notice, demand letters or other summons from a Governmental Authority or third party, during the five years prior to the date of this Agreement, indicating that any person is, was or may be in material violation of or materially liable under any applicable Environmental Law in connection with the Real Property or the Manufacturing Operations. To the knowledge of Seller, during the five years prior to the date of this Agreement, there has been no civil, criminal or administrative actions, lawsuits, demand, claims or similar proceedings pending or threatened against any person, with respect to the Real Property or the Manufacturing Operations, relating to any violation of any applicable Environmental Law.

(iv) To the knowledge of Seller, none of the Real Property has been used as a Hazardous Materials disposal site.

(v) To the knowledge of Seller there is no environmental contamination on or under the Real Property which would constitute a violation of any applicable Environmental Law and which currently requires action or reporting under any applicable Environmental Law.

(vi) Except as set forth in Schedule 6.7(b)(vi), Seller has, in full force and effect, all material permits, licenses and other authorizations that are required under applicable Environmental Law with respect to the operation of Seller's business on the Real Property as of the date of this Agreement, and Seller is, as of the date of this Agreement, in material compliance with

all such permits, licenses and authorizations, subject to Section 6.2.4 for the handling of such matters following the date of this Agreement.

(vii) The Seller has delivered to the Buyer true and complete copies of all formal and significant written environmental audits or written evaluations requested by the Seller or any of its Affiliates during the five years prior to the date of this Agreement, relating to the Real Property.

6.8. OTHER INFORMATION. This Agreement, the Exhibits, Appendices and Schedules hereto, as each may be amended prior to the Closing, and all certificates delivered to Buyer and its representatives from Seller at the Quota Purchase Closing in connection with this Agreement do not and will not contain any untrue statement of any material fact and do not and when delivered will not omit to state a material fact necessary to make the statement herein or therein not misleading.

6.9 CONTRACTS. The Company, Seller, or Seller Affiliates have performed or are performing all material obligations required to be performed by it under the contracts transferred pursuant to this agreement and such Seller Affiliated performing party is not (with or without notice, lapse of time or both) in breach or default in any material respect thereunder; and, to the knowledge of Seller, no other party to any of such contracts is (with or without notice, lapse of time or both) in breach or default in any material respect thereunder.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES OF BUYER

7.1 Celestica Inc. and Celestica Europe Inc. hereby represent and warrant to Seller as of the date hereof and as of the Quota Purchase Closing Date, each individually for such buying entity:

7.1.1 ORGANIZATION AND GOOD STANDING. Celestica Inc. is duly organized, validly existing and in good standing, under the laws of the Province of Ontario, Canada and is duly qualified, under all applicable laws, to enter into this Agreement and to perform any and all of its obligations under this Agreement. Celestica Europe Inc. is duly organized, validly existing and in good standing, under the laws of the Province of Ontario, Canada and is duly qualified, under all applicable laws, to enter into this Agreement and to perform any and all of its obligations under this Agreement. This Agreement has been duly executed and delivered by Buyer and this Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms.

7.1.2 NO BANKRUPTCY PROCEEDINGS. Each Buyer is validly existing and no liquidator, administrative receiver, administrator or similar officer has been appointed in respect of it and no action is currently being taken with a view to appoint any such liquidator, receiver, administrative receiver, administrator or similar officer. There is no action or proceeding now pending or threatened in writing to dissolve Buyer or to declare its corporate

rights and powers, or any of them, to be null and void or to declare that it or its board of Directors or any of its Directors, officers, agents or employees has or have exceeded or violated any of its corporate rights or powers.

7.1.3 NO BREACH. The execution of this Agreement and of the transactions contemplated herein will not result in the breach or violation of any provision of Law as well as of any corporate document of each Buyer which may affect the validity and enforceability of this Agreement.

7A.1.4 ENVIRONMENTAL MATTERS. (a) Buyer and Seller agree that the Environmental Baseline shall be produced and be binding on both the Buyer and the Seller and shall represent the environmental condition of the Real Property as of the Quota Purchase Closing Date. The Buyer and Seller shall select a qualified environmental consultant (the "Consultant") who shall be mutually agreeable to them, acting reasonably, to conduct over a three month period an environmental investigation, including testing and sampling of existing and new boreholes and wells as it considers prudent, of the Real Property (the "Investigation"), commencing as soon as reasonably possible after the execution of this Agreement, for the purpose of producing the Report referred to below outlining the environmental condition of the Real Property. The consultant shall produce a report (the "Report") of its findings setting out the location and concentration measurement or level of each chemical constituent identified on or under the Real Property. The concentration measurement or level at (and around any location as reasonably determined by the Consultant) shall be the average of the levels in the annual site monitoring records of the Seller for the location for the three years 1997, 1998 and 1999 as well as the new testing, provided that where the new testing provides a materially different result from previous site monitoring records, sufficient new testing shall be conducted to provide a result considered as reliable by the Consultant and the previous site monitoring records for such location shall be taken into account to the extent considered appropriate by the Consultant. In arriving at an average concentration measurement or level the consultant shall be guided by the norms and procedures generally used and applied by professionals in the environmental sampling and testing industry. Seller and Seller's affiliates will co-operate reasonably in connection with the conduct of the Investigation, including, without limitation, making personnel reasonably available. The parties further agree that the cost of the Consultant including the cost to perform additional testing by the Consultant as well as the creation of the Report shall be borne equally by the parties on a 50%-50% basis, but in no event will the cost of the Consultant services exceed one hundred eighty million Lire (ITL 180,000,000). Both parties shall be entitled to copies of any and all documents created or used by the Consultant in the performance of its work. If the Environmental Baseline indicates the presence of Hazardous Material, Seller will undertake any action with respect thereto which requires a remedial action under Environmental Law which is enforced by an applicable Governmental Authority.

(b) Buyer agrees that any contamination caused by its consultants or contractors or itself arising out of or resulting from any due diligence investigations conducted by the Buyer or its consultants prior to the Quota Purchase Closing Date shall be the responsibility of the Buyer.

(c) Without limiting Buyer's ability to rely on Section 6.7, Buyer acknowledges that is has made its own investigation of the Real Property and Buyer is aware of the various licenses and permits that the appropriate Governmental Authorities will require on or after the Quota Purchase Closing Date, and Buyer agrees and represents that it is responsible for obtaining any such license or permit that may be required by any Governmental Authority in order for Buyer to conduct its business operations on the Real Property on or after the Quote Purchase Closing Date, subject only to Seller's obligation (which is hereby agreed to) to assist Buyer in the transfer of any transferable permits or licenses as may be allowed or permitted by applicable law. Buyer further agrees that it will exercise reasonable efforts to satisfy and effectuate on or prior to the Quota Purchase Closing Date, or as soon thereafter as is practicable, the transfer or issuance of all licenses, permits and other authorizations that are required by any appropriate Governmental Authority to enable Buyer to operate its business on the Real Property on or after the Quota Purchase Closing Date.

ARTICLE 8
EFFECTIVENESS OF THE REPRESENTATIONS AND WARRANTIES

8.1 REPRESENTATIONS AND WARRANTIES DATE. All the representations contained in Articles 6 and 7 are true on the Date of Execution and will be true, in all material aspects, at the Quota Purchase Closing, on the Quota Purchase Closing Date, as if said representations had been actually rendered and repeated on, and with respect to, the Quota Purchase Closing Date, with the exception of representations and warranties that specifically refer to an earlier date and with the exception of those changes in the Manufacturing Operations which may have occurred in the ordinary course of business subsequent to the Date of Execution and prior to the Quota Purchase Closing Date in accordance with the terms hereof.

8.1.1 SURVIVAL OF REPRESENTATION & WARRANTIES. All claims made in respect of the representations and warranties of Seller in the Operative Agreements must be specifically notified prior to the **** after the Quota Purchase Closing Date (subject in any case to the provisions of this Article), other than representations and warranties as to the Seller's *** (as modified in accordance with this Agreement), both of which shall expire upon ***; and representations and warranties as to ***, which shall survive until **** following the termination of the ***, and claims made in respect of Seller's *** representations and warranties, which must be specifically notified prior to the **** anniversary of the Quota Purchase Closing Date.

8.1.2 LIMITATION OF LIABILITY. The Parties hereby expressly agree that:

(a) Seller and its Affiliates shall not be liable for any damages to Buyer or the Company or their respective Affiliates as a result of or with respect to a breach of the Seller's or its Affiliates' representations and warranties under the Operative Agreements unless and

until such amounts shall exceed in the aggregate **** (the "Limitation Amount"), at which time Seller and its Affiliates shall be liable for the entire amount of such damages. There shall be no Seller or Seller Affiliate liability with respect to any individual breach of a representation and warranty which results in damages of less than **** and such amounts shall not be taken into account in determining whether the Limitation Amount has been exceeded.

(b) the maximum aggregate liability of Seller and its Affiliates for damages, losses, costs and expenses deriving from the breach of the Seller's or its Affiliates representations and warranties under the Operative Agreements shall not exceed, in the aggregate, the sum of ****; provided, however, that such limitation shall not be applicable with respect to Seller's obligation of ****.

No right of indemnification or compensation will arise in favor of Buyer or its Affiliates (other than as specifically set forth in the Operative Agreements) towards Seller and its Affiliates for indirect, incidental, punitive, special or consequential damages whatsoever, including loss of profits or loss of chances or goodwill or similar losses or damages. No right of indemnification or compensation will arise in favor of Seller or its Affiliates towards Buyer and its Affiliates (other than as specifically set forth in the Operative Agreements) for indirect, incidental, punitive, special or consequential damages whatsoever, including loss of profits or loss of chances or goodwill or similar losses or damages.

ARTICLE 9
FURTHER COMMITMENTS OF THE PARTIES

9.1 STATE SUBSIDIES. The Parties expressly agree that, subject to Section 5.7, Buyer shall be liable on an exclusive basis for the performance and the repayment, according to their terms, and for any damages, losses, costs or expenses suffered or incurred by the Company or Seller or Seller Affiliates, as a result of such subsidies and associated loans, including the revocation by the competent Authority, of the state subsidies presently granted and listed in Schedule 9.1. The Buyer agrees that it will execute any documents deemed appropriate by the applicable governmental bodies formalizing the implementation of this transfer of contract responsibilities.

9.2 OTHER TAX MATTERS. Notwithstanding Paragraph 5.5 above, the Parties expressly and unconditionally agree that any Registration Tax (Imposta di Registro), Stamp Duties (Imposta di Bollo e Tassa sui Contratti di Borsa), Mortgage Tax (Imposta Ipotecaria) and Cadastrian Tax (Imposta Catastale) and related interest and penalties, if any, due and/or payable with reference, or in relation (a) to the transfer of the Participation under this Agreement and/or (b) to the contribution of the Manufacturing Operations to the Company, shall be exclusively borne by the Buyer and paid, as according to law, by the Buyer or by the

Company. It is therefore agreed between Seller and Buyer that Seller shall have no liability or obligation vis-a-vis to the Company and/or to the Buyer with reference to the above.

ARTICLE 10
TERMINATION

The Parties agree that the specific provisions set forth in this Agreement do not represent a limitation to the right of the Parties to terminate the Agreement for just cause, for supervening impossibility or for excessive onerousness, according to the provisions contained in Chapter XIV, Title II, Book IV of the Italian Civil Code.

ARTICLE 11
JOINT AND SEVERAL LIABILITY

The Parties agree that both IBM Italia S.p.A. and IBM Semea Servizi Finanziari S.p.A. act as one party for the purposes of this Agreement and that, in this respect, they are jointly and severally liable towards Buyer for the fulfilment of any and all the obligations undertaken by Seller in respect of Buyer under this Agreement. The Parties agree that both Celestica Inc. and Celestica Europe Inc. act as one party for the purposes of this Agreement and that, in this respect, they are jointly and severally liable towards Seller for the fulfilment of any and all the obligations undertaken by Buyer in respect of Seller under this Agreement.

ARTICLE 12
GENERAL PROVISIONS

12.1 CONFIDENTIALITY. The confidentiality agreement in effect between International Business Machines Corporation and Celestica Inc., dated as of August 5, 1999, concerning the subject matter of this transaction, shall also apply to the Operative Agreements and the proposed transactions are subject to and confidential under that confidentiality agreement or another confidentiality agreement to be agreed upon between the Parties. For six (6) months after the Closing Date, all public announcements relating to this Agreement or the transactions contemplated hereby shall be made only after consultation between Buyer and Seller, except for disclosures by any Party that in the opinion of counsel for such Party are required by law, rule or regulation. Any disclosures to customers in connection with commercial relationships shall not reveal the Purchase Price contained in this Agreement. Notwithstanding the foregoing, either Party shall have the right, in its sole discretion, to make such disclosures as it may deem necessary or advisable to any Governmental Authority and IBM Affiliates shall have the right, in their sole discretion, to make such disclosures as they may deem necessary or advisable to their employees and employee representatives, provided that Seller intends to consult with Buyer on disclosures to employees of the Company, with a view towards establishing a joint approach to such matters where practical. In the event of a breach or anticipatory breach of this Section 12.1 by any Party, the other Parties shall be

entitled, in addition to any and all other remedies available at law or in equity, to preliminary and permanent injunctive relief and specific performance without proving damages.

12.2 ASSIGNMENT. This Agreement and all of the provisions hereof shall be binding upon and shall inure to the benefit of the Parties and their respective permitted assigns, heirs or successors. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned without the prior written consent of the other Parties.

12.3 SEVERABILITY OF THE PROVISIONS. Should any of the provisions of this Agreement be held invalid or, in any event, non-enforceable, said defect will not affect the validity of the remaining provisions of this Agreement, which will continue to remain in full force and effect.

12.4 COMPLETENESS OF THIS AGREEMENT. The terms and conditions contained in this Agreement and the other Operative Agreements constitute the entire agreement between the Parties and replace all previous agreements, either oral or written, between the Parties with reference to the subject matter dealt with in such Agreements and no understanding or pact which amends or amplifies such agreements shall be binding upon any of the Parties, unless it is in writing, referring expressly to the agreement to be modified, and is signed by the Parties by their respective representatives who have been duly authorized.

12.5 HEADINGS. Article and Paragraph headings used in this Agreement are for convenience only and shall not affect the meaning or construction of this Agreement.

12.6 NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed properly given if delivered personally or mailed by registered mail, return receipt, or transmitted by facsimile, confirmed by registered letter sent within two Business Days subsequent to the date of the facsimile, to the Parties at the following respective addresses (or any other address which any of the Parties may specify by giving notice in the above mentioned way):

(a) if to Buyer, to:
Celestica Inc.
844 Don Mills Road, 32/37
North York, Ontario
M3C 1V7

Attention: Vice President and General Counsel
Telecopy: 416-448-5454

with a copy to:

Celestica Europe Inc.
844 Don Mills Road, 32/37
North York, Ontario

M3C 1V7

Attention: Vice President and General Counsel

(b) if to Seller, to:

IBM Italia S.p.A.
Circonvallazione Idroscalo,
20090 Segrate
Milan, Italy
Attention: Fabio Moretti

with a copy to:

IBM Servizi Finanziari S.p.A.,
20090 Segrate
Milan, Italy

Attention: Stefano Vicariotto

with copy to:

International Business Machines Corporation
New Orchard Road
Armonk, New York 10504

Attention: Gregory C. Bomberger, Esq.
Associate General Counsel
Telecopy: (914) 499-6006

All notices and other communications hereunder which have been delivered personally, or which have been transmitted by facsimile and confirmed by registered letter sent within two Business Days subsequent to the date of the facsimile, shall be deemed received by the addressee, respectively, on the day of personal delivery or on the fifth calendar day subsequent to the date of the telex or telefax.

12.7 EXPENSES. Unless otherwise expressly agreed in writing, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby, including attorneys' fees, shall be paid by the Party incurring such expenses. The notarial fees which become payable with regard to this Agreement shall be borne by Buyer.

12.8 BROKERS AND FINDERS. No brokers, finders or merchant banks acting for any of the parties hereto have participated in the negotiations or have in any manner caused the exeuction of this Agreement; and there shall be no fees or costs to be paid to any such brokers, finders or merchant banks.

12.9 INTERPRETATION OF THIS AGREEMENT. This Agreement shall be interpreted in good faith, having regard to the common intention of the Parties and the substantial result which, with the execution of this Agreement, they intend to reasonably attain.

12.10 GOVERNING LAW AND EXCLUSIVE JURISDICTION. The law which governs this Agreement and the transactions provided for hereby is the law of the Republic of Italy. All disputes arising out of and in connection with this Agreement shall be subject to the exclusive jurisdiction of the Courts of Milan.

12.11 ORIGINALS. This Agreement is executed in three originals drawn up in the English language. This English version shall prevail over any other translation. The Parties acknowledge to each other that some of the Schedules, Attachments, Annexes or Exhibits are drawn up in the Italian language only, some in the English language only, and some in both languages; in this latter case the prevailing language will be specified in the specific document concerned.

12.12 FREEDOM OF ACTION. The Parties agree that article 2557 of the Italian Civil Code does not apply.

12.13 DURATION. This Agreement shall automatically expire if the Quota Purchase Closing has not taken place through no fault of either Party or its Affiliates by October 31, 2000. If it expires, the provisions herein shall have no further force and effect except the obligations of the Parties under Sections 12.1, 12.2, 12.7, 12.9 and 12.11 shall remains in full force and effect.

12.14 NO THIRD PARTY BENEFICIARIES. This Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing herein expressed or implied shall give or be construed to give any Person, other than the Parties and such permitted successors and assigns, any legal or equitable rights hereunder.

If you agree with the above please copy this wording and return it to us duly signed and initialled in each page (including the annexes hereto) as unconditional acceptance.

/s/ I. Kennedy
- --
Celestica Inc.

/s/ I. Kennedy
- --
Celestica Europe Inc.

Amendment 1

to the Quota (Share) Purchase Agreement (QSPA)

entered into by IBM Italia S.p.A., IBM Semea Servizi Finanziari S.p.A., Celestica Inc. and Celestica Europe Inc. on February 9, 2000.

Seller and Buyer agree that the content of schedule 6.7 (b) (vi) of the QSPA is amended effective February 9, 2000 and now reads as follows:

"The Water Wells permit is not yet finalized. The permit was requested by IBM to Italian Public Authority in 1966. The relevant request has been done again in 1971, 1991 and 1992. There is evidence of all the above on the Official Italian Bulletin (Gazzetta Ufficiale Italiana) in 1992 and 1996. Further IBM has been paying taxes for the wells water usage".

Capitalized terms shall have the meaning set forth in the QSPA.

/s/ [illegible]	15/2/2000
IBM Italia S.p.A	Date
/s/ [illegible]	15/2/2000
IBM Semea Servizi Finanziari S.p.A	Date
/s/ Iain Kennedy	28/2/2000
Celestica Inc.	Date
/s/ Iain Kennedy	28/2/2000
Celestica Europe Inc.	Date

Second Amendment to Quota (Share) Purchase Agreement

This is the Second Amendment ("Second Amendment") to the Quota (Share) Purchase Agreement dated February 9, 2000 between IBM Italia S.p.A., IBM Semea Servizi Finanziari S.p.A., Celestica Inc., and Celestica Europe Inc., as amended by the First Amendment dated February 28, 2000 between the parties ("Quota (Share) Purchase Agreement").

This Second Amendment is dated as of May 31, 2000.

WHEREAS

The Parties have agreed that Buyer will buy substantially all of the inventory owned by the Seller and, in consideration thereof, the Parties hereby agree to amend the Purchase Price indicated in Section 3.2.1. and the corresponding Schedule 3.2.1. "Assets Conveyed" of the Quota (Share) Purchase Agreement. Furthermore the Parties hereby agree to amend Schedule 3.3. "Methodology for Review of Closing Statement" of the Quota (Share) Purchase Agreement in order to take into account the fair market value of the inventory transferred which is to be scrapped.

The Parties to the Quota (Share) Purchase Agreement hereby agree to the following modifications to that agreement:

Section 3.2.1. The previous Section 3.2.1, Purchase Price, is hereby completely replaced with the following language:

"3.2.1 PURCHASE PRICE. The Parties agree that the aggregate purchase price to be paid by Buyer to Seller, and to be received from Buyer by Seller, in order to acquire the Participation ("Purchase Price") is equal to four hundred forty one billion three hundred eight million Italian Lire (ITL 441,308,000,000), ("Purchase Price"), as detailed on Schedule 3.2.1, and shall be divided between IBM Italia S.p.A. and IBM Semea Servizi Finanziari S.p.A in proportion of their respective quota of capital in the Company, provided, however, that if the expert valuation performed by the technical expert appointed by the judge according to article 2343 paragraph 1 of the Italian Civil Code results in a higher valuation of the Manufacturing Operations, for reasons other than those already provided for in Section 3.3, 3.4 and 3.5. herein, then the Purchase Price shall be adjusted upward to reflect that higher valuation established by such court appointed technical expert."

In addition, the Parties hereby agree that the prior Schedules 3.2.1 and 3.3 of the Quota (Share) Purchase Agreement are hereby replaced with the Schedule 3.2.1 and Schedule 3.3

which are attached to this Amendment and are hereby incorporated as part of this amendment.

Except as specifically provided for in this Second Amendment, the Quota (Share) Purchase Agreement shall continue in full force and effect and each of the parties hereby confirms the terms of the Quota (Share) Purchase Agreement, as so amended.

IN WITNESS WHEREOF, the Parties have duly exeucted this Second Amendment as of the date first written above.

IBM ITALIA S.p.A.	CELESTICA INC.
BY: /s/ E.C. Catania	BY: /s/ Iain Kennedy
NAME: E.C. Catania	NAME: I. Kennedy
TITLE: General Manager	TITLE: SENIOR VICE PRESIDENT
IBM SEMEA SERVIZI FINANZIARI S.p.A	CELESTICA EUROPE INC.
BY: /s/ Daniele Troina	BY: /s/ Iain Kennedy
NAME: D. Troina	NAME: I. KENNEDY
TITLE: Managing Director	TITLE: SENIOR VICE PRESIDENT

ASSETS CONVEYED

(In Billion Lire)

Inventory	234.808
Machinery and Equipment/ Furniture and Fixtures & Data Processing Equipment	75.5
Land and Buildings	122.0
Goodwill	9.0
Total	441.308

METHODOLOGY FOR REVIEW OF CLOSING STATEMENT

Assets and Inventory at signing are as set forth on Schedule 3.2.1, herein incorporated by reference.

The following will be the methodology for reviewing the Closing Statement:

1. The ledger balance of WCE Italia S.r.l. as of the Closing Date will be the basis for the Closing Statement.

2. A physical inventory sample to determine proper quantities will be initiated by Seller and Buyer on the Closing Date. Seller will perform a Rotating Inventory Audit (RIA) on the Warehouse based on PI (Perpetual Inventory) Test check methodology. Additional sampling will be performed on Work-in-Process based on MFI system data (Wip on Vimercate/S. Palomba manufacturing floor) and PIV system data (Wip consigned to our Vendors).

3. Inventory will be valued according to Weighted Average Cost (WAC) methodology.

4. Cost of acquisition will be added to the inventory, at 2.5%.

5. Inventory determined as above will be decreased by a provision for scrap of three hundred ten million Lire (310,000,000)

6. Any completed assembly inventory will be valued at price for cards and at BOM plus 9% for box/fab/mes.

7. A value for labor and overhead effort will be added to the work-in-process inventory value, based on the 50% completion methodology applicable to either ECAT (i.e. assumes 50% of all production steps/profit has been completed in addition to BOM), and Box/Fab/MES (i.e. assumes 50% of the 9% markup above BOM, equal to 4.5% of BOM markup to be added in addition to BOM).

8. The cost of all parts sourced from Seller's Microelectronics Division (currently valued at 90%) will be multiplied by a factor of 1.11 for the purpose of valuing inventory.

9. All Machinery and Equipment, Furniture and Fixtures, and Data Processing Machines will be valued at WCE Italia S.r.l.'s book value.

BOM = Bill of Material

CONFIDENTIAL MATERIALS OMITTED AND
FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION.
ASTERISKS DENOTE OMISSIONS.

CELESTICA INC.
BUYER

NEC DO BRASIL S.A.
SELLER

QUOTA PURCHASE AGREEMENT

TRENCH, ROSSI E WATANABE - ADVOGADOS
ASSOCIATED WITH BAKER & MCKENZIE
AVENIDA DR. CHUCRI ZAIDAN, 920 - 8TH FLOOR
MARKET PLACE TOWER
04583-904 SAO PAULO - SP
BRAZIL
TEL (55-11) 3048-6800
FAX (55-11) 5506-3455

QUOTA PURCHASE AGREEMENT

This Quota Purchase Agreement (the "AGREEMENT") is made as of June 22, 2000 (the "SIGNING DATE"), by and between:

- -- CELESTICA INC., a company organized and existing in accordance with the laws of the Province of Ontario (Canada), with principal offices at 844 Don Mills Road, Toronto, Ontario, Canada, ("BUYER");

and

- -- NEC DO BRASIL S.A. a company organized and existing in accordance with the laws of Brazil, with principal offices at Rodovia Presidente Dutra Km. 214, Guarulhos, State of Sao Paulo, Brazil ("SELLER").

RECITALS

A. Seller and Celestica do Brasil Ltda. ("CELESTICA BRASIL") entered into a Quota Purchase Agreement made on June 22, 2000 (the "ORIGINAL AGREEMENT");

B. Buyer and Seller wish to amend and restate the Original Agreement by substituting the Buyer in the place and stead of Celestica Brasil as if Buyer were the original party thereto. Celestica Brasil has given its consent to such substitution in order to accommodate internal corporate and business structures;

C. Seller is engaged in the business of manufacturing electronic and telecommunication equipment (the "MANUFACTURING OPERATION") at its manufacturing facility located in Guarulhos, State of Sao Paulo, Brazil ("FACILITY");

D. Seller desires to dispose of, and Buyer desires to acquire the Manufacturing Operation;

E. Prior to the Closing Date (as defined below), Seller intends to organize and own, directly or indirectly, one hundred per cent (100%) of the quotas (the "QUOTAS") of a new company designated NDB Industrial Ltda., organized under the laws of Brazil, with head offices at Rodovia Presidente Dutra Km. 214, Guarulhos, State of Sao Paulo, Brazil (the "COMPANY");

F. Prior to the Closing Date, Seller intends to transfer free of any liens and encumbrances to the Company, as its capital contribution, certain assets related to the Manufacturing Operation, including fixed assets, raw materials, production in course and inventory (the "ASSETS"), related to the manufacturing of electronic and telecommunication equipment currently manufactured at the Facility, as listed in Attachment D ("PRODUCTS"); and

G. Subject to the terms and conditions contained herein, Seller intends to sell and transfer the Quotas to or at the direction of Buyer, and subject to such terms and conditions, Buyer intends to purchase or cause one of its subsidiaries to purchase the Quotas from Seller.

In consideration of the foregoing and of the mutual promises contained herein, Buyer and Seller (collectively, the "PARTIES") have amended and restated the Original Agreement as follows:

ARTICLE 1

ORGANIZATION OF THE COMPANY AND TRANSFER OF ASSETS

1.1 ORGANIZATION OF THE COMPANY. Before the Closing Date and as a condition for the Closing, Seller shall organize the Company as a wholly owned direct subsidiary in the form of a Brazilian limited liability company and shall obtain all approvals, and authorizations from, and make all registrations and filings with, all appropriate governmental and other authorities in order to enable the Company to be duly organized and validly existing under Brazilian laws. Seller shall not allow the Company to issue any capital stock except as expressly provided in this Agreement (i.e., capital increase pursuant to the transfer of goods as described in Article 1.2 below).

1.2 TRANSFER OF ASSETS. On or before the Closing Date and as a condition for the Closing, Seller shall transfer and assign to the Company, as paid-in capital for the Company's capital formation and any further capital increase, free and clear of any liens or encumbrances, certain assets related to the Manufacturing Operation, including fixed assets, raw materials, production in course and inventory, related to the manufacturing of electronic and telecommunication equipment currently manufactured at the Facility, as described in Attachment 1.2-1 (the "TRANSFERRED ASSETS") at the net book value of the Transferred Assets as of the Closing Date (corresponding to US$72,044,000.00 (seventy two million forty four thousand U.S. dollars) as of December 31, 1999, as set forth in the December Balance Sheet attached hereto as Attachment 1.2-2). The Company shall not assume, and Seller shall retain all liabilities and related obligations, accrued on or prior to the Closing Date, related to the Transferred Assets and to the Manufacturing Operation (the "RETAINED LIABILITIES"), including, without limitation, any liability or obligation relating to federal, state or local taxes attributable to Seller, subject to the provisions of Article 5 hereof, except for those accrued expenses and other current liabilities that are itemized in Attachment 1.2-2 which shall be assumed by the Company and reflected in the net book value of the Transferred Assets.

1.3 EXCLUDED ASSETS. The following assets are not included in this transaction:

(a) the land and buildings where the Manufacturing operates and raw materials and inventory are stored (which land and buildings shall be leased from Seller to the Company);

(b) Seller's intellectual property relating to the Products; and

(c) any and all Seller's assets not listed in Attachment 1.2-1.

1.4 INSTRUMENTS OF CONVEYANCE AND TRANSFER. Seller shall provide the required instruments for conveyance of title and take such further action as Buyer or the Company may request for the effective transfer of title and possession of Transferred Assets.

1.5 TRANSFERRED EMPLOYEES. On or before the Closing Date, Seller shall transfer to the Company those employees, including a group of executives, employed in the Manufacturing Operation, who are listed in Attachment 1.5 on the date of transfer ("TRANSFERRED EMPLOYEES").

Such transfer shall maintain the existing terms of employment on the date of transfer, including, without limitation, positions, duties, salaries, bonus, benefits and severance fund ("FGTS").

1.6 ASSIGNMENT OF CONTRACTS. Before the Closing Date, Seller shall assign to the Company all contracts listed in Attachment 4.8 (the "ASSIGNED CONTRACTS").

1.7 LIABILITIES. Except accrued expenses and other current liabilities disclosed in Attachment 1.2-2, liabilities of any kind, existing before or on the Closing Date, related to the Transferred Employees, shall be exclusively borne by Seller, subject to the provisions of Article 5 hereof. Any and all liabilities related to the Transferred Employees after the Date of Closing, including any severance fund (FGTS) or similar termination related costs (whether initiated by Buyer or employee), Christmas bonus, vacations and other labor rights related to the employment, shall be exclusively borne by Buyer.

ARTICLE 2
PURCHASE AND SALE OF QUOTAS

2.1 PURCHASE AND SALE. Subject to the terms and conditions set forth in this Agreement, on the Closing Date (as defined below) Seller hereby promises to sell, assign and transfer the Quotas to Buyer, and Buyer hereby promises to purchase the Quotas from Seller, pursuant to the execution of the Amendment to the Articles of Organization of the Company, which will reflect the sale, purchase and transfer of Quotas from Seller to Buyer, among other matters.

2.1.1 On the Closing Date, Seller shall be the holder, directly or indirectly, of 100% of the Quotas, each of which shall be free and clear of any emcumbrances, liens, pledges, obligations, restrictions to their sale or transfer or litigation of any nature.

2.2 CLOSING. The closing of the transaction contemplated by this Agreement (the "CLOSING") shall take place in the offices of Trench, Rossi e Watanabe Advogados, at Av. Dr. Chucri Zaidan, 920 - 8th floor, in the City of Sao Paulo, State of Sao Paulo, Brazil, on June 30,

2000 (the "CLOSING DATE"), or at such other date and/or place as the parties shall mutually agree, but, in any event, no later than ninety (90) days after the Signing Date.

ARTICLE 3
PURCHASE PRICE; TERMS OF PAYMENT

3.1 PURCHASE PRICE. Subject to adjustments as set forth in Sections 3.4 and 3.5 hereof, the total purchase price (the "PURCHASE PRICE") for the purchased Quotas is the amount in the Brazilian currency equivalent to the sum of US$122,044,000.00 (One hundred twenty two million, forty four thousand U.S. Dollars), comprised of (i) US$72,044,000.00 (Seventy two million, forty four thousand U.S. Dollars) representing the net book value of the Transferred Assets as set forth on the December Balance Sheet (the "DECEMBER BOOK VALUE AMOUNT"), and (ii) US$50,000,000.00 (Fifty million U.S. Dollars) representing a premium over the December Book Value Amount (the "PURCHASE PRICE PREMIUM").

3.2 EXCHANGE RATE. The conversion of the Purchase Price from U.S. Dollars into Reais shall be computed by applying the average buy/sell commercial exchange rate quoted by the Central Bank of Brazil (SISBACEN PTAX 800 - Option 5) at the close of business on the day immediately preceding the Closing Date.

3.3 METHOD OF PAYMENT. Payment of the Purchase Price shall be made on the Closing Date by Buyer to Seller by check or by wire transfer of immediately available funds to Seller to such account within Brazil as Seller shall designate.

3.4 PRE-CLOSING PURCHASE PRICE ADJUSTMENT. Not later than three business days prior to the Closing, Seller shall deliver to Buyer a good faith estimate of the balance sheet of the Company as of the Closing Date (the "CLOSING BALANCE SHEET"). At the Closing, (a) if the book value of the Transferred Assets as set forth on the Closing Balance Sheet (the "CLOSING BOOK VALUE AMOUNT") exceeds the December Book Value Amount, the Purchase Price shall be increased by the amount of such excess, or (b) if the Closing Book Value Amount is less than the December Book Value Amount, the Purchase Price shall be decreased by the amount of such

deficit. The conversion method set forth in Section 3.2 above shall be applied to convert the adjusted Purchase Price from U.S. Dollars into Reais and for purposes of calculating the estimated Closing Balance Sheet. In neither of the foregoing events shall the amounts of the Purchase Price Premium be increased or decreased.

3.5 POST-CLOSING PURCHASE PRICE ADJUSTMENT. The Purchase Price shall be subject to adjustment after the Closing Date, according to the specifications mentioned below.

3.5.1 As soon as practicable following the Closing Date, but in any event within sixty (60) calendar days following the Closing Date, Buyer shall deliver to Seller an audited balance sheet of the Company as of the Closing Date (the "POST-CLOSING BALANCE SHEET"), prepared by Buyer, together with a report thereon from Buyer's independent accountant stating that the Post-Closing Balance Sheet fairly presents the book value of the Transferred Assets at the Closing Date in accordance with generally accepted Brazilian accounting principles ("GAAP") applied on a basis consistent with the preparation by Seller of the Closing Balance Sheet. In the event that Buyer fails timely to deliver the Post-Closing Balance Sheet for any reason whatsoever, the Closing Balance Sheet shall be deemed to be and shall be final, binding and conclusive on Buyer and Seller and the Purchase Price shall no longer be subject to adjustment.

3.5.2 Within twenty (20) business days following the delivery by Buyer of the Post-Closing Balance Sheet, Seller may dispute any amount(s) reflected thereon, but only on the basis that the amounts reflected thereon were not arrived at in accordance with GAAP applied on a basis consistent with the preparation by Seller of the Closing Balance Sheet; provided, however, that Seller shall have notified Buyer and Buyer's independent accountant in writing of each disputed item, specifying the amount thereof in dispute and setting forth, in reasonable detail, the basis for such dispute, within twenty (20) business days following Buyer's delivery of the Post-Closing Balance Sheet to Seller. In the event of such a dispute, Seller's controller and/or independent accountant and Buyer's independent accountant shall attempt to reconcile their differences, and any mutually agreed resolution by them as to any disputed amounts shall be deemed to be and shall be final, binding and conclusive on Buyer and Seller. If Seller's controller and/or independent accountant and Buyer's independent accountant are unable to

mutually reach a resolution with such effect within said twenty business days after receipt by Buyer and Buyer's independent accountant of Seller's written notice of dispute, Seller's controller and/or independent accountant and Buyer's independent accountant shall submit the items remaining in dispute for resolution to Arthur Andersen (the "INDEPENDENT ACCOUNTING FIRM"), which shall, within thirty business days after such submission, determine and report to Buyer and Seller upon such remaining disputed items, and such report shall be deemed to be and shall be final, binding and conclusive on Buyer and Seller. The fees and disbursements of the Independent Accounting Firm shall be allocated between Buyer and Seller in the same proportion that the aggregate amount of such remaining disputed items so submitted to the Independent Accounting Firm that is unsuccessfully disputed by each such party (as finally determined by the Independent Accounting Firm) bears to the total amount of such remaining disputed items so submitted. In acting under this Section 3.5, Seller's controller and/or independent accountant, Buyer's independent accountant and the Independent Accounting Firm shall be entitled to the privileges and immunities or arbitrators.

3.5.3 The Post-Closing Balance Sheet shall be deemed final for the purposes of this Section 3.5 upon the earliest of (i) the failure of Seller to notify Buyer of a dispute within twenty (20) business days following Buyer's delivery of the Post-Closing Balance Sheet to Seller, (ii) the resolution of all disputes, pursuant to Section 3.5.2, by Seller's controller and Buyer's independent accountant, and (iii) the resolution of all disputes, pursuant to Section 3.5.2, by the Independent Accounting Firm.

Within three business days following the Post-Closing Balance Sheet being deemed final, a Purchase Price adjustment shall be made and become due and payable as follows: (i) if the book value of the Purchased Assets as set forth on the Post-Closing Balance Sheet (the "POST-CLOSING BOOK VALUE AMOUNT") exceeds the Closing Book Value Amount, the Purchase Price shall be increased by the amount of such excess and Buyer shall pay over such excess to Seller in accordance with Section 3.5.4 hereof, or (b) if the Post-Closing Book Value Amount is less than the Closing Book Value Amount, the Purchase Price shall be decreased by the amount of such deficit and Seller shall pay over such deficit to Buyer in accordance with Section 3.5.4.

In neither of the foregoing events shall the amount of the Purchase Price Premium be increased or decreased.

3.5.4 Buyer shall pay to Seller the amount by which the Post-Closing Book Value Amount exceeds the Closing Book Value Amount, or Seller shall pay to Buyer the amount by which the Closing Book Value Amount exceeds the Post-Closing Book Value Amount, as applicable, by a wire transfer of immediately available funds in Reais, according to the conversion method from U.S. Dollars into Reais set forth in Section 3.2 herein, to such bank account or accounts as the party to receive such payment may specify in writing to the other party. Any such payment shall also include simple interest on the amount of such payment, calculated at the annual (365 day) rate of eight and one half percent (8.5%) and accruing from the Closing Date through (but not including) the date on which such payment is made.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby makes the following representations and warranties to Buyer:

4.1 CORPORATE STATUS. Seller is a duly organized and validly existing company under the laws of Brazil and has the corporate power to own its assets and conduct its business as being currently conducted. Attachment 4.1 contains a copy of Seller's bylaws. Seller further represents and warrants to Buyer that, on the Closing Date, the Company will be a duly organized and validly existing company under the laws of Brazil and will have the corporate power to own its assets and to conduct its business as then conducted by it.

4.2 CAPITALIZATION. On the Closing Date all of the Company's Quotas will be duly authorized, validly issued and fully paid in. On the Closing Date Seller shall legally and validly hold, directly or indirectly, the total quantity of the Company's Quotas, which, on such date, shall be free of attachments, liens, pledges or encumbrances of any kind, any other restrictions to

their transfer or sale or any litigation and shall not be subject to any options or commitments assumed by Seller.

4.3 CORPORATE AUTHORITY. Seller has the legal right, power and authority to enter into this Agreement and to transfer the Company's Quotas as provided in this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate decisions or other actions of Seller and the Company, and this Agreement constitutes the legal, valid and binding obligation, enforceable against Seller in accordance with its terms.

4.4 NO RESTRICTIONS. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby does or shall conflict with or result in a breach of, or give rise to a right of termination of, or accelerate the performance required by, any terms of any agreement, covenant, court order, consent decree, license or permit to which the Seller or the Company is subject or a party, nor constitute a default thereunder, nor result in the creation of any encumbrance, lien, charge or security interest upon any of the Quotas or the assets of the Seller or the Company, nor violate any of the provisions of the Articles of Organization or Bylaws of Seller or the Company. There is no pending lawsuit, court proceeding or investigation against Seller or the Company that might prevent the consummation of any of the transactions contemplated by this Agreement in accordance with the terms hereof.

4.5 GOVERNMENT APPROVALS. No action, consent or approval of, registration or filing with, or any other action by, any governmental authority will be required in connection with the performance by Seller of this Agreement or in connection with the transactions contemplated hereby, except for (i) the ones described in Article 9 below and (ii) the filing with the Board of Trade of the State of Sao Paulo of the Amendment to the Articles of Organization of the Company.

4.6 PERSONAL PROPERTY. Seller owns and immediately prior to the transfer of the Transferred Assets to the Company in accordance with Section 1.2 hereof, will own or is and shall be legally entitled to use all assets necessary to conduct its operations and activities as they

are currently conducted. From and after the transfer of the Transferred Assets to the Company and until the closing of the Buyer's acquisition of the Quotas pursuant hereto, the Company will own and be legally entitled to use all assets necessary to conduct its operations and activities as they are currently conducted by Seller. Seller has maintained and up to the Closing Date will continue and cause the Company to continue to maintain all such assets in accordance with prudent maintenance practices. All such assets are, and will up to the Closing Date be owned by the Seller or the Company, as the case may be, free and clear of any attachments, encumbrances, pledges or liens, or any other restrictions to their transfer or sale or any litigation.

4.7 CONTRACTS. Attachment 4.7 lists all written contracts related to the Manufacturing Operation to which Seller is a party and which will be assigned to the Company on or prior to the Closing Date. All such contracts are legal, valid, binding, and enforceable against all parties thereto and in full force and effect. Seller or the Company, as the case may be, has performed all of the obligations required to be performed by it under the Assigned Contracts, and is entitled to all benefits thereunder and is not in default or alleged to be in default in respect of any such contracts, and no event, condition or occurrence exists which, after notice or lapse of time or both, would constitute a default under any such contracts. Seller has provided to Buyer a true and complete copy of each Assigned Contract listed in Attachment 4.7.

4.8 INVENTORY. The December Balance Sheet of the Company accurately reflects the value of the inventory used by Seller in the Manufacturing Operation as of such date and represents all of the inventory of the Manufacturing Operation on such date. Such inventories do not include any material items that are below standard quality or of a quality or quantity not useable or saleable in the normal course of business of the Manufacturing Operation, unless the value of such inventory has been written down on the December Balance Sheet to net realizable market value. There has been no deterioration in the value of the inventory owned by Seller or the Company, as the case may be, in connection with the Manufacturing Operation since December 31, 1999. Inventory levels are maintained by Seller in connection with the Manufacturing Operation at amounts required for the operation of the Manufacturing Operation and will continue to be maintained by Seller or the Company, as the case may be, at such levels until the Closing Date.

4.9 INSURANCE. Seller has and the Company will have its property and assets insured against loss or damage by all insurable hazards or risks upon a replacement cost basis and such insurance coverage will be continued in full force and effect up to and including the Closing Date. Attachment 4.9 lists all insurance policies maintained by Seller until the transfer of the Transferred Assets to the Company pursuant to Section 1.2 hereof and to be maintained by the Company in connection with the Manufacturing Operation thereafter. All such insurance policies are and shall up to and including the Closing Date remain in force, in conformity with law, and are and shall be enforceable. Neither Seller nor the Company, as the case may be, is or will be in default in any material respect under the terms of such policies, and either the Seller or the Company, as appropriate, has timely served, and shall timely serve, notice of all events or information required in connection with such policies. Seller has provided to Buyer a true copy of each insurance policy referred to in Attachment 4.9.

4.10 LITIGATION. There are no judgments, decrees, suits, actions or proceedings pending or, to Seller's knowledge, threatened, against the Company or against the Seller in connection with the Transferred Assets or the Manufacturing Operation.

4.11 PERMITS; COMPLIANCE WITH LAWS. All of the permits, licenses and authorizations (collectively, "PERMITS") required for the conduct of Company's activities are in full force and effect and no notice has been received by Seller or the Company relating to, and to the Seller's knowledge, no grounds exist which would give rise to, termination, cancellation, withdrawal or amendment of any such Permits. The Company is in material compliance with the terms and conditions of all such Permits.

4.12 ENVIRONMENTAL MATTERS. There are no proceedings or governmental investigations concerning or against Seller or the Company arising from or relating to environmental matters threatened or pending before any court, tribunal or governmental instrumentality, and no citations, summons, directives, orders or notices of a threatened or actual violation of any law, decree, rule, regulation, permit or order, other requirement, policy or direction of any governmental authority by or against Seller or the Company relating to environmental matters, and no liens on the assets of the Company arising from or related to environmental matters, and

no governmental actions resulting in the imposition of any such lien on any of the Real Property. Seller and the Company are in compliance in all material respects with environmental, occupational health and safety statutes and regulations and Permits; and no conditions or circumstances exist and no acts or omissions have occurred at, on, from or near, any of the real property owned by the Seller on which the Facility is located (the "Real Property") or affecting the Real Property, the Company or the Manufacturing Operation which could be reasonably expected to result in any material investigation, lawsuit, arbitration or regulatory suit or action alleging harm, injury or non-compliance with any environmental laws, rules or regulations or requiring any cleanup or other action with respect to the presence of, release of or liability relating to hazardous materials, wastes or substances, pollutants, contaminants or other environmentally regulated materials, substances or matters (collectively, the "Environmental Substances"). Seller has provided Buyer with a copy of all information which it can make available which relate to environmental matters relevant to the Real Property and the Manufacturing Operation including, without limitation, all environmental reports, data, surveys, audits, test results, analyses and presentations and all descriptions of known, suspected or possibly present Environmental Substances.

4.13 WORKERS' INJURIES. There are no pending claims, or to Seller's knowledge threatened claims, related to the Transferred Employees for compensation for any injury, disability or illness resulting from their employment with Company.

4.14 TRADE UNION ACTIVITY. During the last three years there have not been any strike, work stoppage or labor troubles involving those of Seller's employees who will become employees of the Company.

4.15 EMPLOYEES; EMPLOYEE BENEFITS. Attachment 1.5 contains (a) the name, job title, current monthly gross rate of pay and date and amount of last salary increase of each of the Transferred Employees. All benefits, in cash or in kind, routinely provided to the Transferred Employees are also described in Attachment 1.5. Seller and, from and after the transfer of the Transferred Assets to the Company in accordance with Section 1.2, the Company will be in full compliance with all statutory or regulatory requirements with respect to the Transferred

Employees. There are no complaints, claims or charges outstanding, or to the best of the Seller's knowledge, anticipated, nor are there any orders, decisions, judgments or convictions against or in respect of the Company or Seller in connection with the Manufacturing Operations, under any employment legislation in connection with the Transferred Employees. All required accruals for salaries and benefits have been reflected on the books and records of Seller and the Company in respect of the Manufacturing Operation.

4.16 TAXES. Seller has filed with the appropriate governmental agencies the tax returns and other documents required to be filed. Such tax returns and documents are materially correct and have been prepared in accordance with applicable laws, and Seller has paid or challenged in each case on a timely basis, all taxes, including fees and contributions. Seller has withheld all taxes required to have been withheld and paid in connection with the amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party.

4.17 CONSENTS AND APPROVALS. There is no requirement under any contract to which the Seller or the Company is a party or by which either of them is bound to give any notice to, or to obtain the consent or approval of, any party to such contract in connection with the consummation of the transactions contemplated by this Agreement.

4.18 ABSENCE OF CHANGES. Except for the January operating results which were negatively impacted by the SAP implementation and the existing strike at the Brazilian Customs Department, since December 31, 1999, Seller or the Company, as the case may be, has carried on the Manufacturing Operation in the ordinary course of business consistent with past practice and there has not been:

(a) any material adverse change in the condition, assets, liabilities, operations, earnings, business or prospects of the Manufacturing Operation;

(b) any damage, destruction or loss affecting the Transferred Assets;

(c) any obligation or liability incurred by the Seller or the Company in connection with the Manufacturing Operation other than those incurred in the ordinary and normal course of business, consistent with past practice;

(d) any payment, discharge or satisfaction of any liability or obligation of the Seller or the Company in connection with the Manufacturing Operation other than payment of accounts payable and tax liabilities incurred in the ordinary and normal course of business, consistent with past practice;

(e) any labor trouble adversely affecting the Manufacturing Operation;

(f) any license, sale, assignment, transfer, disposition, pledge, or granting of any encumbrance or lien on or in respect of any of the Tranferred Assets, other than sales of Products to customers in the ordinary and normal course of business of the Manufacturing Operation;

(g) any material write-down of the value of any inventory other than in accordance with the ordinary and normal course of business, consistent with past practice;

(h) any general increase in the compensation of employees of Seller or the Company in connection with the Manufacturing Operation;

(i) any capital expenditure or commitments of Seller or the Company in connection with the Manufacturing Operation in excess of the Fiscal Year 2000 Capital Expenditure Plan, as described in Attachment 4.18(i);

4.19 DECEMBER BALANCE SHEET. The December Balance Sheet attached hereto as Attachment 1.2-2 has been prepared in accordance with accounting principles described in Attachment 4.19 applied on a basis consistent with prior periods, is correct and complete and presents fairly the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of the Transferred Assets and the Manufacturing Operation as at December 31, 1999. When prepared, the Closing Balance Sheet will be prepared in accordance with

accounting principles described in Attachment 4.19 applied on a basis consistent with those used in the preparation of the December Balance Sheet and will present fairly the assets, liabilities and financial position of the Transferred Assets and the Manufacturing Operation as at the Closing Date.

4.20 ACCURACY OF STATEMENTS. None of the information contained in the representations, warranties or covenants of Seller in this Agreement (including Attachments) contains any untrue statement of fact or omits to state a fact necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading. All documents which Seller has provided to Buyer are true, complete and correct copies of the documents they purport to represent.

ARTICLE 5

INDEMNIFICATION

5.1 LIABILITY. In accordance with the procedures set forth in Section 5.2 below and subject to the limitations set forth in Section 5.3 below, Seller agrees to indemnify and hold Buyer and the Company harmless from any loss or damage resulting from or due to breach of any representation, warranty, covenant or agreement of Seller contained herein or in any document delivered hereunder.

5.2 INDEMNIFICATION PROCEDURES. If Buyer or the Company shall become aware of facts which give rise or threaten to give rise to Seller's obligation to indemnify Buyer or the Company pursuant to Section 5.1 hereof (hereinafter referred to as an "EVENT SUBJECT TO INDEMNIFICATION"), regardless of whether or not the Event Subject to Indemnification involves a third party, Buyer shall send written notice (the "NOTIFICATION") to Seller promptly after discovery of the Event Subject to Indemnification disclosing the details thereof. Subject to Paragraph (b) below, failure to notify Seller shall release Seller from any liability that it may have to Buyer and/or the Company. Seller shall respond within thirty (30) calendar days of receipt of the Notification (or sooner, if a third party is involved and circumstances require, in which case a shorter period shall be stated in the Notification). Seller shall only be responsible

for indemnification hereunder if the respective claim is awarded by means of a final and irrevocable judgement, not subject to any further defense or appeal.

(a) If the Event Subject to Indemnification does not involve any third party, then Seller's response shall indicate its intention to (i) pay the amount involved or commence any required remedial measures in the Event Subject to Indemnification; (ii) refuse to accept the event as an Event Subject to Indemnification; or (iii) discuss the matter.

-- If option (i) is elected, Seller will either pay the amount involved, or commence any required remedial measures in the Event Subject to Indemnification, in either case within 30 days from the date of Notification.

-- If option (ii) is elected, Buyer or the Company may, at its option, commence any required action to pursue or defend its rights and remedies.

-- If option (iii) is elected, the parties shall discuss the issues involved during a period of 30 days from receipt of the Notification, and if they reach an agreement, any payment required thereby shall be made (in the case of payment) or commenced (in the case of remedial measures) by Seller to Buyer or the Company within 45 calendar days from receipt of the Notification.

(b) If the Event Subject to Indemnification involves any third party, then Seller's response shall indicate its intention (i) to assume the defense of the litigation or proceeding, which it shall have the right to do, in which case, Buyer and the Company shall each have the right to retain their own counsel at their own expense; or (ii) not to assume the defense of the litigation or proceeding, in which case it shall nevertheless be liable for expenses of Buyer and/or the Company in connection therewith.

(c) Any failure by Seller to respond within the strict time limits specified in this Section 5.2 shall give rise to further liability only if and to the extent that Buyer or the Company can

demonstrate that the defense of such action is prejudiced by such failure to respond in timely fashion.

5.3 LIMITATIONS ON INDEMNITIES. The following limitations on the agreement to indemnify set forth in Section 5.1 above shall apply:

(a) The aggregate losses subject to indemnification hereunder shall not exceed **** of the Purchase Price.

(b) Seller shall not be liable to Buyer for any single event subject to indemnification unless it results in an actual loss in an amount equal to or greater than ****.

(c) As to events subject to indemnification that result in actual losses equal to or greater than ****, Seller shall not be required to make payment until the aggregate of such losses equals or exceeds ****, for which purpose Buyer shall notify Seller of each such actual loss at which time Seller shall be required to make payment for all losses subject to the provisions of Section 5.3(b) above including the first ****.

(d) The indemnification obligations of Seller contained in this Agreement shall terminate **** after the Closing Date except for the indemnification obligations in respect of (i) the representations and warranties contained in Sections **** and the **** which shall survive ****; and (ii) the representation and warranty in section **** which shall survive until ****.

(e) If any indemnifiable loss is a tax deductible item for the Company and/or Buyer, the indemnification hereunder shall be reduced by the tax rate which is applicable at the time of the payment.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer makes the following representations and warranties to Seller:

6.1 CORPORATE AUTHORITY. Buyer has the legal right, power and authority to enter into this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate decisions or other action of Buyer. This Agreement constitutes the legal and binding obligation of Buyer, enforceable against Buyer in accordance with its terms.

6.2 NO RESTRICTIONS. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will conflict with or result in a breach of, or give rise to a right of termination of, or accelerate the performance required by, any terms of any court order, consent decree, license or other agreement or permit to which Buyer is subject or a party, nor constitute a default thereunder, nor result in the creation of any security interest upon any of Buyer's assets, nor violate any of the provisions of the by-laws of Buyer. Nothing is pending or threatened against Buyer which might prevent the consummation of any of the transactions contemplated by this Agreement.

6.3 GOVERNMENT APPROVALS. No action, consent or approval of, registration or filing with, or any other action by, any governmental authority will be required in connection with the performance by Buyer of this Agreement or in connection with the transactions contemplated hereby, except for the ones described in Article 9 below.

6.4 FINANCIAL CONDITION. Buyer has the financial strength and resources to enter into this Agreement and to consummate the transactions contemplated herein with the full payment of the Purchase Price under the terms and conditions provided for herein.

ARTICLE 7
COVENANTS

7.1 (a) ACCESS TO THE MANUFACTURING OPERATION. Between the date hereof and the Closing Date, the Seller shall afford the Buyer and its authorized representatives free and unrestricted access to the Manufacturing Operation, the Facility and the documents of the Company and the Manufacturing Operation. At the Buyer's request, the Seller shall co-operate with the Buyer in arranging any such meetings as the Buyer may reasonably request with Transferred Employees. The Seller shall conduct, in co-operation with the representatives or consultants of the Buyer, such physical review of the equipment used by it in connection with the Manufacturing Operation as is necessary so as to enable the confirmation of the values carried on the December Balance Sheet to the reasonable satisfaction of the Buyer. The exercise of any rights of inspection by or on behalf of the Buyer under this Section 7.1 shall not mitigate or otherwise affect the representations and warranties of the Seller hereunder which shall continue in full force and effect as provided herein.

(b) DELIVERY OF BOOKS AND RECORDS. At the closing of the sale of the Quotas hereunder, the Seller shall deliver to the Buyer all of the books and records of the Company and the Manufacturing Operation.

(c) CONDUCT PRIOR TO CLOSING. Without in any way limiting any other obligations of the Seller and the Company hereunder, during the period from the date hereof to and including the Closing Date:

(i) CONDUCT BUSINESS IN THE ORDINARY COURSE. The Seller and the Company, as appropriate, shall conduct the Manufacturing Operation in the ordinary and normal

course of business, consistent with past practice, and neither the Seller nor the Company shall, without the prior written consent of the Buyer, enter into any transaction or refrain from doing any action which, if effected before the date of this Agreement, would constitute a breach of any representation, warranty, covenant or other obligation of the Seller or Company contained herein, and provided further that neither the Seller nor the Company shall enter into any material contracts relating to the Manufacturing Operation without the consent of the Buyer;

(ii) PRESERVE GOODWILL. The Seller and the Company shall preserve intact, the Manufacturing Operation and the Transferred Assets;

(iii) DISCHARGE LIABILITIES. Each of the Seller and the Company shall pay and discharge its liabilities in the ordinary course of business, in accordance and consistent with previous practice, except those it contests in good faith and through appropriate means;

(iv) CORPORATE ACTION. Each of the Seller and the Buyer shall take, and the Seller shall cause the Company to take, all necessary corporate action, steps and proceedings to approve or authorize, validly and effectively, the execution and delivery on its part of this Agreement, the Supply Agreement, the Transition Services Agreement and the Lease and the other agreements and documents contemplated hereby and to complete the sale and purchase of the Quotas contemplated hereby;

(v) REASONABLE EFFORTS. The Seller shall use its commercially reasonable efforts to satisfy the conditions contained in Section 9.1 and the Seller and the Buyer shall use its commercially reasonable efforts to satisfy the conditions in Section 9.2.

ARTICLE 8

CONDITIONS PRECEDENT TO CLOSING

8.1 BUYER'S CONDITIONS PRECEDENT. Buyer shall not be obligated to perform under this Agreement unless the following conditions have been met on or before the Closing Date or unless they are waived by Buyer in writing:

(a) The representations and warranties of Seller made in this Agreement are true and correct on the Closing Date as though such representations and warranties were made on that date;

(b) Seller shall have provided to the Company all information reasonably required on its part to prepare an application for approval of the transaction contemplated hereunder to be submitted to the Brazilian antitrust authorities, as set forth in Article 9 below;

(c) All of the covenants contained in the Agreement to be complied with or performed by the Seller and the Company at or before the closing of the transaction of purchase and sale of the Quotas contemplated hereby shall have been complied with or performed and certificates of an officer or authorized signatory of the Seller and the Company, dated the Closing Date, to that effect shall have been delivered to the Buyer, in form and substance reasonably satisfactory to the Buyer;

(d) Except for approval of transaction contemplated in Article 9 herein, there shall have obtained from all appropriate governmental or other regulatory authorities, such licenses, permits, consents, approvals, certificates, registrations and authorizations as are required to be obtained by Seller and Buyer to permit the change of ownership of the Quotas pursuant to this Agreement.

(e) Seller shall give and/or obtain all required notices, consents and approvals, in each case in form and substance satisfactory to Buyer, acting reasonably.

(f) No legal or regulatory action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the purchase and sale of the Quotas contemplated hereby;

(g) No material damage by fire or other hazard to the whole or any material part of the Transferred Assets shall have occurred between the date hereof and the Closing Date;

(h) The Transferred Assets and the Assigned Contracts shall have been duly transferred and assigned by Seller to the Company in accordance with Section 1.2 hereof;

(i) Seller shall have executed a supply agreement substantially in the form of the draft Supply Agreement annexed as Exhibit 8.1(i)-1 (the "SUPPLY AGREEMENT"), as well as the Transition Services Agreement substantially in the form of the draft Transition Service Agreement annexed as Exhibit 8.1(i)-2;

(j) Seller shall have executed a Lease Agreement with the Company substantially in the form of the draft Lease Agreement annexed as Exhibit 8.1(j).

8.2 SELLER'S CONDITIONS PRECEDENT. Seller shall not be obligated to perform under this Agreement unless the following conditions have been met on or before the Closing Date or unless they are waived by Seller in writing:

(a) The representations and warranties of Buyer made in this Agreement are true and correct on the Closing Date as though such representations and warranties were made on that date;

(b) Buyer shall have provided to the Company all information reasonably required on its part to prepare an application for approval of the transaction contemplated hereunder to be submitted to the Brazilian and any other relevant antitrust authorities, as set forth in Article 9 below;

(c) All of the covenants contained in the Agreement to be complied with or performed by the Buyer at or before the Closing of the transaction of purchase and sale of the Quotas

contemplated hereby shall have been complied with or performed and certificates of an officer or authorized signatory of the Buyer, dated the Closing Date, to that effect shall have been delivered to the Seller in form and substance reasonably satisfactory to the Seller;

(d) no legal or regulatory action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the purchase and sale of the Quotas contemplated hereby;

(e) Company shall have executed the Supply Agreement substantially in the form of the draft Supply Agreement annexed as Exhibit 8.1(i)-1 with Seller, as well as the Transition Services Agreement substantially in the form of the draft Transition Services Agreement annexed as Exhibit 8.1(i)-2 necessary for the implementation of this Agreement; and

(f) the Company shall have executed a Lease Agreement with Seller as specified by Exhibit 8.1(j);

(g) Buyer shall have paid the Purchase Price on the Closing.

ARTICLE 9

ANTITRUST LAW COMPLIANCE

9.1 APPROVAL OF TRANSACTION. Buyer or one of its subsidiaries and/or the Company shall promptly file such information and seek such approvals with the Brazilian antitrust authorities ("CADE"), as shall be required with respect to the transactions contemplated herein under the antitrust laws and regulations of Brazil. Seller agrees to make available to Buyer and/or Company such information as may reasonably be requested relative to Seller's activities, assets and property as may be required to prepare such filings and to file any additional information requested by such agencies under such laws, rules or regulations.

9.2 EFFECT OF NON-APPROVAL. If, after all commercially reasonable efforts of both parties to convince them otherwise, CADE refuses to accept the transaction as contemplated hereunder or

imposes restrictions on the transaction that are unacceptable to the parties, the Parties shall in good faith seek to modify their mutual contractual arrangements to the extent reasonably necessary to satisfy the requirements of the Brazilian antitrust authorities.

ARTICLE 10
MISCELLANEOUS

10.1 NON-COMPETE. Seller and its affiliates may not, during a period of five (5) years following the Closing Date, compete directly or indirectly with Buyer in the provision of third party contract manufacturing services related to the Products, within Brazil. Such non-compete covenant shall not apply in the event Buyer violates the Supply Agreement in a material respect or terminates said Agreement for any reason.

10.2 BUYER NOT TO SELL MANUFACTURING OR THE COMPANY. Buyer agrees that until the termination of the Supply Agreement, it will not sell the Company or cause the Company to sell the Manufacturing Operation or otherwise outsource the Manufacturing Operation, partially or totally, to a third party (excluding Buyer's affiliates), without the Seller's prior written consent. In addition Buyer shall advise Seller of any change of control of Buyer. For the foregoing purpose, a "change of control of Buyer" shall occur when a competitor of Celestica Inc. or Seller becomes the direct of indirect owner of a majority of the voting shares of Buyer. When a change of control of Buyer occurs while the Supply Agreement is in force, Seller shall have the right to, immediately, at its sole discretion, (i) terminate the Supply Agreement, without payment of any penalty and/or indemnification, and/or (ii) purchase the assets related to the Manufacturing Operation, free and clear of any liens or encumbrances, through purchasing 100% of the quotas of the Company at the price corresponding to the net book value of its assets, and accepting the transfer of all of the employees then employed in the Manufacturing Operation. For the purpose of foregoing item (ii), Buyer shall maintain the equipment related to the Manufacturing Operation in a manner consistent with past practices and the inventories shall not include any material items that are below standard quality or of a quality or quantity not

useable or saleable in the normal course of business of the Manufacturing Operation unless the value of such inventory has been written down on the Company's financial statements.

10.3 TRANSITION SERVICES AGREEMENT. The parties shall enter into a Transition Services Agreement, with pricing to be based on market terms, to cover services listed in Attachment 10.3.

10.4 CONFIDENTIALITY. Each party shall hold confidential all information obtained in connection with this Agreement with respect to the other party, in accordance with the terms and conditions set forth in the Confidentiality Agreement executed by Seller and Buyer on March 2nd, 2000.

10.5 FURTHER ASSURANCES. The parties agree to execute such other documents or agreements and to do such other things and take such other actions as may be necessary to implement this Agreement and the transactions contemplated hereby.

10.6 NOTICES. Any notice required to be given under this Agreement must be given in writing and will be effective on receipt when delivered by registered airmail or by facsimile confirmed by the sending of the original by registered airmail to the party at the address stated below or to such other address as such party may designate by written notice in accordance with the provisions of this Section:

to Seller: NEC do Brasil S.A.
Rodovia Presidente Dutra, km. 214
Guarulhos, SP, BRAZIL
Fax: (55-11) 6462-7322
Attention: Industrial Director

to Buyer: Celestica, Inc.
844 Don Mills Road
Toronto, Ontario, CANADA
M3C 1V7
Attention: Vice President and General Counsel

With copies to: Celestica do Brasil Ltda.
Rodovia SP 101, Trecho Campinas/Montemor
Predios 10, 20 e 31
Hortolandia, State of Sao Paulo, Brazil
Fax: (55-19) 3845-1250

and

I. Berl Nadler
Davies, Ward & Beck
44th Floor, 1 First Canadian Place
Toronto, Ontario, CANADA
M5X 1B1
Tel: (416) 863-5512
Fax: (416) 863-0871

10.7 ENTIRE AGREEMENT. This Agreement, with all Attachments and Exhibits, is the parties' entire agreement with respect to the subject matter hereof. It supersedes the Original Agreement and all prior or contemporaneous oral or written communications, proposals and representations between the parties with respect to its subject matter and prevails over any conflicting or additional terms of any quote, order, acknowledgment or similar communications between the parties during the term of this Agreement. No modification to this Agreement will be binding, unless in writing and signed by a duly authorized representative of each party.

10.8 SECTION HEADINGS. The Section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.9 GOVERNING LAW AND JURISDICTION. This Agreement shall be governed by and construed and enforced in accordance with the laws of Brazil.

10.10 DISPUTE RESOLUTION. The parties shall use their reasonable efforts to settle any claim, controversy or dispute arising from the execution of, or in connection with, this Agreement. In the event that no settlement can be reached through negotiation between the parties within thirty (30) days of the submission of such matter by one of the parties, then either party may submit such dispute to the Arbitration Chamber of the Brazil-Canada Chamber of Commerce, in Sao Paulo, Brazil, for arbitration in accordance with the Brazilian Law and rules of the foregoing Arbitration Chamber.

10.10.1 Each party shall be entitled to elect one (1) arbitrator (and a substitute for him/her) within 30 (thirty) days of submission of the matter to arbitration. The two (2) arbitrators shall jointly designate within thirty (30) days a third arbitrator to preside over the arbitration. If either party fails to appoint an arbitrator or if the arbitrators fail to elect the third one, then one arbitrator shall be designated by the President of the Arbitration Chamber of the Brazil-Canada Chamber of Commerce, in Sao Paulo, Brazil.

10.10.2 The arbitral award is to be given in writing, within sixty (60) days from the constitution of the arbitration tribunal, or from the substitution of an arbitrator. It shall be final and binding upon all the Parties and shall be enforceable in accordance with its terms and conditions.

10.10.3 The cost of the arbitration, including a reasonable allowance for attorneys' fees, shall be borne by the losing party or as otherwise specified in the ruling of the arbitration tribunal. All proceedings and records of the arbitration shall be conducted and maintained in Portuguese.

10.10.4 The parties agree that the award is to be considered as a settlement of the dispute between them and shall accept it as the true expression of their own determination in connection therewith.

10.10.5 The parties agree that either party may, in certain circumstances, need to obtain immediate relief from the court. Therefore, the filing for and obtaining of injunctive relief (or another type of remedy which cannot be obtained from an arbitration tribunal under Brazilian law) in connection with this Agreement shall be accepted, and shall not be considered a breach hereof. In this case, the competent court shall be the court of Sao Paulo, State of Sao Paulo, Brazil.

10.11 EXPENSES. Whether or not the transactions contemplated hereby are consummated, the parties hereto shall pay their own respective expenses.

10.12 SEVERABILITY. If any provision of this Agreement is held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon and shall not impair the enforceability of any other provision of this Agreement.

10.13 WAIVER. The rights and remedies of the parties are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power or privilege under this Agreement will operate as a waiver of such right, power or privilege (collectively, "RIGHT"), and no single or partial exercise of any Right will preclude any other or further exercise of such or other Right. To the maximum extent permitted by applicable law (a) no claim or right arising out of this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party, (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given, and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement.

10.14 PUBLIC ANNOUNCEMENTS. Representatives of the parties shall consult with each other before issuing any press releases or making any other public statements with respect to any transaction contemplated by this Agreement.

10.15 ASSIGNMENT. The respective rights and obligations of the parties shall not be assignable by Buyer or Seller without the prior written consent of the other party; provided that the Buyer may assign its rights and obligations hereunder to any wholly-owned subsidiary of Buyer.

10.16 COUNTERPARTS. This Agreement shall be executed in five counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

10.17 LANGUAGE; ATTACHMENTS. This Agreement shall be executed in English and Portuguese. In the event of a discrepancy between the English and the Portuguese version, the English-language version shall prevail. The Attachments to this Agreement shall be in Portuguese.

IN WITNESS WHEREOF, the parties have duly executed this Stock Purchase Agreement before two witnesses, as of the date first above written.

CELESTICA INC.

By /s/ Iain Kennedy

Name: IAIN KENNEDY
Title: Senior Vice President

NEC DO BRASIL S.A.

By /s/ Renato Ishikawa

Name: RENATO ISHIKAWA
Title: President

By /s/ Akio Sakata

Name: AKIO SAKATA
Title: Executive Vice President

WITNESSES:

1. /s/ Masakazu Hosi

   MASAKAZU HOSI

2. /s/ Luiz Renato Ohumura

   LUIZ RENATO OHUMURA

ATTACHMENTS

F	Products
1.2-1	Transferred Assets
1.2-2	December Balance Sheet
1.5	Transferred Employees
4.1	Seller's Bylaws
4.7	Contracts
4.9	Insurance Policies
4.18(i)	Fiscal Year 2000 Capital Expenditure Plan
4.19	Accounting Principles
9.3	Transition Services

EXHIBITS

8.1(i)-1	Supply Agreement
8.1(i)-2	Transition Services Agreement
8.1(j)	Lease Agreement

CONFIDENTIAL MATERIALS OMITTED AND
FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION.
ASTERISKS DENOTE OMISSIONS.

Exhibit 3.5

AMENDED AND RESTATED
ASSET PURCHASE AGREEMENT

BETWEEN

CELESTICA CORPORATION,

CELESTICA IRELAND LIMITED,

MOTOROLA, INC.

AND

MOTOROLA B.V.

MADE AS OF DECEMBER 5 2000

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SCHEDULES

EXHIBITS

AMENDED AND RESTATED ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of the 5th day of December, 2000.

B E T W E E N:

CELESTICA CORPORATION,
a corporation existing under the laws of the State of Delaware,

(hereinafter referred to as "CELESTICA"),

- and -

CELESTICA IRELAND LIMITED,
a corporation existing under the laws of Ireland,

(hereinafter referred to as "CELESTICA IRELAND"),

- and -

MOTOROLA B.V.,
a corporation existing under the laws of The Netherlands

(hereinafter referred to as "MOTOROLA B.V.")

- and -

MOTOROLA, INC.,
a corporation existing under the laws of the State of Delaware,

(hereinafter referred to as "MOTOROLA").

WHEREAS immediately prior to the Effective Time (as hereinafter defined) Motorola and Motorola B.V. will carry on the Motorola Operation (as hereinafter defined);

AND WHEREAS Motorola and Motorola B.V. desire to sell, and Celestica and Celestica Ireland desire to purchase, assets associated with the Motorola Operation, as described herein, so that, at the Effective Time, Celestica and Celestica Ireland may carry on the Celestica Operation (as hereinafter defined);

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the respective covenants, agreements, representations, warranties and indemnities of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party), the parties covenant and agree as follows:

ARTICLE 1

DEFINED TERMS, SCHEDULES AND EXHIBITS

1.1. DEFINED TERMS. For the purposes of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

"ADR" has the meaning set out in section 12.2;

"ACCOUNTING REFEREE" has the meaning set out in subsection 3.2(d);

"AFFILIATE" means, in relation to any person, any other person that directly or indirectly controls, or that is directly or indirectly controlled by, or that is under the direct or indirect common control of, such person; provided, however, that any corporation in respect of which any person owns beneficially, directly or indirectly, not less than 50 percent of such corporation's voting securities, shall be deemed to be an Affiliate of such person (for purposes hereof, "control" means, in respect of any person, the power or authority to direct, or cause the direction of, directly or indirectly, the management, policies or actions of any other person, whether through the ownership of equity securities or voting securities or by Contract or otherwise);

"ASSET AMOUNT" has the meaning set forth in section 3.1;

"ASSIGNED AGREEMENTS" has the meaning set out in section 5.13;

"ASSIGNED CONTRACTS" has the meaning set out in subsection 2.1(d);

"ASSIGNED THIRD PARTY SOFTWARE LICENSES" has the meaning set out in subsection 2.1(e);

"ASSUMED LIABILITIES" has the meaning set out in section 4.1;

"BAILED EQUIPMENT" has the meaning set out in subsection 2.2(a);

"BOYNTON FACILITIES" means Motorola's manufacturing facilities in Boynton Beach, Florida;

"BUSINESS DAY" means a day, other than a Saturday or a Sunday, on which banks are open for ordinary banking business in each of (i) Chicago, Illinois, (ii) Toronto, Ontario and/or (iii) Dublin, Ireland, as applicable;

"BUSINESS UNIT AGREEMENTS" means, collectively, the Dublin Business Unit Agreement and the Iowa Business Unit Agreement;

"CELESTICA OPERATION" means the assembly and manufacture of cellular phones, two-way pagers, two-way radios and related accessories and products, testing and related services by Celestica and Celestica Ireland at the Facilities as of the Effective Time utilizing the Purchased Assets to carry out their obligations under the Business Unit Agreements;

"CELESTICA'S CANADIAN COUNSEL" means Davies, Ward & Beck LLP, Toronto, Ontario;

"CELESTICA'S IRISH COUNSEL" means A&L Goodbody;

"CELESTICA'S U.S. COUNSEL" means such United States counsel as Celestica and Celestica Ireland shall retain prior to the Closing Date;

"CLAIM" means any claim, action, demand, lawsuit or proceeding;

"CLOSING DATE" means the fifth Business Day after the conditions set forth in Article 9 have been fulfilled, satisfied or waived (by each party entitled to the benefit of the condition), as the case may be, or at such other date or time as the parties may mutually agree upon in writing;

"CLOSING DATE ASSET AMOUNT" has the meaning set out in subsection 3.2(b);

"CLOSING DATE ASSET STATEMENT" has the meaning set out in subsection 3.2(b);

"CODE" means the Internal Revenue Code of 1986, as amended;

"CONTRACT" means any agreement, indenture, contract, lease, deed of trust, license, option, instrument or other commitment, whether written or oral (excluding, for certainty any Assigned Third Party Software Licenses and Permits);

"DUBLIN BUSINESS UNIT AGREEMENT" means the agreement substantially in the form attached hereto as Exhibit 9.1(d)(v);

"DUBLIN FACILITIES" means Motorola's manufacturing facilities in Dublin, Ireland used in the Motorola Operation;

"EC MERGER REGULATION" means Council Regulation (EEC) No. 4064/89 (as amended);

"EC MERGER NOTIFICATION" means a notification to the European Commission pursuant to the EC Merger Regulation;

"EFFECTIVE TIME" means 12:01 a.m. (Eastern Standard Time) on the Closing Date;

"EMPLOYEE MATTERS AGREEMENT" means the agreement in the form attached hereto as Exhibit 9.1(d)(i);

"ENCUMBRANCE" means any encumbrance, lien, charge, hypothecation, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, right of set-off, reservation of title to real property, easement, right of occupation, any matter capable of registration against title, option, right of pre-emption, privilege or any Contract to create any of the foregoing;

"ENVIRONMENTAL LAWS" means applicable national, federal, state, European Community and local laws, statutes, ordinances, regulations, binding agreements with Governmental Authorities, orders or Environmental Permits relating to pollution or protection of the environment, natural resources or human health;

"ENVIRONMENTAL PERMITS" means all licenses, permits, approvals, consents, certificates, registrations or other similar authorizations required under Environmental Laws;

"ESTIMATED ASSET AMOUNT" has the meaning set out in subsection 3.2(a);

"ESTIMATED ASSET STATEMENT" has the meaning set out in subsection 3.2(a);

"FACILITIES" means the Iowa Facilities and the Dublin Facilities;

"FIRST PARTY CLAIM" has the meaning set out in section 11.3;

"GAAP" means United States generally accepted accounting principles;

"GOVERNMENTAL AUTHORITY" means any national, federal, state, county, municipal, district or local government or government body, or any public administrative or regulatory agency, political subdivision, commission, court, board or body, or representative of any of the foregoing, foreign or domestic, of, or established by any such government or government body which has authority in respect of a particular matter and includes, without limitation, a Competent Authority as defined in General Condition 2 of the Real Estate Contract (Dublin);

"HIRED EMPLOYEES" has the meaning ascribed thereto in the Employee Matters Agreement;

"HSR ACT" means the HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT of 1976, as amended, and the rules and regulations promulgated thereunder;

"HSR APPROVAL" means the expiry or early termination of the relevant waiting period under the HSR Act;

"IDA" means the Industrial Development Authority of Ireland;

"INDEMNIFIED PARTY" has the meaning set out in section 11.3;

"INDEMNIFYING PARTY" has the meaning set out in section 11.3;

"INTELLECTUAL PROPERTY" means industrial and intellectual property under the laws of Ireland, the United States and other jurisdictions, including all: (i) trade secrets, know-how, including all unpatented inventions, formulae, processes, technology, drawings, design and construction specifications, production, operating and quality control manuals; (ii) copyrights, including all copyrights in the software; (iii) industrial designs, design patents and other designs; (iv) mask works and integrated circuit topography rights; (v) patents; (vi) trade-marks, including both registered and unregistered trade-marks and service marks, designs, logos, indicia, distinguishing guises, trade dress, trade names; and (vii) all proprietary information, documentation, licenses, registered user agreements and other agreements relating to the foregoing.

"INVENTORY" has the meaning set out in subsection 2.1(b);

"IOWA BUSINESS UNIT AGREEMENT" means the agreement substantially in the form attached hereto as Exhibit 9.1(d)(iv);

"IOWA FACILITIES" means the East building of Motorola's manufacturing facilities in Mt. Pleasant, Iowa used in the Motorola Operation;

"IRELAND" means the Republic of Ireland;

"IRISH MERGERS ACT" means the Mergers and Take-overs (Control) Act, 1978 to 1996;

"IRISH MERGERS NOTIFICATION" means a notification to the Minister pursuant to the Irish Mergers Act;

"IRISH PURCHASED ASSETS" has the meaning set out in section 2.1;

"IRISH REAL PROPERTY" has the meaning set out in Section 8.9(a);

"JOINT USE AND OCCUPANCY AGREEMENT" means the joint use and occupancy agreement substantially in the form attached hereto as Exhibit 9.1(d)(viii);

"LEASE ASSIGNMENT AND ASSUMPTION AGREEMENTS" means the lease assignment and assumption agreements in respect of each of the Leases substantially in the form attached hereto as Exhibit 9.1(d)(vi);

"LEASED PROPERTY" has the meaning set out in section 5.7;

"LEASES" has the meaning set out in section 5.8;

"LOSSES" in respect of any matter, means all claims, demands, proceedings, losses, damages, obligations, liabilities, deficiencies, fines, costs and expenses (including all legal and other professional fees and disbursements, interest, penalties and amounts paid in settlement) arising, directly or indirectly, as a result of such matter (but excluding any consequential, special, incidental, indirect, collateral or punitive losses or damages, lost profits or similar items);

"MACHINERY AND EQUIPMENT" has the meaning set out in subsection 2.1(a);

"MINISTER" means the Minister for Enterprise, Trade and Employment of Ireland for the time being or any person or body on which her duties may have devolved;

"MOTOROLA ENERGY PRODUCTS BUSINESS" means the business of the manufacture and assembly of batteries conducted by Motorola's Energy Systems Group at the Dublin Facilities;

"MOTOROLA LIABILITIES" means any amounts accrued in respect of obligations and liabilities of Motorola and Motorola B.V. in connection with the Purchased Assets or the Motorola Operation which accrue prior to the Effective Time but become due and payable by Motorola or Motorola B.V. and are paid by Celestica or Celestica Ireland, on behalf of Motorola or Motorola B.V., thereafter and for greater certainty do not include the Assumed Liabilities;

"MOTOROLA OPERATION" means the assembly and manufacture of cellular phones, two-way pagers and related accessories and products, testing and related services and two-way radios and related accessories and products, testing and related services conducted by Motorola and

Motorola B.V. immediately prior to the Effective Time at the Facilities; for greater certainty, the "Motorola Operation" shall not include the Motorola Energy Products Business;

"MOTOROLA SUPPLIER QUALITY STANDARDS" means the current Motorola standards, qualifications, rules, policies, guidelines and approvals applicable at the Effective Time to contract manufacturers which produce products of the type to be produced pursuant to the Business Unit Agreements;

"MOTOROLA'S IRISH COUNSEL" means McCann FitzGerald in Ireland;

"MOTOROLA'S U.S. COUNSEL" means McDermott, Will & Emery;

"MOTOROLA'S KNOWLEDGE" and any derivations thereof mean the actual knowledge of Noel Fogarty, Robert Svidal and Jennifer Calhoun; provided, however, that such individuals shall be deemed for purposes of this Agreement to have the knowledge of the relevant facts that a senior manager of the Motorola Operation with responsibility for the matter in question would reasonably be expected to have;

"NON-TRANSFERRED PERMITS" means those (a) government permits and (b) other approvals, consents, registrations, certificates and other authorizations held by or granted to Motorola and Motorola B.V. which are applicable to the Motorola Operation or the Purchased Assets and which are not being transferred by Motorola and Motorola B.V. to Celestica or Celestica Ireland;

"PERMITS" has the meaning set out in section 5.14;

"PERMITTED ENCUMBRANCES" means:

(a) with respect to the Purchased Assets other than the property described in the Real Estate Contract (Dublin);

(i) liens for Taxes, assessments and governmental charges due and being contested in good faith and diligently by appropriate proceedings (and for the payment of which adequate provision has been made);

(ii) servitudes, easements, restrictions, rights-of-way and other similar rights in real property or any interest therein, provided the same are not of such nature as to materially adversely affect the use of the property subject thereto by Motorola or Motorola B.V.;

(iii) liens for Taxes either not due and payable or due but for which notice of assessment has not been given;

(iv) undetermined or inchoate liens, charges and privileges incidental to current construction or current operations and statutory liens, charges, adverse claims, security interests or Encumbrances of any nature whatsoever claimed or held by any Governmental Authority which have not at the time been filed or registered against the title to the asset or

served upon Motorola or Motorola B.V. pursuant to law or which relate to obligations not due or delinquent;

(v) inchoate or statutory liens of contractors, sub-contractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of construction, maintenance, repair or operation of assets of Motorola and Motorola B.V. or otherwise arising in the ordinary course of the Motorola Operation provided that such liens are related to obligations not yet due or delinquent (taking into account any grace or cure periods) and are not registered as Encumbrances against title to any of the Purchased Assets;

(vi) assignments of insurance provided to landlords (or their mortgagees) pursuant to the terms of the Leases and liens or rights reserved in any Lease for rent or for compliance with the terms of such Lease;

(vii) security given in the ordinary course of the Motorola Operation to any public utility, municipality or government or to any statutory or public authority in connection with the Motorola Operation, other than security for borrowed money; and

(viii) those Encumbrances set out in Schedule 5.6; and

(b) with respect to the real property described in the Real Estate Contract (Dublin) and Requisitions, those Encumbrances set forth in the Real Estate Contract (Dublin); and

"PERSON" means an individual, firm, corporation, limited liability company, syndicate, partnership, trust, association, joint venture, unincorporated organization, Governmental Authority or other legal or business entity;

"PREMISES" has the meaning set out in section 5.9;

"PRINCIPAL AGREEMENTS" has the meaning set out in subsection 9.1(g);

"PURCHASE PRICE" has the meaning set out in section 3.1;

"PURCHASED ASSETS" has the meaning set out in section 2.1;

"RATE" means 8.0% per annum;

"REAL ESTATE CONTRACT (DUBLIN)" means the agreement substantially in the form of Exhibit 9.1(d)(vii);

"REAL PROPERTY" has the meaning set out in section 5.7;

"RELATIONSHIP AGREEMENT" means the agreement substantially in the form attached hereto as Exhibit 9.1(d)(iii);

"REPRESENTATION LOSSES" has the meaning set out in section 11.7;

"REQUISITIONS" means the 1996 Edition of Law Society of Ireland Objections and Requisitions on Title and Rejoinders thereto raised by Celestica's Irish Counsel and replied to by Motorola's Irish Counsel;

"RETENTION PERIOD" has the meaning set out in section 8.2;

"RIGHTS" has the meaning set out in section 8.3;

"STEERING COMMITTEE" shall mean a committee comprised of two representatives of Motorola (initially being Dennis Sester and Dennis Olis) and two representatives of Celestica (initially being Rahul Suri and Bill Shum); provided that such representatives may be replaced from time to time by the relevant party;

"TAX" OR "TAXES" means all taxes, duties, charges, fees, levies or other assessments, including all income, capital, sales, use, transfer, goods and services, franchise, withholding, social security, payroll, premium, employment, health, education, excise, business, property or other taxes, customs duties, surtaxes, fees, assessments, assessments as required insurance (such as workers' compensation insurance), late filing or payment penalties, charges or governmental or statutory imposts of any kind whatsoever imposed by any Governmental Authority or other taxing authority, together with any interest penalty, fine or other amount on, or in lieu of non-collection of, late payment of or otherwise in respect of, such taxes;

"THIRD PARTY CLAIM" has the meaning set out in section 11.3;

"TIME OF CLOSING" means 10:00 a.m. (Eastern Standard Time) on the Closing Date, or such other time on the Closing Date as Motorola and Celestica may mutually determine;

"TRANSFERRED PERMITS" has the meaning set out in subsection 2.1(f);

"TRANSITION SERVICES AGREEMENTS" means the agreements substantially in the form attached hereto as Exhibit 9.1(d)(ii); and

"U.S. PURCHASED ASSETS" has the meaning set out in section 2.1.

1.2. SCHEDULES. The following Schedules are attached to and form part of this Agreement:

Schedule 2.1(a)	-	Machinery and Equipment
Schedule 2.1(d)	-	Assigned Contracts
Schedule 2.1(e)	-	Assigned Third Party Software Licenses
Schedule 2.1(f)	-	Transferred Permits
Schedule 2.1(h)	-	Prepaid Expenses
Schedule 2.2	-	Bailed Equipment
Schedule 2.3	-	Excluded Assets
Schedule 5.4	-	No Violation
Schedule 5.5	-	Condition of Tangible Personal Property

Schedule 5.6	-	Title to Personal Property
Schedule 5.7	-	Location of Real Property
Schedule 5.8	-	No Leased Property
Schedule 5.13	-	Agreements and Commitments
Schedule 5.14(a)	-	Compliance with Law
Schedule 5.14(b)	-	Non-transferred Permits
Schedule 5.15	-	Consents and Approvals
Schedule 5.17	-	Litigation

1.3. EXHIBITS. The following Exhibits are attached to and form part of this Agreement:

Exhibit 9.1(d)(i)	-	Employee Matters Agreement
Exhibit 9.1(d)(ii)	-	Transition Services Agreements
Exhibit 9.1(d)(iii)	-	Relationship Agreement
Exhibit 9.1(d)(iv)	-	Iowa Business Unit Agreement
Exhibit 9.1(d)(v)	-	Dublin Business Unit Agreement
Exhibit 9.1(d)(vi)	-	Lease Assignment and Assumption Agreement
Exhibit 9.1(d)(vii)	-	Real Estate Contract (Dublin)
Exhibit 9.1(d)(viii)	-	Joint Use and Occupancy Agreement

ARTICLE 2

PURCHASE AND SALE OF PURCHASED ASSETS

2.1. PURCHASED ASSETS. On the terms and subject to the provisions of this Agreement, effective as of the Effective Time, Motorola hereby agrees to sell, assign and transfer to Celestica and Celestica hereby agrees to purchase from Motorola, the following property and assets used by Motorola in the United States in connection with the Motorola Operation and as identified separately as such in each of the Schedules referred to in this section 2.1 (collectively, the "U.S. Purchased Assets"), and Motorola B.V. hereby agrees to sell, assign and transfer to Celestica Ireland and Celestica Ireland hereby agrees to purchase from Motorola B.V., the following property and assets used in Ireland by Motorola B.V. in connection with the Motorola Operation and as identified separately as such in each of the Schedules referred to in this section 2.1 (collectively, the "Irish Purchased Assets", the Irish Purchased Assets and the U.S. Purchased Assets being referred to collectively herein as the "Purchased Assets"):

(a) MACHINERY AND EQUIPMENT. The machinery, production equipment, hardware fixtures, parts, supplies, accessories, tools, dies, jigs, computer equipment, vehicles, furnishings and other assets which are described in Schedule 2.1(a) (the "Machinery and Equipment");

(b) INVENTORY. All non-finished goods inventory (i) located at the Dublin Facilities, and at the off-site storage facilities listed on Schedule 5.8 used by the Dublin Facilities, which inventory is used in the manufacture of the "Camelot" model phone and two-way pagers and (ii) located at the Iowa Facilities and at the off-site storage facilities listed on Schedule 5.8 used by the Iowa Facilities, which

inventory is used in the manufacture of two-way radios and accessories (collectively, the "Inventory");

(c) REAL PROPERTY. The Real Property described in Schedule 5.7 and in the Real Estate Contract (Dublin);

(d) ASSIGNED CONTRACTS. To the extent assignable, all rights and benefits under the Contracts described in Schedule 2.1(d) (collectively, the "Assigned Contracts");

(e) THIRD PARTY SOFTWARE LICENSES. Except for those licenses set out on Schedule 2.1(e) that are not assignable and transferable by Motorola or Motorola B.V., all rights and benefits of the third party software licenses described in Schedule 2.1(e), and, subject to the terms of the third party software licenses and to the extent the following are in the possession of Motorola or Motorola B.V., the machine readable media containing copies of all source code, object code, data files, records and other information subject to or provided in connection with such software and third party software licenses and copies of all documentation, including documents setting out applicable license terms, operating procedures and error recovery procedures provided by third parties or prepared by Motorola or Motorola B.V. in connection with such licenses (collectively, the "Assigned Third Party Software Licenses");

(f) PERMITS AND APPROVALS. To the extent assignable and transferable by Motorola or Motorola B.V., (i) the government permits, including Environmental Permits and (ii) other licenses, approvals, consents, registrations, certificates and other authorizations required under applicable law, including Environmental Permits, which are described in Schedule 2.1(f) (collectively, the "Transferred Permits");

(g) BOOKS AND RECORDS. All books and records specifically and solely related to the Purchased Assets which are located at the Facilities and any off-site storage facilities listed on Schedule 5.8, including cost records, manufacturing data, production records, information related to Hired Employees (as provided in the Employee Matters Agreement), including employee manuals and personnel records pertinent to any Hired Employee (with such Hired Employee's prior written consent where legally required), supply records, inventory records and correspondence files (together with, in the case of such information which is stored electronically, the media on which the same is stored) but excluding those books and records that are subject to confidentiality agreements; provided, however, that Motorola and/or Motorola B.V., as the case may be, shall have used their commercially reasonable efforts to obtain the consents of the other parties to such confidentiality agreements to provide such books and records to Celestica and/or Celestica Ireland, as the case may be (other than in respect of those books and records which are subject to confidentiality agreements with suppliers of components to Motorola and Motorola B.V.).

(h) PREPAID EXPENSES. The prepaid expenses relating to the Motorola Operation described in Schedule 2.1(h).

2.2. BOYNTON BEACH ASSETS.

(a) The parties agree that Motorola's equipment set forth on Schedule 2.2 (the "Bailed Equipment") shall be delivered and installed by Motorola at its expense to and in the Dublin Facilities, to be held by Celestica Ireland and used solely by it in the performance of its obligations under the Dublin Business Unit Agreement. Such Bailed Equipment shall be delivered by Motorola to Celestica Ireland on a timetable mutually agreed upon by Motorola and Celestica Ireland and shall be held pursuant to the terms of the Dublin Business Unit Agreement which apply to Bailed Equipment. Prior to delivery and installation of the Bailed Equipment, Motorola shall mark or label the Bailed Equipment as being property of Motorola and Celestica and Celestica Ireland shall not remove such marks or labels.

(b) Motorola agrees to sell, assign and transfer to Celestica Ireland, and Celestica Ireland agrees to purchase from Motorola, after the Closing Date, inventory of Motorola transferred from the Boynton Facilities in connection with the transfer of the Bailed Equipment used in the manufacture of two-way pagers at the time the Bailed Equipment is delivered to Celestica Ireland and required by Celestica Ireland to fulfill its obligations under the Dublin Business Unit Agreement. The purchase price for the inventory shall be the book value of such inventory. The parties shall undertake a physical count of such inventory five Business Days prior to such transfer. If the parties do not agree on the aggregate book value of the inventory to be transferred, such amount shall be determined by the Accounting Referee in the manner set forth in subsection 3.2(d). The amount of the aggregate book value of the inventory determined in accordance with this section shall be paid by Celestica or Celestica Ireland to Motorola within five Business Days of the earlier of the date the parties agree to such aggregate book value or such amount is determined by the Accounting Referee.

2.3. EXCLUDED ASSETS. Nothing in this Agreement shall operate to transfer to Celestica or Celestica Ireland, or give to Celestica or Celestica Ireland any right with respect to, any asset, right, obligation or commitment of Motorola, Motorola B.V. or any of their Affiliates other than those specifically referred to in section 2.1, and provided for the avoidance of doubt but without prejudice to the generality of the foregoing, that this Agreement shall not operate to transfer to Celestica or Celestica Ireland the excluded assets set forth on Schedule 2.3 or any right or entitlement thereto. The parties acknowledge that Schedule 2.3 includes vendor and other tooling that will remain at the Facilities to be held by Celestica or Celestica Ireland, as applicable, under the Business Unit Agreement to which it is a party.

ARTICLE 3

PURCHASE PRICE

3.1. PURCHASE PRICE. The aggregate purchase price payable by Celestica and Celestica Ireland to Motorola and Motorola B.V. for the Purchased Assets (the "Purchase Price") shall be the sum of (i) the net book value of the Machinery and Equipment as of the Closing

Date, as set forth on Schedule 2.1(a), which Schedule 2.1(a) shall be adjusted at the Effective Time to reflect the depreciation of such Machinery and Equipment from the date hereof through the Effective Time in a manner consistent with Schedule 2.1(a), (ii) the book value of the Inventory as determined as of the Closing Date in the manner described in section 3.2 (items (i) and (ii) above being collectively referred to as the "Asset Amount"), (iii) $17,000,000 for the Real Property (which shall be paid by Celestica Ireland to Motorola B.V.) as described in the Real Estate Contract (Dublin) and (iv) the amount of the prepaid expenses set out in Schedule 2.1(h), plus (v) the assumption by Celestica and Celestica Ireland of the Assumed Liabilities. Schedule 3.1 sets forth the amount of the Purchase Price to be paid by Celestica and Celestica Ireland to Motorola and Motorola B.V., respectively, in accordance with the Purchased Assets being purchased or sold by each entity. In accordance with Schedule 3.1, the Purchase Price shall be satisfied by cash payment by Celestica to Motorola (for that portion of the Purchase Price attributable to the U.S. Purchased Assets) and by Celestica Ireland to Motorola B.V. (for that portion of the Purchase Price attributable to the Irish Purchased Assets) of an aggregate amount equal to the amounts referred to in (i), (ii), (iii) and (iv) above in this section 3.1 less the Motorola Liabilities, by wire transfer in immediately available funds to the Motorola and Motorola B.V. accounts provided to Celestica and Celestica Ireland at least two Business Day's prior to the Closing Date. The amount to be paid on the Closing Date by Celestica and Celestica Ireland in respect of the Asset Amount shall be the amount equal to the Estimated Asset Amount less the estimated Motorola Liabilities, in each case as calculated in accordance with Section 3.2(a), which amounts shall be subject to adjustment pursuant to Section 3.3.

3.2. DETERMINATION OF ASSET AMOUNT.

(a) At least seven days prior to the Closing Date, Motorola and Motorola B.V. shall deliver to Celestica and Celestica Ireland a statement (the "Estimated Asset Statement"), setting out the estimated Asset Amount as of the Closing Date (the "Estimated Asset Amount"), and including (i) an itemized breakdown of the Estimated Asset Amount broken down between the U.S. Purchased Assets and the Irish Purchased Assets, (ii) an itemized breakdown of the estimated Motorola Liabilities as at the Effective Time broken down between the U.S. Purchased Assets and the Irish Purchased Assets and (iii) a summary of the basis upon which the Estimated Asset Amount was calculated. Representatives of Motorola, Motorola B.V., Celestica and Celestica Ireland shall (a) on the day prior to the delivery of the Estimated Asset Statement, conduct a physical count of the Machinery and Equipment to assist in determining the Estimated Asset Amount and (b) on or immediately after the Closing Date conduct a physical inventory of the Machinery and Equipment and Inventory to determine the Asset Amount.

(b) As promptly as practicable, but no later than 30 days after the Closing Date, Celestica and Celestica Ireland will cause to be prepared and delivered to Motorola and Motorola B.V. a statement (the "Closing Date Asset Statement") setting out the calculation of the final Asset Amount (the "Closing Date Asset Amount") and the Motorola Liabilities as at the Effective Time, together with officer's certificates of each of Celestica and Celestica Ireland certifying the calculation thereof. The Closing Date Asset Statement shall fairly present in reasonable detail the Closing Date Asset Amount.

(c) If Motorola disagrees with Celestica's and Celestica Ireland's calculation of any amount contained in the Closing Date Asset Statement, Motorola may, within 45 days after delivery of the Closing Date Asset Statement, deliver a notice to Celestica disagreeing with such calculation and setting forth Motorola's calculation of such amount. Any such notice of disagreement shall specify those items or amounts as to which Motorola disagrees, and Motorola shall be deemed to have agreed with all other items and amounts contained in the Closing Date Asset Statement. If Motorola fails to deliver such notice within such 45-day period, then Motorola shall be conclusively presumed to agree to the calculation of the Closing Date Asset Amount as set out in the Closing Date Asset Statement, which shall be deemed to be the Closing Date Asset Amount for all purposes of this Agreement.

(d) If a notice of disagreement shall be duly delivered pursuant to subsection 3.2(c), Celestica and Motorola shall, during the 45 days following such delivery, use their commercially reasonable efforts to reach agreement on the disputed items or amounts in order to determine, as may be required, the Closing Date Asset Amount. If, during such period, Celestica and Motorola are unable to reach such agreement, they shall promptly thereafter jointly cause independent accountants of internationally recognized standing reasonably satisfactory to Celestica and Motorola (who shall not have any material relationship with Celestica, Celestica Ireland, Motorola or Motorola B.V. or any of their respective subsidiaries) (the "Accounting Referee") to promptly review this Agreement and the disputed items or amounts for the purpose of calculating the Closing Date Asset Amount. In making such calculation, the Accounting Referee shall consider only those items or amounts in the Closing Date Asset Statement as to which Motorola has disagreed. The Accounting Referee shall deliver to Celestica and Motorola, as promptly as practicable, a report setting forth any required calculations, including the Closing Date Asset Amount and the final Motorola Liabilities as determined by the Accounting Referee. Such report shall be final and binding upon Celestica, Celestica Ireland, Motorola and Motorola B.V. and the Closing Date Asset Amount and the final Motorola Liabilities as determined by the Accounting Referee shall be deemed to be the Closing Date Asset Amount and the final Motorola Liabilities for all purposes of this Agreement. The cost of such review and report shall be borne: (i) by Celestica if the difference between Closing Date Asset Amount as determined by the Accounting Referee and Closing Date Asset Amount as determined by Celestica is greater than the difference between the Closing Date Asset Amount as determined by the Accounting Referee and the Closing Date Asset Amount as determined by Motorola; (ii) by Motorola if the first difference referred to in (i) above is less than the second difference referred to in (i) above; and (iii) otherwise equally by Celestica and Motorola.

(e) Celestica, Celestica Ireland, Motorola and Motorola B.V. agree that they will, and agree to cause their respective independent accountants to, cooperate and assist in the preparation of the Closing Date Asset Statement and in the conduct of the audits and reviews referred to in this section 3.2, including without limitation, the

making available to the extent necessary of books, records, work papers and personnel.

3.3. ADJUSTMENT OF THE PURCHASE PRICE. Within five Business Days after the final determination of the Closing Date Asset Amount in accordance with section 3.2, an adjustment to the Purchase Price, if any, shall be made as follows:

(a) if the amount equal to the Closing Date Asset Amount less the final Motorola Liabilities exceeds the amount equal to the Estimated Asset Amount less the estimated Motorola Liabilities, Celestica shall pay to Motorola an amount equal to such excess amount, together with interest thereon at the Rate from and including the Closing Date to but excluding the date of payment, by wire transfer in immediately available funds to accounts provided by Motorola and Motorola B.V. at least two Business Days prior to such payment; and

(b) if the amount equal to the Estimated Asset Amount less the estimated Motorola Liabilities exceeds the amount equal to the Closing Date Asset Amount less the final Motorola Liabilities, Motorola shall pay to Celestica an amount equal to the amount of such excess, together with interest thereon at the Rate from and including the Closing Date to but excluding the date of payment, by wire transfer in immediately available funds to accounts provided by Celestica and Celestica Ireland at least two Business Days prior to such payment.

3.4. ALLOCATION OF PURCHASE PRICE.

(a) The Purchase Price payable at the Time of Closing, and any adjustment to the Purchase Price pursuant to section 3.3, shall be allocated for tax purposes among the Purchased Assets in a manner consistent with Section 3.1.

(b) Each of Motorola, Motorola B.V., Celestica and Celestica Ireland will, and each of them shall cause their respective Affiliates to:

(i) complete and file all returns required by applicable federal, state, provincial, municipal and local laws, statutes, regulations and ordinances relating to Taxes in a manner consistent with Section 3.1; and

(ii) not take a position on any such return that is inconsistent with the allocation provided for in this Section 3.4 without the consent of the other party.

3.5. TRANSFER TAXES. Celestica shall be liable for and shall pay any payable sales Taxes (including any retail sales Taxes) and any other Taxes (but excluding any Taxes on income and capital gains and excluding any Taxes relating to Bailed Equipment or the transfer, delivery and installation thereof at the Dublin Facilities) properly payable in any jurisdiction in connection with the transfer of the Purchased Assets by Motorola and Motorola B.V. to Celestica and Celestica Ireland. For greater certainty, (i) Motorola B.V. shall be liable for and shall pay all Taxes, arising in the Netherlands on the transfer of the Irish Purchased Assets to Celestica

Ireland and (ii) Celestica Ireland shall be liable for and shall pay all stamp duty with respect to the transfer of the Real Property pursuant to the Real Estate Contract (Dublin).

ARTICLE 4

LIABILITIES

4.1. ASSUMPTION OF CERTAIN LIABILITIES BY CELESTICA. On the terms and subject to the provisions of this Agreement, Celestica and Celestica Ireland agree to assume the obligations and liabilities (without duplication) of Motorola and Motorola B.V. (as applicable) (the "Assumed Liabilities") arising out of or relating to the Purchased Assets or the Celestica Operation which accrue after the Effective Time, including with respect to (a) the Assigned Contracts, (b) the Assigned Third Party Software Licenses, (c) the Transferred Permits and (d) the Lease Assignment and Assumption Agreements. For greater certainty, Celestica is not assuming liability for (i) any of the Motorola Liabilities and (ii) liabilities of Motorola B.V. relating to IDA grants awarded to Motorola B.V. prior to the Closing Date.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF MOTOROLA AND MOTOROLA B.V.

Each of Motorola and Motorola B.V. jointly and severally represents and warrants to Celestica and Celestica Ireland as follows and acknowledges that each of Celestica and Celestica Ireland is relying on such representations and warranties in connection with the purchase of the Purchased Assets:

5.1. ORGANIZATION. Each of Motorola and Motorola B.V. is a corporation duly incorporated and organized and validly existing under the laws of the jurisdiction of its incorporation and has the corporate power to own or lease its property, to carry on the Motorola Operation as now being conducted by it, to enter into this Agreement and each of the Principal Agreements to which it is a party and to perform its obligations hereunder and thereunder. Each of Motorola and Motorola B.V. is duly qualified as a corporation to do business in all jurisdictions in which it conducts the Motorola Operation.

5.2. AUTHORIZATION. This Agreement and each of the Principal Agreements have been or will be as of the Closing Date duly authorized, executed and delivered by Motorola and/or Motorola B.V., as the case may be, and each of such agreements is a legal, valid and binding obligation of Motorola and/or Motorola B.V., as the case may be, enforceable against Motorola and/or Motorola B.V. as the case may be, by Celestica and/or Celestica Ireland, as the case may be, in accordance with its terms, except (a) as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, and (b) as the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defences and to the discretion of a court of competent jurisdiction before which any proceeding may be brought.

5.3. NO OTHER AGREEMENTS TO PURCHASE. No person other than Celestica and Celestica Ireland have any written or oral agreement or option or any right or privilege (whether

by law, pre-emptive or contractual) capable of becoming an agreement or option for the purchase or acquisition from Motorola and Motorola B.V. of any of the Purchased Assets, other than pursuant to purchase orders accepted by Motorola and Motorola B.V. in the ordinary course of the Motorola Operation.

5.4. NO VIOLATION. Except as set forth on Schedule 5.4, the execution and delivery of this Agreement and each of the Principal Agreements by Motorola and Motorola B.V., as the case may be, and the consummation of the transactions herein provided for do not and will not result in: (a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any obligation of Motorola or Motorola B.V. under: (i) any Contract or Assigned Third Party Software License or Permit with respect to the Purchased Assets to which Motorola or Motorola B.V. is a party or by which they or the Motorola Operation is bound or the Purchased Assets are subject; (ii) any provision of its certificate of incorporation or by-laws or resolutions of the board of directors (or any committee thereof) or stockholders of Motorola or Motorola B.V.; (iii) any judgment, decree, order or award of any court, Governmental Authority or arbitrator having jurisdiction over Motorola or Motorola B.V.; or (iv) any applicable law, statute, ordinance, regulation or rule; or (b) the creation or imposition of any Encumbrance on any of the Purchased Assets.

5.5. CONDITION OF TANGIBLE PURCHASED ASSETS.

(a) Except as set forth on Schedule 5.5, the Machinery and Equipment, the Bailed Equipment, the Inventory, the vendor and other tooling used in the Motorola Operation, and the equipment and assets to be used by Motorola and Motorola B.V. in providing services under the Transition Services Agreements, constitute all of the tangible personal property that will be required by Celestica and Celestica Ireland to carry on the Celestica Operation at the Effective Time.

(b) All tangible Purchased Assets and Bailed Equipment are in good operating condition and are in a state of good repair and maintenance, reasonable wear and tear excepted. During the two years prior to the date hereof, there has not been any material interruption of operations (being an interruption of more than one day) in respect of the Purchased Assets and Bailed Equipment used in the Motorola Operation due to inadequate maintenance of any of such Purchased Assets and Bailed Equipment. With the exception of (i) the Bailed Equipment to be delivered to the Dublin Facilities in accordance with section 2.2 hereof, (ii) Inventory and Machinery and Equipment (if any) in transit to the Facilities, and (iii) the equipment and assets to be used by Motorola and Motorola B.V. in providing services under the Transition Services Agreements, all the tangible Purchased Assets are situated at the Facilities and located in the warehouses identified in Schedule 5.8. All tangible Purchased Assets have been maintained in accordance with safety regulations normally observed in relation thereto in all material respects.

(c) The Machinery and Equipment and the Inventory consists of moveable property, title to which, except as otherwise provided herein, will pass upon delivery thereof.

5.6. TITLE TO PERSONAL PROPERTY. Except for the Inventory subsequently acquired, sold or realized in the ordinary course of business between the date hereof and the Closing Date, as of the date hereof the Purchased Assets are owned beneficially by Motorola or Motorola B.V. with a good and marketable title thereto, free and clear of all Encumbrances other than Permitted Encumbrances, and are not the subject of any factoring arrangement, hire-purchase, conditional sale or credit sale agreements.

5.7. LOCATION OF REAL PROPERTY. Schedule 5.7 and the Real Estate Contract (Dublin) set forth the municipal address(es) and complete and accurate descriptions of all the real property which is used in the Motorola Operation and of which Motorola or Motorola B.V. is the beneficial or registered owner (the "Real Property") and the real property that is used in the Motorola Operation and leased by Motorola or Motorola B.V. (the "Leased Property").

5.8. NO LEASED PROPERTY. Except for the leases (the "Leases") described in Schedule 5.8 relating to the Leased Property, neither Motorola nor Motorola B.V. is a party to any lease or agreement to lease in respect of any real property which is used in the Motorola Operation, whether as lessor or lessee. Schedule 5.8 sets out the parties to each of the Leases, their dates of execution and expiry dates, any options to renew, any options to purchase, the locations of the leased lands and premises and the rent and other charges payable thereunder. Except as described in Schedule 5.8, Motorola or Motorola B.V., as the case may be, occupies the Leased Property and has the exclusive right to occupy and use the Leased Property until the expiration of the respective Lease. Except as set forth in Schedule 5.8, each of the Leases is in good standing and in full force and effect with respect to Motorola or Motorola B.V., as the case may be, assuming the other party thereto is bound which, to Motorola's Knowledge, is the case for each lease, and neither Motorola, Motorola B.V. nor, to Motorola's Knowledge, any other party thereto, is in breach in any material respect of any covenants, conditions or obligations contained therein. Motorola has provided to Celestica a true and complete copy of each Lease and all amendments thereto.

5.9. REAL PROPERTY. Motorola or Motorola B.V., as the case may be, has the exclusive right to possess, use and occupy the Real Property, free and clear of all Encumbrances (other than Permitted Encumbrances). All buildings, structures, improvements and appurtenances situated on the Real Property or the Leased Property (collectively, the "Premises") are in good operating condition and in a state of good maintenance and repair, subject in each case to normal wear and tear, and are sufficient to permit the operation of the Celestica Operation. Except with respect to maintenance conducted in the normal course of business consistent with past practices, to Motorola's Knowledge, there are no alterations, repairs, improvements or other work required in respect of the Premises, including any repairs to, or replacements of, the roof or the mechanical, electrical, elevating, heating, ventilating, air conditioning, plumbing work, drainage equipment or systems which are reasonably necessary to permit the operation of the Celestica Operation. There are no alterations or renovations to the Premises currently in progress, nor is any such alteration or renovation contemplated. Motorola and Motorola B.V. have adequate rights of ingress and egress to the Real Property and the Leased Property and the Premises for the operation of the Motorola Operation and each material part thereof. None of the Real Property and the Leased Property, nor the use, operation or maintenance thereof, violates in any material respects any restrictive covenant or any provision of any federal, state or municipal law, ordinance, rule or regulation, including those dealing with zoning, parking, access, loading

facilities, landscaped areas, building construction and fire, or encroaches on any property owned by others. The replies to the Requisitions are true and accurate in all respects.

5.10. ASSIGNED THIRD PARTY SOFTWARE.

(a) Schedule 2.1(e) lists all agreements, contracts, leases, licenses, instruments or other commitments (whether written or oral) and amendments thereto which set forth the terms of the Assigned Third Party Software Licenses. The Assigned Third Party Software Licenses govern the rights of Motorola and Motorola B.V., if any, to assign the Assigned Third Party Software Licences.

(b) Motorola and Motorola B.V. have provided, or will provide prior to the Closing Date, Celestica with true and complete copies of all material agreements, contracts, leases, licenses, instruments, software, media and documentation which are to be licensed or otherwise provided pursuant to the Assigned Third Party Software Licenses.

5.11. INSURANCE. Motorola and Motorola B.V. are self-insured or insured with third party insurers the Purchased Assets against loss or damage by all insurable hazards or risks in accordance with standard industry practice on a replacement cost basis, and such insurance coverage will be continued in full force and effect until and including the Effective Time. Motorola and Motorola B.V. are not in default with respect to any of the provisions contained in any such insurance policy.

5.12. NO EXPROPRIATION. No notice or proceeding in respect of an action by a Governmental Authority to expropriate any of the Purchased Assets has been given or commenced, and Motorola is not aware of any intent or proposal to give any such notice or commence any such proceedings.

5.13. AGREEMENTS AND COMMITMENTS. Except as described on Schedules 2.1(d), 2.1(e), 2.1(f) and 5.8 and except for Contracts with suppliers to Motorola and Motorola B.V. of components for products to be manufactured by Celestica and Celestica Ireland pursuant to the Business Unit Agreements, neither Motorola nor Motorola B.V. is a party to or bound by any Contract that will be required for the operation of the Celestica Operation. Schedules 2.1(d) and 2.1(e) list and describe the Assigned Contracts and the Assigned Third Party Software Licenses, respectively (collectively, the "Assigned Agreements"). Motorola or Motorola B.V., as applicable, has performed in all material respects all of the obligations required to be performed by it and, except as set forth in Schedule 5.13, is entitled to all benefits under, and is not in default, in any material respects, or (to Motorola's Knowledge), alleged to be in default in respect of any of the Assigned Agreements. All of the Assigned Agreements are in good standing and in full force and effect as to Motorola or Motorola B.V., as applicable, assuming the other party thereto is bound which, to Motorola's Knowledge, is the case for each Assigned Agreement, and to Motorola's Knowledge, no event, condition or occurrence exists which, after notice or lapse of time or both, would constitute a default under any of the Assigned Agreements. Motorola has provided to Celestica or will provide to Celestica prior to the Closing Date a true and complete copy of each material Assigned Agreement.

5.14. COMPLIANCE WITH LAWS; GOVERNMENTAL AUTHORIZATIONS. Except as set forth on Schedule 5.14(a), Motorola has complied in all material respects with all laws, statutes, ordinances, regulations, rules, judgments, decrees, franchises or other governmental authorizations, guidelines, policies or orders applicable to or necessary for the Motorola Operation, the Real Property, the Leased Property, the Premises and/or to the Purchased Assets. The Transferred Permits and the Non-Transferred Permits (collectively, the "Permits"), as set out in Schedules 2.1(f) and 5.14(b), respectively, are all the (a) government permits, including Environmental Permits, and (b) other approvals, consents, certificates, registrations and authorizations (whether governmental, regulatory or otherwise, including Environmental Permits) held by or granted to Motorola or Motorola B.V. which are applicable to the Motorola Operation, the Real Property, the Leased Property, the Premises and/or the Purchased Assets, and there are no other (i) government permits (including Environmental Permits), and (ii) other licenses, approvals, consents, registrations, certificates or authorizations (including Environmental Permits), in each case necessary for Celestica to conduct the Celestica Operation or to own or lease any of the Real Property, the Leased Property, the Premises and/or the Purchased Assets. Each Permit is valid, subsisting and in full force and effect, and neither Motorola nor Motorola B.V. is in violation, default or breach, in each case, in any material respect, of any Permit, and no proceeding is pending or, to Motorola's Knowledge, threatened for violation of or to revoke or limit any Permit. Motorola and Motorola B.V. agree to provide to Celestica and Celestica Ireland as soon as possible after the date hereof and in any event within 30 days of the date hereof true and complete copies of each Permit and all amendments thereto where reasonably practicable.

5.15. CONSENTS AND APPROVALS. There is no requirement to make any filing with, give any notice to or to obtain any license, permit, certificate, registration, authorization, consent or approval of, any Governmental Authority or any other person or regulatory authority as a condition to the lawful consummation of the transactions contemplated by this Agreement except for (a) the HSR Approval, (b) the EC Merger Notification or, in the event that the EC Merger Regulation is not applicable to this transaction for any reason, the Irish Mergers Notification; and (c) the filings, notifications, licenses, permits, certificates, registrations, authorizations, consents and approvals (i) described in Schedule 5.15, or (ii) which relate solely to the identity of Celestica or the nature of any other business carried on by Celestica. Except as set forth in Schedule 5.15, under any Contract to which Motorola or Motorola B.V. is a party or by which it or the Motorola Operation is bound or the Purchased Assets are subject, there is no requirement to give any notice to, or to obtain the consent or approval of, any party to such Contract relating to the consummation of the transactions contemplated by this Agreement.

5.16. BOOKS AND RECORDS; SCHEDULES IN ACCORDANCE WITH GAAP.

(a) The books and records to be delivered by Motorola and Motorola B.V. pursuant to subsection 2.1(g) fairly and correctly set out and disclose in all material respects all of the information contained therein.

(b) Schedule 2.1(a) reflects the net book values of all the Machinery and Equipment, and such net book values have been derived from the financial records of Motorola and Motorola B.V. and prepared in accordance with GAAP, consistent with the past application by Motorola and Motorola B.V.

5.17. LITIGATION. Except for matters set forth on Schedule 5.17, there are no actions, suits or proceedings pending or affecting or, to Motorola's Knowledge, threatened against Motorola or Motorola B.V. in respect of or affecting the Motorola Operation, the Real Property, the Leased Property, the Premises or any of the Purchased Assets or any part thereof, at law or in equity or before or by any court, Governmental Authority, domestic or foreign, or before or by an arbitrator or arbitration board.

5.18. CUSTOMERS. Motorola is the sole customer of the Motorola Operation.

5.19. NO LIABILITIES. To Motorola's Knowledge, there are no liabilities or commitments of Motorola or Motorola B.V. or their Affiliates, whether or not accrued and whether or not determined or determinable, in respect of which Celestica may become liable on or after the consummation of the transaction herein provided for, other than the Assumed Liabilities.

5.20. TAX MATTERS. There are no actions, suits, proceedings, investigations or claims pending or to Motorola's Knowledge, threatened against Motorola in respect of Taxes, government charges or assessments, whether paid or unpaid, nor are any material matters under discussion with any Governmental Authority relating to Taxes, governmental charges or assessments, whether paid or unpaid, asserted by any such authority which could result in a claim against or Encumbrance on any of the Purchased Assets or the Motorola Operation. Motorola has paid or caused to be paid all sales and use Taxes incurred in connection with the Motorola Operation. Motorola has withheld from each payment made to any of its past or present employees, officers or directors of the Motorola Operation, the amount of all Taxes and other deductions required to be withheld therefrom, and has paid the same to the proper Tax or other receiving officers within the time required under any applicable legislation. There are no liens for Taxes on the Purchased Assets. Motorola is not required to treat any of the Purchased Assets as owned by another person for federal income Tax purposes or as Tax-exempt bond financed property or Tax-exempt use property within the meanings of section 168 of the Code. None of the Purchased Assets is subject to any joint venture, partnership or other agreement or arrangement that is treated as a partnership for federal income Tax purposes. Motorola has filed all Tax returns that it was required to file with regard to the Motorola Operation. All such Tax returns were correct and complete in all material respects. All Taxes owed by Motorola with regard to the Motorola Operation (whether or not shown on any Tax return) have been paid. Motorola is not the beneficiary of any extension of time within which to file any Tax return with regard to the Motorola Operation. No director or officer (or employee responsible for Tax matters) of Motorola expects any authority to assess any additional Taxes for any period for which Tax returns for the Motorola Operation have been filed. There is no dispute or claim concerning any liability for Taxes of the Motorola Operation either (a) claimed or raised by any authority in writing or (b) as to which any of directors and officers (and employees responsible for Tax matters) of Motorola has knowledge based upon personal contact with any agent of such authority. Motorola has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency with regard to the Motorola Operation. None of the Assumed Liabilities is an obligation to make a payment that will not be deductible under section 280G of the Code.

5.21. [Intentionally omitted]

5.22. INTELLECTUAL PROPERTY. To Motorola's Knowledge: (a) the Assigned Third Party Software Licenses; (b) the other software licenses listed on Schedule 2.1(e); and (c) the Intellectual Property rights to which Celestica is to be granted access under the Relationship Agreement, the Business Unit Agreements and the Transition Services Agreements, include all Intellectual Property required for Celestica and Celestica Ireland to manufacture for Motorola the products contemplated by the Business Unit Agreements as of the Effective Time. To Motorola's Knowledge, the operations and activities of the Motorola Operation, and the use by Celestica and Celestica Ireland of the Assigned Third Party Software Licenses and the Intellectual Property to which Celestica is to be granted access under the Relationship Agreement, the Business Unit Agreements and the Transition Services Agreements for the manufacture of products for Motorola under the Business Unit Agreements in the same manner as previously manufactured by Motorola in the Motorola Operation, do not infringe, violate or constitute a misappropriation of Intellectual Property of any other person.

5.23. MOTOROLA SUPPLIER QUALITY STANDARDS. At the Effective Time, the Motorola Operation will be in full compliance with the Motorola Supplier Quality Standards.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF CELESTICA AND CELESTICA IRELAND

Each of Celestica and Celestica Ireland jointly and severally represents and warrants to Motorola and Motorola B.V. as follows and acknowledges that each of Motorola and Motorola B.V. is relying on such representations and warranties in connection with the purchase of the Purchased Assets:

6.1. ORGANIZATION. Each of Celestica and Celestica Ireland is a corporation duly incorporated and organized and validly existing under the laws of the jurisdiction of its incorporation and has the corporate power to own or lease its property, to carry on the Celestica Operation, to enter into this Agreement and each of the Principal Agreements to which it is a party and to perform its obligations hereunder and thereunder. Celestica Ireland is duly qualified as a corporation to do business in Ireland, and by the Time of Closing Celestica will be duly qualified as a corporation to do business in Iowa.

6.2. AUTHORIZATION. This Agreement and each of the Principal Agreements have been or will be as of the Closing Date, duly authorized, executed and delivered by Celestica and/or Celestica Ireland, as the case may be, and each of such agreements is a legal, valid and binding obligation of Celestica and/or Celestica Ireland, as the case may be, enforceable against Celestica and/or Celestica Ireland, as the case may be, by Motorola and/or Motorola B.V., as the case may be, in accordance with its terms, except (a) as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, and (b) as the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defences and to the discretion of a court of competent jurisdiction before which any proceeding may be brought.

6.3. NO VIOLATION. The execution and delivery of this Agreement and each of the Principal Agreements by Celestica and Celestica Ireland, as the case may be, and the consummation of the transactions herein provided for do not and will not result in the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any obligation of Celestica under: (a) any Contract to which Celestica or Celestica Ireland is a party or by which it is bound; (b) any provision of its certificate of incorporation or by-laws or resolutions of the board of directors (or any committee thereof) or shareholders of Celestica or Celestica Ireland; (c) any judgment, decree, order or award of any court, Governmental Authority or arbitrator having jurisdiction over Celestica or Celestica Ireland; or (d) to the knowledge of Celestica or Celestica Ireland, any applicable law, statute, ordinance, regulation or rule.

6.4. CONSENTS AND APPROVALS. There is no requirement to make any filing with, give any notice to or obtain any license, permit, certificate, registration, authorization, consent or approval of or from, any Governmental Authority or any other person or regulatory authority as a condition to the lawful consummation of the transactions contemplated by this Agreement, except for (a) the HSR Approval and (b) the EC Merger Notification, or, in the event that the EC Merger Regulation is not applicable to this transaction for any reason, the Irish Mergers Notification.

6.5. NO FINDER. Neither Celestica, Celestica Ireland nor any person acting on their behalf has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement.

6.6. FINANCING. Each of Celestica and Celestica Ireland have made arrangements to cause the Purchase Price to be paid to Motorola and Motorola B.V. on the Closing Date.

ARTICLE 7

SURVIVAL OF REPRESENTATIONS AND WARRANTIES

7.1. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. The representations and warranties contained in this Agreement and in all certificates and documents delivered pursuant to or contemplated by this Agreement shall survive the closing of the transactions contemplated hereby and, notwithstanding such closing or any investigation made by or on behalf of the party entitled to the benefit thereof, shall continue in full force and effect for the benefit of the party entitled to the benefit thereof; provided, however, that, subject to subsections 11.1(a) and 11.2(a), the representations and warranties contained in Articles 5 and 6 of this Agreement and in the Principal Agreements shall survive and continue in full force and effect until the **** of the Closing Date; provided further that: (i) the representations and warranties set out in the Employee Matters Agreement shall survive and continue in full force and effect until the **** of the Closing Date; (ii) the representations and warranties set out in sections **** and (to the extent relating to ****) section **** shall survive and continue in full force and effect ****; (iii) the representation and warranty set out in **** section **** shall survive and continue in full force and effect until the **** of the Closing Date; (iv) the representations and warranties set out in section **** shall survive and continue in full force and

effect until, but not beyond, *** and (v) a claim for any breach of any of the representations and warranties contained in this Agreement or in any agreement, instrument, certificate or other document executed or delivered pursuant hereto involving *** shall survive and continue in full force and effect until the *** anniversary of the Closing Date.

ARTICLE 8

COVENANTS

8.1. ACCESS TO THE MOTOROLA OPERATION AND PURCHASED ASSETS.

(a) Each of Motorola and Motorola B.V. shall forthwith, upon reasonable prior notice, make available to Celestica, Celestica Ireland and their authorized representatives, consultants and agents and, if reasonably requested by Celestica and Celestica Ireland for purposes of the transactions contemplated hereby, shall provide Celestica and Celestica Ireland with copies of all title documents, Assigned Agreements, financial information, policies, plans, reports, orders, Permits, books of account, accounting records and all other documents, information and data reasonably relating to the Motorola Operation during normal business hours and other reasonable periods up to the Time of Closing. Each of Motorola and Motorola B.V. shall have afforded Celestica, Celestica Ireland and their authorized representatives, consultants and agents access to the Purchased Assets, the Real Property, the Leased Property and the Premises during normal business hours and other reasonable periods upon reasonable prior notice. At the request of Celestica, Motorola and Motorola B.V. will execute such consents, authorizations and directions as may be reasonably necessary to permit any inspection of the Purchased Assets or to enable Celestica, Celestica Ireland or their authorized representatives, consultants and agents to obtain reasonable access to all files and records relating to any of the Purchased Assets maintained by a Governmental Authority or other public authority. At Celestica's request, each of Motorola and Motorola B.V. shall cooperate with Celestica and Celestica Ireland in arranging any such meetings as Celestica and Celestica Ireland should reasonably request with (i) employees of Motorola B.V. at the Dublin Facilities and employees of Motorola at the Iowa Facilities, (ii) customers, suppliers, distributors or others who have or have had a business relationship with Motorola and/or Motorola B.V. in respect of the Motorola Operation and (iii) the auditors or any other persons engaged or previously engaged to provide services to Motorola and/or Motorola B.V. who have knowledge of matters relating to the Motorola Operation or Purchased Assets.

(b) [Intentionally omitted]

8.2. DELIVERY OF BOOKS AND RECORDS. At the Time of Closing, Motorola and Motorola B.V. shall deliver to Celestica and Celestica Ireland all the books and records described in subsection 2.1(g). Each of Celestica and Celestica Ireland agrees that it will preserve the books and records so delivered to it for such period as is required by any applicable law (the "Retention Period"), and will permit Motorola, Motorola B.V. and their authorized representatives reasonable access thereto in connection with the Tax or other legitimate affairs of Motorola and Motorola B.V., but neither Celestica nor Celestica Ireland shall be responsible or liable to Motorola or Motorola B.V. for or as a result of any accidental loss or destruction of or damage to any such books and records. If at any time Celestica or Celestica Ireland elects to dispose of such books and records prior to the expiration of the Retention Period, Celestica or Celestica Ireland, as the case may be, shall first give Motorola or Motorola B.V., as applicable, sixty (60) days' written notice during which period Motorola or Motorola B.V., as applicable, shall have the right to take back such books and records without further consideration.

8.3. CONSENTS TO ASSIGNMENT. If any of the Purchased Assets or any claim, right or benefit thereunder, including performance bonds and letters of credit posted by Motorola or Motorola B.V. in respect of the Purchased Assets (collectively, the "Rights") is not by its terms assignable or transferable or is not assignable or transferable without the consent, approval or waiver of any person who is not a party hereto and such consent, approval or waiver has not been obtained at or prior to the Time of Closing, or the assignment or transfer thereof to Celestica or Celestica Ireland would constitute a breach of any Contract, law, statute, ordinance, regulation,

rule, judgment, decree or order, then Motorola and Motorola B.V. shall hold such Purchased Assets or Rights, as the case may be, and all benefits derived thereunder and therefrom, in trust for Celestica and Celestica Ireland. Motorola and Motorola B.V. shall continue to use their commercially reasonable efforts to obtain, where possible, as Celestica and Celestica Ireland may direct, acting reasonably, any necessary consents, approvals or waivers to the assignment or transfer of the Purchased Assets or Rights, as the case may be, to Celestica and Celestica Ireland following the Time of Closing. Until such consent, approval or waiver has been obtained or if it cannot be obtained, Motorola and Motorola B.V. shall continue to maintain the existence of the Purchased Assets or Rights, as the case may be, comply with the terms and provisions of the Rights, as agent for Celestica and Celestica Ireland at Celestica's and Celestica Ireland's expense (except that, in the case of performance bonds and letters of credit, such expense shall be limited to any draw thereon by the party holding such bond or letter of credit) and for the benefit of Celestica and Celestica Ireland, take all such actions and do or cause to be done all such things as Celestica and Celestica Ireland may reasonably direct, at Celestica's and Celestica Ireland's expense, in order to preserve such Purchased Assets or Rights, as the case may be, and provide the benefits thereof to Celestica and Celestica Ireland, including collecting and paying promptly to Celestica and Celestica Ireland all monies payable under or in respect of such Purchased Assets or Rights, as the case may be, and enforcing at the request and expense of Celestica and Celestica Ireland, or terminating at the direction of Celestica and Celestica Ireland, any such Rights (until, in the case of such performance bonds and letters of credit, such time as it is possible for Celestica and Celestica Ireland, using their best efforts, to replace them, whereupon they may be terminated by Motorola and Motorola B.V.); provided, however, that Celestica and Celestica Ireland shall be liable for and agree to indemnify Motorola and Motorola B.V. against any Losses related to the Rights and the Purchased Assets which have not been assigned. Notwithstanding the foregoing, neither Motorola nor Motorola B.V. will be obligated to pay any consideration therefor or incur any liability or obligation to the party from whom the consent or waiver is requested.

8.4. HSR INVESTIGATIONS AND FILINGS. Motorola and Motorola B.V. on the one hand and Celestica and Celestica Ireland on the other hand covenant and agree with each other (a) to take promptly all actions reasonably necessary to cause the filings required of the parties and their respective Affiliates under the HSR Act to be made as soon as possible but in no event later than 30 days from the date hereof, (b) to comply at the earliest practicable date with any request for additional information received by any party or its Affiliates from the Federal Trade Commission or the Antitrust Division of the Department of Justice pursuant to the HSR Act, and (c) to cooperate with each other in connection with their respective filings under the HSR Act and in connection with resolving any investigation or other inquiry concerning the transactions contemplated by this Agreement commenced by either the Federal Trade Commission or the Antitrust Division of the Department of Justice or State Attorneys General; provided, however, that nothing herein shall require any of Celestica, Celestica Ireland, Motorola or Motorola B.V. (or any Affiliate of any of them) to dispose of or make any change in any portion of its business or to incur any other burden or expense in order to comply with the foregoing.

8.5. EC MERGER NOTIFICATION. If applicable, Motorola and Motorola B.V. on the one hand and Celestica and Celestica Ireland on the other hand covenant and agree with each other (a) to take promptly all actions reasonably necessary to cause the filings required of the parties and their respective Affiliates under the EC Merger Regulation (or, in the event that the EC

Merger Regulation is not applicable, under the Irish Mergers Act) to be made as soon as possible but in any event no later than one week from the date hereof or at such other time as permitted by the European Commission (or, in the event that the Irish Mergers Act applies, as required by that Act), (b) to comply at the earliest practicable date with any request for additional information received by any party or its Affiliates from the European Commission pursuant to the EC Merger Regulation (or from the Minister pursuant to the Irish Mergers Act, if applicable), and (c) to cooperate with each other in connection with the filings under the EC Merger Regulation (or the Irish Mergers Act, if applicable) and in connection with resolving any investigation or other inquiry concerning the transactions contemplated by this Agreement commenced by the European Commission (or the Minister, if applicable); provided, however, that nothing herein shall require any of Celestica, Celestica Ireland, Motorola or Motorola B.V. (or any Affiliate of any of them) to dispose of or make any change in any portion of its business or to incur any other burden or expense in order to comply with the foregoing.

8.6. IDA. Celestica, Celestica Ireland, Motorola and Motorola B.V. covenant and agree to cooperate with each other in connection with the obtaining by Motorola B.V. of the IDA's consent to the disposition of the Motorola Operation conducted at the Dublin Facilities as contemplated hereby; provided that nothing herein shall require any party hereto to dispose of or make any change in any portion of its business or to incur any other burden or expense in order to comply with the foregoing.

8.7. VALUE ADDED TAX. Motorola B.V. shall use its commercially reasonable efforts to obtain, more than ten (10) Business Days prior to the date on which Motorola B.V. would otherwise be obliged to remit Value Added Tax to the Irish Revenue Commissioners in respect of the transactions contemplated hereby, a certificate or other written confirmation from the Irish Revenue Commissioners that Sections 3(5)(b)(iii) and 5(8) of the Value Added Tax Act, 1972 either do or do not apply to the transactions contemplated hereby. In the event that, notwithstanding such commercially reasonable efforts, Motorola B.V. is unable to obtain such certificate or other written confirmation prior to such date, Motorola B.V. and Celestica Ireland shall use all reasonable efforts to jointly determine if Value Added Tax applies in respect of the transactions contemplated hereby. If they are unable to make such a determination on or prior to the fifth Business Day before the date on which Motorola B.V. would otherwise be obliged to remit such Value Added Tax, they shall jointly apply to the Accounting Referee to determine whether such Value Added Tax applies. The determination of the Accounting Referee shall be binding on Motorola B.V. and Celestica Ireland. In the event of a determination that such Value Added Tax does apply, Celestica Ireland shall be liable for such Tax and shall promptly pay such Tax to Motorola B.V.

8.8. TRANSITION SERVICES AGREEMENT AND JOINT USE AND OCCUPANCY AGREEMENT. The parties agree that they will use their commercially reasonable efforts to determine the specific services to be provided by the applicable parties under the Transition Services Agreements and the Joint Use and Occupancy Agreement and the terms of such services and any other terms and conditions to be completed. To the extent the Motorola Products Energy Business needs services, the parties agree to enter into a transition services agreement in substantially the form of the Transition Services Agreements.

8.9. REAL ESTATE CONTRACT (DUBLIN).

(a) Celestica Ireland may, at its option, notify Motorola on or before February 1, 2001 that a financial institution intends to acquire the real property described in the Real Estate Contract (Dublin) (the "Irish Real Property") in lieu of Celestica Ireland, and to enter into a lease with Celestica Ireland or one of its Affiliates with respect to the Irish Real Property on or before the Closing Date. Motorola B.V. will enter into a real estate contract with the financial institution subject to satisfaction of the following:

(i) the financial institution is acceptable to Motorola, acting reasonably;

(ii) the real estate contract to be made between Motorola B.V. and the financial institution on terms and conditions reasonably acceptable to Motorola B.V.; and

(iii) neither Motorola nor Motorola B.V. nor any of their respective Affiliates shall have any liability in respect of the Irish Real Property to the financial institution except as specifically contemplated in the real estate contract to be made between Motorola B.V. and the financial institution relating to the Irish Real Property.

(b) If the financial institution acquires the Irish Real Property in accordance with the terms hereof and pays Motorola B.V. the purchase price for the Irish Real Property, Celestica Ireland's obligations to acquire the Irish Real Property hereunder shall be cancelled and of no further force or effect. If the conditions set forth in Section 8.9(a) are not satisfied on or before the Closing Date and a real estate contract relating to the Irish Real Property is not executed with the financial institution, Celestica Ireland shall purchase the Real Property pursuant to this Agreement and to the Real Estate Contract (Dublin). The parties acknowledge that the Closing Date shall not be extended only by reason of this section 8.9.

8.10. PUBLIC FILING. Neither Celestica nor Celestica Ireland will, without the prior written consent of Motorola and Motorola B.V. not to be unreasonably withheld, file this Agreement or any Principal Agreement with any Governmental Authority, stock exchange or other person, in circumstances where this Agreement or any such Principal Agreement would be available for review by the public.

ARTICLE 9

CONDITIONS OF CLOSING

9.1. MUTUAL CONDITIONS PRECEDENT. The sale and purchase of the Purchased Assets is subject to the following terms and conditions for the benefit of both Motorola and Motorola B.V. on the one hand and Celestica and Celestica Ireland on the other hand (provided that no party may rely on the non-satisfaction or non-fulfillment of any such term or condition to the extent the same resulted from any misrepresentation or breach of warranty or covenant hereunder by such party, or the failure by such party to exercise reasonable commercial efforts and reasonable diligence to procure the satisfaction or fulfillment of such term or condition), to be performed or

fulfilled at or prior to the Time of Closing (which conditions may be waived, in whole or in part, in writing by the parties):

(a) NO ACTION OR PROCEEDING REGARDING COMPLETION OF TRANSACTION. No legal or regulatory action or proceeding shall be pending or threatened by any person that Celestica and/or Motorola reasonably determine would enjoin, restrict or prohibit the consummation of the transactions contemplated hereby;

(b) NO ACTION OR PROCEEDING REGARDING CARRYING-ON OF THE CELESTICA OPERATION. No legal or regulatory action or proceeding shall be pending or threatened by any person which would enjoin, restrict, prohibit or materially adversely affect Celestica or Celestica Ireland from carrying on the Celestica Operation at the Effective Time;

(c) REGULATORY CONSENTS. There shall have been obtained from all appropriate Governmental Authorities such licenses, permits, consents, approvals, certificates, registrations and authorizations as are required to be obtained by the parties to permit the consummation of the transactions contemplated hereby and to permit Celestica and Celestica Ireland to conduct the Celestica Operation after the Effective Time, all of which are described in Schedule 5.15, together with the HSR Approval;

(d) EC MERGERS. To the extent that EC Merger Regulation is applicable, the European Commission having taken a decision (without imposing any conditions or obligations that are not satisfactory to Celestica, Celestica Ireland, Motorola and Motorola B.V., each in its absolute discretion) under Article 6(1)(b) or Article 8(2) of that regulation declaring the transaction contemplated by this Agreement compatible with the common market, or having been deemed to have done so under Article 10(6) of that regulation;

(e) IRISH MERGERS. To the extent that the Irish Mergers Act is applicable, the Minister stating in writing that it does not intend to make an order under section 9 of the Irish Mergers Act in relation to the proposed transaction; or (if it makes an order subject to conditions) Celestica, Celestica Ireland, Motorola and Motorola B.V., each accepting at its absolute discretion those conditions, or (if no such order is made and the Minister does not state in writing that it does not intend to make such an order), that the relevant period within the meaning of section 6 of the Irish Mergers Act has elapsed;

(f) IDA APPROVAL. The IDA shall have consented in writing on terms reasonably acceptable to all parties to the disposition of the Motorola Operation conducted at the Dublin Facilities as hereby contemplated or Motorola shall have repaid the grant made to it by the IDA and, as a result, no IDA consent shall be required for such disposition;

(g) EXECUTION OF PRINCIPAL AGREEMENTS. Each of the following agreements (and any agreements attached thereto as exhibits) (collectively, the "Principal

Agreements") shall have been executed and delivered by Motorola, Motorola B.V., Celestica and Celestica Ireland, as applicable:

(i) the Employee Matters Agreement;

(ii) the Transition Services Agreements;

(iii) the Relationship Agreement;

(iv) the Iowa Business Unit Agreement;

(v) the Dublin Business Unit Agreement;

(vi) the Lease Assignment and Assumption Agreement, if necessary;

(vii) the Real Estate Contract (Dublin); and

(viii) the Joint Use and Occupancy Agreement.

The foregoing conditions are for the mutual benefit of Celestica and Celestica Ireland, on the one hand, and Motorola and Motorola B.V., on the other hand, and may be waived, in whole or in part, by any party at any time. If any of the conditions contained in this section 9.1 shall not be performed or fulfilled or waived at or prior to May 31, 2001 to the reasonable satisfaction of the parties, any party, by notice to the other parties, may rescind and terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of such rescinding party's breach of this Agreement and, in such circumstances, the obligations of the parties under this Agreement, other than the obligations contained in sections 12.12, 12.13, 12.14 and 12.15, shall be terminated and thereafter the parties shall have no obligation or liability to any other party hereunder. Any such condition which is waived in whole or in part by a party shall be with prejudice to any claims it may have for a breach of this Agreement by any other party.

9.2. CONDITIONS OF CLOSING IN FAVOR OF CELESTICA AND CELESTICA IRELAND. The sale and purchase of the Purchased Assets is subject to the following conditions for the exclusive benefit of Celestica and Celestica Ireland, to be performed or fulfilled at or prior to the Time of Closing (which conditions may be waived, in whole or in part, by the written consent of Celestica and Celestica Ireland):

(a) REPRESENTATIONS AND WARRANTIES. The representations and warranties of Motorola and Motorola B.V. contained in this Agreement and in the Employee Matters Agreement which are in any way qualified by materiality shall be true and correct at the Time of Closing with the same force and effect as if such representations and warranties were made at and as of such time, and all other representations and warranties of Motorola and Motorola B.V. contained in this Agreement and in the Employee Matters Agreement which are not so qualified shall be true and correct in all material respects at the Time of Closing with the same force and effect as if such representations and warranties were made at and as of such time, except in

each case for changes therein specifically permitted by this Agreement or resulting from any transaction expressly consented to in writing by Celestica and Celestica Ireland, and certificates of duly authorized representatives of Motorola and Motorola B.V., dated the Closing Date, to that effect shall have been delivered to Celestica and Celestica Ireland, such certificates to be in the form agreed to by Motorola's U.S. Counsel and Celestica's Canadian Counsel;

(b) COVENANTS. All of the terms, covenants and conditions of this Agreement and the Employee Matters Agreement to be complied with or performed by Motorola and Motorola B.V. at or before the Time of Closing shall have been complied with or performed, and certificates of duly authorized representatives of Motorola and Motorola B.V., dated the Closing Date, to that effect shall have been delivered to Celestica and Celestica Ireland, such certificates to be in the form agreed to by Motorola's U.S. Counsel and Celestica's Canadian Counsel;

(c) CONSENTS. Motorola shall have given or obtained the material notices, consents and approvals described in Schedule 5.15, in each case in form and substance reasonably satisfactory to Celestica;

(d) NO DAMAGE. No damage by fire or other hazard to the whole or any part of the Purchased Assets shall have occurred prior to the Time of Closing, which in the aggregate could have a material adverse effect on the Purchased Assets;

(e) DELIVERY OF MOTOROLA'S CLOSING DOCUMENTATION. Each of Motorola and Motorola B.V. shall deliver to Celestica and Celestica Ireland certificates of legal existence and good standing (where appropriate) and qualification to do business from the appropriate Governmental Authorities in Delaware and Iowa, and two copies, certified by duly authorized representatives of Motorola and Motorola B.V. as of the Closing Date, of their respective certificates of incorporation and by-laws, of certificates of incumbency of certain of their employees executing any documents in connection with the transactions contemplated hereby and of the resolutions authorizing the execution, delivery and performance by Motorola and Motorola B.V. of this Agreement and the Principal Agreements and any documents to be provided by them pursuant to the provisions hereof and thereof, and in the case of Motorola, a copy, certified by the Secretary of the State of Delaware, of its certificate of incorporation and in the case of Motorola B.V., a copy, certified by the appropriate Governmental Authority of The Netherlands, of its certificate of incorporation;

(f) DELIVERY OF CONVEYANCING DOCUMENTS. Each of Motorola and Motorola B.V. shall deliver to Celestica and Celestica Ireland all necessary deeds, conveyances, bills of sale, assurances, transfers, assignments and any other documentation necessary or reasonably required to transfer the Purchased Assets to Celestica and Celestica Ireland with good and marketable title (and in the case of the Premises, such title shall be good, clear, recorded and marketable), free and clear of all Encumbrances whatsoever other than Permitted Encumbrances and in accordance with the Real Estate Contract (Dublin) and the Requisitions;

(g) LEGAL OPINION. Each of Motorola and Motorola B.V. shall have delivered to Celestica and Celestica Ireland favorable opinions of Motorola's in-house counsel and Motorola's Irish counsel (as appropriate given the qualifications of such counsel and the practice related to giving closing opinions in its jurisdiction), as to the corporate capacity and authority of each of Motorola and Motorola B.V. to execute, deliver and perform its obligations under this Agreement and each Principal Agreement to which it is a party; the due authorization, execution and delivery by each of Motorola and Motorola B.V. of this Agreement and each Principal Agreement to which it is a party, the enforceability against Motorola and Motorola B.V. of this Agreement and each Principal Agreement to which it is a party, the execution, delivery and performance by each of Motorola and Motorola B.V. of this Agreement and each Principal Agreement to which it is a party not conflicting with, resulting in a breach of or constituting a default under its articles or by-laws, the laws of any applicable jurisdiction, any resolution of its board of directors or shareholders; and as to such other matters as the parties may agree;

(h) TAX CERTIFICATES. Celestica shall have received such clearance certificates or similar documents from state taxing authorities or such other comfort as shall be provided for under Iowa law in order to relieve Celestica of any obligation to withhold any portion of the Purchase Price for state Tax obligations of Motorola. Motorola B.V. shall deliver to Celestica Ireland a certificate under section 980(8) of the Irish Taxes Consolidation Act, 1997 that Tax should not be deducted from the Purchase Price payable by Celestica Ireland to Motorola B.V. under section 3.1 of this Agreement;

(i) EMPLOYEE MATTERS AGREEMENT. The condition set forth in Section 8.1 of the Employee Matters Agreement shall be satisfied; and

(j) NON-FOREIGN STATUS. Celestica shall have received from Motorola a "Certificate of Non-foreign Status" under section 1445 of the Code in a form satisfactory to Celestica.

The foregoing conditions are for the benefit of Celestica and Celestica Ireland and may be waived, in whole or in part, by any Celestica and Celestica Ireland at any time. If any of the conditions contained in this section 9.2 shall not be performed or fulfilled or waived at or prior to May 31, 2001 to the reasonable satisfaction of the Celestica and Celestica Ireland, Celestica and Celestica Ireland, by notice to Motorola and Motorola B.V., may rescind and terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Celestica and/or Celestica Ireland and, in such circumstances, the obligations of Celestica and Celestica Ireland under this Agreement, other than the obligations contained in sections 12.12, 12.13, 12.14 and 12.15, shall be terminated and thereafter the parties hereto shall have no obligation or liability to any other party hereunder; provided that in circumstances where (A) neither Celestica nor Celestica Ireland is then in breach of this Agreement and (B) the conditions contained in Section 9.1 have been satisfied or waived by all the parties hereto, Celestica and Celestica Ireland

may also bring an action pursuant to Article 11 against Motorola and/or Motorola B.V. for damages (other than consequential, special, incidental or indirect losses or damages, costs profits or similar items) suffered by Celestica and Celestica Ireland where the non-performance or non-fulfillment of the relevant condition is as a result of a breach of this Agreement by Motorola and/or Motorola B.V. (it being understood that if the relevant condition is the condition contained in subsection 9.2(a), Celestica and Celestica Ireland may only bring such action if the fulfillment of such condition was within the control of Motorola and/or Motorola B.V.). Any such condition which is waived in whole or in part by Celestica and Celestica Ireland shall be with prejudice to any claims they may have for a breach of this Agreement by Motorola and/or Motorola B.V.

9.3. CONDITIONS OF CLOSING IN FAVOR OF MOTOROLA AND MOTOROLA B.V. The sale and purchase of the Purchased Assets is subject to the following conditions for the exclusive benefit of Motorola and Motorola B.V., to be performed or fulfilled at or prior to the Time of Closing (which conditions may be waived, in whole or in part, by the written consent of Motorola and Motorola B.V.):

(a) REPRESENTATIONS AND WARRANTIES. The representations and warranties of Celestica and Celestica Ireland contained in this Agreement and the Employee Matters Agreement which are in any way qualified by materiality shall be true and correct at the Time of Closing with the same force and effect as if such representations and warranties were made at and as of such time, and all other representations and warranties of Celestica and Celestica Ireland contained in this Agreement and the Employee Matters Agreement which are not so qualified shall be true and correct in all material respects at the Time of Closing with the same force and effect as if such representations and warranties were made at and as of such time, except in each case for changes therein specifically permitted by this Agreement or resulting from any transaction expressly consented to in writing by Motorola and Motorola B.V., and certificates of duly authorized representatives of Celestica and Celestica Ireland, dated the Closing Date, to that effect shall have been delivered to Motorola and Motorola B.V., such certificates to be in the form agreed to by Motorola's U.S. Counsel and Celestica's Canadian Counsel;

(b) COVENANTS. All of the terms, covenants and conditions of this Agreement and the Employee Matters Agreement to be complied with or performed by Celestica at or before the Time of Closing shall have been complied with or performed, and certificates of duly authorized representatives of Celestica and Celestica Ireland, dated the Closing Date, to that effect shall have been delivered to Motorola and Motorola B.V., such certificates to be in the form agreed to by Motorola's U.S. Counsel and Celestica's Canadian Counsel;

(c) DELIVERY OF CELESTICA'S CLOSING DOCUMENTATION. Celestica and Celestica Ireland shall deliver to Motorola certificates of legal existence and good standing (where appropriate) and qualification to do business from the appropriate Government Authorities in Delaware and Iowa, and two copies, certified by duly authorized representatives of Celestica and Celestica Ireland as of the Closing Date, of their certificates of incorporation and by-laws, of certificates of incumbency of their

employees executing any documents in connection with the transactions contemplated hereby and of the resolutions authorizing the execution, delivery and performance by Celestica and Celestica Ireland of this Agreement and the Principal Agreements and any documents to be provided by them pursuant to the provisions hereof and thereof and, in the case of Celestica, a copy certified by the Secretary of State of Delaware of its certificate of incorporation and, in the case of Celestica Ireland, a copy certified by an officer of director of Celestica Ireland of its certificate of incorporation;

(d) LEGAL OPINION. Celestica and Celestica Ireland shall have delivered to Motorola a favorable opinion of Celestica's U.S. Counsel and Celestica's Irish Counsel, (as appropriate given the qualifications of such counsel and the practice related to giving closing opinions in its jurisdiction), as to the corporate capacity and authority of each of Celestica and Celestica Ireland to execute, deliver and perform its obligations under this Agreement and each Principal Agreement to which it is a party; the due authorization, execution and delivery by each of Celestica and Celestica Ireland of this Agreement and each Principal Agreement to which it is a party; the enforceability against Celestica and Celestica Ireland of this Agreement and each Principal Agreement to which it is a party; the execution, delivery and performance by each of Celestica and Celestica Ireland of this Agreement and each Principal Agreement to which it is a party not conflicting with, resulting in a breach of or constituting a default under its articles or by-laws, the laws of any applicable jurisdiction, any resolution of its board of directors or shareholders; and as to such other matters as the parties may agree; and

(e) PAYMENTS. Celestica and Celestica Ireland shall have made the payments to Motorola and Motorola B.V. referred to in section 3.1 and, if applicable, the financial institution shall have made the payment to Motorola B.V. for the Irish Real Property in accordance with section 8.9.

The foregoing conditions are for the benefit of Motorola and Motorola B.V. and may be waived, in whole or in part, by any Motorola and Motorola B.V. at any time. If any of the conditions contained in this section 9.3 shall not be performed or fulfilled or waived at or prior to May 31, 2001 to the reasonable satisfaction of the Motorola and Motorola B.V., Motorola and Motorola B.V., by notice to Celestica and Celestica Ireland, may rescind and terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Motorola and/or Motorola B.V. and, in such circumstances, the obligations of Motorola and Motorola B.V. under this Agreement, other than the obligations contained in sections 12.12, 12.13, 12.14 and 12.15, shall be terminated and thereafter the parties hereto shall have no obligation or liability to any other party hereunder; provided that in circumstances where (A) neither Motorola nor Motorola B.V. is then in breach of this Agreement and (B) the conditions contained in Section 9.1 have been satisfied or waived by all the parties hereto, Motorola and Motorola B.V. may also bring an action pursuant to Article 11 against Celestica and/or Celestica Ireland for damages (other than consequential, special, incidental or indirect losses or damages, costs profits or similar items) suffered by Motorola and Motorola B.V. where the non-performance or non-fulfillment of the relevant

condition is as a result of a breach of this Agreement by Celestica and/or Celestica Ireland (it being understood that if the relevant condition is the condition contained in subsection 9.3(a), Motorola and Motorola B.V. may only bring such action if the fulfillment of such condition was within the control of Celestica and/or Celestica Ireland). Any such condition which is waived in whole or in part by Motorola and Motorola B.V. shall be with prejudice to any claims they may have for a breach of this Agreement by Celestica and/or Celestica Ireland.

ARTICLE 10

CLOSING DATE AND TRANSFER OF POSSESSION

10.1. PLACE OF CLOSING. The closing shall take place at the Time of Closing at the offices of McDermott, Will & Emery, 227 West Monroe Street, Chicago, Illinois 60606-5096.

10.2. TRANSFER. Subject to compliance with the terms and conditions hereof, at the Effective Time Motorola and Motorola B.V. shall let Celestica and Celestica Ireland into possession of the Purchased Assets and cause to be delivered to Celestica and Celestica Ireland all the Purchased Assets which are capable of passing by delivery. Motorola and Motorola B.V. shall deliver to Celestica and Celestica Ireland all the title deeds and documents relating to such of the Purchased Assets as are assigned or transferred hereunder. The sale of the Real Property shall be carried out in accordance with the terms of the Real Estate Contract (Dublin). In the event of any conflict between the General Conditions of the Real Estate Contract (Dublin) (as amended by the Special Conditions of the Real Estate Contract (Dublin)) and the terms of this Agreement, the latter shall prevail; but in the event of any conflict between the Special Conditions of the Real Estate Contract (Dublin) and the terms of this Agreement, the former shall prevail.

10.3. FURTHER ASSURANCES. From time to time subsequent to the Closing Date, each party covenants and agrees that at all times after the Closing Date, at the expense of the requesting party, it will promptly execute and deliver all such documents, including all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as the other party, acting reasonably, from time to time may request be executed or done in order to evidence better or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby. Motorola B.V. shall ensure that all bolts and fastenings attaching to plant, machinery and fittings to land or buildings shall be undone so that the same shall be severed at the Time of Closing and title thereto and to the Inventory and to the books and records shall pass by delivery.

10.4. RISK OF LOSS. From the date hereof up to the Time of Closing, the Purchased Assets shall be and remain at the risk of Motorola. At the Time of Closing, risk in the Purchased Assets shall pass to Celestica. If, prior to the Time of Closing, all or any part of the Purchased Assets which are necessary to carry on the Motorola Operation as currently conducted are destroyed or damaged by fire or any other casualty or shall be appropriated, expropriated or seized by Governmental Authority or other lawful authority, unless Celestica terminates its obligations under this Agreement as contemplated by section 9.2, Celestica shall complete the purchase without reduction of the Purchase Price, in which event all proceeds of insurance or

compensation for expropriation or seizure shall be paid to Celestica at the Time of Closing and all right and claim of Motorola to any such amounts not paid by the Closing Date shall be assigned at the Time of Closing to Celestica.

ARTICLE 11

INDEMNIFICATION

11.1. INDEMNIFICATION BY MOTOROLA AND MOTOROLA B.V. Motorola and Motorola B.V. jointly and severally shall indemnify and save harmless each of Celestica, Celestica Ireland, their directors, officers, stockholders, Affiliates, employees and agents and Celestica's and Celestica Ireland's successors and all directors, officers, employees and agents of each such successor, stockholder or Affiliate from and against any and all Losses suffered or incurred by Celestica as a result of or arising directly or indirectly out of or in connection with:

(a) any breach by Motorola or Motorola B.V. or any inaccuracy of any representation or warranty of Motorola or Motorola B.V. contained in this Agreement or contained in any of the Principal Agreements or in any agreement, instrument, certificate or other document delivered pursuant hereto or the Principal Agreements (provided that Motorola shall not be required to indemnify or save harmless Celestica or Celestica Ireland in respect of any such breach or inaccuracy of any representation or warranty unless Celestica and/or Celestica Ireland shall have provided notice to Motorola and Motorola B.V. in accordance with section 11.3 on or prior to the expiration of any applicable time period related to such representation and warranty set out in section 7.1);

(b) any breach or non-performance by Motorola or Motorola B.V. of any covenant to be performed by them which is contained in this Agreement or in any agreement, instrument, certificate or other document delivered pursuant hereto;

(c) all liabilities of Motorola and Motorola B.V. which are or would be liabilities of Motorola and Motorola B.V. at or prior to the Effective Time, other than the Assumed Liabilities, including, without limitation, the manufacturing and sale of products by the Motorola Operation up to the Effective Time in respect of which product liability claims, warranty claims and other claims with respect to the quality, suitability or compliance with specifications or orders of such products are made against Celestica, Celestica Ireland or their Affiliates; and

(d) any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for or on behalf of Motorola and/or Motorola B.V.

11.2. INDEMNIFICATION BY CELESTICA. Celestica and Celestica Ireland jointly and severally shall indemnify and save harmless each of Motorola, Motorola B.V., their directors, officers, stockholders, Affiliates, employees and agents and Motorola's and Motorola B.V.'s successors and all directors, officers, employees and agents of each such successor, stockholder

or Affiliate from and against any and all Losses suffered or incurred by Motorola and/or Motorola B.V. as a result of or arising directly or indirectly out of or in connection with:

(a) any breach by Celestica or Celestica Ireland of or any inaccuracy of any representation or warranty of Celestica or Celestica Ireland contained in this Agreement or contained in any of the Principal Agreements or in any agreement, instrument, certificate or other document delivered pursuant hereto or in the Principal Agreements (provided that neither Celestica nor Celestica Ireland shall be required to indemnify or save harmless Motorola or Motorola B.V. in respect of any breach or inaccuracy of any representation or warranty unless Motorola and Motorola B.V. shall have provided notice to Celestica and Celestica Ireland in accordance with section 11.3 on or prior to the expiration of the applicable time period related to such representation and warranty set out in section 7.1);

(b) any breach or non-performance by Celestica or Celestica Ireland of any covenant to be performed by them which is contained in this Agreement or in any agreement, instrument, certificate or other document delivered pursuant hereto;

(c) the operations of the Celestica Operation after the Effective Time, including the manufacturing and sale of products by the Celestica Operation after the Effective Time in respect of which product liability claims, warranty claims and other claims with respect to the quality, suitability or compliance with specifications or orders of such products may be made by customers of the Celestica Operation or other persons or any failure by Celestica or Celestica Ireland to pay, satisfy, discharge, perform or fulfil any of the Assumed Liabilities; and

(d) any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for or on behalf of Celestica and/or Celestica Ireland.

11.3. NOTICE OF CLAIM. In the event that any party (the "Indemnified Party") shall assert a First Party Claim (as hereinafter defined) or become aware of any Third Party Claim (as hereinafter defined) in respect of which another party (the "Indemnifying Party") agreed to indemnify the Indemnified Party pursuant to this Agreement, the Indemnified Party shall promptly give notice thereof to the Indemnifying Party. Such notice shall specify whether the Claim arises as a result of a claim asserted by a third person against the Indemnified Party (a "Third Party Claim") or whether the Claim is asserted by another party hereto (a "First Party Claim"), and shall also specify with reasonable particularity (to the extent that the information is available):

(a) the factual basis for the Claim; and

(b) the amount of the Claim, if known.

If, through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of any Claim in time to contest effectively the determination of any liability susceptible of being contested, the Indemnifying Party shall be entitled to set off against the amount claimed by the

Indemnified Party the amount of any Losses incurred by the Indemnifying Party resulting from the Indemnified Party's failure to give such notice on a timely basis.

11.4. FIRST PARTY CLAIMS. With respect to any First Party Claim, following receipt of notice from the Indemnified Party of the Claim, the Indemnifying Party shall have 60 days to make such investigation of the Claim as is considered necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim, together with all such other information as the Indemnifying Party may reasonably request. If both parties agree at or prior to the expiration of such 60-day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Claim, failing which the matter shall be referred to dispute resolution pursuant to the provisions of section 12.2.

11.5. THIRD PARTY CLAIMS. With respect to any Third Party Claim, the Indemnified Party must give prompt notice to the Indemnifying Party of the Third Party Claim. The Indemnifying Party may, at its sole cost and expense, upon notice to the Indemnified Party within sixty (60) days after the Indemnifying Party receives notice of the Third Party Claim, assume the defense of the Third Party Claim, with counsel of its choice. The Indemnifying Party shall not consent to a settlement of, or the entry of any judgment arising from, any Third Party Claim, unless (i) the settlement or judgment is solely for money damages, or (ii) the Indemnified Party consents thereto, which consent shall not be unreasonably withheld. The Indemnifying Party shall provide the Indemnified Party with thirty (30) days prior notice before it consents to a settlement of, or the entry of a judgment arising from, any Third Party Claim. The Indemnified Party shall be entitled to participate in the defense of (but not control) any Third Party Claim, the defense of which is assumed by the Indemnifying Party, with its own counsel and at its own expense. The parties shall cooperate in the defense of any Third Party Claim and the relevant records of each party shall be made available on a timely basis. If the Indemnifying Party does not assume the defense of any such claim or proceeding resulting therefrom in accordance with the terms hereof, the Indemnified Party may defend such claim or proceeding in a reasonable manner, including settling such claim or proceeding on such terms as the Indemnified Party may deem appropriate after giving thirty (30) days' notice of the same to the Indemnifying Party and obtaining the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld. To the extent applicable, the Indemnified Party shall keep the Indemnifying Party reasonably informed, in writing, as to the defense of any such matter hereunder.

11.6. GENERAL PROVISIONS.

(a) The Indemnified Party shall give written notice to the Indemnifying Party of the facts and circumstances giving rise to any claim for indemnification as soon as reasonably possible but in any event within thirty (30) days after it obtains knowledge of the basis for a claim for indemnification hereunder. The Indemnified Party shall take all reasonable steps to mitigate all indemnifiable liabilities and damages upon and after becoming aware of any event which could reasonably be expected to give rise to any liabilities and damages that are indemnifiable hereunder. No party shall be entitled to indemnification to the extent of any insurance, Tax or other benefits (if applicable, computed on a

present value basis using a 6% discount rate) resulting from or which may be claimed as a result of the facts and circumstances relating to any indemnifiable claim. If any Losses are covered by insurance, Celestica and/or Celestica Ireland, as the case may be, shall use all reasonable efforts to recover the amount of such Losses from the insurer of such insurance which recovery (net of any retroactive premium adjustments and the aggregate amount of reasonably anticipated (based or written advice from insurance brokers or providers) increased insurance premiums over the following two policy years) shall reduce the amount of Losses hereunder; provided, however, that neither Celestica nor Celestica Ireland shall be required to obtain such recovery as a condition to making a claim against Motorola and/or Motorola B.V. pursuant to this Article 11.

(b) Neither party shall have any obligation to indemnify the other party or otherwise have liability to the other party for consequential damages, special damages, incidental damages, indirect damages, collateral damages, punitive damages, lost profits or similar items.

(c) Each of Motorola and Motorola B.V. shall have no liability under this Article 11 to the extent arising from actions taken or not taken by Celestica, Celestica Ireland or their Affiliates after the Closing Date (provided, however, that the foregoing shall not relieve Motorola or Motorola B.V. of any obligations hereunder unless, and to the extent, Celestica's or Celestica Ireland's actions or inactions expand or increase Motorola's or Motorola B.V.'s obligations and liabilities hereunder).

(d) To the extent that Motorola and/or Motorola B.V. discharges any claim for indemnification hereunder, Motorola and Motorola B.V. shall be subrogated to all rights of Celestica and Celestica Ireland against third parties.

(e) The Indemnified Party and the Indemnifying Party shall cooperate fully with each other with respect to Third Party Claims and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available).

11.7. THRESHOLD AND CAP ON INDEMNIFICATION. No Claim shall be made pursuant to subsections **** until the aggregate Losses suffered or incurred by the Indemnified Party in respect of all matters which could be the subject of such a Claim (collectively, the "**** Losses") exceed $****, at which time the Indemnified Party may make Claims in respect of all Losses, including for greater certainty, the first **** thereof. The maximum liability of Motorola and Motorola B.V. in the aggregate, for **** Losses shall not exceed the amount equal to ****.

11.8. EXCLUSIVITY. The provisions of this Article 11 shall apply to any Claim for breach of any covenant, representation, warranty or other provision of this Agreement, the Employee Matters Agreement, the Real Estate Contract (Dublin), the Agreement referred to in Section 12.8 or any certificate or other document delivered pursuant hereto or thereto or in connection herewith (other than a claim for specific performance or injunctive

relief) with the intent that all such Claims shall be subject to the limitations and other provisions contained in this Article 11.

ARTICLE 12

MISCELLANEOUS

12.1. ALLIANCE AGREEMENT. Motorola agrees to give Celestica primary consideration for the next significant "Alliance Agreement" that Motorola enters into with any contract manufacturer during the three (3) years following the execution of this Agreement, it being agreed that Celestica shall be offered such Alliance Agreement if Celestica satisfies Motorola's business criteria (defined as meeting or exceeding competitors' cost, technical and managerial capabilities, and satisfying capacity, cost and quality considerations (including, but not limited to, satisfactory performance under all existing Business Unit Agreements)). In each case, the criteria imposed by Motorola will be reasonable and fairly applied. For purposes of this Agreement, an Alliance Agreement does not include agreements with an original design manufacturer where the primary intent is to acquire design capability, or other agreements to sell excess manufacturing capacity that are similar to this Agreement where the primary intent is to sell the capacity and not to create a broader alliance. For purposes of this section, "Motorola" shall not include Motorola's Semiconductor Products Sector. This section 12.1 shall terminate and cease to be of any further force or effect in the event that the closing of the transaction of purchase and sale of the Purchased Assets contemplated herein does not occur in accordance with the terms hereof and this Agreement is terminated.

12.2. DISPUTE. All disputes which arise under this Agreement shall be submitted to the Steering Committee which members will use their good faith efforts to resolve such disputes. To the extent that any misunderstanding or dispute cannot be resolved by the Steering Committee in a friendly manner, the dispute will be mediated by a mutually-acceptable mediator to be chosen by the parties within 45 days after written notice by one of the parties demanding mediation. No party may unreasonably withhold consent to the selection of a mediator, however, by mutual agreement the parties may postpone mediation until each has completed specified but limited discovery with respect to a dispute. The parties may also agree to attempt some other form of alternative dispute resolution ("ADR") in lieu of mediation, including by way of example and without limitation, neutral fact-finding or a mini-trial. Any dispute which the parties cannot resolve through negotiation, mediation or other form of ADR within six (6) months of the date of the initial demand for it by one of the parties may then be submitted to the courts for resolution. The use of any ADR procedures will not be construed under the doctrines of laches, waiver or estoppel to affect adversely the rights of any party. Nothing in this section 12.2 will prevent any party from resorting to judicial proceedings if (i) good faith efforts to resolve the dispute under these procedures have been unsuccessful or (ii) interim relief from a court is necessary to prevent serious and irreparable injury to one party or to others.

12.3. NOTICES.

(a) All notices, request, demands and other communications required or permitted to be given hereunder shall be in writing and shall be personally delivered or sent by facsimile transmission with confirming copy sent by overnight courier (such as

Express Mail, Federal Express, etc.) and a delivery receipt obtained and addressed to the intended recipient:

(i) if to Motorola or Motorola B.V.:

Motorola, Inc.
Worldwide Supply Chain Strategy
Personal Communications Sector
600 North U.S. Highway 45
Libertyville, Illinois 60048
Attention: Senior Operations Controller
Telecopier No.: (847) 523-4246

with a copy to:

Motorola Inc.
Commercial, Government and Industrial Solutions Sector
1301 E. Algonquin Road
Schaumburg, Illinois 60196-1078
Attention: Supply Chain Operations Group Controller
Telecopier No.: (847) 576-0721

Motorola, Inc.
Law Department
1303 E. Algonquin Road
Schaumburg, Illinois 60196
Telecopier: (847) 576-2818
Attn: General Counsel

McDermott, Will & Emery
227 W. Monroe Street
Chicago, Illinois 60606
Telecopier: (312) 984-7700
Attn: John Tamisiea

(ii) if to Celestica:

Celestica Corporation
Pease International Tradeport
ATTN: EXAO3
72 Pease Boulevard
Newington, New Hampshire
03801
Attention: General Manager
Telecopier: (603) 334-4330

if to Celestica Ireland:

Celestica Ireland Limited
Balheary Industrial Park
Swords, Co Dublin
Ireland

in each case with copies to:

Celestica Inc.
12 Concorde Place, 7th Floor
Toronto, Ontario
M3C 2R8
Attention: Vice-President and General Counsel
Telecopier: (416) 448-5454

Celestica Inc.
12 Concorde Place, 7th Floor
Toronto, Ontario
M3C 2R8
Attention: Senior Vice-President Mergers and Acquisitions
Telecopier: (416) 448-5454

(b) Any such notice or other communication shall be deemed to have been given and received on the day on which it was personally delivered or transmitted by facsimile, receipt confirmed in the manner provided above (or, if such day is not a Business Day, on the next following Business Day).

(c) Either party may change its address for service at any time by giving notice to the other party in accordance with this section 12.3.

12.4. CURRENCY. Unless otherwise indicated, all dollar amounts referred to in this Agreement are expressed in United States dollars.

12.5. SECTIONS AND HEADINGS. The division of this Agreement into Articles, sections, subsections, paragraphs, Schedules and Exhibits and the insertion of headings and an index are for convenience of reference only and shall not affect the construction or the interpretation of this Agreement. Unless otherwise specified herein, any reference in this Agreement to an Article, section, subsection, paragraph, Schedule or Exhibit refers to the specified Article, section, subsection or paragraph of or Schedule or Exhibit to this Agreement. In this Agreement, the terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and not to any particular part, Article, section, subsection, paragraph or other provision hereof.

12.6. RULES OF CONSTRUCTION. Unless the context otherwise requires, in this Agreement:

(a) words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders and vice versa;

(b) the words "include", "includes" and "including" means "include", "includes" or "including", in each case, "without limitation";

(c) reference to any agreement indenture or other instrument in writing means such agreement, indenture or other instrument in writing as amended, modified, replaced or supplemented from time to time;

(d) reference to any statute shall be deemed to be a reference to such statute as amended, reenacted or replaced from time to time;

(e) if there is any conflict or inconsistency between the provisions contained in the body of this Agreement and those of any Schedule or Exhibit (other than the Principal Agreements) hereto, the provisions contained in the body of this Agreement shall prevail;

(f) time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and

(g) whenever any payment to be made or action to be taken hereunder is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next following Business Day.

12.7. CONSTRUCTION. The parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement and that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party, including the rule or doctrine of CONTRA PROFERENTUM, shall not be applicable in the interpretation of this Agreement.

12.8. ENTIRE AGREEMENT. This Agreement, together with the agreements specifically contemplated herein or entered into or delivered in connection herewith, including without limitation the first amendment to the Amended and Restated Asset Purchase Agreement, ("AMENDMENT NO. 1"), dated February 28, 2001, the provisions of which are incorporated herein, and the agreement, dated as of December 5, 2000, among the parties, relating to certain matters associated herewith, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided or as provided in other documents executed and delivered by the parties in connection herewith. For greater certainty, all references to the "Asset Purchase Agreement" and similar expressions in Amendment No. 1 shall be deemed to be references to this Agreement as amended and restated as of the date hereof.

12.9. TIME OF ESSENCE. Time shall be of the essence of this Agreement.

12.10. APPLICABLE LAW; CONSENT TO JURISDICTION. This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of State of New York without reference to the conflict of laws principles thereof. Each of the parties hereby attorns to the non-exclusive jurisdiction of the courts of the State of New York and all courts competent to hear appeals therefrom.

12.11. WAIVER OF JURY TRIAL. Each party hereto hereby waives, to the fullest extent permitted by applicable laws, any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with this Agreement or any of the Principal Agreements. Each party hereto (a) certifies that no representative, agent or counsel of the other party has represented expressly or otherwise that the other party would not, in the event of litigation, seek to enforce the foregoing waiver, and (b) acknowledges that it and the other party hereto have been induced to enter into this Agreement and the Principal Agreements by, among other things, the mutual waivers and certifications contained in this section.

12.12. PUBLIC ANNOUNCEMENT. The parties shall consult with each other before issuing any press release or making any other public announcement with respect to this Agreement or the transactions contemplated hereby and, except as required by any applicable law or regulatory requirement, neither of them shall issue any such press release or make any such public announcement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed.

12.13. DISCLOSURE. Prior to any public announcement of the transaction contemplated hereby pursuant to section 12.12, neither party shall disclose any aspects of such transaction except to its board of directors, its senior management, its legal, accounting, financial or other professional advisors, any investment bank, dealer or financial institution contacted by it with respect to any financing required in connection with such transaction or otherwise and counsel to such investment bank, dealer or financial institution, or as may be required by any applicable law or any regulatory authority or stock exchange having jurisdiction. In no event shall any party publicly disclose this Agreement or any Principal Agreement without the prior written consent of the other parties not to be unreasonably withheld.

12.14. CONFIDENTIALITY. Neither party shall disclose to any other person (other than to such party's employees, representatives and agents on a need-to-know basis, who are bound by confidentiality agreements or other confidentiality obligations) the terms or conditions hereof or the fact that an acquisition transaction with respect to the Motorola Operation is being considered by the parties unless, in the opinion of such party's counsel and subject, in the case of a filing or publication of this Agreement or any of the Principal Agreements, to section 8.10, such disclosure is required by law or applicable stock exchange regulations, in which case notice of such disclosure shall be given to the other party. In the event any such disclosure is required, the disclosing party shall give the other party prior written notice. Subject to each party's approval, the relationship established by this Agreement may be described in any press release or other public dissemination as a strategic relationship between the parties.

12.15. EXPENSES. Except as otherwise provided herein, each party shall be responsible for the expenses (including fees and expenses of legal advisors, accountants and other professional advisors) incurred by it and its Affiliates, respectively, in connection with the

negotiation and settlement of this Agreement and the Principal Agreements and the completion of the transactions contemplated hereby and thereby.

12.16. SEVERABILITY. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct. To the extent that any such provision is found to be invalid, illegal or unenforceable, the parties hereto shall act in good faith to substitute for such provision, to the extent possible, a new provision with content and purpose as close as possible to the provision so determined to be invalid, illegal or unenforceable.

12.17. SUCCESSORS AND ASSIGNS. This Agreement shall enure to the benefit of and shall be binding on and enforceable by the parties and their respective successors and permitted assigns. Neither party may assign any of its rights or obligations hereunder without the prior written consent of the other party.

12.18. AMENDMENT AND WAIVERS. No amendment or waiver of any provision of this Agreement shall be binding on either party unless consented to in writing by such party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, and no waiver shall constitute a continuing waiver unless otherwise provided.

12.19. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

12.20. NO THIRD PARTY BENEFICIARIES. Except as specifically provided herein, this Agreement shall not confer any rights or remedies on any person other than the parties hereto and their respective successors and permitted assigns.

12.21. PROCESS AGENTS. Except as specifically provided herein, each of Celestica Ireland and Motorola B.V. appoints CT Corporation System, in each case to act as its process agent to receive on each of their behalf service of process in any proceedings in New York. Service upon the process agent shall be deemed to be good service upon Celestica Ireland or Motorola B.V., as appropriate. If for any reason the process agent ceases to be able to act as process agent or no longer has an address in New York, each of Celestica Ireland and Motorola B.V. agrees to appoint a substitute process agent with an address in New York acceptable to the other party and to deliver to that party a copy of the substitute process agent's acceptance of that appointment prior to the first process agent ceasing to act. In the event that either Celestica Ireland or Motorola B.V. fails to appoint a substitute process agent in accordance with this Article, it shall be effective service for the other party to serve the process upon the last known address in New York of the last known process agent of the defaulting party notified to it notwithstanding that such process agent is no longer found at such address or has ceased to act.

IN WITNESS WHEREOF the parties have executed this Agreement.

CELESTICA CORPORATION

By: /s/ Rahul Suri

Name: Rahul Suri

Title: Authorized Signatory

CELESTICA IRELAND LIMITED

By: /s/ Rahul Suri

Name: Rahul Suri

Title: Authorized Signatory

MOTOROLA INC.

By:

Name:

Title:

MOTOROLA, B.V.

By:

Name:

Title:

EXHIBIT 3.6

CONFIDENTIAL MATERIALS OMITTED AND
FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION.
ASTERISKS DENOTE OMISSIONS.

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

AVAYA INC.

AS SELLER

AND

CELESTICA CORPORATION

AS BUYER

DATED AS OF FEBRUARY 19, 2001

TABLE OF CONTENTS

SCHEDULES

EXHIBITS

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("AGREEMENT") is made as of February 19, 2001 by and between AVAYA INC., a Delaware corporation, having an office at 211 Mt. Airy Road, Basking Ridge, New Jersey 07920 ("SELLER"), and CELESTICA CORPORATION, a Delaware corporation, having an office at 100 Domain Drive, Exeter, New Hampshire 03833-4899 ("BUYER").

R E C I T A L S

A. WHEREAS, Seller is, among other things, engaged in (X) the manufacturing and repair of printed circuit board assemblies, box build assemblies and business telephone sets for enterprise and voice data products at the Denver Premise and the Shreveport Premise (the "PRODUCT BUSINESS"), (Y) the warehousing and distribution at the Denver Premise and the Shreveport Premise of finished goods products which are manufactured by Seller and its suppliers for sale to Seller's customers (the "DISTRIBUTION BUSINESS") and (Z) the distribution, call center and repair business at the Little Rock Premise (the "REPAIR BUSINESS," and collectively with the Distribution Business and the Product Business, the "BUSINESS");

B. WHEREAS, the Business is composed of certain assets and liabilities that are currently part of Seller;

C. WHEREAS, Seller desires to sell, transfer and assign to Buyer, and Buyer desires to purchase and assume from Seller, the Purchased Assets (as hereinafter defined), and Buyer is willing to assume, the Assumed Liabilities (as hereinafter defined), in each case as more fully described and upon the terms and subject to the conditions set forth herein; and

D. WHEREAS, Seller (or one of its Affiliates, as applicable) and Buyer (or one of its Affiliates, as applicable) desire to enter into each of the Assignment and Bill of Sale, the Assumption Agreement, the EMS Agreement, the Intellectual Property License Agreement, the Transition Services Agreement, the Denver Lease, the Real Estate Deed, the Lease Assignments and the Incentive Agreement (collectively, the "COLLATERAL AGREEMENTS").

NOW, THEREFORE, in consideration of the mutual agreements and covenants herein contained and intending to be legally bound hereby, the parties hereto hereby agree as follows:

1. DEFINITIONS

1.1 DEFINED TERMS

For the purposes of this Agreement, in addition to the words and phrases that are described throughout the body of this Agreement, the following words and phrases shall have the following meanings:

"AFFILIATE" of any Person means any Person that controls, is controlled by, or is under common control with such Person. As used herein, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise.

"AGREEMENT" has the meaning assigned in the preamble hereof.

"ASSET ACQUISITION STATEMENT" has the meaning assigned in Section 5.3 (b).

"ASSIGNMENT AND BILL OF SALE" means the agreement in substantially the form set forth as EXHIBIT A.

"ASSUMED LIABILITIES" means the liabilities and obligations of Seller assumed by Buyer pursuant to the Assumption Agreement and Section 2.4.

"ASSUMPTION AGREEMENT" means the agreement in substantially the form set forth as EXHIBIT B.

"BENEFIT PLAN" means, in respect of any Business Employee, each "employee benefit plan," as defined in Section 3(3) of ERISA (including any "multiemployer plan" as defined in Section 3(37) of ERISA) and each profit-sharing, bonus, stock option, stock purchase, stock ownership, pension, retirement, severance, deferred compensation, excess benefit, supplemental unemployment, post-retirement medical or life insurance, welfare or incentive plan, or sick leave, long-term disability, medical, hospitalization, life insurance, other insurance plan, or other employee benefit plan, program or arrangement, whether written or unwritten, qualified or non-qualified, funded or unfunded, maintained or contributed to by Seller.

"BUSINESS" has the meaning assigned in Recital A hereof.

"BUSINESS DAY" means a day that is not a Saturday, a Sunday or a statutory or civic holiday in the State of New York or any other day on which the principal offices of Seller or Buyer are closed or become closed prior to 2:00 p.m. local time whether in accordance with established company policy or as a result of unanticipated events, including adverse weather conditions.

"BUSINESS EMPLOYEES" shall mean, collectively, the Represented Employees, the Non-Represented Employees and the Represented Shreveport Employees.

"BUSINESS RECORDS" means all books, records, ledgers and files or other similar information used primarily in the conduct of the Business at the Denver Premise and the Little Rock Premise or relating primarily to any of the Purchased Assets, including price lists, customer lists, vendor lists, mailing lists, warranty information, catalogs, sales promotion literature, advertising materials, brochures, records of operation, standard forms of documents, manuals of operations or business procedures, research materials and product testing reports required by any national, federal, state, provincial or local court, administrative body or other Governmental Body of any country, but excluding any such items to the extent (i) they are included in, or primarily related to, any Excluded Assets or Excluded Liabilities, (ii) any applicable Law prohibits their transfer or (iii) they are confidential personnel records.

"BUYER" has the meaning assigned in the preamble hereof.

"BUYER'S AUDITOR" has the meaning assigned in Section 2.3(a).

"CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Sections 9601 ET SEQ., as amended.

"CLOSING" means any one of the Initial Closing or a Delayed Closing, as applicable.

"CLOSING DATE" means any one of the Initial Closing Date or a Delayed Closing Date, as applicable.

"CODE" means the U.S. Internal Revenue Code of 1986, as amended.

"COLLATERAL AGREEMENTS" has the meaning assigned in Recital D hereof.

"CONFIDENTIALITY AGREEMENT" shall mean the agreement between Seller and Buyer dated November 1, 2000.

"CONSULTANT" has the meaning assigned in Section 5.9.

"CONTRACTS" means the Equipment Leases and all other Third-Party contracts, agreements, leases and subleases, supply contracts, purchase orders, sales orders and instruments used or held for use primarily in the conduct of the Business at the Premises that will be in effect on the applicable Closing Date to which Seller is a party, (i) for the lease of furniture and office equipment, (ii) for the provision of goods or services by the Business or for the Business, (iii) for the purchase, procurement or supply of raw materials, supplies, Inventory or other components, or (iv) any such contracts, agreements, instruments and leases referred to in clauses (i)-(iii), inclusive, entered into between the date hereof and

outstanding as of the applicable Closing Date by Seller; but "Contracts" excludes the Excluded Contracts.

"COUNSEL FOR BUYER" means Davies Ward Phillips & Vineberg LLP.

"COUNSEL FOR SELLER" means a corporate counsel of Seller.

"DELAYED CLOSING" means any one of the Shreveport Delayed Asset Closings or the Denver and Little Rock Inventory Closing, as applicable.

"DELAYED CLOSING DATE" means any one of the Shreveport Delayed Asset Closing Dates or the Denver and Little Rock Inventory Closing Date, as applicable.

"DELAYED PURCHASED ASSETS" means, collectively, the Delayed Shreveport Purchased Assets, the Denver and Little Rock Purchased Inventory and the Denver and Little Rock Purchase Orders.

"DELAYED SHREVEPORT ASSET NET BOOK VALUE" has the meaning assigned in Section 2.3(b).

"DELAYED SHREVEPORT ASSET NET BOOK VALUE OF THE THIRD AUDITOR" has the meaning assigned in Section 2.3(b).

"DELAYED SHREVEPORT PURCHASED ASSETS" means, collectively, the Shreveport Equipment, the Shreveport Purchased Inventory and the Shreveport Contracts and Licenses.

"DENVER AND LITTLE ROCK INVENTORY CLOSING" means the completion of the purchase and sale of the Denver and Little Rock Purchased Inventory pursuant to and in accordance with the terms of this Agreement.

"DENVER AND LITTLE ROCK INVENTORY CLOSING DATE" means the date on which the Denver and Little Rock Purchased Inventory are transferred to Buyer pursuant to Section 7.1(c).

"DENVER AND LITTLE ROCK INVENTORY PURCHASE PRICE" has the meaning assigned in Section 2.3(c).

"DENVER AND LITTLE ROCK INVENTORY SCHEDULE" has the meaning assigned in Section 2.3(c).

"DENVER AND LITTLE ROCK PURCHASE ORDERS" means, collectively, all purchase order Contracts relating to the Denver and Little Rock Purchased Inventory.

"DENVER AND LITTLE ROCK PURCHASED INVENTORY" means the Purchased Inventory located at each of the Denver Premise and the Little Rock Premise.

"DENVER INVENTORY" means the Inventory located at the Denver Premise.

"DENVER LEASE" means the lease to be entered into between Seller and Buyer with respect to the Denver Premise in substantially the form set forth as EXHIBIT C.

"DENVER PREMISE" means Seller's facility located in Denver, Colorado, as identified on SCHEDULE 3.7.

"DISTRIBUTION BUSINESS" has the meaning assigned in Recital A hereof.

"EFFECTIVE TIME" means 11:59 p.m. (New York City Time) on any Closing Date.

"EMS AGREEMENT" means the Electronics Manufacturing Services Agreement in substantially the form set forth as EXHIBIT E.

"ENCUMBRANCE" means any lien, claim, charge, security interest, mortgage, pledge, easement, conditional sale or other title retention agreement, covenant or other similar restrictions or third party rights affecting the Purchased Assets other than Permitted Encumbrances.

"ENVIRONMENTAL LAW" means any local, county, state or federal Law that governs the existence of or provides a remedy for the release of Hazardous Substances, the protection of persons, natural resources or the environment, the management of Hazardous Substances, or other activities involving Hazardous Substances including, without limitation, CERCLA or any other similar federal, state, local or county Laws and occupational, health and safety Laws, in each case as in effect on or prior to the applicable Closing Date or, with respect to representations and warranties made on the date hereof, on or prior to the date hereof.

"ENVIRONMENTAL LIABILITY" has the meaning assigned in Section 2.4(c).

"EQUIPMENT LEASES" means collectively, (i) all leases for personal computers, servers, machinery, motor vehicles and equipment and other similar items used by Seller primarily in the conduct of the Business at the Denver Premise and the Little Rock Premise and (ii) all leases for personal computers, servers, machinery, motor vehicles and equipment and other similar items used by Seller primarily in the conduct of the Business at the Shreveport Premise which are identified on Schedule 2.4(a).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"EXCLUDED ASSETS" means the properties and assets of the Business excluded from the Purchased Assets by Section 2.2.

"EXCLUDED CONTRACTS" shall mean the contracts, agreements, leases and subleases, supply contracts, purchase orders, sales orders and instruments (i) identified in SCHEDULE 1.1(a), (ii) under which performance by Seller has been completed and for which there is no remaining warranty, maintenance, or support obligation, (iii) related to Excluded Assets or Excluded Liabilities, (iv) relating to any General Purchase Agreements or original equipment manufacturer agreements, (v) relating to development and design services arrangements of Seller, (vi) of Seller relating to consigned products, and (vii) relating to contract manufacturing.

"EXCLUDED LIABILITIES" means the liabilities and obligations that are not assumed by Buyer as provided in Section 2.5.

"FIXTURES AND SUPPLIES" means all furniture, furnishings and other tangible personal property owned by Seller and used or held for use primarily in the conduct of the Business and located on the Denver Premise and the Little Rock Premise, including desks, tables, chairs, file cabinets and other storage devices and office supplies but excluding any such items related to Excluded Assets or Excluded Liabilities.

"GENERAL PURCHASE AGREEMENTS" shall mean Third-Party supply contracts, licenses, leases or other agreements between Seller or its Affiliates and a Third Party pursuant to which Seller or its Affiliates purchase, license or lease products or services from such Third-Party for any of Seller's or an Affiliate's businesses other than solely and exclusively for the Business.

"GOVERNMENTAL BODY" means any legislative, executive or judicial unit of any governmental entity (federal, state, local or foreign) or any department, commission, board, agency, bureau, official or other regulatory, administrative or judicial authority thereof.

"GOVERNMENTAL PERMITS" means the governmental permits and licenses, certificates of inspection, registrations, approvals or other authorizations issued to Seller with respect to the Business conducted at the Denver Premise and the Little Rock Premise and necessary for the operation of such Business as currently conducted under applicable Laws set forth on SCHEDULE 1.1(b).

"HAZARDOUS SUBSTANCE" means any substance that is regulated under any Environmental Law or is deemed by any Environmental Law to be "hazardous," "toxic," a "contaminant," a "waste," a source of contamination or a pollutant.

"HSR ACT" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"INCENTIVE AGREEMENT" means the Incentive Agreement to be entered into between Seller, Buyer and Celestica Inc. in substantially the form set forth as EXHIBIT I.

"INDEMNIFIED PARTY" has the meaning assigned in Section 9.3(a).

"INDEMNIFYING PARTY" has the meaning assigned in Section 9.4(a).

"INITIAL BALANCE SHEET" has the meaning assigned in Section 3.12.

"INITIAL CLOSING" means the completion of the sale and transfer of the Purchased Assets other than the Delayed Purchased Assets.

"INITIAL CLOSING DATE" means the later to occur of (i) May 4, 2001, and (ii) the date that is not more than five (5) Business Days following the date on which the last of the conditions specified in Section 8.1 to be satisfied or waived has been satisfied or waived; provided that such date is no later than June 30, 2001, or such later date as Seller and Buyer may mutually agree.

"INITIAL DENVER AND LITTLE ROCK INVENTORY NET BOOK VALUE" has the meaning assigned in Section 2.3(c).

"INITIAL DENVER AND LITTLE ROCK INVENTORY NET BOOK VALUE OF THE THIRD AUDITOR" has the meaning assigned in Section 2.3(c).

"INITIAL PURCHASE PRICE" has the meaning assigned in Section 2.3(a).

"INITIAL PURCHASED ASSETS" has the meaning assigned in Section 2.3(a).

"INITIAL PURCHASED ASSETS SCHEDULE" has the meaning assigned in Section 2.3(a).

"INITIAL PURCHASED ASSETS NET BOOK VALUE" has the meaning assigned in Section 2.3(a).

"INITIAL PURCHASED ASSETS NET BOOK VALUE OF THE THIRD AUDITOR" has the meaning assigned in Section 2.3(a).

"INTELLECTUAL PROPERTY LICENSE AGREEMENT" means the agreement in substantially the form set forth as EXHIBIT F.

"INVENTORY" means (i) all raw materials, work in process, recycled materials, packaging materials, inventoriable supplies, and non-capital spare parts owned by Seller and used or held for use primarily in the conduct of the Product Business, (ii) components used in the repair of products at the Little Rock Premise, and (iii) any rights of Seller to the warranties received from suppliers and any related claims, credits, rights of recovery and setoff with respect to such Inventory, but only to the extent such rights are assignable, but excluding (X) any inventory related to the Distribution Business, the Excluded Assets or the Excluded Liabilities, and (Y) any finished goods or Third Party original equipment manufacturer products.

"INVESTIGATION" has the meaning assigned in Section 5.9.

"IRS" means the U.S. Internal Revenue Service.

"LAWS" shall mean any national, federal, state, provincial or local law, statute, ordinance, rule, regulation, code, order, judgment, injunction or decree of any country.

"LEASE ASSIGNMENT" means the Lease Assignment to be entered into between Seller and Buyer with respect to the Little Rock Leases in substantially the form set forth as EXHIBIT J.

"LICENSED INTELLECTUAL PROPERTY" means the Proprietary Information of Seller and its Affiliates licensed to Buyer (or to any of Buyer's Affiliates) pursuant to, and as specifically identified and set forth in, the Intellectual Property License Agreement or the EMS Agreement.

"LICENSES" means all licenses, agreements and other arrangements identified on SCHEDULE 1.1(c) under which Seller has the right to use any Proprietary Information of a Third Party to the extent used or held for use primarily in the conduct of the Business at the Premises but not the Non-assignable Licenses or any other such items related to Excluded Assets or Excluded Liabilities.

"LITTLE ROCK INVENTORY" means the Inventory located at the Little Rock Premise.

"LITTLE ROCK LEASES" means the leases identified on Schedule 2.1(c).

"LITTLE ROCK PREMISE" means Seller's facility located in Little Rock, Arkansas, as identified on SCHEDULE 3.7.

"LOSSES" has the meaning assigned in Section 9.3(a).

"MATERIAL CONTRACTS" has the meaning assigned in Section 3.10.

"NON-ASSIGNABLE ASSETS" has the meaning assigned in Section 2.6(c).

"NON-ASSIGNABLE LICENSES" means those Licenses of Proprietary Information to which Seller is the licensee (i) that are not by their terms assignable to Buyer, or (ii) related to other businesses of Seller and are not specifically related to the Business.

"NON-REPRESENTED EMPLOYEES" shall mean the non-represented employees of the Business employed at either the Denver Premise or the Little Rock Premise as identified on SCHEDULE 3.9(a) (as of the date set forth on such Schedule). Such Non-Represented Employees who accept Buyer's offer of employment in accordance with Section 5.4(a), as of the effective date of their employment with Buyer, shall be referred to as "TRANSFERRED NON-REPRESENTED EMPLOYEES".

"NOT TO BE ASSIGNED PERMITS" means the Governmental Permits listed on Schedule 1.1(b) indicated thereon as "Not to be Assigned to Buyer."

"PENSION PLAN" has the meaning assigned in Section 3.9(b).

"PERMITTED ENCUMBRANCES" means any (i) Encumbrance that will constitute an Assumed Liability, (ii) liens for taxes, assessments and other governmental charges or of landlords, liens of carriers, warehouseman, mechanics and material men incurred in the ordinary course of business, in each case for sums not yet due and payable or due but not delinquent or being contested in good faith by appropriate proceedings, (iii) liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases government contracts, performance and return of money bonds and similar obligations; provided that such liens are related to obligations which are not due or delinquent, are not registered as Encumbrances against title to any of the Purchased Assets and adequate holdbacks are being maintained as required by applicable legislation, (iv) purchase money liens arising in the ordinary course of business, limited to the property acquired, and created, issued or assumed substantially concurrently with the acquisition of such property, (v) licenses granted by Seller or an Affiliate in connection with sales of products in the ordinary course of business which do not in the aggregate materially detract from the value of the Purchased Assets or materially interfere with the use thereof in the operation of the Business, and (vi) any Encumbrance or minor imperfection in title and minor encroachments, if any, not material in amount that, individually or in the aggregate, do not materially interfere with the conduct of the Business or with the use of the Purchased Assets and do not materially affect the value of the Purchased Assets.

"PERSON" means any individual, corporation, partnership, firm, association, joint venture, joint stock company, trust, unincorporated organization or other entity, or any government or regulatory, administrative or political subdivision or agency, department or instrumentality thereof.

"PREMISES" means, collectively, the Shreveport Premise, the Little Rock Premise and the Denver Premise.

"PRINCIPAL EQUIPMENT" means the personal computers, servers, machinery and equipment and other similar items owned and used by Seller primarily in the conduct of the Business at the Denver Premise and the Little Rock Premise (including, without limitation, all material items which are identified on Schedule 1.1(d) as of the date set forth on such Schedule) but not any such items related to Excluded Assets or Excluded Liabilities. Principal Equipment includes rights to the warranties received from the manufacturers and distributors of said items and to any related claims, credits, rights of recovery and setoff with respect to said items, but only to the extent such rights are assignable.

"PRODUCT BUSINESS" has the meaning assigned in Recital A hereof.

"PROPRIETARY INFORMATION" means all intellectual property under the laws of the United States, Canada and other jurisdictions, including all: (i) trade secrets, confidential information and confidential know-how, including all unpatented inventions, customer and supplier lists, formulae, systems, methodologies, ideas, concepts, processes, documents, works, designs, prototypes, materials, technologies, inventor's notes, blueprints, unpublished studies and data, libraries, research designs, research results and notes, prototypes, drawings, design and construction specifications, production, operating and quality control manuals, technical manuals, marketing strategies, and current or proposed business opportunities; (ii) copyrights and all waivers of moral rights associated with copyrights, including all copyrights and moral rights in software, and also rights to graphic design and user interfaces elements and "look and feel", and databases; (iii) industrial designs, design patents and other designs; (iv) mask works and integrated circuit topographies; (v) patents; (vi) registered and unregistered trade-marks, service marks, sound marks, trade names, brand names, trade dress, indicia, distinguishing guises, logos, insignia, designs, business names, domain names, Internet protocol addresses and classes of Internet protocol addresses, any other source or business identifiers and fictitious characters, and all goodwill associated with the foregoing; and all registrations, applications for registration, reissues, extensions, renewals, divisions, continuations, continuations-in-part, documentation, licenses, registered under agreements and other agreements relating to the foregoing.

"PURCHASE PRICE" has the meaning assigned in Section 2.3(c).

"PURCHASED ASSETS" has the meaning assigned in Section 2.1.

"PURCHASED INVENTORY" means, at any Closing Date, Inventory which is required by Buyer for the performance of Buyer's obligations under the EMS Agreement for no more than 90 days after such Closing Date.

"REAL ESTATE DEED" means the deed with respect to the Little Rock Premise in substantially the form set forth as EXHIBIT D.

"REASONABLE COMMERCIAL EFFORTS" means that the obligated party is required to make a diligent, reasonable and good faith effort to accomplish the applicable objective. Such obligation, however, does not require an expenditure of funds or the incurrence of a liability on the part of the obligated party, nor does it require that the obligated party act in a manner that would be contrary to normal commercial practices in order to accomplish the objective. The fact that the objective is or is not actually accomplished is no indication that the obligated party did or did not in fact utilize its reasonable commercial efforts in attempting to accomplish the objective.

"REMAINING ASSETS" means, at any time, the Purchased Assets other than the Purchased Assets previously purchased by Buyer pursuant to and in accordance with the terms of this Agreement.

"REPAIR BUSINESS" has the meaning assigned in Recital A hereof.

"REPORTS" has the meaning assigned in Section 5.9.

"REPRESENTED EMPLOYEES" shall mean the employees of the Business represented by the Union and employed at either the Denver Premise or the Little Rock Premise as identified on SCHEDULE 3.9(a) (as of the date set forth on such Schedule). Such Represented Employees who accept Buyer's offer of employment in accordance with Section 5.4(a), as of the effective date of their employment with Buyer, shall be referred to as "TRANSFERRED REPRESENTED EMPLOYEES".

"REPRESENTED SHREVEPORT EMPLOYEES" shall mean the employees of the Business represented by the Union and employed at the Shreveport Premise as identified on SCHEDULE 3.9(a) (as of the date set forth on such Schedule).

"REPORTS" has the meaning assigned in Section 5.9.

"REQUIRED CONSENT" has the meaning assigned in Section 3.4(b).

"SELLER" has the meaning assigned in the preamble hereof.

"SELLER'S AUDITOR" has the meaning assigned in Section 2.1(a).

"SHREVEPORT CONTRACTS AND LICENSES" means the Contracts and Licenses relating to the Business conducted at the Shreveport Premise.

"SHREVEPORT DELAYED ASSET CLOSING" means, in respect of a purchase and sale of any of the Delayed Shreveport Purchased Assets, the completion of the purchase and sale of such Delayed Shreveport Purchased Assets pursuant to and in accordance with the terms of this Agreement.

"SHREVEPORT DELAYED ASSET CLOSING DATE" means, in respect of a purchase and sale of any of the Delayed Shreveport Purchased Assets, the date on which such Delayed Shreveport Purchased Assets are purchased by Buyer in accordance with Section 7.1(b).

"SHREVEPORT DELAYED ASSET SCHEDULE" has the meaning assigned in Section 2.3(b).

"SHREVEPORT EQUIPMENT" means the personal computers, servers, machinery and equipment and other similar items owned and used by Seller primarily in the conduct of the Business at the Shreveport Premise and which are identified on Schedule 2.1(b). Shreveport Equipment includes rights to the warranties received from the manufacturers and distributors of said items and to any related claims, credits, rights of recovery and setoff with respect to said items, but only to the extent such rights are assignable.

"SHREVEPORT PURCHASED INVENTORY" means, as at any Shreveport Delayed Asset Closing Date, the Purchased Inventory located at the Shreveport Premise which is to be purchased by Buyer hereunder on such Delayed Shreveport Asset Closing Date.

"SHREVEPORT PREMISE" means Seller's facility located in Shreveport, Louisiana, as identified on SCHEDULE 3.7.

"SHREVEPORT PURCHASE PRICE" has the meaning assigned in Section 2.3(b).

"TAXES" means, all taxes of any kind, charges, fees, customs, levies, duties, imposts, required deposits or other assessments, including, without limitation, all net income, capital gains, gross income, gross receipt, property, franchise, sales, use, excise, withholding, payroll, employment, social security, worker's compensation, unemployment, occupation, capital stock, ad valorem, value added, transfer, gains, profits, net worth, asset, transaction, license, severance, stamp, premium, environmental (including taxes under Code Section 59A), disability, registration, alternative or add-on minimum, estimated and other taxes, imposed upon any Person by federal, foreign, state, or local Law or taxing authority, together with any interest and any penalties, or additions to tax, with respect to such taxes.

"THIRD AUDITOR" has the meaning assigned in Section 2.1(a).

"THIRD PARTY" means any Person not an Affiliate of the other referenced Person or Persons.

"THIRD-PARTY CLAIM" has the meaning assigned in Section 9.4(a).

"TOTAL AGGREGATE AMOUNT" means the sum of (i) the Purchase Price and (ii) the total consideration paid by Buyer's Affiliate to Seller under the Intellectual Property License Agreement.

"TRANSFERRED EMPLOYEES" shall mean the Transferred Non-Represented Employees and the Transferred Represented Employees.

"TRANSITION SERVICES AGREEMENT" means the agreement in substantially the form set forth as EXHIBIT G.

"UNION" shall mean the International Brotherhood of Electrical Workers.

1.2 OTHER DEFINITIONAL AND INTERPRETIVE MATTERS

Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

CALCULATION OF TIME PERIOD. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

GENDER AND NUMBER. Any reference in this Agreement to gender shall include all genders, and words imparting the singular number only shall include the plural and vice versa.

HEADINGS. The provision of a Table of Contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement. All references in this Agreement to any "Section" are to the corresponding Section of this Agreement unless otherwise specified.

HEREIN. The words such as "HEREIN," "HEREINAFTER," "HEREOF," and "HEREUNDER" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires.

INCLUDING. The word "INCLUDING" or any variation thereof means "INCLUDING, WITHOUT LIMITATION" and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

SCHEDULES AND EXHIBITS. The Schedules and Exhibits attached to this Agreement shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

2. PURCHASE AND SALE OF THE BUSINESS

2.1 PURCHASE AND SALE OF ASSETS

Upon the terms and subject to the conditions of this Agreement and in reliance on the representations and warranties contained herein, on the applicable Closing Date, Seller shall grant, bargain, sell, transfer, assign, convey and deliver to Buyer, and Buyer shall purchase, acquire and accept from Seller, all of the right, title and interest in, to and under the Purchased Assets that Seller possesses and has the right to transfer as the same shall exist on such applicable Closing Date. For purposes of this Agreement, "PURCHASED ASSETS" shall mean all the assets, properties and rights used by Seller, whether tangible or intangible, real, personal or mixed, set forth or described in Sections 2.1(a) through 2.1(j), inclusive (except in each case for the Excluded Assets), whether or not any of such assets, properties or rights have any value for accounting purposes or are carried or reflected on or specifically referred to in Seller's books or financial statements:

(a) the Principal Equipment;

(b) the Shreveport Equipment;

(c) the Little Rock Premise and the Little Rock Leases;

(d) the Fixtures and Supplies (but only to the extent such Fixtures and Supplies were allocated to, and used by, the Transferred Employees);

(e) the Purchased Inventory;

(f) the Licensed Intellectual Property (but only to the extent specifically set forth in the Intellectual Property License Agreement or the EMS Agreement);

(g) the Contracts; provided, however, that each procurement Contract (including without limitation any purchase order) will be assigned to Buyer at the same time the applicable related Purchased Inventory is transferred to Buyer;

(h) the Licenses;

(i) the Business Records; and

(j) the Governmental Permits but only to the extent that such Governmental Permits are assignable or transferable to Buyer and excluding the Not To Be Assigned Permits.

Seller and Buyer acknowledge and agree that title to all Purchased Assets (including the Delayed Purchased Assets) will transfer from Seller to Buyer within the United States.

2.2 EXCLUDED ASSETS

Notwithstanding the provisions of Section 2.1, it is hereby expressly acknowledged and agreed that the Purchased Assets shall not include, and Seller is not selling, transferring, assigning, conveying or delivering to Buyer, and Buyer is not purchasing, acquiring or accepting from Seller, the following (the rights, properties and assets expressly excluded by this Section 2.2 or otherwise excluded by the terms of Section 2.1 from the Purchased Assets being referred to herein as the "EXCLUDED ASSETS"):

(a) any of Seller's receivables, cash, bank deposits or similar cash items or employee receivables;

(b) any Proprietary Information of Seller or any of its Affiliates (other than certain specified rights in the Licensed Intellectual Property as expressly provided under the Intellectual Property License Agreement or the EMS Agreement);

(c) any (i) confidential personnel records, subject to Section 2.6(a) below, pertaining to any Business Employee; (ii) other books and records that Seller is required by Law to retain or that Seller determines are necessary or advisable to retain; PROVIDED, HOWEVER, that Buyer shall have the right to make copies of any portions of such retained books and records that relate to the Business or any of the Purchased Assets; and (iii) any information management system of Seller other than those used primarily in the conduct of the Business and contained within computer hardware included as a Purchased Asset pursuant to Section 2.1;

(d) any claim, right or interest of Seller in or to any refund, rebate, abatement or other recovery for Taxes, together with any interest due thereon or penalty rebate arising therefrom, for any periods prior to the applicable Closing Date;

(e) all "Avaya" marked sales and marketing or packaging materials, samples, prototypes, other similar Avaya identified sales and marketing or packaging materials and any marketing studies;

(f) the Excluded Contracts and the Non-assignable Licenses;

(g) any of Seller's rights, claims or causes of action against Third Parties relating to the assets, properties, business or operations of Seller arising out of transactions occurring prior to, and including, the applicable Closing Date;

(h) any insurance policies or rights to the proceeds thereof;

(i) the Not To Be Assigned Permits;

(j) the property or assets specifically identified on SCHEDULE 2.2(j);

(k) Seller's rights and interests in the Denver Premise (except as specifically contemplated by the Denver Lease) and the Shreveport Premise;

(l) all Hazardous Substances (other than those otherwise constituting a part of the Purchased Inventory and those Hazardous Substances which come into existence and are released into the environment as a result of the operation of that part of the Business that is transferred to Buyer after a Closing); and

(m) all other assets, properties, interests and rights of Seller or any Affiliate not related primarily to the Business.

2.3 PURCHASE PRICE

(a) INITIAL CLOSING.

(i) In consideration of the sale, transfer, assignment, conveyance and delivery by Seller of the Purchased Assets (other than the Delayed Purchased Assets) to Buyer, and in addition to assuming the Assumed Liabilities, Buyer shall pay to Seller at the Initial Closing, (x) Seven Million Dollars ($7,000,000.00) plus (y) the net book value of (A) the Principal Equipment and (B) the Little Rock Premise (collectively, the "INITIAL PURCHASED ASSETS") (as may be adjusted in accordance with this Section 2.3(a), the "INITIAL PURCHASE PRICE") in cash by wire transfer of immediately available funds to an account designated by Seller's written instructions to Buyer at least two (2) Business Days prior to Initial Closing. The net book value of the Initial Purchased Assets shall be determined in accordance with this Section 2.3(a).

(ii) At least ten (10) Business Days prior to the Initial Closing, Seller will in good faith prepare and deliver to Buyer a schedule (the "INITIAL PURCHASED ASSETS SCHEDULE") setting forth the net book value of the Initial Purchased Assets as of the Initial Closing Date. The Initial Purchased Assets Schedule shall be prepared in a manner consistent with the preparation of the Initial Balance Sheet. During such ten (10) day period, Seller and Buyer shall jointly conduct a physical inventory of the Principal Equipment. Seller shall provide Buyer full access during reasonable business hours to the Denver Premise and the Little Rock Premise and the relevant records necessary to review the Initial Purchased Assets Schedule. To the extent Buyer agrees with Seller's calculation of the net book value of the Initial Purchased Assets as set forth in the Initial Purchased Assets Schedule, or if Seller and Buyer agree on a different net book value amount, Buyer shall pay Seller on the Initial Closing Date such agreed upon amount. To the extent Buyer and Seller cannot reasonably agree on the net book value of the Initial Purchased Assets by the day immediately prior to the Initial Closing Date, Buyer shall nevertheless be obligated to pay Seller on the Initial Closing Date the net book value amount set forth in the Initial Purchased Assets Schedule, subject to the audit rights set forth in Section 2.3(a)(iii) below.

(iii) To the extent Buyer and Seller cannot reasonably agree on the net book value of the Initial Purchased Assets by the Initial Closing Date, promptly following the Initial Closing Date, Seller's external auditors ("SELLER'S AUDITOR") and Buyer's external auditors ("BUYER'S AUDITOR") shall select a third auditor from Arthur Andersen LLP's New York office (or, if unavailable, another national certified public accounting firm reasonably acceptable to each of Seller and Buyer) (the "THIRD AUDITOR") who shall definitively decide the net book value of the Initial Purchased Assets. The Third Auditor will be given full access by Buyer, during regular business hours, to the relevant records and other work papers necessary to review the Initial Purchased Assets Schedule. Buyer and Seller shall each pay one-half of the fee charged by the Third Auditor, and each shall be solely responsible for any fees charged by auditors of such party.

(iv) An amount equal to the net book value of the Initial Purchased Assets set forth on the Initial Purchased Assets Schedule shall be referred to as the "INITIAL PURCHASED ASSETS NET BOOK VALUE." An amount equal to the net book value of the Initial Purchased Assets as determined by the Third Auditor shall be referred to as the "INITIAL PURCHASED ASSETS NET BOOK VALUE OF THE THIRD AUDITOR." If the Initial Purchased Assets Net

Book Value is less than the Initial Purchased Assets Net Book Value of the Third Auditor, Buyer shall pay the difference between such amounts to Seller in cash by wire transfer of immediately available funds to an account designated by Seller's written instructions to Buyer, and if the Initial Purchased Assets Net Book Value is greater than the Initial Purchased Assets Net Book Value of the Third Auditor, then Seller shall pay the difference between such amounts to Buyer in cash by wire transfer of immediately available funds to an account designated by Buyer's written instructions to Seller. Any such payment shall be made on or before 60 calendar days after the Initial Closing Date, and any such payment shall be considered an addition or reduction, as applicable, to the Purchase Price.

(b) Shreveport Closings

(i) In consideration of the sale, transfer, assignment, conveyance and delivery by Seller of the applicable Delayed Shreveport Purchased Asset, Buyer shall pay to Seller at the applicable Shreveport Delayed Asset Closing, the net book value of the applicable Delayed Shreveport Purchased Asset (as may be adjusted in accordance with this Section 2.3(b), each, the "APPLICABLE SHREVEPORT PURCHASE PRICE" and collectively, the "SHREVEPORT PURCHASE PRICE") in cash by wire transfer of immediately available funds to an account designated by Seller's written instructions to Buyer at least two (2) Business Days prior to the applicable Shreveport Delayed Asset Closing. The net book value of the applicable Delayed Shreveport Purchased Asset purchased at the applicable Shreveport Delayed Asset Closing shall be determined in accordance with this Section 2.3(b).

(ii) As close to the applicable Shreveport Delayed Asset Closing as possible, but in any event not more than three (3) Business Days prior to the applicable Shreveport Delayed Asset Closing, Seller will in good faith prepare and deliver to Buyer a schedule (each, a "SHREVEPORT DELAYED ASSET SCHEDULE") setting forth the net book value of the applicable Delayed Shreveport Purchased Asset as of the applicable Shreveport Delayed Asset Closing Date. Each Shreveport Delayed Asset Schedule shall be prepared in a manner consistent with the preparation of the Initial Balance Sheet. During such three (3) day period, Seller and Buyer shall jointly conduct a physical inventory of the applicable Delayed Shreveport Purchased Asset. Seller shall provide Buyer full access during reasonable business hours to the Shreveport Premise and the relevant records necessary to review the applicable Shreveport Delayed Asset Schedule. To the extent Buyer agrees with Seller's calculation of the net book value of the applicable Delayed Shreveport Purchased Asset as set forth in the applicable Shreveport Delayed Asset Schedule, or if Seller and Buyer agree on a different net book value amount, Buyer shall pay Seller on the applicable Shreveport Delayed Asset Closing Date such agreed upon amount. To the extent Buyer and Seller cannot reasonably agree on the net book value of the applicable Delayed Shreveport Purchased Asset by the day immediately prior to the applicable Shreveport Delayed Asset Closing Date, Buyer shall nevertheless be obligated to pay Seller on the applicable Shreveport Delayed Asset Closing Date the net book value amount set forth in the applicable Shreveport Delayed Asset Schedule, subject to the audit rights set forth in Section 2.3(b)(iii) below.

(iii) To the extent Buyer and Seller cannot reasonably agree on the net book value of the applicable Delayed Shreveport Purchased Asset by the applicable Shreveport Delayed Asset Closing Date, promptly following the applicable Shreveport Delayed Asset Closing Date, Seller's Auditor and Buyer's Auditor shall select the Third Auditor who shall definitively decide the net book value of the applicable Delayed Shreveport Purchased Asset. The Third Auditor will be given full access by Seller, during regular business hours, to the relevant records and other work papers necessary to review the applicable Shreveport Delayed Asset Schedule. Buyer and Seller shall each pay one-half of the fee charged by the Third Auditor, and each shall be solely responsible for any fees charged by auditors of such party.

(iv) An amount equal to the net book value of the applicable Delayed Shreveport Purchased Asset set forth on the applicable Shreveport Delayed Asset Schedule shall each be referred to as a "DELAYED SHREVEPORT ASSET NET BOOK VALUE." An amount equal to the net book value of the applicable Delayed Shreveport Purchased Asset as determined by the Third Auditor shall each be referred to as a "DELAYED SHREVEPORT ASSET NET BOOK VALUE OF THE THIRD AUDITOR." If the applicable Delayed Shreveport Asset Net Book Value is less than the applicable Delayed Shreveport Asset Net Book Value of the Third Auditor, Buyer shall pay the difference between such amounts to Seller in cash by wire transfer of immediately available funds to an account designated by Seller's written instructions to Buyer, and if the applicable Delayed Shreveport Asset Net Book Value is greater than the applicable Delayed Shreveport Asset Net Book Value of the Third Auditor, then Seller shall pay the difference between such amounts to Buyer in cash by wire transfer of immediately available funds to an account designated by Buyer's written instructions to Seller. Any such payment shall be made on or before 30 calendar days after the applicable Shreveport Delayed Asset Closing Date, and any such payment shall be considered an addition or reduction, as applicable, to the Purchase Price.

(c) Denver and Little Rock Inventory Closing

(i) In consideration of the sale, transfer, assignment, conveyance and delivery by Seller of the Denver and Little Rock Purchased Inventory, Buyer shall pay to Seller at the Denver and Little Rock Inventory Closing, (x) TWENTY-SEVEN MILLION DOLLARS ($27,000,000.00) plus (y) the net book value of the Denver and Little Rock Purchased Inventory (as may be adjusted in accordance with this Section 2.3(c), the "DENVER AND LITTLE ROCK INVENTORY PURCHASE PRICE," and together with the Initial Purchase Price and the Shreveport Purchase Price, the "PURCHASE PRICE") in cash by wire transfer of immediately available funds to an account designated by Seller's written instructions to Buyer at least two (2) Business Days prior to the Denver and Little Rock Inventory Closing. The net book value of the Denver and Little Rock Purchased Inventory shall be determined in accordance with this Section 2.3(c).

(ii) As close to the Denver and Little Rock Inventory Closing as possible, but in any event not more than five (5) Business Days prior to the Denver and Little Rock Inventory Closing, Seller will in good faith prepare and deliver to Buyer a schedule (the

"DENVER AND LITTLE ROCK INVENTORY SCHEDULE") setting forth the net book value of the Denver and Little Rock Purchased Inventory as of the Denver and Little Rock Inventory Closing Date. In order to prepare the Denver and Little Rock Inventory Schedule, Buyer shall provide Seller full access during regular business hours to the Denver Premise and the Little Rock Premise and the relevant records necessary to prepare the Denver and Little Rock Inventory Schedule. The Denver and Little Rock Inventory Schedule shall be prepared in a manner consistent with the preparation of the Initial Balance Sheet. During such five (5) day period, Seller and Buyer shall jointly conduct a physical inventory of the Denver and Little Rock Purchased Inventory. To the extent Buyer agrees with Seller's calculation of the net book value of the Denver and Little Rock Purchased Inventory as set forth in the Denver and Little Rock Inventory Schedule, or if Seller and Buyer agree on a different net book value amount, Buyer shall pay Seller on the Denver and Little Rock Inventory Closing Date such agreed upon amount. To the extent Buyer and Seller cannot reasonably agree on the net book value of the Denver and Little Rock Purchased Inventory by the day immediately prior to Denver and Little Rock Inventory Closing Date, Buyer shall nevertheless be obligated to pay Seller on the Denver and Little Rock Inventory Closing Date the net book value amount set forth in the Denver and Little Rock Inventory Schedule, subject to the audit rights set forth in Section 2.3(c)(iii) below.

(iii) To the extent Buyer and Seller cannot reasonably agree on the net book value of the Denver and Little Rock Purchased Inventory by the Denver and Little Rock Inventory Closing Date, promptly following the Denver and Little Rock Inventory Closing Date, Seller's Auditor and Buyer's Auditor shall select the Third Auditor who shall definitively decide the net book value of the Denver and Little Rock Purchased Inventory. The Third Auditor will be given full access by Buyer, during regular business hours, to the relevant records and other work papers necessary to review the Denver and Little Rock Inventory Schedule. Buyer and Seller shall each pay one-half of the fee charged by the Third Auditor, and each shall be solely responsible for any fees charged by auditors of such party.

(iv) An amount equal to the net book value of the Denver and Little Rock Purchased Inventory set forth in the Denver and Little Rock Inventory Schedule shall be referred to as the "INITIAL DENVER AND LITTLE ROCK INVENTORY NET BOOK VALUE." An amount equal to the net book value of the Denver and Little Rock Purchased Inventory as determined by the Third Auditor shall be referred to as the "INITIAL DENVER AND LITTLE ROCK INVENTORY NET BOOK VALUE OF THE THIRD AUDITOR." If the Initial Denver and Little Rock Inventory Net Book Value is less than the Initial Denver and Little Rock Inventory Net Book Value of the Third Auditor, then Buyer shall pay the difference between such amounts to Seller in cash by wire transfer of immediately available funds to an account designated by Seller's written instructions to Buyer, and if the Initial Denver and Little Rock Inventory Net Book Value is greater than the Initial Denver and Little Rock Inventory Net Book Value of the Third Auditor, then Seller shall pay the difference between such amounts to Buyer in cash by wire transfer of immediately available funds to an account designated by Buyer's written instructions to Seller. Any such payment shall be made on or before 60 calendar days after the Denver and Little Rock Inventory Closing Date, and any such payment shall be considered an addition or reduction, as applicable, to the Purchase Price.

2.4 ASSUMED LIABILITIES

On the Initial Closing Date, Buyer shall execute and deliver to Seller, the Assumption Agreement pursuant to which Buyer shall accept, assume and agree to pay, perform or otherwise discharge, in accordance with the respective terms and subject to the respective conditions thereof, all liabilities and obligations of Seller pursuant to and under the Assumed Liabilities; provided, the Assumed Liabilities related to the Shreveport Contracts and Licenses and the Denver and Little Rock Purchase Orders shall not be accepted and assumed by Buyer on the Initial Closing Date but accepted and assumed by Buyer in accordance with the second paragraph of this Section 2.4. "ASSUMED LIABILITIES" shall mean such liabilities and obligations specifically set forth in this Section 2.4, whether or not any such obligation has a value for accounting purposes or is carried or reflected on or specifically referred to in either Seller's books or financial statements:

(a) the liabilities and obligations under the Contracts, the Little Rock Leases, Licenses and Government Permits (except Government Permits retained by Seller for which Seller has continuing obligations and responsibilities) in each case solely to the extent such liabilities and obligations relate to and arise in connection with the period after the applicable Closing Date;

(b) the Permitted Encumbrances;

(c) subject to the provisions of the Environmental Services Agreement (as defined in the Denver Lease) (with respect to the Denver Premise), any liability, obligation, judgment, penalty, fine, expense, or the duty to indemnify, defend or reimburse any Person, arising out of any actual or alleged violation of Environmental Laws (the definition of which for such purposes shall be read without the words "in each case as in effect on or prior to the Initial Closing Date"), or any actions or proceedings brought or threatened by any Third Party (collectively, an "ENVIRONMENTAL LIABILITY"), in each case relating to the Business conducted at the Denver Premise and the Little Rock Premise and occurring in the period after the Initial Closing Date but solely with respect to any condition or event (including, without limitation, the use or concentration(s) of Hazardous Substance(s)) that comes into existence or occurs after the Initial Closing Date as a result of the operation of such Businesses following the Initial Closing Date; provided however that, for certainty but without limiting the foregoing, Assumed Liabilities (X) shall not include any Environmental Liability arising out of any violation, action or proceeding with respect to any condition or event that is specifically set forth in the Reports (subject to the following clause), but (Y) shall include Environmental Liability to the extent arising out of any exacerbation of any conditions or events set forth in the Reports if such exacerbation occurs after the Initial Closing Date to the extent such exacerbation was caused or exacerbated by Buyer or its agents, contractors or Affiliates; and

(d) the obligations and liabilities with respect to the Transferred Employees, the Business or the Purchased Assets, known or unknown, absolute or contingent, arising on or after the Initial Closing Date.

Simultaneously with the transfer of the applicable Shreveport Contracts and Licenses and the Denver and Little Rock Purchase Orders pursuant to Section 7.1(b) and Section 7.1(c), respectively, Buyer will accept and assume the applicable Assumed Liabilities relating to the applicable Shreveport Contracts and Licenses and the Denver and Little Rock Purchase Orders and in connection therewith Buyer will execute and deliver to Seller an assumption agreement substantially in the form of the Assumption Agreement.

2.5 EXCLUDED LIABILITIES

Buyer shall not assume or be obligated to pay, perform or otherwise assume or discharge any Excluded Liabilities. "EXCLUDED LIABILITIES" shall mean any liabilities or obligations of Seller or any of its Affiliates, whether direct or indirect, known or unknown, absolute or contingent, that are not set forth herein as an Assumed Liability and such other liabilities and obligations specifically set forth in this Section 2.5, whether or not any such obligation has a value for accounting purposes or is carried or reflected on or specifically referred to in either Seller's books or financial statements.

(a) the obligations and liabilities with respect to the Excluded Assets;

(b) subject to the provisions of the Environmental Services Agreement (with respect to the Denver Premise), any Environmental Liability relating to the Business conducted at the Denver Premise and the Little Rock Premise and occurring in the period on or prior to the Initial Closing Date; provided however that, for certainty without limiting the foregoing, Excluded Liabilities (X) shall include any Environmental Liability arising out of any violation, action or proceeding with respect to any condition or event that is specifically set forth in the Reports (subject to the following clause), but (Y) shall exclude Environmental Liability to the extent arising out of any exacerbation of any conditions or events set forth in the Reports if such exacerbation occurs after the Initial Closing Date to the extent such exacerbation was caused or exacerbated by Buyer or its agents, contractors or Affiliates; and

(c) any obligations and liabilities of the Seller with respect to Taxes incurred prior to the Initial Closing Date.

2.6 FURTHER ASSURANCES; FURTHER CONVEYANCES AND ASSUMPTIONS; CONSENT OF THIRD PARTIES

(a) From time to time following the Initial Closing, Seller hereby agrees to make available to Buyer non-confidential data in personnel records of Transferred Employees as is reasonably necessary for Buyer to transition such employees into Buyer's records.

(b) From time to time following the Initial Closing, Seller and Buyer shall, and shall cause their respective Affiliates to, execute, acknowledge and deliver all such further conveyances, notices, assumptions, releases and acquittances and such other instruments, and

shall take such further actions, as may be necessary or appropriate to assure fully to Buyer and its respective successors or assigns, all of the properties, rights, titles, interests, estates, remedies, powers and privileges intended to be conveyed to Buyer under this Agreement and the Collateral Agreements and to assure fully to Seller and its Affiliates and their successors and assigns, the assumption of the liabilities and obligations intended to be assumed by Buyer under this Agreement and the Collateral Agreements, and to otherwise make effective the transactions contemplated hereby and thereby.

(c) Nothing in this Agreement nor the consummation of the transactions contemplated hereby shall be construed as an attempt or agreement to assign any Purchased Asset, including any Contract, License, Governmental Permit, certificate, approval, authorization or other right, which by its terms or by Law is non-assignable without the consent of a Third Party or a Governmental Body or is cancelable by a Third Party in the event of an assignment ("NON-ASSIGNABLE ASSETS") unless and until such consents shall be given. Seller agrees to cooperate with Buyer at its request to use reasonable commercial efforts to obtain such consents promptly; PROVIDED, HOWEVER, that such cooperation shall not require Seller to remain secondarily liable or to make any payment to obtain any such consent with respect to any Non-assignable Asset.

(d) Buyer and Seller agree to use their respective reasonable commercial efforts to obtain, or to cause to be obtained, any consent, substitution, approval, or amendment required to novate all obligations under any and all Contracts or other obligations or liabilities that constitute Assumed Liabilities or to obtain in writing the unconditional release of Seller and its Affiliates so that, in any such case, Buyer and its Affiliates shall be solely responsible for such liabilities and obligations. To the extent permitted by applicable Law, in the event consents to the assignment thereof cannot be obtained, such Non-assignable Assets shall be held, as and from the Initial Closing Date, or, in the case of a Non-assignable Asset which is a Shreveport Contract or License or a Denver and Little Rock Purchase Order, as and from the applicable Shreveport Delayed Asset Closing Date or the Denver and Little Rock Inventory Closing Date, respectively, by Seller in trust for Buyer and the covenants and obligations thereunder shall be performed by Buyer in Seller's name and all benefits and obligations existing thereunder shall be for Buyer's account. Seller shall take or cause to be taken at Buyer's expense such action in its name or otherwise as Buyer may reasonably request so as to provide Buyer with the benefits of the Non-assignable Assets and to effect collection of money or other consideration to become due and payable under the Non-assignable Assets, and Seller shall promptly pay over to Buyer all money or other consideration received by it in respect to all Non-assignable Assets.

(e) As of and from the Initial Closing Date, or, in the case of a Non-assignable Asset which is a Shreveport Contract or License or a Denver and Little Rock Purchase Order, as and from the applicable Shreveport Delayed Asset Closing Date or the Denver and Little Rock Inventory Closing Date, respectively, Seller authorizes Buyer, to the extent permitted by applicable Law and the terms of the Non-assignable Assets, at Buyer's expense, to perform all the obligations and receive all the benefits of Seller under the Non-assignable

Assets and appoints Buyer its attorney-in-fact to act in its name on its behalf with respect thereto.

2.7 NO LICENSES

Unless expressly set forth in the Intellectual Property License Agreement or the EMS Agreement, no title, right or license of any kind is granted to Buyer pursuant to this Agreement with respect to Seller's or any of its Affiliate's Proprietary Information, either directly or indirectly, by implication, by estoppel or otherwise.

2.8 BULK SALES LAW

Buyer hereby waives compliance by Seller with the requirements and provisions of any "bulk-transfer" Laws of any jurisdiction, including Article 6 of the New York Commercial Code, that may otherwise be applicable with respect to the sale of any or all of the Purchased Assets to Buyer.

2.9 TAXES

(a) Buyer shall pay all applicable Taxes and all recording and filing fees that may be imposed, assessed or payable by reason of the operation, or as a result, of this Agreement including the sales, transfers, leases, rentals, licenses, and assignments contemplated hereby, except for Seller's net income and capital gains taxes or franchise or other taxes based on Seller's net income. In addition, Buyer shall be responsible for all Taxes in connection with its transfer of the Delayed Shreveport Purchased Assets to Mexico. Buyer shall also be responsible for, and gross up Seller for, any withholding and other Taxes (except for Seller's net income, capital gains, franchise or other taxes based on Seller's net income assessed by a taxing authority in the United States) levied in connection with the payment of the Purchase Price.

(b) Buyer shall be responsible for all Taxes attributable to, levied upon or incurred in connection with the Purchased Assets pertaining to the period (or that portion of the period) beginning (i) in the case of Purchased Assets transferred on the Initial Closing Date, immediately after the Initial Closing Date and (ii) in the case of any Purchased Assets transferred on a Delayed Closing Date, immediately after the applicable Delayed Closing Date. Seller shall be responsible for all Taxes attributable to, levied upon or incurred in connection with the Purchased Assets pertaining to the period (or that portion of the period) prior to or on (i) in the case of Purchased Assets transferred on the Initial Closing Date, the Initial Closing Date and (ii) in the case of any Purchased Assets transferred on a Delayed Closing Date, the applicable Delayed Closing Date (except as provided in Section 2.9(a) above).

3. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that:

3.1 ORGANIZATION AND QUALIFICATION

Seller is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware and has all requisite corporate power and authority to carry on the Business as currently conducted and to own or lease and operate the Purchased Assets. Seller is duly qualified to do business and is in good standing as a foreign corporation (in any jurisdiction that recognizes such concept) in each jurisdiction where the ownership or operation of the Purchased Assets or the conduct of the Business requires such qualification, except for failures to be so qualified or in good standing, as the case may be, that, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the Business taken as a whole.

3.2 BROKERS

Other than JP Morgan Securities Inc. and Chase Securities Inc., the fees and expenses of which will be paid by Seller, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Seller or an Affiliate.

3.3 AUTHORIZATION; BINDING EFFECT

(a) Seller has all requisite corporate power and authority to execute and deliver this Agreement and the Collateral Agreements to which it will be a party and to effect the transactions contemplated hereby and thereby and has duly authorized the execution, delivery and performance of this Agreement and the Collateral Agreements to which it will be a party by all requisite corporate action.

(b) This Agreement has been duly executed and delivered by Seller and this Agreement is, and the Collateral Agreements to which Seller will be a party when duly executed and delivered by Seller will be, valid and legally binding obligations of Seller, enforceable against Seller, in accordance with their respective terms, except to the extent that enforcement of the rights and remedies created hereby and thereby may be affected by bankruptcy, reorganization, moratorium, insolvency and similar Laws of general application affecting the rights and remedies of creditors and by general equity principles.

3.4 NON-CONTRAVENTION; CONSENTS

(a) Assuming that all Required Consents listed in SCHEDULE 3.4(b) have been obtained, the execution, delivery and performance of this Agreement and the Collateral Agreements by Seller, and the consummation of the transactions contemplated hereby and

thereby do not and will not: (i) result in a breach or violation of any provision of Seller's charter or by-laws, (ii) violate or result in a breach of or constitute an occurrence of default under any provision of, result in the acceleration or cancellation of any obligation under, or give rise to a right by any party to terminate or amend its obligations under, any mortgage, deed of trust, conveyance to secure debt, note, loan, indenture, lien, lease, agreement, instrument, order, judgment, decree or other arrangement or commitment to which Seller is a party or by which it is bound and which relates to the Business or the Purchased Assets, which violation, breach or default, individually or in the aggregate, could be reasonably expected to have a material adverse effect on the Business taken as a whole, or (iii) violate any order, judgment, decree, rule or regulation of any court or any Governmental Body having jurisdiction over Seller or the Purchased Assets, and which violation, individually or in the aggregate, could be reasonably expected to have a material adverse effect on the Business taken as a whole.

(b) No consent, approval, order or authorization of, or registration, declaration or filing with, any Person is required to be obtained by Seller in connection with the execution and delivery of this Agreement and the Collateral Agreements to which Seller will be a party or for the consummation of the transactions contemplated hereby or thereby by Seller, except for (i) any filings required to be made under the HSR Act, (ii) consents or approvals of Third Parties as set forth in SCHEDULE 3.4(b) that are required to transfer or assign to Buyer any Purchased Assets or assign the benefits of or delegate performance with regard thereto, (iii) those set forth in SCHEDULE 3.4(b) (items (i), (ii) and (iii) being referred to herein as the "REQUIRED CONSENTS"), and (iv) such consents, approvals, orders, authorizations, registrations, declarations or filings where failure of compliance, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the Business taken as a whole.

3.5 TITLE TO PROPERTY; PRINCIPAL EQUIPMENT

(a) Seller has and at the Closing will have good and valid title to, or a valid and binding leasehold interest or license in, all real and personal tangible Purchased Assets free and clear of any Encumbrance except for Permitted Encumbrances.

(b) Each material item of Principal Equipment and the Shreveport Equipment is in reasonable operating condition, in light of its respective age, for the purposes for which it is currently being used, but is otherwise being transferred on a "where is" and, as to condition, "as is" basis.

3.6 PERMITS, LICENSES

Except for the Governmental Permits, there are no material governmental permits and licenses, certificates of inspection, registrations, approvals or other authorizations required under applicable Law necessary for or used by Seller to operate the Business as now being operated. Each Governmental Permit is valid and in full force and effect, and Seller is not in default or breach thereof other than any such default or breach which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the Business

taken as a whole. To Seller's knowledge, no proceeding is pending or threatened to revoke or limit any such Governmental Permit. Seller has provided to Buyer a true and complete copy of each such Governmental Permit, including all amendments thereto.

3.7 REAL ESTATE

SCHEDULE 3.7 contains a complete and accurate list of the Premises. Except as set forth on SCHEDULE 3.7, Seller has good and valid title to and exclusive right to possess the Denver Premise and the Little Rock Premise. Except as set forth on SCHEDULE 3.7, the Little Rock Premise is not subject to any Encumbrance except for Permitted Encumbrances. All buildings, structures, improvements and appurtenances situated on the Little Rock Premise are in good operating condition and in a state of good maintenance and repair and are adequate and suitable for the purposes for which they are currently being used, and Seller has adequate rights of ingress and egress for the operation of the Business conducted at the Little Rock Premise in the ordinary course. Except as set forth on SCHEDULE 3.7, none of such buildings, structures, improvements or appurtenances (or any equipment thereon), nor the operation or maintenance thereof, violates any restrictive covenant or any provision of any applicable Law or encroaches on any property owned by any Third Party. Without limiting the generality of the foregoing, except as disclosed in SCHEDULE 3.7:

(i) no alteration, repair, improvement or other work has been ordered, directed or requested in writing to be done or performed to or in respect of the Little Rock Premise or to any of the plumbing, heating, elevating, water, drainage or electrical systems, fixtures or works by any Governmental Body, which alteration, repair, improvement or other work has not been completed, and to Seller's knowledge, written notification has not been given to it of any such outstanding work being ordered, directed or requested, other than those which have been complied with;

(ii) all accounts for work and services performed and materials placed or furnished upon or in respect of the Little Rock Premise at the request of Seller have been fully paid and satisfied, and no Person is entitled to claim an Encumbrance against the Little Rock Premise or any part thereof, other than for current accounts in respect of which the payment due date has not yet passed;

(iii) there is nothing owing in respect of the Little Rock Premise by Seller to any Governmental Body or to any other entity owning or operating a public utility for water, gas, electrical power or energy, steam or hot water, or for the use thereof, other than current accounts in respect of which the payment due date has not yet passed;

(iv) no part of the Little Rock Premise has been taken or expropriated by any Governmental Body, nor has any notice or proceeding in respect thereof been given or commenced; and

(v) there are no material or structural repairs or replacements which are necessary or advisable to be made to the Little Rock Premise in order to conduct the Business at the Little Rock Premise in the manner presently conducted by Seller including, without limitation, no repairs to, or replacements of, the roof (other than repairs to the roof due to ice storms) or the mechanical, electrical, heating, ventilating, air-conditioning, plumbing or drainage equipment or systems.

3.8 COMPLIANCE WITH LAWS; LITIGATION

(a) Except as set forth on SCHEDULE 3.8(a), with respect to the Business, Seller is in compliance in all material respects with all applicable Laws and all decrees, orders, judgments, permits and licenses of or from Governmental Bodies except for failures to comply that, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the Business taken as a whole.

(b) Except as set forth on SCHEDULE 3.8(b), there are no actions, suits, proceedings or governmental investigations pending or, to Seller's knowledge, threatened against it that, individually or in the aggregate, could be reasonably expected to have a material adverse effect on the Business taken as a whole.

3.9 BUSINESS EMPLOYEES

(a) SCHEDULE 3.9(a) contains a complete and accurate list of all the Business Employees as of the date specified on such list, showing for each Business Employee the position held and aggregate annual compensation (including bonuses and commissions) for Seller's last fiscal year, and which employees are represented by the Union. Except as set forth on SCHEDULE 3.9(a), none of the Business Employees is covered by any union, collective bargaining or other similar labor agreements.

(b) Except as set forth in SCHEDULE 3.9(b), with respect to all Business Employees, Seller does not currently maintain, contribute to or have any liability under any Benefit Plan. With respect to each of the Benefit Plans identified on SCHEDULE 3.9(b), Seller has made available to Buyer true and complete copies of the most recent summary plan or other written description. Each Benefit Plan listed on SCHEDULE 3.9(b) has been operated in material compliance with applicable law, including ERISA. Except as disclosed on SCHEDULE 3.9(b), Seller has no obligations for retiree health and life benefits under any Benefit Plan or has ever represented, promised or contracted (whether in oral or written form) to any employee(s) that such employee(s) would be provided with retiree health or life benefits. Seller has no obligation to contribute to a Multiemployer Plan (as that term is defined in ERISA Section 3(37)) with respect to the Business, and Seller has made no contributions to a Multiemployer Plan with respect to the Business within the last five years. Seller and each trade or business (whether or not incorporated) under common control with Seller within the meaning of ERISA Section 4001 has not withdrawn in any complete or partial withdrawal from any Multiemployer Plan (as that term is defined in ERISA Section 3(37) for which such withdrawal liability has not been paid to such plan or transferred to a purchaser in accordance with

ERISA Section 4204. All contributions required by law have been made under any such Plan (without regard to waivers granted under Code Section 412) to any fund, trust, or account established thereunder or in connection therewith have been made by the due date thereof, or the deadline for making such contribution has not yet passed. No Plan subject to Part 3 of Subtitle B of Title I of ERISA or Code Section 412 has incurred any "accumulated funding deficiency" (as defined therein), whether or not waived. Seller shall provide "continuation coverage" to any "qualified beneficiary" who is covered by a "group health plan" sponsored, maintained or contributed to by Seller and who has experienced a "qualifying event" or is receiving "continuation coverage". All terms shall be defined in accordance with Code Section 4980B and ERISA Section 601 et seq.

(c) As relates to the Business, as of the date hereof, there is not presently pending or existing, and to Seller's knowledge there is not threatened, any strike, slowdown, picketing, or work stoppage.

3.10 CONTRACTS

SCHEDULE 3.10 contains a complete and accurate list of all outstanding Contracts as of the date hereof that would require over the full term thereof payments by or to Seller of more than $250,000 (the "MATERIAL CONTRACTS"). Each of such Material Contracts is valid, binding and enforceable against Seller and, to Seller's knowledge, the other parties thereto in accordance with its terms and is in full force and effect. Seller has performed, in all material respects, all of the obligations required to be performed by it and is not in default or alleged to be default in respect of, any Material Contract. Except as set forth on SCHEDULE 3.10, to Seller's knowledge, each of the other parties to a Material Contract has performed in all material respects all obligations required to be performed by it under, and is not in default in any material respect under, any Material Contracts and no event has occurred that, with notice or lapse of time, or both, would constitute such a default. Each of the Contracts that is not a Material Contract is valid, binding and enforceable against Seller and, to Seller's knowledge, the other parties thereto in accordance with its terms and is in full force and effect, in each case except where the failure of any such Contract to be valid, binding and enforceable or in full force and effect, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the Business as a whole. For purposes of this SECTION 3.10 only (other than with respect to the first sentence of this SECTION 3.10), Material Contracts will also include such Licenses which would require over the full term thereof payments by or to Seller of more than $250,000.

3.11 ENVIRONMENTAL MATTERS

Except as set forth in SCHEDULE 3.11:

(a) the operations of the Business and the Purchased Assets comply with all applicable Environmental Laws except where any failure to be in such compliance, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the Business as a whole;

(b) Seller has, in respect of the Business and the Purchased Assets, obtained all environmental, health and safety and other Environmental Law required Governmental Permits necessary for its operations, and all such Governmental Permits are in good standing; and Seller is in compliance with all terms and conditions of such permits except where the failure to obtain or maintain in good standing such Permits, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the Business as a whole;

(c) none of Seller, the Business or any of the Premises, is subject to any on-going investigation or other proceedings by, order from or agreement with any Person respecting (X) any Environmental Law or (Y) any remedial action arising from the release or threatened release of a Hazardous Substance into the environment;

(d) Seller has in respect of the Business filed all notices required to be filed under any Environmental Law indicating past or present treatment, storage or disposal of a Hazardous Substance or reporting a spill or release of a Hazardous Substance into the environment;

(e) there is not now, nor to Seller's knowledge has there ever been, on or in any Premise any aboveground or underground storage tanks, PCBs, asbestos or asbestos-containing material or lead-based paint or any other Hazardous Substance which is in an amount, concentration, location or otherwise in violation of Environmental Law or above that recommended or approved by a Governmental Body for sites used in a manner similar to the Premises;

(f) to Seller's knowledge, Seller has not received any written notice to the effect that it is or may be liable to any Person as a result of the release or threatened release of a Hazardous Substance arising from the operation of the Business except for any notice of such liabilities which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the Business as a whole; and

(g) Seller has made available to Buyer true and complete copies of all asbestos and other environmental reports or other material environmental information relevant to the Purchased Assets, the Denver Premise or the Business, including without limitation, disclosing the presence of asbestos or other Hazardous Substances in, on, under or from any real property included on the Purchased Assets or the Denver Premise or generated by or in connection with the Business.

3.12 BALANCE SHEET; ABSENCE OF CHANGES

(a) The unaudited balance sheet attached hereto as SCHEDULE 3.12 (the "INITIAL BALANCE SHEET") with respect to the Business fairly presents in all material respects the material assets of the Business (with respect only to the Purchased Assets) as of December 31, 2000 and has been prepared based on the internal accounting principles used historically by Seller. The information set forth in the Initial Balance Sheet is of the type typically used by Seller in the preparation of the audited consolidated financial statements of Seller.

(b) Except as set forth on SCHEDULE 5.2, since December 31, 2000, Seller has conducted and operated the Business in the ordinary course and the Business has not suffered any change that, individually or in the aggregate, could reasonably be expected to have a material adverse effect on the Business as a whole.

3.13 INTELLECTUAL PROPERTY

(a) Seller owns or has a valid right to grant the licenses in all of the Licensed Intellectual Property.

(b) Except as set forth in SCHEDULE 3.13, to Seller's knowledge, there are no claims or demands of any Third Party pertaining to the Licensed Intellectual Property or the use by Seller of Proprietary Information under the Licenses, excluding immaterial assertions of rights which have not been presented in the form of a specific claim or demand, with respect to the operation of the Business by Seller as of the date hereof with respect to the Purchased Assets. No proceedings have been instituted, or, to Seller's knowledge, are pending which challenge the rights of Seller in respect thereof, excluding immaterial assertions of rights which have not been presented in the form of a specific claim or demand.

(c) With the exception of the Proprietary Information which is the subject of Non-assignable Licenses, the Excluded Assets or is identified in item 1 on SCHEDULE 1.1(a), the rights to use the Proprietary Information licensed to Buyer under the Intellectual Property License Agreement and the EMS Agreement, and under the Licenses assigned to Buyer under this Agreement include all material rights to use Proprietary Information employed by Seller in the operation of the Business or required for the operation of the Business as currently carried on by Seller.

3.14 SUFFICIENCY OF ASSETS

Except for the Excluded Assets, (i) the Purchased Assets, (ii) the Business Employees and (iii) the rights to be acquired under this Agreement and the Collateral Agreements (including the services to be provided pursuant to the Transition Services Agreement), (X) include all assets, personnel and rights held by Seller or its Affiliates that are used in the Business, and (Y) represent all assets, personnel and rights necessary to conduct the Business in manner currently conducted by Seller. In the event this Section 3.14 is breached because Seller has failed to identify and transfer any assets or properties or provide any services used in the Business, such breach shall be deemed cured if following notice of such circumstance Seller promptly transfers such properties or assets or provides such services to Buyer, and Buyer shall have no further remedy with respect thereto other than with respect to Losses actually incurred prior to any such transfer or provision of services.

3.15 INVENTORIES

The Inventory is of quality useable in the ordinary course of the Business as currently conducted by Seller. As of the date hereof, the Inventory levels have been maintained by Seller at such amounts as are required for the operation of the Business as currently conducted by Seller.

3.16 NO LIABILITIES

Except as set forth on any of the Schedules attached hereto or as otherwise contemplated hereby or by the Collateral Agreements, to Seller's knowledge, there are not any present facts or circumstances related to the Business that could give rise to liabilities to Buyer after the Initial Closing Date, the Shreveport Delayed Asset Closing Date and the Denver and Little Rock Inventory Closing Date, as applicable, except for the Assumed Liabilities.

3.17 FULL DISCLOSURE

Neither this Agreement nor any document to be delivered by Seller nor any certificate, report, statement or other document furnished by Seller pursuant to the terms of this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading.

3.18 PROJECTIONS

Seller has delivered to Buyer the financial projections (which are attached hereto as SCHEDULE 3.18)(the "Projections"). The Projections were prepared by Seller for its internal use. Seller makes no representation or warranty regarding the accuracy of the Projections or whether such projected results may be achieved, but does represent and warrant to Buyer that the Projections were prepared in good faith based on assumptions believed by it to be reasonable based on Seller's current outlook for Seller's business for the period of time covered by the Projections. As used herein, "good faith" shall mean honesty in fact in the preparation of the Projections.

3.19 NO OTHER REPRESENTATIONS OR WARRANTIES

Except for the representations and warranties contained in this Section 3, neither Seller, any Affiliate nor any other Person makes any representations or warranties, and Seller hereby disclaims any other representations or warranties, whether made by Seller or any Affiliate, or any of their officers, directors, employees, agents or representatives, with respect to the execution and delivery of this Agreement or any Collateral Agreement, the transactions contemplated hereby or the Business, notwithstanding the delivery or disclosure to Buyer or its representatives of any documentation or other information with respect to any one or more of the foregoing. Notwithstanding anything to the contrary herein, no representation or warranty contained in this Section 3 is intended to, or do, cover or otherwise pertain to any

assets that are not included in the Purchased Asset or any liabilities that are not included in the Assumed Liabilities.

4. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that:

4.1 ORGANIZATION AND QUALIFICATION

Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and Buyer has all requisite corporate power and authority to carry on its business as currently conducted and to own or lease and operate its properties. Buyer is duly qualified to do business and is in good standing as a foreign corporation (in any jurisdiction that recognizes such concept) in each jurisdiction where the ownership or operation of its assets or the conduct of its business requires such qualification, except for failures to be so qualified or in good standing, as the case may be, that, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the Buyer's business taken as a whole.

4.2 AUTHORIZATION; BINDING EFFECT

(a) Buyer has all requisite corporate power and authority to execute and deliver this Agreement and the Collateral Agreements to which it will be a party and to effect the transactions contemplated hereby and thereby and has duly authorized the execution, delivery and performance of this Agreement and the Collateral Agreements to which it will be a party by all requisite corporate action.

(b) This Agreement has been duly executed and delivered by Buyer and this Agreement is, and the Collateral Agreements when duly executed and delivered by Buyer will be, valid and legally binding obligations of Buyer, enforceable against it in accordance with their terms, except to the extent that enforcement of the rights and remedies created hereby and thereby may be affected by bankruptcy, reorganization, moratorium, insolvency and similar Laws of general application affecting the rights and remedies of creditors and by general equity principles.

4.3 NO VIOLATIONS

(a) The execution, delivery and performance of this Agreement and the Collateral Agreements by Buyer and the consummation of the transactions contemplated hereby and thereby do not and will not (i) result in a breach or violation of any provision of Buyer's charter or by-laws, (ii) violate or result in a breach of or constitute an occurrence of default under any provision of, result in the acceleration or cancellation of any obligation under, or give rise to a right by any party to terminate or amend its obligations under, any material mortgage, deed of trust, conveyance to secure debt, note, loan, indenture, lien, lease, agreement, instrument, order, judgment, decree or other material arrangement or commitment

to which Buyer is a party or by which it or its assets or properties are bound, or (iii) violate any material order, judgment, decree, rule or regulation of any court or any Governmental Body having jurisdiction over Buyer or any of its properties.

(b) Except as set forth on SCHEDULE 4.3(b), no consent, approval, order or authorization of, or registration, declaration or filing with, any Person is required to be obtained by Buyer in connection with the execution and delivery of this Agreement and the Collateral Agreements or the consummation of the transactions contemplated hereby or thereby other than any (i) any filings required to be made under the HSR Act and (ii) such consents, approvals, orders, authorizations, registrations, declarations or filings where failure of compliance, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on Buyer's ability to consummate the transactions contemplated hereby.

4.4 BROKERS

No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based on arrangements made by or on behalf of Buyer or an Affiliate.

4.5 NO OTHER SELLER REPRESENTATIONS AND WARRANTIES

(a) With respect to the Purchased Assets, the Business, or any other rights or obligations to be transferred hereunder or under the Collateral Agreements or pursuant hereto or thereto, Buyer has not been induced by and has not relied upon any representations, warranties or statements, whether express or implied, made by Seller, any Affiliate, or any agent, employee, attorney or other representative of Seller or by any Person representing or purporting to represent Seller that are not expressly set forth in this Agreement or in the Collateral Agreements (including the Schedules and Exhibits hereto and thereto), whether or not any such representations, warranties or statements were made in writing or orally.

(b) Buyer acknowledges that it has made its own assessment of the future of the Business and is sufficiently experienced to make an informed judgment with respect thereto; provided that this shall not be construed in any way to mitigate or otherwise affect the representations and warranties made by Seller hereunder or under the Collateral Agreements or pursuant hereto or thereto, all of which shall continue to survive in full force and effect for the benefit of Buyer in accordance with the terms hereof and thereof. Buyer further acknowledges that neither Seller nor any Affiliate has made any warranty, express or implied, as to the future of the Business or its profitability for Buyer, or with respect to any forecasts, projections or business plans prepared by or on behalf of Seller and delivered to Buyer in connection with the Business and the negotiation and the execution of this Agreement.

(c) Buyer acknowledges that any information disclosed by Seller in the attached Schedules under any section number shall be deemed to be disclosed and incorporated into

any other section number under this Agreement where such disclosure is reasonably apparent from the context of the disclosure.

4.6 SUFFICIENCY OF FUNDS

Buyer (i) has funds available to pay the Purchase Price and any expenses incurred by Buyer in connection with the transactions contemplated by this Agreement; (ii) has the resources and capabilities (financial or otherwise) to perform hereunder and under the Collateral Agreements; and (iii) has not incurred any obligation, commitment, restriction or liability of any kind, absolute or contingent, present or future, which would impair or adversely affect such resources and capabilities.

5. CERTAIN COVENANTS

5.1 ACCESS AND INFORMATION

(a) Seller will give to Buyer and to its officers, employees, accountants, counsel, environmental consultants, and other representatives reasonable access during Seller's normal business hours throughout the period prior to the Closing to all of Seller's properties, books, contracts, commitments, reports of examination and records (excluding confidential portions of personnel records) directly relating to the Business or the Purchased Assets (but excluding the Excluded Assets and Excluded Liabilities and subject to any limitations that are reasonably required to preserve any applicable attorney-client privilege or Third-Party confidentiality obligation). Seller shall assist Buyer in making such investigation and shall cause its counsel, accountants, engineers, consultants and other non-employee representatives to be reasonably available to Buyer for such purposes; IT BEING UNDERSTOOD that Buyer shall reimburse promptly for reasonable and necessary out of pocket expenses incurred by Seller in complying with any such request by or on behalf of Buyer. In accordance with and subject to the foregoing, Seller shall permit environmental consultants retained by Buyer to conduct environmental studies (including intrusive environmental investigations) of the Premises.

(b) After the Initial Closing Date, Seller and Buyer will provide, and will cause their respective controlled Affiliates to provide, to each other and to their respective officers, employees, counsel and other representatives, upon request (subject to any limitations that are reasonably required to preserve any applicable attorney-client privilege or Third-Party confidentiality obligation), reasonable access for inspection and copying of all Business Records, Governmental Permits, Licenses, Contracts and any other information existing as of the Initial Closing Date and relating to the Business or the Purchased Assets, and will make their respective personnel reasonably available for interviews, depositions and testimony in any legal matter concerning transactions, operations or activities relating to the Business or the Purchased Assets, and as otherwise may be necessary or desirable to enable the party requesting such assistance to: (i) comply with reporting, filing or other requirements imposed by any foreign, local, state or federal court, agency or regulatory body; (ii) assert or defend any claims or allegations in any litigation or arbitration or in any administrative or legal proceeding other than claims or allegations that one party to this Agreement has

asserted against the other; or (iii) subject to clause (ii) above, perform its obligations under this Agreement. The party requesting such information or assistance shall reimburse the other party for all reasonable out-of-pocket costs and expenses incurred by such party in providing such information and in rendering such assistance. The access to files, books and records contemplated by this Section 5.1(b) shall be during normal business hours and upon not less than two (2) Business Days' prior written request unless required sooner under applicable law and shall be subject to such reasonable limitations as the party having custody or control thereof may impose to preserve the confidentiality of information contained therein.

(c) Buyer agrees to preserve all Business Records, Licenses and Governmental Permits relating to the period ending on or before the Initial Closing Date and to the extent transferred to Buyer for at least seven (7) years after the Initial Closing Date. After this seven-year period and at least ninety (90) days prior to the planned destruction of any such Business Records, Licenses or Governmental Permits, Buyer shall notify Seller in writing and shall make available to Seller, upon its request, such Business Records, Licenses and Governmental Permits. Buyer further agrees that, to the extent such Business Records, Licenses or Governmental Permits are placed in storage, they will be indexed in such a manner as to make individual document retrieval possible in as expeditious a manner as is reasonably practicable under the circumstances.

(d) After the Initial Closing Date, Buyer will provide, and will cause its Affiliates to provide, to Seller and its officers, employees, agents, advisors, consultants, contractors/subcontractors and other representatives, as well as any representatives of any Governmental Body as Seller deems reasonably required, upon Seller's request, commercially reasonable access to the Denver Premise and the Little Rock Premise, at such times and in such a manner as reasonably required to effectuate the provisions of Section 5.9 (such access to be provided both during normal business hours and at such other times as may be reasonably necessary), including, without limitation, performing studies, investigations, remediation, monitoring activities or any government-required activities in furtherance of the provisions of Section 5.9; provided that Seller will use reasonable commercial efforts to ensure that such access minimizes any disruption to or adverse effect on activities on and around such Premises. Notwithstanding the foregoing, with respect to the Little Rock Premise only, if pursuant to the previous sentence, Seller's request for access to the Little Rock Premise will cause Seller to enter into any portion of the Little Rock Premise covered by the Little Rock Leases, Buyer's obligations under this Section 5.9 with respect to the areas covered by the Little Rock Leases shall be limited to using commercially reasonable efforts to enforce Buyer's "right of entry" under the relevant Little Rock Lease. Seller will (a) cause all information derived from or in connection with such activities to be subject to reasonable confidentiality limitations in favor of Buyer and, if appropriate, others whom Buyer designates, and (b) provide indemnification protection for Buyer and its Affiliates that is reasonable under the circumstances.

5.2 CONDUCT OF BUSINESS

From and after the date of this Agreement and until the Initial Closing Date, except as set forth on SCHEDULE 5.2 or as otherwise contemplated by this Agreement or the Schedules hereto or as Buyer shall otherwise consent to in writing, Seller, with respect to the Business:

(a) will carry on the Business in the ordinary course consistent with past practice;

(b) will not permit, other than in the ordinary course of business consistent with past practice or as may be required by Law or a Governmental Body, all or any of the Purchased Assets (real or personal, tangible or intangible) presently and actively used in the operation of the Business to be sold, licensed or subjected to any Encumbrance (other than a Permitted Encumbrance granted in the ordinary course of business);

(c) will not acquire, sell, lease, license, transfer or dispose of any asset that would otherwise be a Purchased Asset except in the ordinary course of business consistent with past practice;

(d) will not terminate or materially extend or materially modify any material Contract except in the ordinary course of business consistent with past practice; provided however that Seller shall provide written notice to Buyer before or promptly following any such termination, extension or modification;

(e) will not do any other act which would cause any representation or warranty of Seller in this Agreement to be or become untrue in any material respect or intentionally omit to take any action necessary to prevent any such representation or warranty from being untrue in any material respect at such time; or

(f) will not enter into any agreement or commitment with respect to any of the foregoing.

From and after the Initial Closing Date until any Delayed Closing Date, as applicable, except as set forth on SCHEDULE 5.2 or as otherwise contemplated by this Agreement or the Schedules hereto or as Buyer shall otherwise consent to in writing, Seller, with respect to the Remaining Assets:

(a) will not permit, other than in the ordinary course of business consistent with past practice or as may be required by Law or a Governmental Body, all or any of the Remaining Assets (real or personal, tangible or intangible) to be sold, licensed or subjected to any Encumbrance (other than a Permitted Encumbrance granted in the ordinary course of business);

(b) will not acquire, sell, lease, license, transfer or dispose of any asset that would otherwise be a Remaining Asset except in the ordinary course of business consistent with past practice;

(c) will not terminate or materially extend or materially modify any material Contract which is a Remaining Asset except in the ordinary course of business consistent with past practice; provided however that Seller shall provide written notice to Buyer before or promptly following any such termination, extension or modification;

(d) will not do any other act which would cause any representation or warranty of Seller relating to any Remaining Asset in this Agreement to be or become untrue in any material respect or intentionally omit to take any action necessary to prevent any such representation or warranty from being untrue in any material respect at such time; or

(e) will not enter into any agreement or commitment with respect to any of the foregoing.

5.3 TAX REPORTING AND ALLOCATION OF CONSIDERATION

(a) Seller and Buyer acknowledge and agree that (i) Seller will be responsible for and will perform all tax withholding, payment and reporting duties with respect to any wages and other compensation paid by Seller to any Business Employee in connection with operating the Business prior to or on the Initial Closing Date and (ii) Buyer will be responsible for and will perform all tax withholding, payment and reporting duties with respect to any wages and other compensation paid by Buyer to any Transferred Employee in connection with operating the Business after the Initial Closing Date.

(b) Seller and Buyer recognize their mutual obligations pursuant to Section 1060 of the Code to timely file IRS Form 8594 (the "ASSET ACQUISITION STATEMENT") with each of their respective federal and, where appropriate or necessary, state or local income tax returns. Accordingly, within 120 days of the Initial Closing Date, Seller and Buyer agree to attempt in good faith to (i) enter into an agreement on the allocation of the Purchase Price among the Purchased Assets consistent with the provisions of Section 1060 of the Code and the Treasury Regulations thereunder and (ii) cooperate in the preparation of the Asset Acquisition Statement for timely filing in each of their respective federal income tax returns. If Seller and Buyer agree on a Purchase Price allocation, then neither Seller nor Buyer shall file any tax return taking a position inconsistent with such allocation.

5.4 BUSINESS EMPLOYEES

(a) On the Initial Closing Date, Buyer shall make offers of employment to all Represented Employees and Non-Represented Employees employed by Seller as of the Initial Closing Date (including those absent due to vacation or holiday). Buyer shall make offers of employment to all Represented Employees and Non-Represented Employees employed by Seller as of the Initial Closing Date who are absent due to illness, leave of absence or disability if such individuals present themselves for full-time employment (except to the extent required by Law) with Buyer within six (6) months of the Initial Closing Date. Seller shall continue to provide medical, dental, vision (for Represented Employees) and life and

accidental death and dismemberment coverage for the Transferred Employees through the last day of the month in which the Initial Closing Date occurs; provided, Buyer shall reimburse Seller any COBRA costs associated with such coverage.

(b) Employment by Buyer of the Transferred Represented Employees following the Initial Closing Date shall be on terms and conditions consistent with the collective bargaining agreements entered into by Buyer and the Union, with such changes in such terms and conditions as agreed to by such parties.

(c) Buyer shall provide for a total compensation package of salary and benefits (on an aggregate basis) to each Transferred Non-Represented Employee which is substantially similar to that offered by Buyer to similarly situated employees of Buyer. Employment with Buyer of Transferred Non-Represented Employees shall be effective as of the Business Day following the close of business on the Initial Closing Date, except that the employment of (i) individuals receiving disability benefits or on a leave of absence on the Initial Closing Date will become effective as of the date they present themselves for work with the Buyer (provided that such individuals present themselves for full-time employment (except to the extent required by Law) with Buyer within six (6) months of the Initial Closing Date), and (ii) individuals who are in the process of applying for visas will become effective as of the date that their visas are transferred to Buyer and in the interim will continue to be employed by Seller or the applicable Subsidiary and made available pursuant to the Transition Services Agreement to Buyer who shall reimburse Seller for all direct costs of such employment. Buyer will continue to provide relocation assistance to those Transferred Non-Represented Employees receiving it as of the Initial Closing Date (not to exceed total relocation payments of $25,000) in accordance with such records as are provided by Seller to Buyer to substantiate such amounts and the final dates of such payments.

(d) Buyer's 401(k) plan, medical, dental and life insurance plan, and paid time off policy shall recognize for each Transferred Employee who is a Non-Represented Employee, and Buyer's 401(k) plan and paid time off policy shall recognize for each Transferred Employee who is a Represented Employee for purposes of determining eligibility to participate, vesting and for any schedule of benefits based on service, all service with Seller or its Affiliates, including service with predecessor employers that was recognized by Seller or its Affiliates and any prior unbridged service with Seller or its Affiliates, in accordance with such dates as provided to Buyer by Seller. Buyer's medical and dental program shall recognize for each Transferred Employee for purposes of satisfying any deductibles during the coverage period that includes the Initial Closing Date, any payment made by any such employee towards deductibles in any medical or dental program of Seller to the extent permitted by the insurance companies providing such benefits. Buyer shall use commercially reasonable efforts to cause the insurance companies providing such benefits to recognize such payments.

(e) Buyer agrees that its health and welfare plans (other than long term disability and life insurance programs) shall waive any pre-existing condition exclusion (to the extent such exclusions were waived under applicable health and welfare plans offered to the Transferred Employees by Seller and to the extent permitted by the insurance companies

providing such benefits to Buyer's employees) and any requirement for proof of insurability (to the extent permitted by the insurance companies providing such benefits to Buyer's employees).

(f) Seller shall pay out all vacation owed to Transferred Employees who are Represented Employees as of the Initial Closing Date, and Buyer shall have no liability for vacation owed by Seller to Represented Employees. Seller shall pay out all vacation owed to Transferred Employees who are Non-Represented Employees as of the Initial Closing Date with respect to accrued, unused vacation time for a Non-Represented Employee in excess of 40 hours (or all accrued, unused vacation owed if requested by a Transferred Employee). Prior to the Initial Closing Date, Seller will provide Buyer with a schedule indicating the accrued vacation for Transferred Employees who are Non-Represented Employees as of the Initial Closing Date up to a maximum of 40 hours for each Transferred Employee who is a Non-Represented Employee. Buyer shall credit each Transferred Employee with such accrued vacation time in addition to any vacation generally granted to similarly situated employees of Buyer. Seller shall provide Buyer individual records substantiating the remaining unused vacation balances as of the Initial Closing Date for Transferred Employees who are Non-Represented Employees.

(g) Following the Initial Closing Date, as Buyer transitions the Business from the Shreveport Premise to Buyer's facilities, Buyer may make an opportunity for employment available to such Represented Shreveport Employees and non-represented Shreveport employees as Buyer may select, to commence after the date when such employee's employment by Seller at the Shreveport Premise concludes. Such employment shall be on terms and conditions consistent with the terms set forth herein with respect to the Transferred Employees, as applicable.

5.5 COLLATERAL AGREEMENTS

On or prior to the Initial Closing Date, Buyer (and/or any of its Affiliates, as applicable) shall execute and deliver to Seller, and Seller (and/or any of its Affiliates, as applicable) shall execute and deliver to Buyer the Collateral Agreements.

5.6 REGULATORY COMPLIANCE; THIRD PARTY CONSENTS

Buyer and Seller shall cooperate, and shall cause their respective controlled Affiliates to cooperate, with the other in making filings under the HSR Act and any other applicable antitrust Law, and each party shall use its reasonable commercial efforts to resolve such objections, if any, as the Antitrust Division of the Department of Justice or the Federal Trade Commission or state antitrust enforcement or other Governmental Body may assert under the antitrust Laws with respect to the transactions contemplated hereby. In the event an action is instituted by any Person challenging the transactions contemplated hereby as violative of the antitrust Laws, Buyer and Seller shall use, and shall cause their respective controlled Affiliates to use, their respective reasonable commercial efforts to resist or resolve such action. In addition, as soon as practicable after the date hereof, Seller and Buyer will agree

to work together in good faith to determine which of the Required Consents listed on SCHEDULE 3.4(b) shall be obtained prior to the Initial Closing Date.

5.7 CONTACTS WITH SUPPLIERS, EMPLOYEES AND CUSTOMERS

Without the prior written consent of Seller, which may be withheld for any reason or no reason, Buyer agrees it will not contact any suppliers to, or customers of, the Business or any Business Employees in connection with or pertaining to any subject of this Agreement.

5.8 NO NEGOTIATION OR SOLICITATION

Prior to the Initial Closing Date, Seller will not (and Seller will cause each of its employees, officers and agents not to) (a) solicit, initiate, entertain or encourage the submission of any proposal or offer from any Person (other than Buyer) relating to the direct or indirect acquisition of the Business or all or any portion of the Purchased Assets (other than in the ordinary course of business), or (b) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner any effort or attempt by any such Person to do or seek any of the foregoing. Seller will notify Buyer if any such Person makes any proposal, offer, inquiry or contact with respect to any of the foregoing.

5.9 ENVIRONMENTAL MATTERS

(a) The parties have collectively engaged Golder Associates Ltd. (the "CONSULTANT") to perform an environmental investigation (the "INVESTIGATION") in, on, under and, to the extent reasonably practicable, about each of the Denver Premise and the Little Rock Premise with a view to discovering and recording the environmental condition (including, without limitation, the presence or release of Hazardous Substances) of each of such Premises and the business operations conducted thereon and of other lands to the extent affected by activities conducted on or in connection with each of such Premises, in each case, as in effect as of the Initial Closing Date. The Investigation will continue following the date hereof with the intent of completing the Investigation within three months from the date hereof. The Investigation will include the completion of the Phase I Environmental Site Assessment process complying with ASTM Standard E1527-00, enhanced to address asbestos and asbestos containing materials and wetlands issues, and, unless considered unnecessary by the Consultant, acting reasonably, a Phase II Environmental Site Assessment designed to address, confirm and delineate all potential environmental conditions identified in the said Phase I Environmental Site Assessments. Notwithstanding the foregoing, Seller and Buyer acknowledge that that completion of the Investigation shall most likely occur following that Initial Closing Date and that the completion of the Investigation shall not be a condition to the Initial Closing.

(b) The reports to be produced recording matters relevant to the Phase I and Phase II Environmental Site Assessments (the "REPORTS") shall, among other things, set out the location, extent and concentration of each Hazardous Substance discovered on or from each

of such Premises. Seller will make available to the Consultant all environmental information in its possession or under the control (or which with reasonable efforts could be in the possession or under the control) of the Seller and any of its Affiliates. Seller and Buyer and their Affiliates will use commercially reasonable efforts to cooperate with Consultant in connection with the conduct of the Investigation, including, without limitation, making their personnel reasonably available to the Consultant and its agents and representatives. Seller and Buyer shall each share equally all fees of the Consultant in connection with the Investigation, including the preparation of and finalization of the Reports, and shall each otherwise be responsible for any costs such party incurs in connection therewith. The parties will have an opportunity to review and comment on the draft Reports upon their becoming available and before being prepared by the Consultant in final form. Each of Seller and Buyer shall keep the Reports confidential except that (X) Buyer and Seller shall each be entitled to provide copies of the Reports to (i) Affiliates and advisors to Buyer and Seller and their advisors' Affiliates, (ii) those investment dealers, lenders and others providing financial or other services to or in connection with the Buyer or any of its Affiliates, and (iii) such Persons reasonably determined by Seller to require such information to effectuate the provisions of this Section 5.9; and (Y) either Buyer or Seller may use or provide the Reports as is required by applicable Law, by securities regulatory authorities and stock exchanges or in connection with any dispute relating hereto.

(c) Seller will take all reasonable action, including any action required by Environmental Law, to remediate or otherwise deal with any environmental conditions (including, without limitation, the presence or release of Hazardous Substances) connected to any of the Denver Premise or the Little Rock Premise and identified in the Reports, and will retain responsibility for those conditions in accordance this Agreement. All such action shall be conducted in a manner complying with Environmental Law and other relevant Laws and requirements of Governmental Bodies, which shall include without limitation minimising interference (to the extent practicable) with activities of Buyer and others on such Premises, using reasonably competent personnel as selected by Seller to accomplish such objectives and restoring such Premises to a condition after such action consistent with the use of such Premises for industrial or commercial activity of the type presently conducted by Seller. Buyer shall cooperate with Seller as necessary to effectuate the provisions of this Section 5.9 (including without limitation furtherance of the investigatory and remedial actions set forth above) in accordance with the provisions of this Agreement provided that all reasonable costs thereof shall be on the account of Seller. In the case of the Little Rock Premise, Seller shall report to the Arkansas Department of Environmental Quality ("ARDEQ") the conditions cited in the Reports regarding the Little Rock Premise and perform such remediation as is required by the ARDEQ for Seller to obtain, and provide to Buyer, a certificate of no further action (or another document providing equivalent confirmation) (the "NFA Certificate") to the effect that all work required in connection with the conditions cited in the Reports has been performed and that no further action is required. Such NFA Certificate also shall include all work required under the Consent Administrative Order in matter LIS 98-104 (as may be amended from time to time until the issuance of the NFA Certificate, the "CAO") to the effect that no further action is required under the CAO. Seller shall use reasonable commercial efforts to obtain the NFA Certificate as soon as reasonably possible after Seller

completes the remediation of, or otherwise dealing with, the environmental conditions identified in the Report for the Little Rock Premise. Buyer acknowledges that the work required under the CAO, including groundwater monitoring, is anticipated to proceed for many years and that the NFA Certificate for the Little Rock Premise may not be available from the ARDEQ until the completion of that work.

(d) Seller shall be responsible for the removal of Hazardous Substances from the Shreveport Equipment that may be found therein or thereon (unless such removal renders such Shreveport Equipment inoperable) in accordance with applicable Environmental Laws prior to the applicable Shreveport Delayed Asset Closing Date(s). Seller shall dispose of any Hazardous Substances removed from the Shreveport Equipment in accordance with applicable Environmental Laws.

5.10 SAUMUR, FRANCE FACILITY

(a) Following the date hereof, Seller and Buyer shall use reasonable best efforts as promptly as practicable to effectuate the acquisition by Buyer (or one of its Affiliates) of Seller's manufacturing facility and related assets in Saumur, France as described in the Descriptive Memorandum of Seller, dated July 2000, as amended, relating to such facility for an aggregate purchase price equal to the book value of such facility and the assets related thereto (such amount to be calculated substantially in accordance with the preparation of the Initial Balance Sheet) and otherwise on terms and conditions substantially consistent with terms and conditions of the transactions contemplated by this Agreement (as modified in accordance with the requirements of applicable Law and the particular circumstances related to such facility and assets) and reflecting the terms described in the term sheet annexed as Exhibit K to this Agreement. Notwithstanding the foregoing, Seller and Buyer acknowledge that completion of such transaction shall most likely occur following that Initial Closing Date and that the completion of such transaction shall not be a condition to the Initial Closing.

(b) For a period of six (6) months following the date hereof (assuming that this Agreement has not been terminated by either party pursuant to Section 11.1(c); provided, if this Agreement is terminated by either party pursuant to Section 11.1(c), the 6 month period referenced above shall be June 30, 2001), Seller will not (and Seller will cause each of its employees, officers and agents not to) (a) solicit, initiate, entertain or encourage the submission of any proposal or offer from any Person (other than Buyer) relating to the direct or indirect acquisition of the Saumur facility and assets relating thereto (other than in the ordinary course of business), or (b) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner any effort or attempt by any such Person to do or seek any of the foregoing. Seller will promptly notify Buyer if any such Person makes any such proposal, offer, inquiry or contact with respect to any of the foregoing. Notwithstanding the foregoing, Seller, in its sole discretion, shall have the right to extend the "no shop" provision of this Section 5.10(b) for up to one (1) year from the date hereof.

5.11 SCHEDULE UPDATES

On and after the date hereof and until five (5) Business Days prior to the Initial Closing Date, Seller shall or may update Schedules 1.1(b), 1.1(c), 2.4(a) and 3.9(a) (in each case, only to reflect changes occurring in the ordinary course of business in accordance with Section 5.2) and Schedule 3.4(b)(ii) (only to the extent Schedules 1.1(b), 1.1(c) or 2.4(a) are updated pursuant to this Section 5.11).

6. CONFIDENTIAL NATURE OF INFORMATION

6.1 CONFIDENTIALITY AGREEMENT

Buyer agrees that the Confidentiality Agreement shall apply to (a) all documents, materials and other information that it shall have obtained regarding Seller or its Affiliates during the course of the negotiations leading to the consummation of the transactions contemplated hereby (whether obtained before or after the date of this Agreement), any investigations made in connection therewith and the preparation of this Agreement and related documents and (b) all analyses, reports, compilations, evaluations and other materials prepared by Buyer or its counsel, accountants or financial advisors that contain or otherwise reflect or are based upon, in whole or in part, any of the provided information; PROVIDED, HOWEVER, that subject to Section 6.2(a), the Confidentiality Agreement shall terminate as of the Initial Closing and shall be of no further force and effect thereafter with respect to information of Seller the ownership of which is transferred to Buyer.

6.2 SELLER'S PROPRIETARY INFORMATION

(a) Except as provided in Section 6.2(b) and except as otherwise specified in the Intellectual Property License Agreement and the EMS Agreement, after the Initial Closing and for a period of five (5) years following the Initial Closing Date, Buyer agrees that it will keep confidential all of Seller's and its Affiliates' Proprietary Information that is received from, or made available by, Seller in the course of the transactions contemplated hereby, including, for purposes of this Section 6.2, information about Seller's and its Affiliates' business plans and strategies, marketing ideas and concepts, especially with respect to unannounced products and services, present and future product plans, pricing, volume estimates, financial data, product enhancement information, business plans, marketing plans, sales strategies, customer information (including customers' applications and environments), market testing information, development plans, specifications, customer requirements, configurations, designs, plans, drawings, apparatus, sketches, software, hardware, data, prototypes, connecting requirements or other technical and business information, except for such Proprietary Information as is conveyed to Buyer as part of the Purchased Assets.

(b) Notwithstanding the foregoing, such Proprietary Information shall not be deemed confidential and Buyer shall have no obligation with respect to any such Proprietary Information that:

(i) at the time of disclosure was already known to Buyer other than through this transaction, free of restriction as evidenced by documentation in Buyer's possession;

(ii) is or becomes publicly known through publication, inspection of a product, or otherwise, and through no negligence or other wrongful act of Buyer;

(iii) is received by Buyer from a Third Party without similar restriction and without breach of any agreement;

(iv) to the extent it is independently developed by Buyer; or

(v) is, subject to Section 6.2(c), required to be disclosed under applicable Law or judicial process.

(c) If Buyer (or any of its Affiliates) is requested or required (by oral question, interrogatory, request for information or documents, subpoena, civil investigative demand or similar process) to disclose any Proprietary Information, Buyer will promptly notify Seller of such request or requirement and will cooperate with Seller such that Seller may seek an appropriate protective order or other appropriate remedy. If, in the absence of a protective order or the receipt of a waiver hereunder, Buyer (or any of its Affiliates) is in the written opinion of Buyer's counsel required to disclose the Proprietary Information, Buyer (or its Affiliate) may disclose only so much of the Proprietary Information to the party compelling disclosure as is required by Law. Buyer will exercise its (and will cause its Affiliates to exercise their) reasonable commercial efforts to obtain a protective order or other reliable assurance that confidential treatment will be accorded to such Proprietary Information.

(d) Except to the extent that disclosure thereof is required under accounting, stock exchange or applicable securities Law disclosure obligations, the terms and conditions of this Agreement, and all attachments and amendments hereto and thereto shall be considered Proprietary Information protected under this Article 6. In addition, Buyer shall be permitted to disclose Proprietary Information to its Affiliates and to its and their respective officers, directors and employees and professional advisors, in each case, who have a need to know such information for the purposes of discharging their duties to Buyer and its Affiliates, and to its lenders and investment dealers where required to do so under binding agreements with such Persons; PROVIDED however that Buyer shall remain responsible for the actions of such parties with respect to such information. Notwithstanding anything in this Article 6 to the contrary, in the event that any such Proprietary Information is also subject to a limitation on disclosure or use contained in another written agreement between Buyer and Seller that is more restrictive than the limitation contained in this Article 6, then the limitation in such agreement shall supersede this Article 6.

7. CLOSINGS

7.1 TRANSFER

(a) Subject to compliance with the terms and conditions hereof, the transfer of the Purchased Assets (other than the Delayed Purchased Assets) shall be deemed to take effect as at the Effective Time on the Initial Closing Date.

(b) Subject to compliance with the terms and conditions hereof, the transfer of the Delayed Shreveport Purchased Assets shall be effective on a sequential basis in accordance with a timetable to be mutually agreed by Seller and Buyer during a period of time which shall begin on the Initial Closing Date and shall end no later than the October 1, 2001. Seller will sell, and Buyer will purchase, the Delayed Shreveport Purchased Assets in accordance with the following provisions: (i) Buyer shall be responsible for transporting the Delayed Shreveport Purchased Assets from the Shreveport Premise to its facility in Mexico, including,

without limitation, engaging the carrier, (ii) Seller shall, at Seller's cost, be responsible for disassembling, packing and loading such Delayed Shreveport Purchased Asset, (iii) at the time of such disassembling, packing and loading, a representative of Buyer shall be present to witness and confirm that such Delayed Shreveport Purchased Assets have been disassembled, packed and loaded on Buyer's carrier to the satisfaction of Buyer and (iv) Seller, upon receipt of such confirmation from Buyer's representative, shall not have any further liability for the condition of such Delayed Shreveport Purchased Asset once such Delayed Shreveport Purchased Asset is loaded on to Buyer's carrier in accordance with the foregoing provisions of this Section 7.1(b) and (v) Buyer shall be responsible for making any filings with, or obtaining any consents, approvals or authorizations from, any Governmental Body in connection with the transfer of such Delayed Shreveport Purchased Asset to Mexico. At the Effective Time on each Shreveport Delayed Asset Closing Date, Seller shall transfer to Buyer title to the Delayed Shreveport Purchased Assets being transferred on such date.

(c) Subject to compliance with the terms and conditions hereof, the transfer of the Denver and Little Rock Purchased Inventory and the assignment and assumption of the Denver and Little Rock Purchase Orders shall be effective on July 6, 2001 or such later date as Seller and Buyer may mutually determine but in no event later than December 1, 2001. At the Effective Time on the Denver and Little Rock Inventory Closing Date, Seller will transfer to Buyer title to the Denver and Little Rock Purchased Inventory being transferred.

7.2 INITIAL CLOSING

At the Initial Closing, the following transactions shall take place:

(a) DELIVERIES BY SELLER

On the Initial Closing Date, Seller shall deliver to Buyer the following:

(i) the Collateral Agreements;

(ii) all consents, waivers or approvals theretofore obtained or filings made by Seller with respect to the sale of the Purchased Assets or the consummation of the transactions contemplated by this Agreement or the Collateral Agreements;

(iii) an opinion or opinions of Counsel for Seller dated the Initial Closing Date with respect to the matters described in Sections 3.1, 3.3 and 3.4 (other than subparagraph (a)(ii)) in a form and subject to such exceptions as are customary for transactions similar to those contemplated hereby, which form shall be reasonably acceptable to Buyer;

(iv) a certificate of an appropriate officer of Seller, dated the Initial Closing Date, certifying to the best of his or her knowledge the fulfillment of the conditions set forth in Sections 8.1(b)(i) and (ii); and

(v) all such other bills of sale, assignments and other instruments of assignment, transfer or conveyance as Buyer may reasonably request or as may be otherwise necessary to evidence and effect the sale, transfer, assignment, conveyance and delivery of the Purchased Assets (other than the Delayed Purchased Assets) to Buyer and to put Buyer in actual possession or control of the Purchased Assets (other than the Delayed Purchased Assets).

(b) DELIVERIES BY BUYER

On the Initial Closing Date, Buyer shall deliver to Seller the following:

(i) the Purchase Price as provided in Section 2.3(a);

(ii) the Collateral Agreements;

(iii) an opinion or opinions of Counsel for Buyer (and, as applicable, such Affiliates of Buyer to the extent such Affiliates are executing any of the Collateral Agreements) dated the Initial Closing Date with respect to the matters described in Sections 4.1, 4.2 and 4.3 (other than subparagraph (a)(ii)) in a form and subject to such exceptions as are customary for transactions similar to those contemplated hereby, which form shall be reasonably acceptable to Seller;

(iv) a certificate of an appropriate officer of Buyer, dated the Closing Date, certifying to the best of his or her knowledge the fulfillment of the conditions set forth in Sections 8.1(c)(i) and (ii);

(v) all such other documents and instruments as Seller may reasonably request or as may be otherwise necessary or desirable to evidence and effect the assumption by Buyer of the Assumed Liabilities; and

(vi) evidence of the obtaining of, or the filing with respect to, any required approvals set forth on SCHEDULE 4.3(b).

7.3 DELAYED CLOSINGS

At each Delayed Closing, the following transactions shall take place:

(a) DELIVERIES BY SELLER: On each Delayed Closing, Seller shall deliver to Buyer the following:

(i) a certificate of an appropriate officer of Seller dated such Delayed Closing Date, certifying to the best of his or her knowledge the fulfillment of the conditions set forth in Sections 8.2(b)(i) and (ii); and

(ii) all such other bills of sale, assignments and other instruments of assignment, transfer or conveyance as Buyer may reasonably request or as may be otherwise necessary to evidence the sale, transfer, assignment, conveyance and delivery of the Delayed Purchased Assets being so transferred on such Delayed Closing Date to Buyer and to put Buyer in actual possession or control of such Delayed Purchased Assets.

(b) DELIVERIES BY BUYER: On each Delayed Closing, Buyer shall deliver to Seller the following:

(i) the Purchase Price to be paid in accordance with this Agreement in respect of the Delayed Purchased Assets being so transferred on such Delayed Closing Date to Buyer;

(ii) a certificate of an appropriate officer of Buyer dated such Delayed Closing Date, certifying to the best of his or her knowledge the fulfillment of the conditions set forth in Sections 8.2(c)(i) and (ii); and

(iii) all such other documents and instruments as Seller may reasonably request or as may be otherwise necessary or desirable to evidence and effect the assumption by Buyer of the Assumed Liabilities on such Delayed Closing Date.

7.4 PLACE OF CLOSINGS

Each of the Closings shall take place at the offices of Seller, 211 Mt. Airy Road, Basking Ridge, New Jersey 07920, at 10:00 a.m. local time, or at such other place or time as Seller and Buyer may agree upon in writing.

7.5 CONTEMPORANEOUS EFFECTIVENESS

All acts and deliveries prescribed by Section 7.2 and 7.3, regardless of chronological sequence within such Sections, will be deemed to occur contemporaneously and simultaneously on the occurrence of the last act or delivery required under such Sections, and none of such acts or deliveries will be effective until the last of the same has occurred.

7.6 RISK OF LOSS FOR PURCHASED ASSETS

From the date hereof to the Effective Time on the Initial Closing Date, the Purchased Assets to be purchased and sold on the Initial Closing Date shall be and remain at the risk of Seller. If prior to the Effective Time on the Initial Closing Date, any of such Purchased Assets are destroyed or damaged by fire or any other casualty or shall be appropriated, expropriated or seized by Governmental Body or other lawful authority, Buyer shall not be required to complete the purchase of such Purchased Asset and shall not be required to pay to Seller the portion of the Purchase Price attributed to such Purchased Asset. In the event that the relevant Purchased Asset has not been destroyed or appropriated, expropriated or seized but merely damaged and Buyer elects to complete the purchase of such asset, the Purchase Price shall be reduced by an amount mutually agreed by the parties or, if mutually agreed to by the

parties, Buyer shall pay the full Purchase Price therefor and any proceeds of insurance net of all proven expenses incurred and paid by Seller to obtain payment of such insurance proceeds, shall be paid to Buyer, if previously received, or assigned to Buyer, in either case, as at the Effective Time on the Initial Closing Date.

7.7 RISK OF LOSS FOR DELAYED SHREVEPORT PURCHASED ASSET

From the date hereof to each Shreveport Delayed Asset Closing Date, the Delayed Shreveport Purchased Assets to be purchased and sold on such Shreveport Delayed Asset Closing Date, shall be and remain at the risk of Seller. If prior to the Effective Time on the applicable Shreveport Delayed Asset Closing Date any Delayed Shreveport Purchased Asset to be purchased and sold on such Shreveport Delayed Asset Closing Date is destroyed or damaged by fire or any other casualty or shall be appropriated, expropriated or seized by Governmental Body or other lawful authority, Buyer shall not be required to complete the purchase of such Delayed Shreveport Purchased Asset and shall not be required to pay to Seller the portion of the Purchase Price attributed to such Delayed Shreveport Purchased Asset. In the event that such Delayed Shreveport Purchased Asset has not been destroyed or appropriated, expropriated or seized but merely damaged and Buyer elects to complete the purchase of such asset, the Purchase Price shall be reduced by an amount mutually agreed by the parties or, if mutually agreed to by the parties, Buyer shall pay the full Purchase Price therefor and any proceeds of insurance net of all proven expenses incurred and paid by Seller to obtain payment of such insurance proceeds, shall be paid to Buyer, if previously received, or assigned to Buyer, in either case, as at the Effective Time on the relevant Shreveport Delayed Asset Closing Date.

8. CONDITIONS PRECEDENT TO CLOSINGS

8.1 CONDITIONS PRECEDENT TO INITIAL CLOSING

(a) GENERAL CONDITIONS: The respective obligations of Buyer and Seller to effect the Initial Closing of the transactions contemplated hereby are subject to the fulfillment, prior to or at the Initial Closing, of each of the following conditions:

(i) NO INJUNCTIONS. No order of any court or administrative agency shall be in effect that enjoins, restrains, conditions or prohibits consummation of this Agreement or the Collateral Agreements.

(ii) ANTITRUST LAWS. Any applicable waiting period under the HSR Act or other applicable antitrust Laws relating to the transactions contemplated by this Agreement or the Collateral Agreements shall have expired or been terminated.

(b) CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS: The obligations of Buyer to effect the Initial Closing of the transactions contemplated hereby are subject to the fulfillment, prior to or at the Initial Closing, of each of the following conditions, any of which may be waived in writing by Buyer:

(i) REPRESENTATIONS AND WARRANTIES OF SELLER TRUE AT INITIAL CLOSING. The representations and warranties of Seller contained in this Agreement or in any schedule, certificate or document delivered pursuant to the provisions hereof or in connection with the transactions contemplated hereby (X) which are qualified by materiality shall be true and correct, and (Y) which are not qualified by materiality shall be true and correct in all material respects, in each case, at and as of the Initial Closing Date, as though such representations and warranties were made at and as of the Initial Closing Date, except (i) as affected by the transactions contemplated hereby and (ii) to the extent that such representations and warranties are made as of a specified date, in which case such representations and warranties shall be true in all material respects as of the specified date.

(ii) PERFORMANCE BY SELLER. Seller shall have performed in all material respects all obligations and agreements and complied in all material respects with all covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing, including executing the Collateral Agreements.

(iii) REQUIRED CONSENTS. Seller shall have obtained all of the Required Consents, except where the failure to obtain such consents, approvals or authorizations, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the Business taken as a whole.

(iv) UNION AGREEMENT. The collective bargaining agreements between Buyer and the Union covering the Transferred Represented Employees shall have been ratified and approved by the requisite majority of the members of the Union and executed by the Union on or before April 30, 2001.

(c) CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS: The obligations of Seller to effect the Initial Closing of the transactions contemplated hereby are subject to the fulfillment, prior to or at the Initial Closing, of each of the following conditions, any of which may be waived in writing by Seller:

(i) REPRESENTATIONS AND WARRANTIES OF BUYER TRUE AT INITIAL CLOSING. The representations and warranties of Buyer contained in this Agreement or in any certificate or document delivered pursuant to the provisions hereof or in connection with the transactions contemplated hereby (X) which are qualified by materiality shall be true and correct, and (Y) which are not qualified by materiality shall be true in all material respects, in each case, at and as of the Initial Closing Date as though such representations and warranties were made at and as of the Initial Closing Date, except to the extent that such representations and warranties are made as of a specified date, in which case such representations and warranties shall be true in all material respects as of the specified date.

(ii) PERFORMANCE BY BUYER. Buyer shall have performed in all material respects all obligations and agreements and complied in all material respects with all

covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Initial Closing, including executing the Collateral Agreements.

8.2 CONDITIONS PRECEDENT TO DELAYED CLOSINGS

(a) GENERAL CONDITION. The respective obligations of Buyer and Seller to effect any Delayed Closing of the transactions contemplated hereby are subject to the fulfillment, prior to or at the applicable Delayed Closing Date, of the condition that no order of any court or administrative agency shall be in effect that enjoins, restrains, conditions or prohibits the consummation of the transaction of purchase and sale of the Delayed Purchased Assets to be purchased and sold on such Delayed Closing Date.

(b) CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS. The obligations of Buyer to effect any Delayed Closing of the transactions contemplated hereby are subject to the fulfillment, prior to or at the applicable Delayed Closing Date, of each of the following conditions, any of which may be waived in writing by Buyer:

(i) REPRESENTATIONS AND WARRANTIES OF SELLER TRUE AT DELAYED CLOSING. The representations and warranties of Seller contained in Sections 3.1, 3.4, 3.5, 3.6 (with respect to the second and third sentences only and assuming that the applicable Governmental Permit was not previously assigned to Buyer and "Business" as referenced in Section 3.6 shall mean the Business as conducted by Seller immediately prior to the Initial Closing Date), 3.10, 3.11 (with respect to subparagraphs (a), (b) and (c) only and without reference to "Business" therein) and 3.15 (with respect to the first sentence only and with respect to the Delayed Shreveport Purchased Assets only) hereof, to the extent they relate to the Delayed Purchased Assets to be purchased and sold on such Delayed Closing Date (X) which are qualified by materiality shall be true and correct, and (Y) which are not qualified by materiality shall be true in all material respects, in each case, at and as of such Delayed Closing Date except (i) as affected by the transactions contemplated hereby and (ii) to the extent that such representations and warranties are made as of a specified date, in which case such representations and warranties shall be true in all material respects as of the specified date.

(ii) PERFORMANCE BY SELLER. Seller shall have performed in all material respects all obligations and agreements and complied in all material respects with all covenants and conditions required by this Agreement to be performed or complied with by it prior to or at such Delayed Closing Date, excluding those obligations and agreements to be performed by Seller and those covenants and conditions to be complied with by Seller at or before (and not beyond) the Initial Closing Date.

(c) CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS. The obligations of Seller to effect any Delayed Closing of the transactions contemplated hereby are subject to the fulfillment, prior to or at the applicable Delayed Closing Date, of each of the following conditions, any of which may be waived in writing by Seller:

(i) REPRESENTATIONS AND WARRANTIES OF BUYER TRUE AT DELAYED CLOSING. The representations and warranties of Buyer contained in Sections 4.1 and 4.3(a) hereof, to the extent they relate to the Delayed Purchased Assets to be purchased and sold on such Delayed Closing Date (X) which are qualified by materiality shall be true and correct, and (Y) which are not qualified by materiality shall be true in all material respects, in each case, at and as of such Delayed Closing Date.

(ii) PERFORMANCE BY BUYER. Buyer shall have performed in all material respects all obligations and agreements and complied in all material respects with all covenants and conditions required by this Agreement to be performed or complied with by it prior to or at such Delayed Closing Date, excluding those obligations and agreements to be performed by Buyer and those covenants and conditions to be complied with by Buyer at or before (and not beyond) the Initial Closing Date.

9. STATUS OF AGREEMENTS

The rights and obligations of Buyer and Seller under this Agreement shall be subject to the following terms and conditions:

9.1 EFFECT OF BREACH

In the event of a material breach of any representation, certification or warranty, or agreement or covenant of Seller under this Agreement that is discovered by Buyer prior to Closing and that cannot be or is not cured by Seller upon prior notice and the passage of a reasonable period of time, Buyer may elect not to proceed with the Closing hereunder, which shall be Buyer's sole remedy for such breach.

9.2 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

The representations and warranties of Buyer and Seller contained in this Agreement shall survive the Initial Closing for ****; provided, (i) the representations and warranties set out in Sections **** shall survive, with respect to each item of Principal Equipment, Shreveport Equipment and Purchased Inventory, for **** after the date on which such item of Principal Equipment, Shreveport Equipment or Purchased Inventory is transferred to Buyer in accordance with Section 7.1; (ii) the representations and warranties set out in Sections **** and Sections **** shall survive ****; (iii) the representations and warranties in **** shall survive for a period of **** from the Initial Closing Date; and any claim for any breach of a representation or warranty based on **** may be made at any time. Neither Seller nor Buyer shall have any liability whatsoever with respect to any such representations or warranties after the survival period for such representation or warranty expires.

9.3 GENERAL AGREEMENT TO INDEMNIFY

(a) Seller and Buyer shall indemnify, defend and hold harmless the other party hereto and any director, officer or Affiliate of the other party (each an "INDEMNIFIED PARTY") from and against any and all claims, actions, suits, proceedings, liabilities, obligations, losses, and damages, amounts paid in settlement, interest, costs and expenses (including reasonable attorney's fees, court costs and other out-of-pocket expenses incurred in investigating, preparing or defending the foregoing) (collectively, "LOSSES") incurred or suffered by any Indemnified Party to the extent that the Losses arise by reason of, or result from (i) the failure of any representation or warranty of such party contained in this Agreement to have been true when made and as of the Initial Closing Date or a Delayed Closing Date, as the case may be, except as expressly provided otherwise in Section 8.1(b)(i), 8.1(c)(i), 8.2(b)(i) and 8.2(c)(i), or (ii) the breach by such party of any covenant or agreement of such party contained in this Agreement to the extent not waived by the other party.

(b) Seller further agrees to indemnify and hold harmless Buyer from and against any Losses incurred by Buyer arising out of, resulting from, or relating to: (i) the Excluded Liabilities; (ii) Buyer's waiver of any applicable Bulk Sales Laws; and (iii) any claim, demand or liability for the Taxes accruing in connection with the Purchased Assets prior to and including the Initial Closing Date. In addition, Seller agrees to indemnify and hold harmless Buyer from and against any Losses incurred by Buyer arising out of the Cases (as defined in Schedule 3.8(b)) described in Item 3 on Schedule 3.8(b).

(c) Buyer further agrees to indemnify and hold harmless Seller with respect to: (i) any failure of Buyer to discharge any of the Assumed Liabilities; and (ii) any claim, demand or liability for the Taxes referred to in Section 2.9.

(d) Amounts payable in respect of the parties' indemnification obligations shall be treated as an adjustment to the Purchase Price. Buyer and Seller agree to cooperate in the preparation of a supplemental Asset Acquisition Statement as required by Section 5.3 and Treasury Reg. Section 1.1060-1T(e)(1)(i) and (e)(1)(ii)(B) as a result of any adjustment to the Purchase Price pursuant to the preceding sentence. Whether or not the Indemnifying Party (as defined below) chooses to defend or prosecute any Third-Party Claim (as defined in Section 9.4(a)) both parties hereto shall cooperate in the defense or prosecution thereof and shall furnish such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials and appeals, as may be reasonably requested in connection therewith or as provided in Section 5.1.

(e) The amount of the Indemnifying Party's liability under this Agreement shall be determined taking into account any applicable insurance proceeds actually received by, and other savings, including tax savings, that actually reduce the overall impact of the Losses upon, the Indemnified Party. The indemnification obligations of each party hereto under this Article 9 shall inure to the benefit of the directors, officers and Affiliates of the other party hereto on the same terms as are applicable to such other party.

(f) The Indemnifying Party's liability for all claims made under Section 9.3(a)(i) shall be subject to the following limitations: (i) the Indemnifying Party shall have no liability for such claims until the aggregate amount of the Losses incurred shall exceed 1% of the Total Aggregate Amount (the "Threshold Amount"), in which case the Indemnifying Party shall be liable for all Losses including the Threshold Amount, and (ii) the Indemnifying Party's aggregate liability for all such claims shall not exceed 25% of the Total Aggregate Amount. The Indemnified Party may not make a claim for indemnification under Section 9.3(a)(i) for breach by the Indemnifying Party of a particular representation or warranty after the expiration of the relevant survival period specified in Section 9.2.

(g) The indemnification provided in this Article 9 shall be the sole and exclusive remedy after the applicable Closing Date in respect of the Purchased Assets transferred on such date for damages available to the parties to this Agreement for breach of any of the terms, conditions, representations or warranties contained herein or any right, claim or action arising from the transactions contemplated by this Agreement; PROVIDED, HOWEVER, this exclusive remedy for damages does not preclude a party from bringing an action for specific performance or other equitable remedy to require a party to perform its obligations under this Agreement or any Collateral Agreement.

(h) Notwithstanding anything contained in this Agreement to the contrary, no party shall be liable to the other party for indirect, special, punitive, exemplary or consequential loss or damage (including any loss of revenue or profit) arising out of this Agreement, PROVIDED, HOWEVER, the foregoing shall not be construed to preclude recovery by the Indemnified Party in respect of Losses directly incurred from Third Party Claims. Both parties shall use reasonable commercial efforts to mitigate their damages.

(i) The rights to indemnification under Section 9.3 shall not be subject to set-off for any claim by the Indemnifying Party against any Indemnified Party, whether or not arising from the same event giving rise to such Indemnified Party's claim for indemnification.

9.4 GENERAL PROCEDURES FOR INDEMNIFICATION

(a) The Indemnified Party seeking indemnification under this Agreement shall promptly notify the party against whom indemnification is sought (the "INDEMNIFYING PARTY") of the assertion of any claim, or the commencement of any action, suit or proceeding by any Third Party, in respect of which indemnity may be sought hereunder and will give the Indemnifying Party such information with respect thereto as the Indemnifying Party may reasonably request, but failure to give such notice shall not relieve the Indemnifying Party of any liability hereunder (unless such failure prevents the Indemnifying Party from effectively contesting the claim in respect of which indemnification is sought). The Indemnifying Party shall have the right, but not the obligation, exercisable by written notice to the Indemnified Party within thirty (30) days of receipt of notice from the Indemnified Party of the commencement of or assertion of any claim, action, suit or proceeding by a Third Party in respect of which indemnity may be sought hereunder (a "THIRD-PARTY CLAIM"), to assume the defense and control the settlement of such Third-Party Claim that (i) involves (and continues

to involve) solely money damages or (ii) involves (and continues to involve) claims for both money damages and equitable relief against the Indemnified Party that cannot be severed, where the claims for money damages are the primary claims asserted by the Third Party and the claims for equitable relief are incidental to the claims for money damages.

(b) The Indemnifying Party or the Indemnified Party, as the case may be, shall have the right to participate in (but not control), at its own expense, the defense of any Third-Party Claim that the other is defending, as provided in this Agreement.

(c) The Indemnifying Party, if it has assumed the defense of any Third-Party Claim as provided in this Agreement, shall not consent to a settlement of, or the entry of any judgment arising from, any such Third-Party Claim without the Indemnified Party's prior written consent (which consent shall not be unreasonably withheld) unless such settlement or judgment relates solely to monetary damages. The Indemnifying Party shall not, without the Indemnified Party's prior written consent, enter into any compromise or settlement that (i) commits the Indemnified Party to take, or to forbear to take, any action or (ii) does not provide for a complete release by such Third Party of the Indemnified Party. The Indemnified Party shall have the sole and exclusive right to settle any Third-Party Claim, on such terms and conditions as it deems reasonably appropriate, to the extent such Third-Party Claim involves equitable or other non-monetary relief against the Indemnified Party, and shall have the right to settle any Third-Party Claim involving money damages for which the Indemnifying Party has not assumed the defense pursuant to this Section 9.4 with the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

(d) In the event an Indemnified Party shall claim a right to payment pursuant to this Agreement, such Indemnified Party shall send written notice of such claim to the Indemnifying Party. Such notice shall specify the basis for such claim. As promptly as possible after the Indemnified Party has given such notice, and subject to the limitations set forth in Section 9.3, the Indemnified Party and the Indemnifying Party shall establish the merits and amount of such claim by mutual agreement, or, if necessary, by arbitration in a manner reasonably determined by mutual agreement of such parties.

10. MISCELLANEOUS PROVISIONS

10.1 NOTICES

All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given upon receipt if (i) mailed by certified or registered mail, return receipt requested, (ii) sent by Federal Express or other express carrier, fee prepaid, (iii) sent via facsimile with receipt confirmed, or (iv) delivered personally, addressed as follows or to such other address or addresses of which the respective party shall have notified the other.

(a) If to Seller, to: Avaya Inc.

Attn: Controller
211 Mount Airy Road
Basking Ridge, NJ 07920
Facsimile: (908) 953-5000

Avaya Inc.
Attn: General Counsel
211 Mount Airy Road
Basking Ridge, NJ 07920
Facsimile: (908) 953-5000

(b) If to Buyer, to: Celestica Corporation
Pease International Tradeport
ATTN: EXA03
72 Pease Boulevard
Newington, New Hampshire 03801
Attention: General Manager
Facsimile: (603) 334-4330

With a copy to: Celestica Inc.
12 Concorde Place
7th Floor
Toronto, Ontario
M3C 3R8
Attention: Vice-President and General Counsel
Facsimile: (416) 448-5444

10.2 EXPENSES

Except as otherwise provided in this Agreement, each party to this Agreement will bear all the fees, costs and expenses that are incurred by it in connection with the transactions contemplated hereby, whether or not such transactions are consummated. Seller and Buyer shall each be responsible for their respective one-time information technology charges and one-time normal course integration costs incurred in connection with the transactions contemplated under this Agreement or any of the Collateral Agreements.

10.3 ENTIRE AGREEMENT; MODIFICATION

The agreement of the parties, which is comprised of this Agreement, the Collateral Agreement, the Schedules and Exhibits hereto and the documents referred to herein, sets forth the entire agreement and understanding between the parties and supersedes any prior agreement or understanding, written or oral, relating to the subject matter of this Agreement. No amendment, supplement, modification or waiver of this Agreement shall be binding

unless executed in writing by the party to be bound thereby, and in accordance with Section 11.4.

10.4 ASSIGNMENT; BINDING EFFECT; SEVERABILITY

This Agreement may not be assigned by any party hereto without the other party's written consent; PROVIDED however Buyer shall have the right to assign this Agreement and to assign its rights and delegate its duties under this Agreement in whole or in part at any time and without Seller's consent to any wholly-owned subsidiary of Celestica Inc. incorporated in one of states of the United States of America, provided that Buyer shall not, as a result of such assignment, be discharged from its obligations hereunder. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors, legal representatives and permitted assigns of each party hereto. The provisions of this Agreement are severable, and in the event that any one or more provisions are deemed illegal or unenforceable the remaining provisions shall remain in full force and effect unless the deletion of such provision shall cause this Agreement to become materially adverse to either party, in which event the parties shall use reasonable commercial efforts to arrive at an accommodation that best preserves for the parties the benefits and obligations of the offending provision.

10.5 GOVERNING LAW

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK IRRESPECTIVE OF THE CHOICE OF LAWS PRINCIPLES OF THE STATE OF NEW YORK, AS TO ALL MATTERS, INCLUDING MATTERS OF VALIDITY, CONSTRUCTION, EFFECT, ENFORCEABILITY, PERFORMANCE AND REMEDIES.

10.6 EXECUTION IN COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.7 PUBLIC ANNOUNCEMENT

Upon signing of this Agreement, Seller and Buyer shall prepare a mutually agreeable release announcing the transaction contemplated hereby. Except for such press release, neither Seller nor Buyer shall, without the approval of the other, make any press release or other announcement concerning the existence of this Agreement or the terms of the transactions contemplated by this Agreement, except as and to the extent that any such party shall be so obligated by Law, in which case the other party shall be advised and the parties shall use their reasonable commercial efforts to cause a mutually agreeable release or announcement to be issued; PROVIDED, HOWEVER, that the foregoing shall not preclude communications or disclosures necessary to comply with accounting, stock exchange or applicable securities Law disclosure obligations.

10.8 NO THIRD-PARTY BENEFICIARIES

Nothing in this Agreement, express or implied, is intended to or shall (a) confer on any Person other than the parties hereto and their respective successors or assigns any rights (including Third-Party beneficiary rights), remedies, obligations or liabilities under or by reason of this Agreement or (b) constitute the parties hereto as partners or as participants in a joint venture. This Agreement shall not provide Third Parties with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to the terms of this Agreement. Nothing in this Agreement shall be construed as giving to any Business Employee, or any other individual, any right or entitlement under any Benefit Plan, policy or procedure maintained by Seller, except as expressly provided in such Benefit Plan, policy or procedure. No Third Party shall have any rights under Section 502, 503 or 504 of ERISA or any regulations thereunder because of this Agreement that would not otherwise exist without reference to this Agreement. No Third Party shall have any right, independent of any right that exist irrespective of this Agreement, under or granted by this Agreement, to bring any suit at law or equity for any matter governed by or subject to the provisions of this Agreement.

11. TERMINATION AND WAIVER

11.1 TERMINATION

This Agreement may be terminated at any time prior to the Initial Closing Date by:

(a) MUTUAL CONSENT. The mutual written consent of Buyer and Seller;

(b) COURT OR ADMINISTRATIVE ORDER. Buyer or Seller if there shall be in effect a non-appealable order of a court or government administrative agency of competent jurisdiction prohibiting the consummation of the transactions contemplated hereby.

(c) DELAY. Buyer or Seller if the Initial Closing shall not have occurred by June 30, 2001, provided that the terminating party is not otherwise in material default or breach of this Agreement.

11.2 EFFECT OF TERMINATION

In the event of the termination of this Agreement in accordance with Section 11.1, this Agreement shall become void and have no effect, without any liability on the part of any party or its directors, officers or stockholders, except for the obligations of the parties hereto as provided in Article 6, Sections 10.2 and 10.7 and this Section 11.2.

11.3 WAIVER OF AGREEMENT

Any term or condition hereof may be waived at any time prior to the applicable Closing Date by the party hereto which is entitled to the benefits thereof by action taken by its Board of Directors or its duly authorized officer or employee, whether before or after the action of such party; PROVIDED, HOWEVER, that such action shall be evidenced by a written instrument duly executed on behalf of such party by its duly authorized officer or employee. The failure of either party to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision nor shall it in any way affect the validity of this Agreement or the right of such party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

11.4 AMENDMENT OF AGREEMENT

This Agreement may be amended with respect to any provision contained herein at any time prior to or on the last Closing Date by action of the parties hereto taken by their boards of directors or by their duly authorized officers or employees, whether before or after such party's action; PROVIDED, HOWEVER, that such amendment shall be evidenced by a written instrument duly executed on behalf of each party by its duly authorized officer or employee.

IN WITNESS WHEREOF, each party has caused this Agreement to be duly executed on its behalf by its duly authorized officer as of the date first written above.

AVAYA INC.

By: /s/ Garry K. McGuire

Name: Garry K. McGuire
Title: Chief Financial Officer

CELESTICA CORPORATION

By: /s/ Rahul Suri

Name: Rahul Suri
Title: Authorized Signatory

EXHIBIT A Form of Assignment and Bill of Sale

ASSIGNMENT AND BILL OF SALE

FOR GOOD AND SUFFICIENT CONSIDERATION, the receipt of which is hereby acknowledged, AVAYA INC., a Delaware corporation ("SELLER"), by these presents GRANTS, BARGAINS, SELLS, TRANSFERS, ASSIGNS, CONVEYS AND DELIVERS to _____, a _____ corporation ("BUYER"), all right, title and interest in and to all of the [Purchased Assets (other than the Delayed Purchased Assets)][Delayed Purchased Assets], as that term is defined in the Asset Purchase Agreement by and between Seller and Buyer, dated as of February ___, 2001 (the "AGREEMENT") but excluding the Excluded Assets, in accordance with, and subject to, the terms and conditions of the Agreement, which are incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings provided in the Agreement.

Seller and its successors and assigns, hereby covenants and agrees that, at any time and from time to time forthwith upon the written request of Buyer, Seller will execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, each and all of such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may reasonably be required by Buyer or as required pursuant to the Agreement in order to assign, transfer, set over, convey, assure and confirm unto and vest in Buyer, its successors and assigns, title to the [Purchased Assets (other than the Delayed Purchased Assets)][Delayed Purchased Assets] sold, assigned, conveyed, transferred and delivered by this Assignment and Bill of Sale.

This Assignment and Bill of Sale is subject to the terms and conditions of the Agreement, which are incorporated herein by reference, and shall be binding upon Seller and Buyer, and their respective successors and assigns.

THIS ASSIGNMENT AND BILL OF SALE SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK IRRESPECTIVE OF THE CHOICE OF LAWS PRINCIPLES OF THE STATE OF NEW YORK, AS TO ALL MATTERS, INCLUDING MATTERS OF VALIDITY, CONSTRUCTION, EFFECT, ENFORCEABILITY, PERFORMANCE AND REMEDIES.

Date: _____ __, 2001 AVAYA INC.

By: _____
Name:
Title:

EXHIBIT B Form of Assumption Agreement

ASSUMPTION AGREEMENT

Pursuant to that certain Asset Purchase Agreement, dated as of February __, 2001 (the "AGREEMENT"), by and between AVAYA INC., a Delaware corporation ("SELLER"), and _____, a _____ corporation ("BUYER"), FOR GOOD AND SUFFICIENT CONSIDERATION, the receipt of which is hereby acknowledged, Buyer hereby ACCEPTS, ASSUMES AND AGREES TO PAY, PERFORM OR OTHERWISE DISCHARGE the Assumed Liabilities [(other than the Assumed Liabilities related to the Shreveport Contracts and Licenses and/or the Denver and Little Rock Purchase Orders)][related to the Shreveport Contracts and Licenses and/or the Denver and Little Rock Purchase Orders], but excluding the Excluded Liabilities, in accordance with, and subject to, the terms and conditions of the Agreement, which are incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings provided in the Agreement.

This Assumption Agreement is subject to the terms and conditions of the Agreement, which are incorporated herein by reference, and shall be binding upon Seller and Buyer, and their respective successors and assigns.

THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK IRRESPECTIVE OF THE CHOICE OF LAWS PRINCIPLES OF THE STATE OF NEW YORK, AS TO ALL MATTERS, INCLUDING MATTERS OF VALIDITY, CONSTRUCTION, EFFECT, ENFORCEABILITY, PERFORMANCE AND REMEDIES.

Date: _____ __, 2001 [BUYER]

By: _____
Name:
Title:

AMENDMENT NO. 1 TO THE ASSET PURCHASE AGREEMENT

THIS AMENDMENT NO. 1 TO THE ASSET PURCHASE AGREEMENT (the "Amending Agreement") is made and is effective the 4th day of May, 2001, by and between CELESTICA CORPORATION, a Delaware corporation ("Buyer"), and AVAYA INC., a Delaware corporation ("Seller").

WHEREAS Buyer and Seller entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") dated as of February 19, 2001, providing, on the terms and conditions therein set forth, for the purchase by Buyer from Seller and the sale by Seller to Buyer of the Purchased Assets;

AND WHEREAS Buyer and Seller wish to amend the Asset Purchase Agreement as hereinafter provided to (i) update certain schedules thereto and (ii) accurately reflect the parties' intentions with respect to the purchase and sale of the Denver and Little Rock Purchased Inventory;

NOW THEREFORE THIS AMENDMENT NO. 1 TO THE ASSET PURCHASE AGREEMENT WITNESSES THAT in consideration of the respective covenants and agreements of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party), the parties agree as follows:

1. DEFINITIONS. Unless otherwise expressly defined herein, all terms which appear in this Amending Agreement (including the recitals hereto) and which are defined in the Asset Purchase Agreement shall have the respective meanings given to them in the Asset Purchase Agreement.

2. AMENDMENTS TO THE ASSET PURCHASE AGREEMENT. The Asset Purchase Agreement is amended as follows:

(a) the definition of "Delayed Closing" in Section 1.1 is hereby amended by deleting the phrase "Denver and Little Rock Inventory Closing" and replacing it with the phrase "Inventory Closings";

(b) the definition of "Delayed Closing Date" in Section 1.1 is hereby amended by deleting the phrase "Denver and Little Rock Inventory Closing Date" and replacing it with the phrase "Inventory Closing Dates";

(c) the definition of "Delayed Purchased Assets" in Section 1.1 is hereby deleted in its entirety and replaced with "means, collectively, the Delayed Shreveport Purchased Assets, the Denver Purchased Inventory, the Little Rock Purchased Inventory, the Denver Purchase Orders and the Little Rock Purchase Orders";

(d) the definitions of "Denver and Little Rock Inventory Closing", "Denver and Little Rock Inventory Closing Date", "Denver and Little Rock Inventory Purchase Price", "Denver and Little Rock Inventory Schedule", "Denver and Little Rock Purchase Orders", "Denver and Little Rock Purchased Inventory", "Initial Denver and Little Rock Inventory Net Book Value" and "Initial Denver and Little Rock

Inventory Net Book Value of the Third Auditor" in Section 1.1 are hereby deleted in their entirety;

(e) the following definitions are hereby inserted in alphabetical order in Section 1.1 of the Asset Purchase Agreement:

"Applicable Inventory Purchase Price" has the meaning assigned in Section 2.3(c)(i).

"Denver Purchase Orders" means, collectively, all purchase order Contracts relating to the Denver Purchased Inventory.

"Denver Purchased Inventory" means, on any Inventory Closing Date, the Purchased Inventory located at the Denver Premise which is to be purchased by Buyer hereunder on such Inventory Closing Date.

"Initial Inventory Net Book Value" has the meaning assigned in Section 2.3(c)(iv).

"Initial Inventory Net Book Value of the Third Auditor" has the meaning assigned in Section 2.3(c)(iv).

"Inventory Closing" means, in respect of a purchase and sale of any Denver Purchased Inventory or any Little Rock Purchased Inventory, or both, the completion of the purchase and sale of such Purchased Inventory pursuant to and in accordance with the terms of this Agreement.

"Inventory Closing Date" means the date on which Denver Purchased Inventory or Little Rock Purchased Inventory or both are transferred to Buyer in accordance with Section 7.1(c).

"Inventory Purchase Price" has the meaning assigned in Section 2.3(c)(i).

"Inventory Schedule" has the meaning assigned in Section 2.3(c)(ii).

"Little Rock Purchase Orders" means, collectively, all purchase order Contracts relating to the Little Rock Purchased Inventory.

"Little Rock Purchased Inventory" means, on any Inventory Closing Date, the Purchased Inventory located at the Little Rock Premise which is to be purchased by Buyer hereunder on such Inventory Closing Date.

(f) Section 2.1 is hereby amended by:

(i) deleting the phrase "Sections 2.1(a) through 2.1(j)" and replacing it with the phrase "Sections 2.1(a) through 2.1(k)";

(ii) deleting the word "and" after the phrase "the Business Records" in clause (i);

(iii) deleting the "." and replacing it with "; and" at the end of clause (j); and

(iv) adding the following provision after clause (j):

"(k) the furniture and equipment and other similar items owned and used by Seller at the cafeteria in the Denver Premise.";

(g) Section 2.3(c) is hereby deleted in its entirety and replaced by the following:

"(c) Inventory Closings

(i) In consideration of the sale, transfer, assignment, conveyance and delivery by Seller of the Denver Purchased Inventory and the Little Rock Purchased Inventory, Buyer shall pay to Seller on each Inventory Closing Date, the net book value of the Purchased Inventory to be purchased on such Inventory Closing Date (as may be adjusted in accordance with this Section 2.3(c), each the "APPLICABLE INVENTORY PURCHASE PRICE") and, on the last Inventory Closing Date, TWENTY SEVEN MILLION DOLLARS ($27,000,000) (together with the Applicable Inventory Purchase Price, the "INVENTORY PURCHASE PRICE", and the Inventory Purchase Price together with the Initial Purchase Price and the Shreveport Purchase Price, the "PURCHASE PRICE") in cash by wire transfer of immediately available funds to an account designated by Seller's written instructions to Buyer at least two (2) Business Days prior to the applicable Inventory Closing. The net book value of the Denver Purchased Inventory and the Little Rock Purchased Inventory to be purchased and sold on each Inventory Closing Date shall be determined in accordance with this Section 2.3(c).

(ii) As close as possible to each Inventory Closing Date, but in any event not more than five (5) Business Days prior thereto, Seller will in good faith prepare and deliver to Buyer a schedule (the "INVENTORY SCHEDULE") setting forth the net book value of the Purchased Inventory to be purchased and sold on such Inventory Closing Date. In order to prepare the Inventory Schedule for such Inventory Closing Date, Buyer shall provide Seller full access during regular business hours to the Denver Premise and the Little Rock Premise, as appropriate, and the relevant records necessary to prepare the Inventory Schedule. The Inventory Schedule shall be prepared in a manner consistent with the preparation of the Initial Balance Sheet. During such five (5) day period, Seller and Buyer shall jointly conduct a physical inventory of the Purchased Inventory to be purchased and sold on such Inventory Closing Date. To the extent Buyer agrees with Seller's calculation of the net book value of the Purchased Inventory to be purchased and sold on such Inventory

Closing Date as set forth in the Inventory Schedule for such Inventory Closing Date, or if Seller and Buyer agree on a different net book value amount, Buyer shall pay Seller on such Inventory Closing Date such agreed upon amount. To the extent Buyer and Seller cannot reasonably agree on the net book value of the Purchased Inventory to be purchased and sold on such Inventory Closing Date by the day immediately prior to such Inventory Closing Date, Buyer shall nevertheless be obligated to pay Seller on such Inventory Closing Date the net book value amount set forth in the Inventory Schedule for such Inventory Closing Date, subject to the audit rights set forth in Section 2.3(c)(iii) below.

(iii) To the extent Buyer and Seller cannot reasonably agree on the net book value of the Purchased Inventory to be purchased and sold on an Inventory Closing Date, promptly following such Inventory Closing Date, Seller's Auditor and Buyer's Auditor shall select the Third Auditor who shall definitively decide the net book value of the Purchased Inventory to be purchased and sold on such Inventory Closing Date. The Third Auditor will be given full access by Buyer, during regular business hours, to the relevant records and other work papers necessary to review the Inventory Schedule. Buyer and Seller shall each pay one-half of the fee charged by the Third Auditor, and each shall be solely responsible for any fees charged by auditors of such party.

(iv) An amount equal to the net book value of the Purchased Inventory to be purchased and sold on any Inventory Closing Date set forth in the Inventory Schedule shall be referred to as the "INITIAL INVENTORY NET BOOK VALUE." An amount equal to the net book value of the Purchased Inventory to be purchased and sold on such Inventory Closing Date as determined by the Third Auditor shall be referred to as the "INITIAL INVENTORY NET BOOK VALUE OF THE THIRD AUDITOR." If the Initial Inventory Net Book Value in respect of any Inventory Closing is less than the Initial Inventory Net Book Value of the Third Auditor, then Buyer shall pay the difference between such amounts to Seller in cash by wire transfer of immediately available funds to an account designated by Seller's written instructions to Buyer, and if the Initial Inventory Net Book Value in respect of any Inventory Closing is greater than the applicable Initial Inventory Net Book Value of the Third Auditor, then Seller shall pay the difference between such amounts to Buyer in cash by wire transfer of immediately available funds to an account designated by Buyer's written instructions to Seller. Any such payment shall be made on or before 60 calendar days after the applicable Inventory Closing Date, and any such payment shall be considered an addition or reduction, as applicable, to the Purchase Price.";

(h) Section 2.4 is hereby amended by deleting the phrase "Denver and Little Rock Purchase Orders" in each case and replacing it with "Denver Purchase Orders and Little Rock Purchase Orders";

(i) Sections 2.6(d) and 2.6(e) are hereby amended by deleting in its entirety the phrase "Denver and Little Rock Purchase Order" in each case and replacing it with "Denver Purchase Order or a Little Rock Purchase Order" and deleting in its entirety the phrase "Denver and Little Rock Inventory Closing Date" in each case and replacing it with "Inventory Closing Date";

(j) Section 3.16 is hereby amended by deleting the phrase "Denver and Little Rock Inventory Closing Date" in each case and replacing it with "applicable Inventory Closing Date";

(k) Section 5.4(f) is hereby amended by deleting the first sentence thereof in its entirety and replacing it with the following:

"From and after the Effective Time on the Initial Closing Date, Buyer shall be responsible for all accrued, unused vacation balances owed to Transferred Employees who are Represented Employees who elect, prior to the Initial Closing Date, to transfer such accrued, unused vacation balances to their employment with Buyer and Seller shall deliver to the Buyer at least one (1) Business Day prior to the Initial Closing Date a list of all such Transferred Employees, which list shall set out the accrued, unused vacation balances so transferred and the applicable hourly wage rate of such Transferred Employees. The Initial Purchase Price shall be reduced by an amount equal to the aggregate of all accrued, unused vacation balances transferred to Buyer in accordance with this Section 5.4(f).";

(l) Section 7.1(c) is hereby deleted in its entirety and replaced by the following:

"Subject to compliance with the terms and conditions hereof, the transfer of the Denver Purchased Inventory and the Little Rock Purchased Inventory and the assignment and assumption of the related Denver Purchase Orders and Little Rock Purchase Orders, as the case may be, shall be effective on a sequential basis in accordance with a timetable to be mutually agreed by Seller and Buyer during a period of time which shall begin on the Initial Closing Date and shall end no later than October 1, 2001. At the Effective Time on each Inventory Closing Date, Seller will transfer to Buyer title to any Denver Purchased Inventory and any Little Rock Purchased Inventory being transferred on such date.";

(m) Exhibit A to Schedule 1.1(a) of the Asset Purchase Agreement is hereby deleted in its entirety and replaced with Schedule 1.1(a)(A) attached to this Amending Agreement;

(n) Exhibit A to Schedule 1.1(b) of the Asset Purchase Agreement is hereby deleted in its entirety and replaced with Schedule 1.1(b)(A) attached to this Amending Agreement;

(o) Exhibit B to Schedule 1.1(c) of the Asset Purchase Agreement is hereby deleted in its entirety and replaced with Schedule 1.1(c)(B) attached to this Amending Agreement;

(p) Schedule 2.1(b) of the Asset Purchase Agreement, together with the exhibits thereto, is hereby deleted in its entirety and replaced with Schedule 2.1(b) attached to this Amending Agreement;

(q) Schedule 2.1(c) of the Asset Purchase Agreement is hereby deleted in its entirety and replaced with Schedule 2.1(c) attached to this Amending Agreement;

(r) Schedule 2.2(j) of the Asset Purchase Agreement, together with the exhibits thereto, is hereby deleted in its entirety and replaced with Schedule 2.2(j) attached to this Amending Agreement;

(s) Exhibit A to Schedule 2.4(a) of the Asset Purchase Agreement is hereby deleted in its entirety and replaced with Schedule 2.4(a)(A) attached to this Amending Agreement;

(t) Schedule 3.9(a) of the Asset Purchase Agreement is hereby deleted in its entirety and replaced with Schedule 3.9(a) attached to this Amending Agreement;

(u) Exhibits A, B2, C1 and E to Schedule 3.10 of the Asset Purchase Agreement are hereby deleted in their entirety and replaced with Schedules 3.10(A), 3.10(B2) 3.10(C1) and 3.10(E) attached to this Amending Agreement, respectively; and

(v) Schedule 3.18 of the Asset Purchase Agreement is hereby deleted in its entirety and replaced with Schedule 3.18 attached to this Amending Agreement.

3. COVENANT OF SELLER. Seller agrees that it shall repair all leaks in the roof at the Little Rock Premise, which leaks are in existence on the date hereof, and be liable for all costs related thereto. If such repair has not been completed within 30 days of the date hereof, Buyer may have the repairs performed and invoice Seller for reimbursement of the cost of the repairs, and Seller shall reimburse Buyer for such costs.

4. CONFIRMATION OF THE ASSET PURCHASE AGREEMENT. Except as specifically provided for in the foregoing provisions of this Amending Agreement, the Asset Purchase Agreement shall continue in full force and effect and each of Buyer and Seller hereby confirms the terms of the Asset Purchase Agreement, as so amended. This Amending Agreement and the Asset Purchase Agreement shall be read, interpreted, construed and have effect as, and shall constitute, one agreement with the same effect as if the amendments made by this Amending Agreement had been contained in the Asset Purchase Agreement as of the date hereof.

5. GOVERNING LAW. This Agreement shall be governed by the laws of the State of New York.

6. COUNTERPARTS. This Amending Agreement may be executed in one or more counterparts, each of which when so executed shall constitute an original and all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amendment No. 1 to the Asset Purchase Agreement.

CELESTICA CORPORATION

by: _____
Name: Rahul Suri
Title: Authorized Signatory

AVAYA INC.

by: _____
Name:
Title:

DESIGN TO DISTRIBUTION LIMITED

AND

CELESTICA INTERNATIONAL INC.

AND

CELESTICA INC.

D2D EMPLOYEE SHARE PURCHASE AND OPTION PLAN (1997)

DECEMBER 4, 1997
AS AMENDED AND RESTATED ON NOVEMBER 8, 2000

DESIGN TO DISTRIBUTION LIMITED

AND

CELESTICA INTERNATIONAL INC.

AND

CELESTICA INC.

D2D EMPLOYEE SHARE PURCHASE AND OPTION PLAN (1997)

STATEMENT OF PURPOSE

The purpose of this D2D Employee Share Purchase and Option Plan (1997) (the "Plan") is to provide a means whereby Celestica Inc. ("Celestica") and its wholly-owned subsidiary, Celestica International Inc. ("Celestica International"), may, through the sale of Subordinate Voting Shares and the grant of options to acquire Subordinate Voting Shares to certain full-time employees of Celestica's indirect Subsidiary, Design to Distribution Limited ("D2D"), and its Subsidiaries, motivate those employees to exert their best efforts on behalf of Celestica and its Subsidiaries and to align closely the personal interests of employees with those of the shareholders of Celestica.

Participation in the Plan is entirely voluntary. No employee of D2D or any of its direct and indirect Subsidiaries is obligated, as a term or condition of employment or otherwise, to participate in the Plan, and failure to participate shall not in any way affect employment.

D2D, Celestica, Celestica International, Onex and a wholly-owned Subsidiary of Celestica International, Celestica Employee Nominee Corporation (the "Nominee"), have entered into an agreement (the "Nominee Agreement") pursuant to which, among other things, the Nominee has agreed to act as nominee holder of Subordinate Voting Shares and options to acquire Subordinate Voting Shares issued pursuant to this Plan.

ARTICLE I

INTERPRETATION

1.1 DEFINITIONS. The following capitalized terms when used in the Plan shall have the respective meanings set forth below in this Section 1.1 unless the context otherwise requires.

"ADDITIONAL AMOUNT" has the meaning set out in Section 6.9.

"ADMINISTRATOR" has the meaning set out in Section 2.2.

"APPROVED TRANSFEREE" has the meaning set out in Section 6.1(c).

"AUDITED FINANCIAL STATEMENTS" means the audited consolidated annual financial statements of Celestica, prepared in accordance with GAAP.

"AUDITORS" means the firm of chartered accountants appointed from time to time as the auditors of Celestica.

"BASE OPTION" means an option granted pursuant to Section 5.3(a) to purchase one or more Subordinate Voting Shares from Celestica pursuant to the terms of this Plan, and includes the agreement setting forth the same.

"BASE OPTION EXERCISE PRICE" has the meaning set out in Section 5.3(a).

"CELESTICA" means Celestica Inc. and any successor thereof.

"CELESTICA BOARD" means the board of directors of Celestica or any committee of the same charged with the responsibility of administering the Plan.

"CELESTICA EMPLOYEE" means a person who is employed in a full time capacity by Celestica or any Subsidiary of Celestica.

"ELIGIBLE PERSONS" means full-time employees of D2D and its direct and indirect Subsidiaries.

"EMPLOYMENT TERMINATION DATE" means the date on which a Participant ceases to be a Celestica Employee.

"FISCAL YEAR" means a fiscal year of Celestica.

"GAAP" means generally accepted accounting principles which have been established in Canada, including those approved from time to time by the Canadian Institute of Chartered Accountants or any successor bodies thereto.

"IMMEDIATE FAMILY MEMBER" means, in respect of a Participant, such Participant's spouse (including a common law spouse), such Participant's children and such Participant's parents.

"LIBOR RATE" means, in respect of any amount of money owed by a party to another party pursuant to the terms of this Plan, for each 30-day period or part thereof during which such amount is outstanding, the rate of interest in effect as of the first day of such 30 day period for 30-day LIBOR U.S. Dollar loans.

"MANAGEMENT REPRESENTATIVES" means the persons appointed from time to time as the Chief Executive Officer of Celestica International and the Chief Financial Officer of Celestica International.

"MARKET PRICE" as at any date in respect of Subordinate Voting Shares shall be the per Subordinate Voting Share weighted average closing price of such Subordinate Voting Shares on The New York Stock Exchange (or, if such shares are not then listed and posted for trading on The New York Stock Exchange, on such stock exchange in North America or national dealer quotation system on which such Shares are listed and posted for trading or quoted, as applicable, as may be selected for such purpose by the Celestica Board) for the ten trading days immediately preceding such date. In the event that such Subordinate Voting Shares did not trade on any such trading day, the Market Price shall be the average of the averages of the bid and ask prices in respect of such Subordinate Voting Shares at the close of trading on each such trading day.

"NOMINEE SUBSCRIPTION" means a subscription by the Nominee for Plan Shares, or an offer by the Nominee to purchase Plan Shares from Onex, in each case as provided for in Section 3.3.

"ONEX" means Onex Corporation or its successors.

"OPTIONEE" means the Nominee in its capacity as agent for a particular Participant to whom an Option has been granted under the Plan.

"OPTIONS" means, collectively, the Target Options and the Base Options.

"PARTICIPANT" means any Eligible Person for the benefit of whom the Nominee acquires and holds Subordinate Voting Shares pursuant to and in accordance with this Plan and, upon the death of such Eligible Person, shall include any such Eligible Person's estate.

"PARTICIPANT DIRECTION AND AGREEMENT" means a direction and agreement by a Participant, accompanied by the necessary payment, agreeing to participate in the Plan and directing the Nominee to execute and deliver a Nominee Subscription pursuant to and in accordance with this Plan.

"PARTICIPANT LOAN" means any loan or loans made by a financial institution at any time or from time to time to a Participant who is a Senior Employee in connection with the purchase by the Nominee, as agent for and for the benefit of such Participant, of Plan Shares pursuant to Section 3.3 which are guaranteed by D2D or any of its Subsidiaries in accordance with Section 3.6, and shall include any interest from time to time accrued and unpaid thereon.

"PARTICIPANT REIMBURSEMENT AMOUNT", with respect to a Participant at any time, means: (a) the amount owing by such Participant to Celestica and/or D2D, as applicable, at such time pursuant to Article VII as set out in the notice to such Participant contemplated by Section 7.3; plus (b) interest thereon calculated on the basis of the Libor Rate plus 2.5% from the time such amount in clause (a) of this definition arose to the date the same is reimbursed in accordance with Section 7.4, 7.5 or otherwise.

"PERMITTED TRANSFEREE" has the meaning set out in Section 6.1.

"PERSONAL ENTITY" means, in respect of a Participant, a trust, partnership, corporation or other entity established by or for the benefit of the Participant and/or any of such participant's Immediate Family Members, all of the voting and equity interests of which or all of the assets or other ownership interests in which are, directly or indirectly, beneficially owned or controlled by, or under common control with, or for the benefit of, the foregoing person or persons.

"PLAN SECURITIES" means, collectively, Plan Shares and Options.

"PLAN SHARES" means, collectively, (i) any Subordinate Voting Shares that are acquired and held by the Nominee as agent for and for the benefit of Participants pursuant to Section 3.3 in accordance with the terms of this Plan, (ii) so long as (A) a "black-out" period has been imposed by Celestica on sales by Participants of Plan Shares, including Subordinate Voting Shares acquired upon the exercise of Options, and such "black-out" period is continuing, or (B) a Participant has not repaid any outstanding Participant Reimbursement Amount as required by Article VII, any Subordinate Voting Shares that are acquired by such Participant upon the exercise of Options while Celestica has imposed such a "black-out" period or while such Participant Reimbursement Amount remains outstanding (such Subordinate Voting Shares accordingly being held by the Nominee as agent for and for the benefit of such Participant in accordance with Section 5.6), and (iii) any Subordinate Voting Shares issued by Celestica to the Nominee as a stock dividend or other stock distribution in respect of any Plan Shares held by the Nominee as agent for and for the benefit of Participants.

"POST-TERMINATION OPTION EXERCISE DEADLINE" with respect to any Participant who ceases to be a Celestica Employee, means the earlier of (i) the date on which all Options held by the Nominee as agent for such Participant are cancelled pursuant to Section 6.8 and (ii) the date following such Participant's Employment Termination Date on which no further Plan Shares could be purchased upon the exercise of Options held by the Nominee as agent for such Participant prior to their cancellation pursuant to Section 6.8.

"REGISTER OF PARTICIPANT HOLDINGS" means the Register maintained by or on behalf of the Nominee in accordance with Section 4.3.

"SALE", "TO SELL", when used to refer to the sale of Plan Shares by a Participant or by the Nominee on behalf of such Participant, shall be deemed to include the withdrawal of Plan Shares by such Participant from the Plan.

"SCHEME OPTION" means an option to purchase one or more Subordinate Voting Shares from Celestica, which option is granted pursuant and subject to the terms of the U.K. Option Scheme.

"SCHEME OPTIONED SHARES", at any time, means the Subordinate Voting Shares available for purchase under a Scheme Option at such time and, for greater certainty, at any time shall exclude such Subordinate Voting Shares as were formerly available for purchase under such Scheme Option but are no longer at that time available for purchase under such Scheme Option either because such Scheme Option expired or was terminated in respect of such Subordinate Voting Shares or because such Scheme Option was exercised with respect to such Subordinate Voting Shares.

"SENIOR EMPLOYEE" means an Eligible Person who belongs to the management or senior technical staff of D2D or any of its Subsidiaries and who is designated as such by the Celestica Board on the recommendation of Celestica International and D2D.

"SUBORDINATE VOTING SHARES" means Subordinate Voting Shares in the capital of Celestica and includes any securities into which such Subordinate Voting Shares may be converted, reclassified, redesignated, subdivided, consolidated or otherwise changed from time to time and any securities of any successor or continuing corporation to Celestica that may be received in respect of Subordinate Voting Shares on a reorganization, amalgamation, consolidation or merger, statutory or otherwise.

"SUBSIDIARY", with respect to a corporation, shall mean any subsidiary of that corporation within the meaning of the BUSINESS CORPORATIONS ACT (Ontario), as amended from time to time.

"TARGET OPTION" means an option granted pursuant to Section 5.1 to purchase one or more Subordinate Voting Shares from Celestica pursuant to the terms of this Plan, and includes the agreement setting forth the same.

"TARGET OPTION EXERCISE PRICE" has the meaning set out in Section 5.1.

"TRANSFER" of any security means any sale, exchange, transfer, assignment, gift, pledge, encumbrance, hypothecation, alienation or other transaction, whether voluntary, involuntary or by operation of law, by which the legal or beneficial ownership of, or any security or other interest in, such security passes from one person to another person or to the same person in a different capacity, whether or not for value.

"U.K. OPTION SCHEME" means the share option scheme of Celestica approved under Schedule 9 of INCOME AND CORPORATION TAXES ACT 1988 (United Kingdom), as amended by FINANCE ACT 1996 (United Kingdom) attached to this Plan as Schedule C.

"UNAUDITED FINANCIAL STATEMENTS" means the unaudited consolidated quarterly financial statements of Celestica, prepared in accordance with generally accepted accounting principles.

1.2 NUMBER AND GENDER. Words importing the singular number only shall include the plural and VICE VERSA and words importing gender shall include all genders, unless the context clearly requires otherwise.

1.3 SECTION AND HEADINGS. The division of this Plan into Sections and the insertion of headings are for reference purposes only and shall not affect the construction or interpretation of this Plan. The terms "this Plan", "hereof", "herein", "hereunder" and similar expressions refer to this Plan and not to any particular Section or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless otherwise indicated, any reference in this Plan to a Section or Schedule refers to the specified Section of or Schedule to this Plan.

1.4 ENTIRE PLAN. This Plan constitutes the entire D2D Employee Share Purchase and Option Plan (1997). There are no conditions, covenants, agreements, representations, warranties or other provisions, express

or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as expressly provided in this Plan or any agreement or instrument supplemental or ancillary hereto.

1.5 TIME OF ESSENCE. Time shall be of the essence of this Plan and any agreement or instrument supplemental or ancillary hereto.

1.6 APPLICABLE LAW. This Plan is established under, and this Plan and any agreement or instrument supplemental or ancillary hereto shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of all parties and the construction and effect of each and every provision of the Plan shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable in such province, and all parties attorn to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

1.7 SEVERABILITY. If any provision of this Plan is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof and the Plan shall be construed, administered and enforced as if such illegal or invalid provision had never been included herein and in a manner that fulfills the original intent hereof.

ARTICLE II

ELIGIBILITY AND ADMINISTRATION

2.1 ELIGIBILITY TO PARTICIPATE IN PLAN. All Eligible Persons shall be eligible to become Participants under the Plan.

2.2 ADMINISTRATION OF PLAN. The Plan shall be administered under the supervision of the Celestica Board. Celestica and the Nominee shall have the power to jointly appoint a trust company or other qualified corporation (the "Administrator") to carry out the day-to-day administration of the Plan and the Nominee shall be permitted to delegate any of its responsibilities under the Plan to such Administrator, in each case subject to the approval of the Celestica Board.

2.3 POWERS OF THE ADMINISTRATOR. Subject to the approval of the Celestica Board and to the specific terms and conditions set forth in this Plan, Celestica and the Nominee shall be permitted to grant to the Administrator any of the rights, privileges and benefits conferred on the Nominee pursuant to this Plan and such additional powers as may be required to permit the Administrator to carry out its duties as Administrator, including without limitation, the power to retain stock brokers, to arrange for transfers, withdrawals and sales on behalf of Participants of Plan Shares and Subordinate Voting Shares acquired upon the exercise of Options, to make arrangements to permit the cashless exercise of Options by Participants, and to adopt procedures and rules in connection with the foregoing.

2.4 INTERPRETATION OF PLAN. The Celestica Board, after consultation with the Management Representatives, may interpret the Plan as may be necessary or appropriate for the administration of the Plan and shall, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan, make such other determinations and take such other actions as it deems necessary or advisable, including, without limitation:

(a) establish policies and adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;

(b) interpret and construe the Plan and determine all questions arising out of the Plan and any Plan Shares issued and any Option granted pursuant to the Plan;

(c) determine on behalf of which Eligible Persons Subordinate Voting Shares are offered and Options granted to the Nominee and offer Subordinate Voting Shares and grant Options;

(d) determine the number of Subordinate Voting Shares covered by each Option;

(e) determine the purchase price for any Plan Shares issued pursuant to Section 3.3;

(f) determine the time or times when Options will be granted and exercisable;

(g) determine if the Subordinate Voting Shares which are subject to an Option will be subject to any restrictions upon the exercise of such Option; and

(h) prescribe the form of the instruments relating to the offer and purchase of Subordinate Voting Shares and grant, exercise and other terms of any Options.

2.5 CELESTICA BOARD TO GIVE NOTICE OF INTERPRETATION. The Celestica Board shall give the Management Representatives notice of any interpretation or determination formally made by the Celestica Board in accordance with Section 2.3 hereof not less than 14 days prior to the effective date thereof. Any such interpretation or determination so made shall be final, binding and conclusive for all purposes.

ARTICLE III

ISSUE AND SALE OF SHARES UNDER PLAN

3.1 ISSUE AND SALE OF SHARES UNDER PLAN. Within such limits as are imposed from time to time by the Celestica Board and subject to Article VII hereof, the Nominee will be offered the opportunity from time to time to subscribe for Subordinate Voting Shares or to purchase them from Onex, in either case, as agent for and for the benefit of Eligible Persons identified for such purpose by the Celestica Board on the recommendation of Celestica International and D2D.

3.2 D2D AND CELESTICA INTERNATIONAL TO ALLOCATE SHARES TO PARTICIPANTS. D2D and Celestica International may from time to time recommend to Celestica the Eligible Persons for the benefit of whom Celestica shall make available Subordinate Voting Shares for purchase by the Nominee pursuant to this Plan and may allocate to each such Eligible Person a particular number of Subordinate Voting Shares that shall be made available for purchase by the Nominee, as agent for and for the benefit of that Eligible Person, during a specified period of time and at a specified price. The total number of Subordinate Voting Shares that may be made available for purchase by the Nominee under this Plan shall not exceed the number of Subordinate Voting Shares allotted for that purpose from time to time by the Celestica Board.

3.3 MANNER OF SUBSCRIPTION. Subscriptions for Subordinate Voting Shares by the Nominee should be substantially in the form and on the terms of the form of Nominee Subscription appended hereto as Schedule A or such other form acceptable to Celestica and the Nominee. For each subscription by the Nominee there shall be a corresponding direction and agreement (accompanied by the required payment) from an Eligible Person substantially in the form and on the terms of the form of Participant Direction and Agreement appended hereto as Schedule B or such other form acceptable to Celestica and the Nominee. Should Plan Shares be acquired by the Nominee for the benefit of Eligible Persons from Onex rather than from the Celestica treasury, appropriate changes to the forms of the Nominee Subscription and Participant Direction and Agreement, in each case as acceptable to the Nominee and to Celestica, shall be made.

3.4 MINIMUM SUBSCRIPTION. Celestica and Onex reserve the right to accept or reject Nominee Subscriptions, and shall reject Nominee Subscriptions for less than 200 Subordinate Voting Shares or that are

for more Subordinate Voting Shares than have been allocated to the particular Participant under Section 3.2 hereof, or that are made on terms or for a price that are inconsistent with this Plan.

3.5 CERTIFICATES REPRESENTING PLAN SHARES. Certificates representing Plan Shares issued to the Nominee as agent for and for the benefit of a Participant shall be registered and issued in the name of the Nominee and shall be delivered to and, unless pledged to D2D in accordance with Section 3.6, held by the Nominee in accordance with the terms of this Plan.

3.6 FINANCIAL ASSISTANCE TO SENIOR EMPLOYEES. The Celestica Board, on the recommendation of D2D and Celestica International, may from time to time undertake to identify Participants who are to be designated as Senior Employees for the purpose of this Plan to whom D2D or any of its Subsidiaries may provide financial assistance in connection with the acquisition by the Nominee, as agent for and on behalf of such Senior Employee, of any Plan Shares pursuant to Section 3.3 (i) by helping to arrange for a Participant Loan to be used by such Senior Employee in connection with the payment for the Plan Shares to be so acquired and (ii) by guaranteeing such Participant Loan for such period of time and on such other terms as D2D may determine, provided that:

(a) the amount of the Participant Loan shall not exceed 66-2/3% of the aggregate purchase price payable with respect to such Plan Shares; and

(b) the Nominee, as agent for and on behalf of such Senior Employee shall pledge to D2D or a Subsidiary of D2D designated for this purpose, as security for such Participant Loan, a number of Plan Shares equal to 3/2 of the number of Plan Shares acquired with the proceeds of such Participant Loan.

3.7 USE OF PROCEEDS FROM SALE OF PLAN SHARES. Any cash proceeds from the sale of Plan Shares issued by Celestica under the Plan shall be added to the general funds of Celestica and shall thereafter be used from time to time for such corporate purposes as the Celestica Board may determine.

ARTICLE IV

GENERAL PROVISIONS GOVERNING PLAN SECURITIES ACQUIRED AND HELD BY NOMINEE UNDER PLAN

4.1 NOMINEE TO HOLD PLAN SECURITIES IN ACCORDANCE WITH PLAN. All Plan Securities issued to the Nominee, as agent for and for the benefit of Participants, shall be held by the Nominee in accordance with the provisions of this Plan. All rights and obligations of the Nominee and of the Participants relating to any Plan Securities, including, without limitation, all rights and obligations relating to the holding, assignment, pledge, transfer, sale or other disposition of Plan Securities, shall be governed by the provisions of this Plan. Neither the Nominee nor any Participant shall have any rights with respect to any Plan Securities except as specifically provided by this Plan.

4.2 GENERAL RESTRICTION ON TRANSFERS. Except as specifically permitted or required in this Plan, the Nominee shall not Transfer any Plan Securities held by it, and no Participant shall Transfer such Participant's beneficial interest in any Plan Securities held by the Nominee as agent for and on behalf of such Participant. Any purported Transfer in violation of this Section shall be invalid and void and shall not be registered in the books of Celestica or otherwise recognized by Celestica, Celestica International, D2D, the Nominee or Onex for any purpose.

4.3 REGISTER OF PARTICIPANT HOLDINGS. The Nominee shall maintain or cause to be maintained a Register of all Participants and their respective holdings of Plan Securities (the "Register of Participant Holdings"). All issuances and transfers of Plan Shares and all grants and exercises of Target Options and Base Options shall be reflected in such Register of Participant Holdings.

4.4 DIVIDENDS ON SUBORDINATE VOTING SHARES. The Nominee shall pay and transfer all dividends or other distributions (other than stock dividends) received by it in respect of the Plan Shares held by it as agent for and on behalf of any Participant to or to the order of such Participant.

4.5 VOTING OF PLAN SHARES. All Plan Shares may only be voted by Onex and the Nominee shall do all things necessary to enable Onex to vote such Plan Shares including, without limitation, executing any required forms of proxy.

4.6 MANAGEMENT REPRESENTATIVES TO MAKE ELECTIONS. Subject to Section 4.5, all decisions and elections to be made by the Nominee as the registered holder of any Plan Shares shall be made by the Management Representatives in their sole discretion.

ARTICLE V

GRANT OF OPTIONS AND GENERAL TERMS AND CONDITIONS THEREOF

5.1 GRANT OF TARGET OPTIONS. Subject to Article VII hereof, in connection with the acquisition by the Nominee pursuant to Section 3.3 hereof of Plan Shares, as agent for and for the benefit of any Participant, the Celestica Board may, in its discretion and upon the recommendation of Celestica International and D2D, grant to the Nominee, as agent for and for the benefit of such Participant, one or more Target Options to acquire Subordinate Voting Shares. The Target Options granted to the Nominee, as agent for and for the benefit of any Participant, shall be exercisable for the purchase of a number of Subordinate Voting Shares determined by the Celestica Board, which number shall not exceed the number of Subordinate Voting Shares acquired by the Nominee, as agent for and for the benefit of such Participant, at or prior to the time of the grant of the Target Option or Target Options. The purchase price for each Subordinate Voting Share subject to a Target Option (as adjusted in accordance with Section 5.9 hereof, the "Target Option Exercise Price") shall be set out in the Target Option and shall be the price at which the Nominee purchased the corresponding Plan Shares pursuant to Section 3.3, as agent for and for the benefit of the Participant for whom the Nominee holds such Target Option.

5.2 VESTING OF TARGET OPTIONS. Each Target Option granted under this Plan shall become exercisable in instalments on each of December 31, 1998, 1999, 2000, 2001 and 2002 with respect to the following percentage of Subordinate Voting Shares subject to such Target Option:

DATE ON WHICH TARGET OPTIONS BECOME EXERCISABLE	PERCENTAGE OF NUMBER OF SUBORDINATE VOTING SHARES SUBJECT TO TARGET OPTIONS WITH RESPECT TO WHICH TARGET OPTIONS MAY BE EXERCISED
December 31, 1998	10%
December 31, 1999	15%
December 31, 2000	20%
December 31, 2001	25%
December 31, 2002	30%

In the event that on any of the foregoing dates a Target Option would become exercisable with respect to a fractional number of Subordinate Voting Shares subject to such Target Option, then the number of Subordinate Voting Shares subject to such Target Option with respect to which such Target Option shall become exercisable on such date shall be rounded down to the nearest whole number and the remaining fractional Subordinate Voting Share shall be added to the Subordinate Voting Shares with respect to which such Target Option will become exercisable on December 31 of the immediately following year.

5.3 GRANT OF BASE OPTIONS.

(a) In connection with the acquisition by the Nominee pursuant to Section 3.3 hereof of Plan Shares, as agent for and for the benefit of any Participant, the Celestica Board shall grant to the Nominee, as agent for and for the benefit of such Participant, a Base Option to purchase a number of Subordinate Voting Shares equal to 60.22% of the number of Plan Shares acquired by the Nominee pursuant to Section 3.3 hereof, as agent for and for the benefit of such Participant, rounded down to the nearest whole number. Each Base Option will have an exercise price per Subordinate Voting Share (as adjusted in accordance with Section 5.9 hereof, the "Base Option Exercise Price") equal to the price at which the Nominee purchased the corresponding Plan Shares pursuant to Section 3.3, as agent for and for the benefit of such Participant. A Base Option shall become exercisable in the manner and for the number of Subordinate Voting Shares set forth in Section 5.2(b).

(b) A Base Option shall become exercisable:

(A) on July 7, 1998, being the date on which Celestica became a public company, with respect to 50% of the number of Subordinate Voting Shares subject to such Base Option;

(B) with respect to the remaining 50% of Subordinate Voting Shares subject to such Base Option, in instalments on each of December 31, 1998, 1999, 2000, 2001 and 2002 with respect to the following percentage of Subordinate Voting Shares subject to such Base Option:

DATE ON WHICH BASE OPTIONS BECOME EXERCISABLE	PERCENTAGE OF NUMBER OF SUBORDINATE VOTING SHARES SUBJECT TO BASE OPTIONS WITH RESPECT TO WHICH BASE OPTIONS MAY BE EXERCISED
December 31, 1998	5.0%
December 31, 1999	7.5%
December 31, 2000	10.0%
December 31, 2001	12.5%
December 31, 2002	15.0%

In the event that on any of the foregoing dates a Base Option would become exercisable with respect to a fractional number of Subordinate Voting Shares subject to such Base Option, then the number of Subordinate Voting Shares subject to such Base Option with respect to which such Base Option shall become exercisable on such date shall be rounded down to the nearest whole number and the remaining fractional Subordinate Voting Share shall be added to the Subordinate Voting Shares with respect to which such Base Option will become exercisable on December 31 of the immediately following year.

5.4 TERMS AND CONDITIONS OF OPTIONS.

(a) Each Option granted under this Plan shall be subject to the terms and conditions set forth in this Plan and in such Option, and to such other terms and conditions as the Celestica Board may, after consultation with the Management Representatives, deem appropriate at the time of grant of such Option. Options shall be exercisable only in accordance with the terms of the Plan and in accordance with their own terms.

(b) No Option held by the Nominee as agent for a Participant shall be exercisable (i) at any time during which such Participant owes any Participant Reimbursement Amount to Celestica and/or D2D, as applicable, pursuant to Article VII or (ii) if the exercise of such Option would result in such Participant owing any Participant Reimbursement Amount to Celestica and/or D2D, as applicable, pursuant to Article VII, in each case, unless such Participant makes arrangements satisfactory to Celestica and/or D2D, as applicable, for the payment of such Participant Reimbursement Amount.

5.5 EXPIRY OF OPTIONS. All Options shall cease to be exercisable with respect to all Subordinate Voting Shares that then remain thereunder on the earlier of (i) the date on which the Option ceases to be exercisable in respect of such Subordinate Voting Shares under any other provisions of this Plan or the particular Option, and (ii) April 8, 2007.

5.6 PAYMENT OF OPTION EXERCISE PRICE. The Target Option Exercise Price or the Base Option Exercise Price, as the case may be, of any Subordinate Voting Share in respect of which an Option is exercised shall be paid by bank draft, certified cheque or money order payable to Celestica at the time of exercise.

5.7 TREATMENT OF SUBORDINATE VOTING SHARES ACQUIRED UPON EXERCISE OF OPTIONS.

(a) Provided a Participant has paid any Participant Reimbursement Amount then outstanding as required by Article VII, any Subordinate Voting Shares acquired upon the exercise of an Option by such Participant, other than Subordinate Voting Shares acquired upon the exercise of an Option at a time when Celestica has imposed a "black-out" period during which no Plan Shares, including Subordinate Voting Shares acquired upon the exercise of any Option, may be sold by Participants, will be issued to the Participant and shall not be subject to any sale restrictions under this Plan other than restrictions imposed by applicable laws and the rules, regulations and published policies of governmental and regulatory authorities and applicable stock exchanges.

(b) Any Subordinate Voting Shares acquired upon the exercise of an Option by a Participant at a time when (i) a "black-out" period has been imposed as aforesaid, or (ii) such Participant has not repaid any outstanding Participant Reimbursement Amount as required by Article VII, will be issued to Nominee, as agent for and on behalf of such Participant, to be held by the Nominee as though they were Plan Shares acquired pursuant to Section 3.3 hereof. Upon the expiry of the "black-out" period, as applicable, provided the Participant has repaid any Participant Reimbursement Amount then outstanding as required by Article VII, any such Subordinate Voting Shares will be transferred by the Nominee to the Participant for the benefit of whom such Subordinate Voting Shares are held and will cease to be subject to any sale restrictions applicable to Plan Shares under this Plan other than restrictions imposed by applicable laws and the rules, regulations and published policies of governmental and regulatory authorities and applicable stock exchanges.

5.8 ACCELERATED VESTING ON CHANGE OF CONTROL. In the event that Onex ceases to hold, directly or indirectly, or exercise voting control over a sufficient number of any securities of Celestica to elect a majority of the directors of Celestica, each Option held by the Nominee, as agent for and for the benefit of a Participant, shall become exercisable in respect of all Subordinate Voting Shares then remaining thereunder.

5.9 ADJUSTMENTS IN EVENT OF CHANGE IN SUBORDINATE VOTING SHARES. In the event of any change in the issued Subordinate Voting Shares occasioned by reason of a stock dividend, recapitalization, reclassification, reorganization, amalgamation, arrangement, consolidation, subdivision, combination, continuance, other amendment of the articles of Celestica, exchange of shares, rights offering below fair market value or any similar change affecting the issued Subordinate Voting Shares, the number and/or the class or series of shares subject to outstanding Options and the Target Option Exercise Price or Base Option Exercise Price, as the case may be, per share (as then in effect) thereof shall be appropriately adjusted in such manner as the Celestica Board in its sole discretion deems in good faith to be equitable to prevent substantial dilution or enlargement of the rights granted to, or available to, Participants, and any such adjustment shall be binding on all persons. Without fettering the Celestica Board's discretion, prior to making any determination as to any adjustment to the Options and the Target Exercise Price and Base Option Exercise Price pursuant to this Section 5.9, the Celestica Board shall consult with the Management Representative and shall consider any consequences under applicable income tax legislation that may arise as a result of such adjustment.

5.10 TERMINATION OF OPTIONS UPON DEATH OR TERMINATION OF EMPLOYMENT. In the event of the death of a Participant or the termination of the Participant's employment with D2D or any Subsidiary of D2D (if the Participant is not immediately or continuously thereafter employed by Celestica, D2D, another Subsidiary

of D2D or a Subsidiary of Celestica), the Options held by the Nominee as agent for and for the benefit of that Participant shall be terminated in accordance with the provisions of Article VI.

5.11 RIGHT TO EXERCISE OPTIONS SUBJECT TO LEGAL RESTRICTIONS. Each Option shall be subject to the requirement that if at any time the Celestica Board determines, in its sole discretion, that the registration or qualification of any Subordinate Voting Shares, or any other approval of any governmental or regulatory body, is required, necessary or desirable under any applicable law, rule, regulation or published policy of such body in connection with this Plan or the grant or exercise of any Option, then such Option may not be exercised, in whole or in part, unless and until such registration, qualification or approval is obtained free of any condition not acceptable to the Celestica Board. Each Participant shall cooperate with Celestica, Celestica International and D2D in relation thereto and shall have no claim or cause of action against Celestica, Celestica International or D2D or any Subsidiary of any of them or any of their officers or directors, as a result of any failure by Celestica, Celestica International or D2D to obtain or to take any steps to obtain any such registration, qualification or approval.

5.12 OPTIONS TO BE GRANTED IN ACCORDANCE WITH LAWS. The grant of Options and the issuance of Subordinate Voting Shares under the Plan shall be carried out in compliance with applicable law and with the rules, regulations and published policies of governmental and regulatory authorities and applicable stock exchanges.

5.13 PARTICIPANTS TO DELIVER WRITTEN REPRESENTATIONS PRIOR TO EXERCISE OF OPTIONS. Each Participant shall deliver to the Celestica Board, upon demand, at the time of any exercise of any Option in whole or in part, a written representation that the Subordinate Voting Shares to be acquired upon such exercise are to be acquired for investment and by the Nominee as agent for and for the benefit of the Participant as principal and not with a view to the distribution thereof and not for the benefit of or on behalf of any other person. The delivery of such representation shall be a condition precedent to the right of the Nominee to acquire any Subordinate Voting Shares, as agent for and for the benefit of any Participant, pursuant to any Options.

5.14 NO RIGHTS AS A SHAREHOLDER. Neither the Nominee nor any Participant shall have any right as a shareholder with respect to any Subordinate Voting Share that is subject to an Option granted hereunder unless and until the date of issuance of such Subordinate Voting Share in accordance with this Plan and such Option and the delivery to the Nominee, as agent for and for the benefit of such Participant, of a certificate or certificates representing such Subordinate Voting Shares.

5.15 REDUCTION IN NUMBER OF SHARES SUBJECT TO OPTIONS IN EVENT OF PROLONGED LEAVE. If during any of the 1998 through 2002 calendar years a Participant is absent from work on personal leave, educational leave, extended parental leave or due to long-term disability (as these terms are defined from time to time under the personnel policies of the Subsidiary of Celestica by which such Participant is employed), ("Prolonged Leave"), then, unless otherwise determined by Celestica in its sole discretion, the total number of Subordinate Voting Shares with respect to which any Option held by the Nominee, for and on behalf of such Participant, may be exercised as of December 31 of any such calendar year shall be reduced by a number of Subordinate Voting Shares, rounded down to the nearest whole number, determined in accordance with the following formula:

$$OR = OT \times \frac{N}{365}$$

where:

OR = the amount of the reduction in the number of Subordinate Voting Shares with respect to which the Option may be exercised for any particular calendar year;

OT = the total number of Subordinate Voting Shares which would otherwise be subject to the Participant's Option as at December 31 of such year; and

N = the number of elapsed calendar days in such year during which the Participant was absent from work.

ARTICLE VI

PERMITTED AND REQUIRED TRANSFERS OF PLAN SECURITIES

6.1 PERMITTED TRANSFERS OF PLAN SHARES TO IMMEDIATE FAMILY MEMBERS AND PERSONAL ENTITIES.

(a) A Participant may transfer such Participant's interest in any of the Plan Shares held from time to time by the Nominee, as agent for and for the benefit of such Participant, to an Immediate Family Member or a Personal Entity of the Participant (a "Permitted Transferee"), provided that prior to such Transfer such Permitted Transferee shall agree to be bound by the provisions of this Plan and shall execute such documents as Celestica may request for this purpose.

(b) Notwithstanding any Transfer by a Participant to a Permitted Transferee as provided by Section 6.1(a), any Plan Shares held by the Nominee as agent for and for the benefit of such Permitted Transferee shall continue to be subject to, and shall be held by the Nominee in accordance with, the provisions of this Plan, including, without limitation, the requirements of this Article VI, Article VII and Article VIII, as though such Plan Shares were still held by the Nominee as agent for and on behalf of such Participant. In addition, all notices or other communications relating to the Plan and Plan Securities shall continue to be given to the Participant and not to such Participant's Permitted Transferee.

(c) A Participant may transfer such Participant's interest in any of the Plan Shares held from time to time by the Nominee, as agent for and for the benefit of such Participant, to a person, company, partnership or other entity approved by the Celestica Board (an "Approved Transferee") provided that such Plan Shares or any other securities or interests received by such Participant or by the Nominee, as agent for and for the benefit of such Participant, in exchange for such Plan Shares shall be subject to terms and conditions (including with respect to the holding and Transfer thereof) which are determined by the Celestica Board, after consultation with the Management Representatives, to be substantially equivalent to the terms and conditions applicable to such Plan Shares (including the provisions governing the holding and Transfer thereof) under this Plan prior to their transfer to such Approved Transferee.

6.2 PERMITTED SALES OF PLAN SHARES.

(a) Subject to Section 6.2(b) and 6.2(c), a Participant shall be entitled to sell at any time any or all Plan Shares held on behalf of the Participant by the Nominee.

(b) A Participant's ability to sell Plan Shares pursuant to Sections 6.2(a) shall be subject to the following restrictions:

(i) any such sale of Plan Shares may only be made to the extent and in the manner permitted under applicable securities laws and under any requirements imposed by any securities regulatory authorities or any stock exchanges on which the Subordinate Voting Shares are listed or are to be then listed and any requirement imposed by any underwriters in connection with any public distribution of securities by Celestica;

(ii) in connection with any public distribution of its securities, Celestica may impose a "black-out" period (not to exceed six months) during which no Plan Shares may be sold pursuant to the provisions of this Section 6.2; and

(iii) no Plan Shares which have been pledged to Celestica or one of its Subsidiaries pursuant to Section 3.6(b) may be sold pursuant to Section 6.2(a) or 6.2(b) unless arrangements satisfactory to Celestica have been made for the repayment of the Participant Loan, or portion thereof, as applicable, relating to such pledged Plan Shares prior to such sale being effected.

(c) A Participant wishing to sell Plan Shares pursuant to Section 6.2(a) shall give written notice thereof (including the exact number of Plan Shares proposed to be sold or withdrawn) in accordance with the procedures implemented by Celestica or, if applicable, the Administrator for this purpose from time to time.

6.3 INTENTIONALLY DELETED

6.4 INTENTIONALLY DELETED

6.5 REQUIRED SALES UPON PARTICIPANT LOAN DEFAULT. If a Participant defaults on a Participant Loan, Celestica shall have the option, exercisable upon notice to the Participant at any time following any such default, to purchase all or any portion of the Plan Shares acquired pursuant to Section 3.3 and pledged by the Nominee, as agent for such Participant, to D2D in connection with such Participant Loan at a purchase price per Plan Share equal to 85% of the Market Price at the time of purchase by Celestica.

6.6 REQUIRED SALES IN CONNECTION WITH REIMBURSEMENT AMOUNT. If at any time while Celestica is a public company, a Participant is or becomes obligated, as the case may be, to reimburse or make any payment to Celestica and/or D2D, as the case may be, in accordance with Article VII, as soon as reasonably practicable following such time (having regard to any underwriter requirements, applicable securities laws and any requirements imposed by any securities regulatory authorities or any stock exchanges on which Subordinate Voting Shares are listed) the Nominee, as agent for such Participant, shall:

(a) sell a sufficient number of Plan Shares held by the Nominee, as agent for such Participant, to repay such Participant's Reimbursement Amount (or such greater amount as is required to repay any outstanding Participant Loans of the Participant or to cover any income or other tax (computed at the highest marginal rate applicable to such Participant) owing in the taxation year or years in which any gain is recognized as a result of the sale of such Plan Shares); and

(b) use the proceeds from the sale of Plan Shares contemplated by Section 6.6(a) (other than such portion of such proceeds as is required to repay any outstanding Participant Loans of the Participant or to cover any income or other tax as contemplated by Section 6.6(a)) for the repayment of such Participant's Participant Reimbursement Amount as contemplated by Section 7.4.

6.7 CLOSING OF SALES. The closing of any purchase by Celestica or a party designated by it of Plan Shares pursuant to Sections 6.3, 6.4 or 6.5 shall be held at the principal offices of D2D on a date designated by the purchaser but in any event not later than the last day upon which such purchase is permitted or required to be made. At the closing, the Nominee, as agent for and for the benefit of the Participant selling Plan Shares, shall deliver to the purchaser the share certificates and other instruments representing such Plan Shares, together with share transfer powers and other instruments transferring such Plan Shares, duly endorsed for transfer and free and clear of claims, liens, encumbrances and security interests, and, subject to Section 6.10, the purchaser shall deliver to the Participant the consideration payable upon closing.

6.8 CANCELLATION OF OPTIONS UPON TERMINATION OF EMPLOYMENT. If a Participant ceases to be a Celestica Employee:

(a) no Option held by the Nominee, as agent for and for the benefit of such Participant, shall thereafter become exercisable with respect to any Subordinate Voting Shares in addition to the Subordinate Voting Shares with respect to which such Option is exercisable as of such Participant's Employment Termination Date; and

(b) unless previously exercised, all Options held by the Nominee, as agent for and for the benefit of such Participant, shall be automatically cancelled as follows:

(i) if the Participant ceases to be a Celestica Employee as a result of such Participant's death or disability (as determined by Celestica in its sole discretion), the Options shall be cancelled

one year following such Participant's Employment Termination Date or on such later date as is determined by Celestica in its sole discretion;

(ii) if the Participant ceases to be a Celestica Employee as a result of such Participant being terminated without cause or as a result of such Participant's retirement, the Options shall be cancelled 30 days following such Participant's Employment Termination Date;

(iii) if the Participant ceases to be Celestica Employee as a result of such Participant being terminated for cause, the Options shall be cancelled immediately on such Participant's Employment Termination Date; and

(iv) if such Participant ceases to be a Celestica Employee for any reason not listed in Section 6.8(b)(i), Section 6.8(b)(ii) or Section 6.8(b)(iii), the Options shall be cancelled 30 days following such Participant's Employment Termination Date.

6.9 PAYMENT OF ADDITIONAL AMOUNTS UPON TERMINATION OF EMPLOYMENT. If a Participant to whom a Scheme Option has been granted ceases to be a Celestica Employee, and that Scheme Option is unexercised to any extent immediately prior to, and lapses as a result of, such cessation, Celestica shall pay to such Participant an amount (the "Additional Amount") determined as follows:

(a) if such Participant ceases to be a Celestica Employee as a result of being terminated without cause or as a result of such participant's death, retirement or permanent disability, then the amount of such payment shall be equal to the excess, if any, of the Market Price per Scheme Optioned Shares subject to any Scheme Option(s) held by such Participant as at such Participant's Employment Termination Date, over the exercise price per Scheme Optioned Share subject to such Scheme Option(s), multiplied by the number of Scheme Optioned Shares that are subject to such Scheme Option(s) as at such Termination Date (excluding for these purposes all Scheme Optioned Shares in respect of which such Scheme Option(s) had theretofore been exercised or had lapsed, expired and terminated), such amount to be paid within 30 days following such Employment Termination Date; and

(b) if such Participant ceases to be a Celestica Employee for any reason not listed in Section 6.9(a) (including, without limitation, termination for cause or voluntary termination by the Participant), then the amount of such payment shall be equal to the excess, if any, of the Market Price per Scheme Optioned Shares subject to any Scheme Option(s) held by such Participant as at such Participant's Employment Termination Date, determined as at such Employment Termination Date, over the exercise price per Scheme Optioned Share subject to such Scheme Option(s), multiplied by the number of Scheme Optioned Shares that are subject to such Scheme Option(s) as at the Employment Termination Date (excluding for these purposes all Scheme Optioned Shares in respect of which such Scheme Option(s) had theretofore been exercised or had lapsed, expired and terminated), 50% of such amount (or such greater proportion of such amount as is necessary to repay any outstanding Participant Loans of, and any Participant Reimbursement Amount then owing by, the Participant) to be paid within 30 days following such Employment Termination Date, with the balance of such amount to be paid to such Participant in approximately equal quarterly instalments over the two-year period following such Employment Termination Date, with the last payment to be paid on the second anniversary of such Employment Termination Date (any unpaid portion of the amount so payable to bear interest at the Libor Rate, such interest to be payable by Celestica (or any other person designated by it) to such Participant quarterly from such Employment Termination Date on the daily amount outstanding).

6.10 ALL PAYMENTS TO BE APPLIED FIRST TO REPAYMENT OF PARTICIPANT LOANS AND PARTICIPANT REIMBURSEMENT AMOUNT. Any amount payable to a Participant by Celestica or by a party designated by it in connection with its purchase of any Plan Shares pursuant to Section 6.3, 6.4 or 6.5 and any Additional Amount payable to a Participant by Celestica pursuant to Section 6.9 shall be reduced by (a) any amount paid by D2D

or any of its Subsidiaries to discharge any outstanding Participant Loan of such Participant and (b) any Participant Reimbursement Amount then owed by the Participant pursuant to Article VII.

ARTICLE VII

REIMBURSEMENT OF CELESTICA AND D2D BY PARTICIPANTS

7.1 ALL ISSUANCES OF PLAN SECURITIES CONDITIONAL ON AGREEMENT BY PARTICIPANT TO Reimburse. All issuances to the Nominee, as agent for a Participant, of Plan Shares pursuant to Section 3.2, Target Options pursuant to Section 5.1 and Base Options pursuant to Section 5.3 shall be conditional on such Participant:

(a) agreeing to reimburse and pay monies to each of Celestica and D2D in accordance with this Article VII and each Participant who directs the Nominee to subscribe for Plan Shares pursuant to a Participant Direction and Agreement shall be deemed to have irrevocably agreed to so reimburse and pay monies to Celestica and D2D; and

(b) directing the Nominee to pledge to Celestica and D2D, without limitation to their recourse, all Plan Securities held by the Nominee, as agent for such Participant, as security for the amounts payable by such Participant to Celestica and/or D2D pursuant to this Article VII and each Participant who directs the Nominee to subscribe for Plan Shares pursuant to a Participant Direction and Agreement shall be deemed to have irrevocably directed the Nominee to so pledge such Plan Securities to Celestica and D2D and the Nominee shall be deemed to have pledged, as agent for such Participant, all such Plan Securities to Celestica and D2D as aforesaid.

7.2 REIMBURSEMENT BY PARTICIPANTS. Each Participant shall pay to Celestica and D2D the amount of, and reimburse Celestica and D2D for, any taxes, withholdings, duties, fees or other like charges (including any interest, fines and penalties arising thereon) paid or payable by Celestica, D2D or any of their respective Subsidiaries in the United Kingdom, including, without limitation, any taxes payable under the "pay as you earn" withholding system, but excluding any secondary Class I Social Security contributions, as a result of or in connection with (i) any issuance of Plan Securities to, or any exercise of Options or sales of Plan Securities by, the Nominee, as agent for such Participant and (ii) any issuance of Scheme Options to, or any exercise or sales of Scheme Options by, such Participant.

7.3 CELESTICA AND D2D TO GIVE NOTICE OF PARTICIPANT LIABILITY. In the event that Celestica, D2D or any of their respective Subsidiaries become obligated to pay any taxes, withholdings, duties, fees or other like charges in respect of which they are to be reimbursed by a Participant pursuant to Section 7.2, Celestica and/or D2D shall give written notice to the Nominee and to such Participant of the nature of such taxes, withholdings, duties, fees or other like charges and the amount payable by such Participant in the respect thereof pursuant to this Article VII.

7.4 PAYMENT OF PARTICIPANT REIMBURSEMENT AMOUNT. Unless otherwise agreed to by Celestica and D2D, a Participant shall pay to Celestica and/or D2D, as applicable, the Participant Reimbursement Amount, if any is then outstanding, no later than the earlier of (a) the date on which the Nominee first sells any Plan Shares held by the Nominee, as agent for such Participant, pursuant to Sections 6.3, 6.4 or 6.5 or (b) the date on which the Participant first exercises any Options.

7.5 RELEASE OF PLEDGE OF PLAN SECURITIES. Any Plan Securities which have been pledged by the Nominee to Celestica and D2D as required by Section 7.1(b) shall be released from such pledge upon any transfer of such Plan Securities pursuant to and in accordance with Sections 6.2, 6.3, 6.4 or 6.5.

ARTICLE VIII

AMENDMENT AND TERMINATION OF PLAN

8.1 AMENDMENT OF PLAN. The consent of Onex, Celestica and the Management Representatives is needed to amend the Plan, except that, subject to Section 8.2, Celestica may, without the consent of any other person, amend or terminate this Plan at any time as and if so required by applicable law, the rules, regulations or published policies of any governmental or regulatory authority or any stock exchange on which securities of Celestica are listed or to which an application for listing of any securities of Celestica has been made.

8.2 TERMINATION NOT TO AFFECT OUTSTANDING PLAN SECURITIES. Notwithstanding any termination of the Plan pursuant to Section 8.1, such termination shall not affect any Plan Securities (including, for greater certainty, any right to exercise any Option) then held by the Nominee, as agent for and on behalf of any Participant, and the provisions of this Plan shall continue to apply to any such Plan Securities (including the provisions relating to the transfer of Plan securities and the provisions relating to the vesting of Options) and to the Participants on whose behalf the Nominee holds such Plan Securities. No Plan Shares shall be issued pursuant to Section 3.2 or Target Options and Base Options granted pursuant to Section 5.1 and Section 5.3, respectively, following the effective date of termination of the Plan.

8.3 TERMINATION OF PLAN. No further Plan Shares shall be issued pursuant to Section 3.2 or Target Options granted pursuant to Section 5.1 following July 7, 1998, being the date on which Celestica became a public company.

ARTICLE IX

MISCELLANEOUS

9.1 NOTICES. Any notice required to be given to any Participant pursuant to the terms of the Plan may be given by personal delivery, facsimile transmission or prepaid mail to the place, facsimile number or address provided by the Participant to Celestica International or Celestica in connection with this Plan or as maintained in the personnel records of D2D. Any notice to be provided to D2D or Celestica shall be provided to it at its principal business address and principal facsimile number from time to time, to the attention of its Secretary. Any notice to be provided to the Management Representatives shall be provided to them care of Celestica International in the manner set forth above, to their attention. Any notice to be provided to the Nominee shall be provided to it care of Celestica International in the manner set forth above, to the attention of the Nominee. Any such address or facsimile number may be changed by the relevant party by giving notice of such change to the other parties in the manner provided by this Section 9.1. All notices delivered personally shall be deemed to have been received on the date so delivered, all notices sent by facsimile transmission shall be deemed to be received on the date transmitted unless it is not a business day, in which case they shall be deemed to have been received on the next business day, and all notices sent by mail shall be deemed to have been received on the fourth business day after mailing unless a labour dispute or other disruption of postal service has occurred during such four-day period, in which case receipt will be deemed to have occurred on the fourth business day following the termination of such disruption.

9.2 FINANCIAL INFORMATION. Celestica shall make available to each Participant, so long as the Nominee holds Plan Shares as agent for and for the benefit of such Participant quarterly financial information with respect to Celestica within 60 days of the end of each of the first three quarters of each Fiscal Year and 120 days of the end of the last quarter of each Fiscal Year.

9.3 NO RIGHTS TO CONTINUED EMPLOYMENT. Neither the Plan, nor the acquisition of any Plan Securities shall confer upon any person any right with respect to continuance of employment or continuance as a director or officer of D2D or of Celestica or any Subsidiary of either of them, or interfere in any way with

the right of D2D or Celestica or any Subsidiary of either of them to terminate the employment or office of any such person at any time in accordance with applicable law.

9.4 ASSIGNMENT. Except as specifically provided under this Plan, or unless otherwise provided by applicable law, no rights or interests of a Participant under this Plan or any Plan Shares or Options held by the Nominee, as agent for or for the benefit of such Participant, shall be given as security or assigned by any Participant and no portion of any Subordinate Voting Shares reserved for issuance under the Plan shall be subject to attachment, charge, anticipation, execution, garnishment, sequestration or other seizure under any legal or other process. Any transaction purporting to effect such a prohibited result is void.

ARTICLE X

EFFECTIVE DATE

10.1 EFFECTIVE DATE. This amended and restated Plan shall come into effect on December 4, 1997.

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EXHIBIT 3.17.1

CELESTICA INC.

LONG TERM INCENTIVE PLAN

June 28, 1998

As amended and restated on February 28, 2001

CELESTICA INC.

LONG TERM INCENTIVE PLAN

PART I

1. PURPOSE

1.1 This Long Term Incentive Plan has been established by the Company to provide incentives to certain of its employees and consultants and its directors, to foster a responsible balance between short term and long term results, and to build and maintain a strong spirit of performance and entrepreneurship.

2. PLAN DEFINITIONS AND INTERPRETATIONS

2.1 In this Long Term Incentive Plan, the following terms have the following meanings:

(a) "Applicable Law" means any applicable provision of law, domestic or foreign, including, without limitation, the SECURITIES ACT (Ontario), the U.S. SECURITIES ACT OF 1933, as amended, and the U.S. SECURITIES EXCHANGE ACT 1934, as amended, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder and Stock Exchange Rules;

(a.1) "Associate" means an associate as defined by the SECURITIES ACT (Ontario);

(b) "Beneficiary" means any person designated by the Participant by written instrument filed with the Company to receive any amount, securities or property payable under the Plan in the event of a Participant's death or, failing any such effective designation, the Participant's estate;

(c) "Board" means the Board of Directors of the Company;

(d) "Change in Control" means the occurrence of any of the following after the date hereof:

(i) the acquisition by any person of beneficial ownership of securities of the Company which, directly or following conversion or exercise thereof, would entitle the holder thereof to cast more than 50% of the votes attaching to all securities of the Company which may be cast to elect directors of the Company, other than the additional acquisition of securities by a person beneficially owning such number of securities on the date hereof; or

(ii) Incumbent Directors ceasing to constitute a majority of the Board as a consequence of the solicitation of proxies through a proxy circular by persons other than management;

(e) "Committee" means the committee of the Board, as constituted from time to time, which may be appointed by the Board to, INTER ALIA, interpret, administer and implement the Plan, and includes any successor committee appointed by the Board for such purposes;

(f) "Company" means Celestica Inc. and its respective successors and assigns, and any reference in the Plan to action by the Company means action by or under the authority of the Board or any person or committee that has been designated for the purpose by the Company including, without limitation, the Committee;

(g) "Consultant" means a consultant as defined in the Rule excluding investor consultants and associated consultants as defined in the Rule;

(h) "Date of Grant" of an Option, a Right or a Performance Unit, as the case may be, means the date the Option, Right or Performance Unit is granted to a Participant under the Plan;

(i) "Designated Affiliated Entity" means a person (including a trust or a partnership) or company in which the Company has a significant investment and which the Company designates as such for the purposes of this Plan;

(j) "Director means a member of the Board;

(k) "Earliest Exercise Date" in respect of an Option or Right as the case may be, means the earliest date on which the Option or Right may be exercised, as designated by the Company at the time the Option or Right is granted;

(l) "Fiscal Year" means the financial year of the Company;

(m) "including" means including without limitation;

(n) "Incumbent Director" means any member of the Board who was a member of the Board immediately prior to the occurrence of a transaction, transactions or elections giving rise to a Change in Control (other than a transaction approved by the Board) and any successor to an Incumbent Director who is recommended or elected or appointed to succeed an Incumbent Director by the affirmative vote of a majority of the Incumbent Directors then on the Board;

(o) "Independent Broker" means a registered broker which is independent under Stock Exchange Rules;

(o.1) "Insider" means (a) an insider of the Company as defined by the SECURITIES ACT (Ontario), other than a person who falls within that definition solely by virtue of

being a director or senior officer of a Subsidiary; and (b) an Associate of any person who is an Insider by virtue of (a);

(p) "Latest Exercise Date" means the latest date on which an Option or Right as the case may be, may be exercised, as designated by the Company at the time the Option or Right is granted;

(q) "Market Price" shall mean the weighted average price per Share (or the mean of the closing bid and ask prices, if not traded) on the TSE during the period five trading days preceding the date of the determination;

(r) "Option" means a right granted under the Plan to a Participant to purchase Shares in accordance with the Plan; and

(s) "Option Program" means the Stock Option Program, consisting of Part II of the Plan, as amended and restated from time to time;

(t) "Participant" means

(i) a Director,

(ii) a permanent employee of the Company, a Subsidiary or a Designated Affiliated Entity, or

(iii) a Consultant of the Company, a Subsidiary, or a Designated Affiliated Entity,

who has been designated by the Company for participation in the Plan and who has agreed to participate in the Plan or any Program thereof on such terms as the Company may specify;

(u) "Performance Share Program" means the Performance Share Unit Program, consisting of Part IV of the Plan, as amended and restated from time to time;

(v) "Performance Unit" means a unit allocated to a Participant in accordance with the Performance Share Program;

(w) "Plan" means this Long Term Incentive Plan, consisting of the Option Program, the Rights Program and the Performance Share Program, as amended and restated from time to time;

(x) "Program" means the Option Program, the Rights Program or the Performance Share Program, as applicable;

(y) "Reorganization" means any (i) capital reorganization, (ii) merger, (iii) amalgamation, (iv) offer for shares of the Company which if successful would entitle the offeror to acquire all of the shares of the Company or all of one or more particular class(es) of shares of the Company to which the offer relates,

(v) sale of a material portion of the assets of the Company, or (i) arrangement or other scheme of reorganization;

(z) "Right" means a stock appreciation right granted under the Rights Program to a Participant in accordance with the Rights Program;

(aa) "Retirement" means the retirement of a Participant from employment with the Company, a Subsidiary or a Designated Affiliated Entity in accordance with the normal retirement policy of his or her employer;

(bb) "Rights Program" means the Stock Appreciation Rights Program, consisting of Part III of the Plan, as amended and restated from time to time;

(cc) "Rule" means the Ontario Securities Rule 45-503 Trades to Employees, Executives and Consultants;

(dd) "Shares" means the Subordinate Voting Shares in the capital of the Company, and includes any shares of the Company into which such shares may be converted, reclassified, redesignated, subdivided, consolidated, exchanged or otherwise changed, pursuant to a Reorganization or otherwise;

(ee) "Stock Exchange Rules" means the applicable rules of any stock exchange upon which shares of the Company are listed;

(ff) "Subsidiary" means a subsidiary of the Company as defined by the BUSINESS CORPORATIONS ACT (Ontario);

(gg) "TSE" means The Toronto Stock Exchange; and

(hh) "Year" in respect of an Option, Right or Performance Unit, as the case may be, means a calendar year commencing on the Date of Grant of the Option, Right or Performance Unit, as the case may be, or on any anniversary of such date.

2.2 Certain other defined terms used herein have the meanings ascribed to them in the Option Program, the Rights Program or the Performance Share Program.

2.3 In this Plan, unless the context requires otherwise, words importing the singular number may be construed to extend to and include the plural number, and words importing the plural number may be construed to extend to and include the singular number.

2.4 The Option Price per Share or Market Price may be expressed or designated in a currency other than Canadian dollars, based on the noon day foreign exchange rate as quoted by the Bank of Canada on the relevant date or such other foreign exchange rate basis as the Company may determine to be appropriate.

2.5 This Plan is established under the laws of the Province of Ontario and the rights of all parties and the construction of each and every provision of the Plan and any Options,

Rights or Performance Units granted hereunder shall be construed according to the laws of the Province of Ontario.

2.6 This Plan consists of four parts, the first part ("Part I") commencing with Section 1, consisting of general provisions applicable to the Plan as a whole; the second part ("Part II") commencing with section 5, consisting of the Option Program; the third part ("Part III") commencing with section 12, consisting of the Rights Program and the fourth part ("Part IV") commencing with section 18, consisting of the Performance Share Program.

3. GENERAL

3.1 The transfer of an employee from the Company to a Subsidiary or a Designated Affiliated Entity, from a Subsidiary or a Designated Affiliated Entity to the Company, or from one Subsidiary or Designated Affiliated Entity to another Subsidiary or Designated Affiliated Entity, shall not be considered a termination of employment for the purposes of the Plan, nor shall it be considered a termination of employment if a Participant is placed on such other leave of absence which is considered by the Company as continuing intact the employment relationship; in such a case, the employment relationship shall be continued until the later of the date when the leave equals ninety days or the date when a Participant's right to reemployment shall no longer be guaranteed either by law or by contract, except that in the event active employment is not renewed at the end of the leave of absence, the employment relationship shall be deemed to have ceased at the beginning of the leave of absence.

3.2 The number of Shares which may be issued from the treasury of the Company under this Plan is limited to 23,000,000. The number of Shares which may be reserved for issue under Options, or Rights granted pursuant to this Plan, together with Shares reserved for issue under any other employee-related plan of the Company or options for services granted by the Company, to any one person shall not exceed 5% of the outstanding voting securities of the Company. The Company may from time to time designate in each case such other maximum number for this purpose which, however, will not in any event exceed the maximum number permitted from time to time under Stock Exchange Rules. The number of Shares which may be issued from the treasury of the Company under this Plan to Directors is limited to 1,000,000. The number of Shares reserved for issue under Options or Rights granted to Insiders pursuant to this Plan, together with Shares reserved for issue to Insiders under any other existing share compensation arrangement of the Company, shall not exceed 10% of the aggregate outstanding Multiple Voting Shares and Subordinate Voting Shares of the Company. Within any one-year period, the number of Shares issued to Insiders pursuant to this Plan and all other existing share compensation arrangements of the Company shall not exceed 10% of the aggregate outstanding Multiple Voting Shares and Subordinate Voting Shares of the Company and the number of Shares issued to any one Insider and such Insider's Associates shall not exceed 5% of the aggregate outstanding Multiple Voting Shares and Subordinate Voting Shares of the Company. If the number of Shares of the Company shall be increased or decreased as a result of a stock split, consolidation, reclassification or recapitalization and not as a result of the issuance of Shares for additional consideration or by way of a stock dividend in the ordinary course, the Company may make appropriate adjustments to the maximum number of Shares which may be issued from the treasury of the Company under the Plan.

3.3 Subject to any Applicable Law, the Company may, but is not obligated to, acquire issued and outstanding Shares in the market for the purposes of providing Shares to Participants under the Plan. If it does so, the Company shall utilize the services of an Independent Broker. The Shares acquired for this purpose shall not be included for the purposes of the determining the maximum number of Shares to be issued under the Plan in accordance with section 3.2.

3.4 From time to time the Company may, in addition to its powers under the Plan, add to or amend any of the provisions of the Plan or terminate the Plan or amend the terms of any Option, Right or Performance Unit granted under the Plan; provided, however, that (i) any approvals required under any applicable law or Stock Exchange Rules are obtained, and (ii) no such amendment or termination shall be made at any time which has the effect of adversely affecting the existing rights of a Participant under the Plan without his or her consent in writing unless the Company, at its option, acquires such existing rights at an amount equal to the fair market value of such rights at such time as verified by an independent valuator.

3.5 The determination by the Company of any question which may arise as to the interpretation or implementation of the Plan or any of the Options, Rights or Performance Units granted hereunder shall be final and binding on all Participants and other persons claiming or deriving rights through any of them.

3.6 The Plan shall enure to the benefit of and be binding upon the Company, its successors and assigns. The interest of any Participant under the Plan or in any Option, Right or Performance Unit shall not be transferable or alienable by him or her either by pledge, assignment or in any other manner, except to a spouse or a personal holding company or family trust controlled by a Participant, the shareholders or beneficiaries of which, as the case may be, are any combination of the Participant, the Participant's spouse, the Participant's minor children or the Participant's minor grandchildren, and after his or her lifetime shall enure to the benefit of and be binding upon the Participant's Beneficiary.

3.7 The Company's obligation to issue or provide Shares in accordance with the terms of the Plan and any Options, Rights or Performance Units granted hereunder is subject to compliance with Applicable Law applicable to the issuance and distribution of such Shares. As a condition of participating in the Plan, each Participant agrees to comply with all such Law and agrees to furnish to the Company all information and undertakings as may be required to permit compliance with such Law.

3.8 The Company, a Subsidiary or a Designated Affiliated Entity may withhold from any amount payable to a Participant, either under this Plan, or otherwise, such amount as may be necessary so as to ensure that the Company, the Subsidiary or Designated Affiliated Entity will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, including on the amount, if any, includable in the income of a Participant. The Company shall also have the right in its discretion to satisfy any such withholding tax liability by retaining or acquiring any Shares which would otherwise be issued or provided to a Participant hereunder.

3.9 A Participant shall not have the right or be entitled to exercise any voting rights, receive dividends or have or be entitled to any other rights as a shareholder in respect of (i)

Shares subject to an Option unless and until such Shares have been paid for in full and issued, (ii) any Rights, or (iii) any Performance Units unless and until issued or provided in the form of Performance Shares.

3.10 Neither designation of an employee as a Participant nor the grant of any Options, Rights or Performance Units to any Participant entitles any Participant to the grant, or any additional grant, as the case may be, of any Options, Rights or Performance Units under the Plan. Neither the Plan nor any action taken thereunder shall interfere with the right of the employer of a Participant to terminate a Participant's employment at any time. Neither any period of notice, if any, nor any payment in lieu thereof, upon termination of employment shall be considered as extending the period of employment for the purposes of the Plan.

3.11 No member of the Board or the Committee shall be liable for any action or determination made in good faith in connection with the Plan and members of the Board and the Committee shall be entitled to indemnification and reimbursement from the Company in respect of any claim relating thereto.

3.12 Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect any employee's employment with, or any Consultant's engagement by, the Company, a Subsidiary or Designated Affiliated Entity.

3.13 If any provision of this Plan is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part, if any, of such provision and all other provisions hereof shall continue in full force and effect.

3.14 Neither the establishment of the Plan nor the grant of any Rights or Performance Units or the setting aside of any funds by the Company (if, in its sole discretion, it chooses to do so) shall be deemed to create a trust. Legal and equitable title to any funds set aside for the purposes of the Plan shall remain in the Company and no Participant shall have any security or other interest in such funds. Any funds so set aside shall remain subject to the claims of creditors of the Company present or future. Amounts payable to any Participant under the Plan shall be a general, unsecured obligation of the Company. The right of the Participant or Beneficiary to receive payment pursuant to the Plan shall be no greater than the right of other unsecured creditors of the Company.

3.15 This Plan is hereby instituted this 28th day of June, 1998.

4. ADMINISTRATION

4.1 The Plan shall be administered by the Company in accordance with its provisions. All costs and expenses of administering the Plan will be paid by the Company, but the Company shall not be responsible for the payment of any fees or expenses in respect of the re-sale by a Participant of Shares acquired by him or her under the Plan. The Company, may from time to time, establish administrative rules and regulations and prescribe forms or documents relating to the operation of the Plan as it may deem necessary to implement or further the purpose of the Plan and amend or repeal such rules and regulations or forms or documents. The Company, in its discretion, may appoint a Committee for the purpose of interpreting, administering and

implementing the Plan or a Program. In administering the Plan, the Company or the Committee may seek recommendations from the chief executive officer of the Company. The Company may also delegate to the Committee or any director, officer or employee of the Company such duties and powers, relating to the Plan or a Program as it may see fit. The Company may also appoint or engage a trustee, custodian or administrator to administer or implement the Plan or a Program.

4.2 The Company shall keep or cause to be kept such records and accounts as may be necessary or appropriate in connection with the administration of the Plan and the discharge of its duties. At such times as the Company shall determine, the Company shall furnish the Participant with a statement setting forth the details of his or her Options, Rights or Performance Units, including Date of Grant, Designated Option Amount and the Option Price of each Option, the number of Shares in respect of which the Option has been exercised, the maximum number of Shares which the Participant may still purchase under the Option Program, the Designated Rights Amount held by each Participant and the number of Performance Units held by each Participant. Such statement shall be deemed to have been accepted by the Participant as correct unless written notice to the contrary is given to the Company within 30 days after such statement is given to the Participant.

4.3 (a) Any payment, notice, statement, certificate or other instrument required or permitted to be given to a Participant or any person claiming or deriving any rights through him or her shall be given by:

(i) delivering it personally to the Participant or to the person claiming or deriving rights through him or her, as the case may be, or

(ii) mailing it postage paid (provided that the postal service is then in operation) or delivering it to the address which is maintained for the Participant in the Company's personnel records.

(b) Any payment, notice, statement, certificate or other instrument required or permitted to be given to the Company shall be given by mailing it postage paid (provided that the postal service is then in operation), delivering it to the Company at its principal address, or (other than in the case of a payment) sending it by means of facsimile or similar means of electronic transmission, to the attention of the Company Secretary.

(c) Any payment, notice, statement, certificate or other instrument referred to in section 4.3(a) or 4.3(b), if delivered, shall be deemed to have been given or delivered on the date on which it was delivered, if mailed (provided that the postal service is then in operation), shall be deemed to have been given or delivered on the second business day following the date on which it was mailed and if by facsimile or similar means of electronic transmission, on the next business day following transmission.

PART II

STOCK OPTION PROGRAM

5. STOCK OPTION PROGRAM DEFINITIONS

5.1 In this Program, the following terms have the following meanings:

(a) "Designated Amount" of a Participant's Option means the maximum number of Shares which the Participant may purchase under the Option, as designated by the Company;

(b) "Designated Percentage" in respect of an Option means the percentage of the Designated Amount representing the maximum number of Shares which a Participant may purchase under the Option during each Option Year which, unless otherwise determined by the Company, shall be 20% commencing on the second Option Year, 40% commencing on the third Option Year, 60% commencing on the fourth Option Year, 80% commencing on the fifth Option Year and 100% commencing on the sixth Option Year;

(c) "Option Price" in respect of an Option means the price designated by the Company at which the Participant may purchase a Share under the Option; and

(d) "Program" means this Stock Option Program.

6. GRANTING OF OPTIONS AND DETERMINATION OF THE OPTION PRICE

6.1 From time to time the Company may grant Options to Participants to acquire Shares in accordance with the Plan. In granting each such Option, the Company shall designate:

(a) the Designated Amount of Shares;

(b) the Earliest Exercise Date, which may be the Date of Grant;

(c) the Latest Exercise Date, which shall be no later than ten years after the Date of Grant;

(d) the Designated Percentage; and

(e) the Option Price, which price shall be determined by the Company in accordance with section 6.2.

6.2 The Option Price per Share in respect of an Option shall be not less than the price per Share of the last reporting selling price of at least a Board Lot of the Shares on the TSE on the day preceding the Date of Grant of the Option and, if there were no such trades on that day, the weighted average trading price of the Shares for the previous five days on which the Shares traded on the TSE.

6.3 Subject to the terms of the Plan, the Company may determine other terms or conditions, if any, of any Options, including:

(a) any additional conditions on the grant of Options under the Program, including conditions as to the ownership of Shares by a Participant;

(b) any additional conditions with respect to the exercise of Options under the Program, including conditions in respect of

(i) the market price of the Shares,

(ii) the financial performance or results of the Company, a Subsidiary, a Designated Affiliated Entity or business unit, and

(iii) restrictions on the re-sale of Shares acquired on the exercise of Options; and

(c) such other terms or conditions as the Company may in its discretion determine.

6.4 At the discretion of the Company, an Option granted under the Plan may have connected therewith any number of rights or fractions of rights. Each such right in respect of a Share shall entitle the Participant to surrender to the Company, unexercised, the right to subscribe for such Share pursuant to the related Option and to receive from the Company cash in an amount equal to the excess of the market price ("market price" for this purpose shall mean the weighted average price per Share (or the mean of the closing bid and ask prices, if not traded) on the TSE during the period five trading days preceding the date of the determination) over the Exercise Price provided in the related Option. Each exercise of a right in respect of a Share covered by a related Option shall terminate that Option in respect of such Share and such Option in respect of such Share shall be of no further force or effect. Unexercised rights shall terminate when the related Option is exercised or the Option terminates.

7. EXERCISE OF PARTICIPANT'S OPTIONS

7.1 Subject to the provisions of the Plan, an Option may be exercised by the Participant only on or after the Earliest Exercise Date and thereafter from time to time at his or her discretion to purchase in the aggregate a number of Shares equal to the aggregate of the previously unexercised portion of the Designated Amount provided that, unless the Company at any time otherwise determines,

(a) subject to clause (b) of this section 7.1, the maximum number of Shares which the Participant may purchase under the Option during each of the Years commencing on the Earliest Exercise Date of the Option shall be equal to the number of Shares represented by the Designated Percentage of the Designated Amount of the Option, and

(b) if the number of Shares purchased under the Option during any of the Years is less than the maximum number which could have been purchased under the Option during that Year, the difference shall be carried forward and added to the

maximum number of Shares which may be purchased under the Option in the immediately following Year, and so on from time to time, provided that the percentage of the Designated Amount which the Participant may purchase under an Option shall not exceed one hundred per cent (100%).

7.2 Notwithstanding section 7.1, Options may be exercised at any time following a Change in Control.

7.3 Unless the Company at any time otherwise determines, a Participant's Option shall terminate and may not be exercised after the earliest of:

(a) in the case of the termination of employment with the Company for cause, immediately as of the time of such termination;

(b) 30 days after the date of the Participant's termination of employment with the Company, unless such termination occurs by reason of termination of the Participant's employment for cause or the Participant's death, disability or Retirement as contemplated in subsections (a), (c) or (d) of this section, in which case the provisions of the applicable subsection shall govern;

(c) three years after the Participant's Retirement provided that if the Participant dies prior to the expiry of the first two years of such three-year period the Option shall terminate one year after the Participant's death;

(d) one year after the Participant's death or the termination of employment with the Company by reason of his disability (as determined by the Company in its sole discretion); and

(e) the Latest Exercise Date of the Participant's Option;

provided that, in any event, the Option shall terminate no later than ten years after the Date of Grant.

7.4 The exercise of an Option under the Plan shall be made by notice to the Company in writing specifying and subscribing for the number of Shares in respect of which the Option is being exercised at that time and, except where payment is made by another means satisfactory to the Company such as wire transfer of funds, accompanied by a certified cheque or bank draft payable to the Company in the amount of the aggregate Option Price for such number of Shares. Upon receipt of such notice and payment, the Shares in respect of which the Option has been exercised shall be issued as fully-paid and non-assessable shares of the Company. As of the business day the Company receives such notice and such payment, the Participant (or the person claiming through him, as the case may be) shall be entitled to be entered on the share register of the Company as the holder of the number of Shares in respect of which the Option was exercised and to receive as promptly as possible thereafter a certificate representing the said number of Shares.

7.5 A Participant may, in lieu of an exercise of an Option under section 7.4, exercise an Option for a number of Shares without payment of the Option Price by notice to the Company

in writing specifying the Participant is subscribing for that number of Shares to which the Participant is entitled under this Program without payment of the Option Price. The number of Shares to be issued or provided to the Participant is the number obtained by dividing (a) the difference between the Market Price and the Option Price multiplied by the number of the Shares in respect of which the Option would otherwise be exercised under section 7.4 with the payment of the aggregate Option Price by (b) the Market Price. The Shares issued in respect thereof shall be considered fully paid in consideration of past service that is no less in value than the fair equivalent of the money the Company would have received if the Shares had been issued for money.

7.6 Unless otherwise determined by the Company, if the Participant is a person who has knowledge of a "material fact" or "material change" (each as defined under the SECURITIES ACT (Ontario)) in respect of the Company that has not been generally disclosed in accordance with applicable securities legislation and adequately disseminated to the public, he or she shall not be entitled to exercise the Option.

8. EFFECT OF TERMINATION OF OPTION

8.1 If any Option has terminated or expired without being fully exercised, any unissued Shares which have been reserved to be issued upon the exercise of the Option shall become available to be issued upon the exercise of Options subsequently granted under the Program.

9. CHANGES IN SHARE CAPITAL

9.1 If the number of outstanding Shares of the Company shall be increased or decreased as a result of a stock split, consolidation, reclassification or recapitalization and not as a result of the issuance of Shares for additional consideration or by way of a stock dividend in the ordinary course, the Company may make appropriate adjustments to the Designated Option Amount of any Option which has previously been granted under the Program, the maximum number of Shares which the Participant may thereafter purchase under such Option, the Option Price in respect of such Option and any maximum number of Shares which may be issued under the Program. Any determinations by the Company as to the adjustments shall be made in its sole discretion and all such adjustments shall be conclusive and binding for all purposes under the Program.

9.2 No fractional shares shall be issued upon the exercise of an Option nor shall any scrip certificates in lieu thereof be issuable at any time. Accordingly, if as a result of any adjustment under section 9.1 a Participant would otherwise have become entitled to a fractional share upon the exercise of an Option, he shall have the right to purchase only the next lower whole number of Shares and no payment or other adjustment will be made with respect to the fractional interests so disregarded.

10. LOANS TO PARTICIPANTS

10.1 Subject to Applicable Law, the Company may in its sole discretion arrange for the Company, any Subsidiary or any Designated Affiliated Entity to make loans or provide guarantees for loans by financial institutions to assist Participants to purchase Shares upon the

exercise of the Options and to assist the Participants to pay any income tax exigible upon exercise of the Options. Such loans may be secured or unsecured, and at such rates of interest, if any, and on such other terms as may be determined by the Company, provided that in no event shall any loan be outstanding for more than 10 years from the Date of Grant of the relevant Option.

11. REORGANIZATION

11.1 In the event of a Reorganization or proposed Reorganization, the Company, at its option, may, subject to Stock Exchange Rules, do either of the following:

(a) the Company may irrevocably commute any Option that is still capable of being exercised, upon giving to any Participant to whom such Option has been granted at least 30 days written notice of its intention to commute the Option, and during such period of notice, the Option, to the extent that it has not been exercised, may be exercised by the Participant up to the Designated Amount of Shares which may be purchased under the Option, without regard to the limitations contained in subsection 7.1(a), and on the expiry of such period of notice, the unexercised portion of the Option shall lapse and be cancelled, or

(b) the Company, or any corporation which is or would be the successor to the Company or which may issue securities in exchange for Shares upon the Reorganization becoming effective, may offer any Participant the opportunity to obtain a new or replacement option over any securities into which the Shares are changed or are convertible or exchangeable, on a basis proportionate to the number of Shares under option or some other appropriate basis, or some other property; in such event, the Participant shall, if he or she accepts such offer, be deemed to have released his or her Option over Shares and such Option shall be deemed to have terminated.

11.2 The Company may specify in any notice or offer made under section 11.1, that, if for any reason, the Reorganization is not completed, the Company may revoke such notice or offer. The Company may exercise such right by further notice in writing to the Participant and return to the Participant any amount paid as an Option Price by the Participant to the Company and the Option shall thereafter continue to be exercisable by the Participant in accordance with its terms.

11.3 Subsections (a) and (b) of section 11.1 are intended to be permissive and may be utilized independently or successively or in combination or otherwise, and nothing therein contained shall be construed as limiting or affecting the ability of the Company to deal with Options in any other manner.

PART III

STOCK APPRECIATION RIGHTS PROGRAM

12. PROGRAM DEFINITIONS

12.1 In this Program, the following terms have the following meanings:

(a) "Designated Rights Amount" of a Participant's Rights means the maximum number of Rights which the Participant may exercise, as designated by the Company;

(b) "Designated Rights Percentage" means the percentage of the Designated Rights Amount representing the maximum number of Rights which a Participant may exercise each Year, which, unless otherwise determined by the Company, shall be 20% commencing on the second Year, 40% commencing on the third Year, 60% commencing on the fourth Year, 80% commencing on the fifth Year and 100% commencing on the sixth Year;

(c) "In the Money" means the excess, if any, of the Market Price of a Share at any time over the Strike Price;

(d) "Program" means this Stock Appreciation Rights Program;

(e) "Rights Letter" means a letter approved by the Company whereby a Participant may exercise his Rights; and

(f) "Strike Price" means the Market Price on the Date of Grant.

13. GRANTING OF RIGHTS

13.1 From time to time the Company may grant Rights to a Participant in accordance with the Plan. In granting any such Rights, the Company shall designate:

(a) the Designated Rights Amount;

(b) the Earliest Exercise Date;

(c) the Latest Exercise Date;

(d) the Designated Rights Percentage; and

(e) the Strike Price of the Shares on the Date of Grant.

13.2 Subject to the term of the Plan, the Company may determine other terms or conditions, if any, of any Rights, including:

(a) any additional conditions on the grant of Rights under the Program, including conditions as to the ownership of Shares by a Participant;

(b) any additional conditions with respect to the exercise of Rights under the Program, including conditions in respect of (i) the market price of the Shares and (ii) the financial performance or results of the Company, a Subsidiary, a Designated Affiliated Entity, or business unit; and

(c) such other terms or conditions of the Company may in its discretion determine.

14. EXERCISE OF PARTICIPANT'S RIGHTS

14.1 Subject to the provisions of the Program, a Right may be exercised by the Participant only on or after the Earliest Exercise Date and thereafter from time to time at his or her discretion, provided that, unless the Company at any time otherwise determines,

(a) subject to clause (b) of this section 14.1, the maximum number of Rights which the Participant may exercise during each of the Years commencing on the Earliest Exercise Date of the Right shall be equal to the number of Rights represented by the Designated Rights Percentage of the Designated Rights Amount, and

(b) if the number of Rights exercised during any of the Years is less than the maximum number which could have been exercised during that Year, the difference shall be carried forward and added to the maximum number of Rights which may be exercised immediately following the Year, and so on from time to time.

14.2 Notwithstanding section 14.1, Rights may be exercised at any time following a Change in Control.

14.3 Upon exercising a Right, the Participant will be paid the amount by which such Right is In The Money on the date of exercise of the Right, subject to any applicable withholding of taxes.

14.4 Unless the Company at any time otherwise determines, a Participant's Right shall terminate and may not be exercised after the earliest of:

(a) in the case of termination of employment with the Company for cause, immediately as of the time of such termination;

(b) 30 days after the date of the Participant's termination of employment with the Company, unless such termination occurs by reason of termination of the Participant's employment for cause or the Participant's death, disability or Retirement as contemplated in subsections (a), (c) or (d) of this section, in which case the provisions of the applicable subsection shall govern;

(c) three years after the Participant's Retirement provided that if the Participant dies prior to the expiry of the first two years of such three-year period, the Right shall terminate one year after the Participant's death;

(d) one year after the Participant's death or the termination of employment with the Company by reason of his disability (as determined by the Company in its sole discretion); and

(e) the Latest Exercise Date of the Participant's Right.

14.5 No certificates shall be issued with respect to such Rights, but the Company shall maintain records in the name of each Participant showing the number of Rights to which such Participant is entitled in accordance with the Rights Program.

14.6 In order to exercise his Rights, the Participant must forward a completed Rights Letter by personal delivery, or registered mail or facsimile to the Company in the manner provided for in section 4.3.

14.7 The Company may, in lieu of all or a portion of the amount which would otherwise be payable to a Participant under this Program, issue or provide to a Participant a number of Shares. The number of Shares to be issued or provided to a Participant will be determined by dividing the cash amount that is proposed to be provided in the form of Shares under this section by the applicable Market Price.

15. EXERCISE OF RIGHTS

15.1 Unless otherwise determined by the Company, if the Participant is a person who has knowledge of a "material fact" or "material change" (each as defined under the SECURITIES ACT (Ontario)) in respect of the Company that has not been generally disclosed in accordance with applicable securities legislation and adequately disseminated to the public, he or she shall not be entitled to exercise the Right.

16. CHANGES IN SHARE CAPITAL

16.1 If the number of outstanding Shares of the Company shall be increased or decreased as a result of a stock split, consolidation, reclassification or recapitalization and not as a result of the issuance of Shares for additional consideration or by way of a stock dividend in the ordinary course, the Company may make appropriate adjustments to the Designated Rights Amount and/or the Strike Price. Any determinations by the Company as to the adjustments shall be made in its sole discretion and all such adjustments shall be conclusive and binding for all purposes under the Program.

17. REORGANIZATION

17.1 In the event of a Reorganization or proposed Reorganization, the Company, at its option, may, subject to Stock Exchange Rules, do either of the following:

(a) the Company may irrevocably commute any Right that is still capable of being exercised, upon giving to any Participant to whom such Right has been granted at least 30 days written notice of its intention to commute the Right, and during such period of notice, the Right, to the extent that it has not been exercised, may be exercised by the Participant up to the Designated Rights Amount without regard to the limitations contained in subsection 14.1(a), and on the expiry of such period of notice, the unexercised portion of the Rights shall lapse or be cancelled; or

(b) the Company, or any corporation which is or would be the successor to the Company or which may issue securities in exchange for Shares upon the Reorganization becoming effective, may offer any Participant the opportunity to obtain a new or replacement stock appreciation right or a security in respect of any securities into which the Shares are changed or are convertible or exchangeable, on a basis proportionate to the number of Rights held by the Participant or some other appropriate basis, or some other property; in such event, the Participant shall, if he or she accepts such offer, be deemed to have released his or her Rights and such Rights shall be deemed to have terminated.

17.2 The Company may specify in any notice or offer made under section 17.1, that, if for any reason, the Reorganization is not completed, the Company may revoke such notice or offer. The Company may exercise such right by further notice in writing to the Participant and the Right shall thereafter continue to be exercisable by the Participant in accordance with its terms.

17.3 Subsections (a) and (b) of section 17.1 are intended to be permissive and may be utilized independently or successively or in combination or otherwise, and nothing therein contained shall be construed as limiting or affecting the ability of the Company to deal with Rights in any other manner.

PART IV

PERFORMANCE SHARE UNIT PROGRAM

18. PERFORMANCE SHARE UNIT PROGRAM DEFINITIONS

18.1 In this Program, the following terms have the following meanings:

(a) "Performance Grant" means a grant to a Participant pursuant to Article 19 of a bonus stated as a dollar amount;

(b) "Performance Unit" means a unit allocated to a Participant under the Program in accordance with Article 19;

(c) "Program" means this Performance Share Program; and

(d) "Release Date" means, for a Performance Grant, the date or dates on which Performance Units shall be issued or be provided in the form of Performance Shares.

19. GRANT OF PERFORMANCE GRANTS AND ALLOCATION OF PERFORMANCE UNITS

19.1 Subsequent to the completion of each Fiscal Year, the Company may, in its sole discretion, determine whether Performance Grants will be made to a particular Participant, the dollar amount of such Performance Grant and the Release Dates for the relevant Shares for such Participant. In making such determinations, the Company may take into account the Participant's level of responsibility, rate of compensation, individual performance and contribution, and such other criteria as it deems appropriate, in assessing the value of such past service of the Participant in respect of such Fiscal Year.

19.2 At the option of either the Company or the Participant, the amount payable to a Participant under any bonus, profit sharing or gain-sharing program by the Company, a Subsidiary or a Designated Affiliated Entity in respect of a Fiscal Year, or a portion thereof, may be provided in the form of Performance Grants in lieu thereof, provided the Company or Participant so elects prior to the completion of the relevant Fiscal Year. In this case, the amount of the Performance Grant shall be the amount in respect of which the election has been made and the Release Date shall be the date or a specified event (including termination of employment on Retirement) determined by the Company.

19.3 On the Date of Grant, each Participant who receives a Performance Grant shall be allocated Performance Units reflecting such Performance Grant.

19.4 The number of Performance Units to be allocated to each Participant shall be obtained by dividing the amount of the Performance Grant of each such Participant by the Market Price on the Date of Grant. Fractional Units may be allocated. Each such Performance

Unit shall represent the right to receive one Share or a cash payment at the time, in the manner and subject to the restrictions set forth in this Program.

19.5 No certificates shall be issued with respect to such Performance Grants or Performance Units, but the Company shall maintain records in the name of each Participant showing the number of Performance Units to which such Participant is entitled in accordance with the Performance Share Program.

20. PERFORMANCE UNITS

20.1 Subject to section 20.2 and Article 21, and unless at any time otherwise determined by the Company at any time, the Performance Units shall be issued or provided in the form of Shares on the Release Date as determined under Article 19.

20.2 Subject to the terms of the Plan, the Company may determine other terms or conditions of any Performance Units, including

(a) any additional conditions with respect to the issue or provision of Shares under the Program, including conditions in respect of

(i) the market price of the Shares,

(ii) the financial performance or results of the Company, a Subsidiary, a Designated Affiliated Entity or business unit and

(iii) restrictions on the re-sale of Shares acquired under the Program; and

(b) any other terms and conditions the Company may in its discretion determine.

21. TERMINATION OF EMPLOYMENT AND FORFEITURES

21.1 Unless otherwise determined by the Company at any time, if a Participant ceases to be employed by the Company, a Subsidiary or Designated Affiliated Entity for any reason other than death, long-term disability or Retirement, there shall be forfeited as of such termination of employment such Performance Units as have not been issued or provided in the form of Shares in accordance with the Plan. No cash or other compensation shall at any time be paid in lieu of any such Performance Units which have been forfeited under this Plan.

21.2 If (i) a Participant dies or ceases to be an employee of the Company, a Subsidiary or a Designated Affiliated Entity by reason of long-term disability or Retirement or (ii) for any other reason specified in each case by the Company, all Performance Units shall be issued or provided in the form of Shares to such Participant or his or her Beneficiary on a date determined by the Company which shall in any event be not later than one year following the event.

21.3 If there is a Change of Control, all Performance Units shall be issued or provided in the form of Shares to all Participants.

22. ISSUE OF SHARES

22.1 The number of Shares to be issued or provided shall be equal to the whole number of Performance Units which are to be released. Where, under section 20.1, the number of Units allocated would result in the issue of a fractional Unit in the form of a fractional Share, the number of Units to be issued in the form of Shares shall be rounded down to the next whole number of Performance Units. No fractional Shares shall be issued or provided nor shall cash be paid at any time in lieu of any such fractional interest. Any such fractional interests of a Unit which, together with other fractional interests, form a whole Unit, shall be issued or provided in the form of a Share as part of the Units to be issued or provided to the Participant on the next applicable Release Date, if any.

22.2 Shares issued by the Company from treasury under the Performance Share Program shall be considered fully paid in consideration of past service that is no less in value than the fair equivalent of the money the Company would have received if the Shares had been issued for money.

22.3 If so determined by the Company, in lieu of the issue or provision of Shares, the Company may satisfy the issuance or provision of Shares under the Program, in whole or in part, by the payment of a cash amount to a Participant on the Release Date. The amount of such payment shall be equal to the number of Shares in respect of which the Company makes such a determination, multiplied by the Market Price on the Release Date, subject to any applicable withholding tax.

23. MAXIMUM NUMBER OF SHARES TO BE ISSUED UNDER PROGRAM

23.1 The number of Shares which may be issued from the treasury of the Company under this Program is limited to 1,000,000. The number of Shares which may be issued pursuant to the Program to any one person shall not exceed 1% of the issued and outstanding voting securities of the Company. In each case, the Company may from time to time designate such other maximum number which, however, will not in any event exceed the maximum number permitted from time to time under Stock Exchange Rules.

23.2 If Performance Units are forfeited under this Plan, they shall again be available for allocation under this Program.

24. CHANGES IN SHARE CAPITAL

24.1 If the number of outstanding Shares shall be increased or decreased as a result of a stock split, consolidation, subdivision, reclassification or recapitalization and not as a result of the issuance of Shares for additional consideration or by way of a stock dividend in the ordinary course, the Company may make appropriate adjustments to any maximum number of Shares which can be issued under the Program and the number of Performance Units granted to each Participant. Any determinations by the Company as to the adjustments shall be made in its sole discretion and all such adjustments shall be conclusive and binding for all purposes under the Program.

25. REOORGANIZATION

25.1 In the event of a Reorganization or proposed Reorganization, the Company, at its option, may, subject to Stock Exchange Rules, do either of the following:

(a) the Company may irrevocably commute for or into any other security or other property or cash any Performance Unit upon giving to any Participant to whom such Performance Unit has been granted at least 30 days' written notice of its intention to commute the Performance Unit, and during such period of notice, the Participant may elect to require the Company to issue or provide the Performance Units in the Participant's account as Shares, without regard to the limitations contained in section 20.1, or

(b) the Company, or any corporation which is or would be the successor to the Company or which may issue securities in exchange for Shares upon the Reorganization becoming effective, may offer any Participant the opportunity to obtain securities into which the Shares are changed or are convertible or exchangeable, on a basis proportionate to the number of Performance Units in the Participant's account or some other appropriate basis, or some other property; in such event, the Participant shall, if he or she accepts such offer, be deemed to have released his or her rights relating to the Performance Units and such Performance Units shall be deemed to have terminated.

25.2 The Company may specify in any notice or offer made under section 25.1, that, if for any reason, the Reorganization is not completed, the Company may revoke such notice or offer. The Company may exercise such right by further notice in writing to the Participant and the Performance Unit shall thereafter continue to be allocated to the Participant in accordance with its terms.

25.3 Subsections (a) and (b) of section 25.1 are intended to be permissive and may be utilized independently or successively or in combination or otherwise, and nothing therein contained shall be construed as limiting or affecting the ability of the Company to deal with Performance Units in any other manner.

SCHEDULE A

CELESTICA INC. INLAND REVENUE APPROVED RULES FOR UNITED KINGDOM EMPLOYEES ("THE SUB-PLAN")

1. GENERAL

This schedule to the Celestica Inc. Long Term Incentive Plan ("the Plan") sets out the Inland Revenue approved rules for United Kingdom employees ("the Sub-Plan").

2. ESTABLISHMENT OF SUB-PLAN

Celestica Inc. ("the Company") has established the Sub-Plan under section 3.4 of the Plan, which authorises the Company to add to or amend any provisions of the Plan (i).

3. PURPOSE OF SUB-PLAN

The purpose of the Sub-Plan is to enable the grant to, and subsequent exercise by, employees and directors in the United Kingdom, on a tax favoured basis, of options to acquire shares in the Company under the Plan.

4. INLAND REVENUE APPROVAL OF SUB-PLAN

The Sub-Plan is intended to be approved by the Inland Revenue under Schedule 9 to ICTA 1988.

5. RULES OF SUB-PLAN

The rules of the Plan, in their present form and as amended from time to time, shall, with the modifications set out in this schedule, form the rules of the Sub-Plan. In the event of any conflict between the rules of the Plan and this schedule, the schedule shall prevail.

6. RELATIONSHIP OF SUB-PLAN TO PLAN

The Sub-Plan shall form part of the Plan and not a separate and independent plan.

7. INTERPRETATION

7.1 In the Sub-Plan, unless the context otherwise requires, the following words and expressions have the following meanings:

APPROVAL DATE	The date on which the Sub-Plan is approved by the Inland Revenue under Schedule 9 to ICTA 1988;
ASSOCIATED COMPANY	The meaning given to that expression by section 187(2) of ICTA 1988;(ii)
CLOSE COMPANY	The meaning given to that expression by section 414(1) of, and paragraph 8 of Schedule 9 to, ICTA 1988;(iii)
CONSORTIUM	The meaning given to that word by section 187(7) of ICTA 1988;(iv)
CONTROL	The meaning given to that word by section 840 of ICTA 1988 and "Controlled" shall be construed accordingly;(v)
ELIGIBLE EMPLOYEE	an individual who is: (a) an employee of a Participating Company; or (b) a director of a Participating Company who is contracted to work at least 25 hours per week for the Company and its subsidiaries or any of them (exclusive of meal breaks) and who, in either case, does not have at the Date of Grant of an Option, and has not had during the preceding twelve months, a Material Interest in a Close Company which is the Company or a company which has Control of the Company or a member of a Consortium which owns the Company;
ICTA 1988	The Income and Corporation Taxes Act 1988;
MARKET VALUE	Notwithstanding section 6.2 of the Plan:

(a) in the case of an Option granted under the Sub Plan:

(i) if at the relevant time the Shares are listed on the New York Stock Exchange(vi) the last reported selling price of a Share on the New York Stock Exchange as reported in the [Wall Street Journal] for the dealing day immediately preceding the Date of Grant of the Option (for the avoidance of doubt, if there were no trades on the day immediately preceding the Date of Grant, the weighted average trading price of the Shares for the previous five days on which the shares traded on the New York Stock Exchange); or

(ii) at the discretion of the Committee, the last reported selling price of a Share on the New York Stock Exchange as reported in the [Wall Street Journal] on the Date of Grant of the Option (for the avoidance of doubt, if there were no trades on the Date of Grant, the weighted average trading price of the Shares for the previous five days on which the shares traded on the New York Stock Exchange);

(iii) if paragraphs (i) or (ii) do not apply, the market value of a Share as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed in advance with the Inland Revenue Shares Valuation Division on the Date of Grant

of the Option or such earlier date or dates as may be agreed with the Board of Inland Revenue;

(b) in the case of an option granted under any other share option scheme, the market value of an ordinary share in the capital of the Company determined under the rules of such scheme for the purpose of the grant of the option;

MATERIAL INTEREST	the meaning given to that expression by section 187(3) of ICTA 1988;(vii)
NOTIFICATION OF GRANT OF OPTION	the notification issued in respect of the grant of an option;
OPTION	a subsisting right to acquire Shares granted under the Sub-Plan;
OPTION HOLDER	an individual who holds an Option or, where the context permits, his legal personal representatives;
ORDINARY SHARE CAPITAL	the meaning given to that expression by section 832(1) of ICTA 1988; and
PARTICIPATING COMPANY	the Company or a Subsidiary over which the Company has Control unless such Subsidiary has been excluded from participation by the Committee;
SUBSIDIARY	the meaning given to that word in section 736 of the Companies Act 1985;

7.2 In this schedule, unless the context otherwise requires:

7.2.1 words and expressions not defined above have the same meanings as are given to them in the Plan;

7.2.2 the rule headings are inserted for ease of reference only and do not affect their interpretation;

7.2.3 a reference to a rule is a reference to a rule in this schedule;

7.2.4 the singular includes the plural and vice-versa and the masculine includes the feminine; and

7.2.5 a reference to a statutory provision is a reference to a United Kingdom statutory provision and includes any statutory modification, amendment or re-enactment thereof.

8. COMPANIES PARTICIPATING IN SUB-PLAN

For the avoidance of doubt reference in the Plan to participation by a Designated Affiliated Entity of the Company shall be disregarded for the purposes of the Sub-Plan.

9. SHARES USED IN SUB-PLAN

The Shares shall form part of the Ordinary Share Capital of the Company and shall at all times comply with the requirements of paragraphs 10 to 14 of Schedule 9 to ICTA 1988.(viii)

10. GRANT OF OPTIONS

An option granted under the Sub-Plan shall be granted under and subject to the rules of the Plan as modified by this schedule.

11. IDENTIFICATION OF OPTIONS

A Notification of Grant of Option issued in respect of an Option shall expressly state that it is issued in respect of an Option. An option which is not so identified shall not constitute an Option.

12. CONTENTS OF NOTIFICATION OF GRANT OF OPTION

A Notification of Grant of Option issued in respect of an Option shall state:

a) that it is issued in respect of an Option;

b) the Date of Grant of the Option;

c) the number of Shares subject to the Option;

d) the exercise price of the Shares under Option;

e) any performance target or other condition imposed on the exercise of the Option; and

f) the date(s) on which the Option will ordinarily become exercisable.

13. EARLIEST DATE FOR GRANT OF OPTIONS

An Option may not be granted earlier than the Approval Date.

14. PERSONS TO WHOM OPTIONS MAY BE GRANTED

An Option may not be granted to an individual who is not an Eligible Employee at the Date of Grant. For the avoidance of doubt, and notwithstanding sections 1, 2.1(g) and 2.1(t)(iii) of the Plan an Option may not be granted under the Sub-Plan to a Consultant.

15. OPTIONS NON TRANSFERABLE

An Option shall be personal to the Eligible Employee to whom it is granted and shall not be capable of being transferred, charged or otherwise alienated and shall lapse immediately if the Option Holder purports to transfer, charge or otherwise alienate the Option.

The reference in section 3.6 of the Plan to transfers of Options to a spouse, a personal holding company or family trust controlled by a Participant and the reference to Beneficiaries in section 2.1(b) of the Plan shall be disapplied for the purposes of the Sub-Plan.

16. LIMIT ON NUMBER OF SHARES PLACED UNDER OPTION UNDER SUB-PLAN

For the avoidance of doubt, Shares placed under Option under the Sub-Plan shall be taken into account for the purpose of section 3.2 of the Plan.

17. INLAND REVENUE LIMIT (L30,000)

An Option may not be granted to an Eligible Employee if the result of granting the Option would be that the aggregate Market Value of the shares subject to all outstanding options granted to him under the Sub-Plan or any other share option scheme established by the Company or an Associated Company and approved by the Board of Inland Revenue under Schedule 9 to ICTA 1988 (other than a savings related share option scheme) would exceed sterling L30,000 or such other limit as may from time to time be specified in paragraph 28 of Schedule 9 to ICTA 1988(ix). For this purpose, the United Kingdom sterling equivalent of the Market Value of a Share on any day shall be determined by taking the noon day sterling/US dollar exchange rate for that day as quoted by the Bank of Canada.

18. EXERCISE PRICE OF SHARES UNDER OPTION

The amount payable per Share on the exercise of an Option shall not be less than the Market Value of a Share on the Date of Grant and shall be stated on the Date of Grant.

19. PERFORMANCE TARGET OR OTHER CONDITION IMPOSED ON EXERCISE OF OPTION

Any performance target or other condition imposed on the exercise of an Option under section 6.3 of the Plan shall be:

19.1 objective;

19.2 such that, once satisfied, the exercise of the Option is not subject to the discretion of any person; and

19.3 stated on the Date of Grant.

If an event occurs as a result of which the Committee considers that a performance target or other condition imposed on the exercise of an Option is no longer appropriate and substitutes, varies or waives under section 3.4 of the Plan the performance target or condition, such substitution, variation or waiver shall:

19.4 be reasonable in the circumstances; and

19.5 produce a fairer measure of performance and be neither materially more nor less difficult to satisfy.

20. EXERCISE OF OPTIONS BY LEAVERS

The period during which an Option shall remain exercisable following termination of employment shall be as stated in the Notification of Grant of Option or in the absence of any stated period therein shall be as set out in section 7.3 of the Plan, except that the reference in section 7.3 of the Plan to "unless the Company at any time otherwise determines" shall be disapplied for the purposes of the Sub-Plan.

21. LATEST DATE FOR EXERCISE OF OPTIONS

The period during which an Option shall remain exercisable shall be stated in the Notification of Grant of Option and any Option not exercised by that time shall lapse immediately.

22. MATERIAL INTEREST

An Option may not be exercised if the Option Holder then has, or has had within the preceding twelve months, a Material Interest in a Close Company which is the Company or which is a company which has Control of the Company or which is a member of a Consortium which owns the Company.

23. MANNER OF PAYMENT FOR SHARES ON EXERCISE OF OPTIONS

The amount due on the exercise of an Option shall be paid in cash or by cheque or banker's draft and may be paid out of funds provided to the Option Holder on loan by a bank, broker or other person. For the avoidance of doubt, the exercise procedure in section 7.5 of the Plan shall be disapplied for the purposes of the Sub-Plan if this involves a broker transferring to the Company the sale proceeds of optioned Shares. The date of exercise of an Option shall be the date on which the Company receives the amount due on the exercise of the Option.

24. ISSUE OR TRANSFER OF SHARES ON EXERCISE OF OPTIONS

The Company shall, as soon as reasonably practicable after the date of exercise of an Option, issue or transfer to the Option Holder, or procure the issue or transfer to the Option Holder of, the number of Shares specified in the notice of exercise and shall deliver to the Option Holder, or procure the delivery to the Option Holder of, a share certificate in respect of such Shares together with, in the case of the partial exercise of an Option, a Notification of Grant of Option in respect of, or the original Notification of Grant of Option endorsed to show, the unexercised part of the Option, subject only to compliance by the Option Holder with the rules of the Sub-Plan and subject to any delay as necessary to complete or obtain:

24.1 the listing of the Shares on any stock exchange on which Shares are then listed;

24.2 such registration or other qualification of the Shares under any applicable law, rule or regulation as the Company determines is necessary or desirable; or

24.3 the making of provision for the payment or withholding of any taxes required to be withheld in accordance with the applicable law of any foreign jurisdiction in respect of the exercise of the Option or the receipt of the Shares

25. RIGHTS ATTACHING TO SHARES ISSUED ON EXERCISE OF OPTIONS

All Shares issued on the exercise of an Option shall, as to any voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, rank equally in all respects and as one class with the Shares in issue at the date of such exercise save as regards any rights attaching to such Shares by reference to a record date prior to the date of such exercise.

Reference in section 6.3(b)(iii) of the Plan to imposing restrictions of the re-sale of Shares acquired on the exercise of Options shall be disapplied to the extent that these do not apply to all share of the same class or not otherwise permitted by paragraph 12(2) of Schedule 9 to ICTA.

26. AMENDMENT OF SUB-PLAN

Notwithstanding section 3.4 of the Plan, no amendment of the Sub-Plan, shall take effect until it has been approved by the Inland Revenue.

27. ADJUSTMENT OF OPTIONS

Notwithstanding section 9.1 of the Plan, no adjustment may be made to an Option until it has been approved by the Inland Revenue.

28. EXERCISE OF DISCRETION BY COMMITTEE

In exercising any discretion which it may have under the Sub-Plan, the Committee shall act fairly and reasonably.

29. DISAPPLICATION OF CERTAIN PROVISIONS OF PLAN

The provisions of the Plan dealing with:

a) Rights;

b) Performance Units; and

c) loans to Participants

shall not form part of, and no such rights may be granted under, the Sub-Plan.

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Notes
i The Company is the "grantor" as defined in paragraph 1 of Schedule 9 to ICTA 1988 because it has established the Sub-Plan. In most cases, it will also be the Company which grants options under the Sub-Plan, although this is not a requirement of UK tax legislation.

ii A company is treated as another's "associated company" at a given time if, at that time or at any other time within one year previously, one of the two has control of the other, or both are under the control of the same person or persons. A person is taken to have control of a company if he exercises, or is able to exercise or is entitled to acquire, direct or indirect control over the company's affairs and, in particular, if he possesses or is entitled to acquire the greater part of the company's issued share capital or the voting power in the company. UK tax legislation contains two definitions of control: the definition of control here is different from that in paragraph 4 below.

iii A close company is a company which is under the control (as defined in paragraph 1 above) of five or fewer participators (eg shareholders) or of any number of participators who are directors. There are attributed to a participator all the rights and powers (eg shares, voting power) of, inter alia, a company which he controls or of an "associate" (eg relative) of his. Ordinarily, a company is excluded from being a close company if it is non UK resident or 35% of the voting power in the company is held by the public and its shares have been listed, and the subject of dealings, on a recognised stock exchange within the preceding 12 months. However, for the purpose of the material interest test (see paragraph 5 below), this exclusion does not apply with the result that the normal definition of a "close company" is extended.

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iv A company is a member of a consortium owning another company if it is one of a number of companies which between them beneficially own not less than three-quarters of the other company's ordinary share capital and each of which beneficially owns not less than one-twentieth of that capital.

v Control means the power of a person to secure:
(a) by means of the holding of shares or the possession of voting power in or in relation to that or any other body corporate; or
(b) by virtue of any powers conferred by the articles of association or other document regulating that or any other body corporate that the affairs of the first-mentioned body corporate are conducted in accordance with the wishes of that person.

vi The expression "recognised stock exchange" is defined in section 841 of ICTA 1988. "Recognised stock exchange" means the London Stock Exchange Limited and any stock exchange outside the UK which has been designated by the Inland Revenue as a recognised stock exchange. This includes, inter alia, the New York Stock Exchange, NASDAQ and any exchange registered with the US Securities and Exchange Commission as a national securities exchange. However, clearance is required from the Shares Valuation Division before the NASDAQ price may be used to determine the market price of a NASDAQ listed share.

vii A person has a material interest in a company if he, either on his own or with one or more associates, or if any associate of his with or without such other associates:
(a) is the beneficial owner of, or able, directly or through the medium of other companies, or by any other indirect means to control, more than 10 per cent of the ordinary share capital of the company; or
(b) where the company is a close company, possesses, or is entitled to acquire, such rights as would, in the event of the winding-up of the company or in any other circumstances, give an entitlement to receive more than 10 per cent of the assets which would then be available for distribution among the participators.

viii The shares used in the scheme must be:
(a) ordinary shares;
(b) fully paid up;
(c) not redeemable; and
(d) save for certain limited exceptions, not subject to any restrictions which do not apply to all shares of the same class.

The shares used in the scheme must be:
(a) of a class listed on a recognised stock exchange; or
(b) shares in a company which is not under the control of another company; or
(c) shares in a company which is under the control of another company (other than a company which is, or would if resident in the UK be, a close company) whose shares are listed on a recognised stock exchange.

The shares used in the scheme form part of the ordinary share capital of:
(a) the grantor (ie the company which has established the scheme); or
(b) a company which has control of the grantor; or
(c) a company which either is, or has control of, a company which is a member of a consortium owning either the grantor or a company having control of the grantor.

Where the company whose shares are to be used in a scheme has more than one class of ordinary share, the majority of the issued shares of the same class as those which are to be used must be either employee control shares (see below) or:
(a) must not be held by persons (including trustees holding shares on behalf of such persons) who acquired their shares in pursuance of a right conferred on them or opportunity offered to them as directors or employees of any company, and not in pursuance of an offer to the public; and
(b) if the shares are not listed on a recognised stock exchange and the company is under the control of another company whose shares are so listed, must not be held by companies which have control of the company whose shares are in question or of which that company is an associated company.

Shares are employee control shares if:
(a) the persons holding them are, by virtue of their holding of shares of that class, together able to control the company; and
(b) those persons are, or have been, employees or directors of the company or of another company which is under the control of the company.

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ix UK tax legislation imposes a limit (currently L30,000) on the "value" of the outstanding options which may be held by an individual participant in an Inland Revenue approved executive share option scheme.

CELESTICA INTERNATIONAL INC.

AND

CELESTICA INC.

CELESTICA INC. EMPLOYEE SHARE PURCHASE AND OPTION PLAN

(1997)

MARCH 24, 1997
AS AMENDED AND RESTATED ON NOVEMBER 8, 2000

CELESTICA INTERNATIONAL INC.

AND

CELESTICA INC.

CELESTICA INC. EMPLOYEE SHARE PURCHASE AND OPTION PLAN (1997)

STATEMENT OF PURPOSE

The purpose of this Celestica Inc. Employee Share Purchase and Option Plan (1997) (the "Plan") is to provide a means whereby Celestica International Inc. (the "Corporation") and its indirect holding corporation, Celestica Inc. ("Celestica"), may, through the sale of Subordinate Voting Shares and the grant of options to acquire Subordinate Voting Shares to certain full-time employees of Celestica's direct and indirect Subsidiaries, including the Corporation, motivate those employees to exert their best efforts on behalf of Celestica and its Subsidiaries and to closely align the personal interests of employees with those of the shareholders of Celestica.

Participation in the Plan is entirely voluntary. No employee of the Corporation or any of Celestica's other direct and indirect Subsidiaries is obligated, as a term or condition of employment or otherwise, to participate in the Plan, and failure to participate shall not in any way affect employment.

The Corporation, Celestica, Onex Corporation and a wholly owned subsidiary of the Corporation, Celestica Employee Nominee Corporation (the "Nominee"), have entered into an agreement (the "Nominee Agreement") pursuant to which, among other things, the Nominee has agreed to act as nominee holder of Subordinate Voting Shares and options to acquire Subordinate Voting Shares issued pursuant to this Plan.

ARTICLE I

INTERPRETATION

1.1 DEFINITIONS. The following capitalized terms when used in the Plan shall have the respective meanings set forth below in this Section 1.1 unless the context otherwise requires.

"ADMINISTRATOR" has the meaning set out in Section 2.2.

"APPROVED TRANSFEREE" has the meaning set out in Section 6.1(c).

"AUDITED FINANCIAL STATEMENTS" means the audited consolidated annual financial statements of Celestica, prepared in accordance with generally accepted accounting principles.

"AUDITORS" means the firm of chartered accountants appointed from time to time as the auditors of Celestica.

"BASE OPTION" means an option granted pursuant to Section 5.3(a) to purchase one or more Subordinate Voting Shares from Celestica pursuant to the terms of this Plan, and includes the agreement setting forth the same.

"BASE OPTION EXERCISE PRICE" has the meaning set out in Section 5.3(a).

"BOARD" means the board of directors of the Corporation or any committee of the same charged with responsibility of administering the Plan.

"CELESTICA" means Celestica Inc. and any successor thereof.

"CELESTICA BOARD" means the board of directors of Celestica or any committee of the same charged with the responsibility of administering the Plan.

"CELESTICA EMPLOYEE" means a person who is employed in a full time capacity by any Subsidiary of Celestica.

"ELIGIBLE PERSONS" means full-time employees of any direct and indirect Subsidiaries of Celestica, including the Corporation.

"EMPLOYMENT TERMINATION DATE" means the date on which a Participant ceases to be a Celestica Employee.

"GAAP" means generally accepted accounting principles which have been established in Canada, including those approved from time to time by the Canadian Institute of Chartered Accountants or any successor bodies thereto.

"IMMEDIATE FAMILY MEMBER" means, in respect of a Participant, such Participant's spouse (including a common law spouse), such Participant's children and such Participant's parents.

"LIBOR RATE" means, in respect to any amount of money owed by a party to another party pursuant to the terms of this Plan, for each 30 day period or part thereof during which such amount is outstanding, the rate of interest in effect as of the first day of such 30 day period for 30 day LIBOR U.S. Dollar loans.

"MANAGEMENT REPRESENTATIVES" means the persons appointed from time to time as the Chief Executive Officer of the Corporation and the Chief Financial Officer of the Corporation.

"MARKET PRICE" as at any date in respect of Subordinate Voting Shares shall be the per Subordinate Voting Share weighted average closing price of such Subordinate Voting Shares on The New York Stock Exchange (or, if such shares are not then listed and posted for trading on The New York Stock Exchange, on such stock exchange in North America or national dealer quotation system on which such Shares are listed and posted for trading or quoted, as applicable, as may be selected for such purpose by the Celestica Board) for the ten trading days immediately preceding such date. In the event that such Subordinate Voting Shares did not trade on any such trading day, the Market Price shall be the average of the averages of the bid and ask prices in respect of such Subordinate Voting Shares at the close of trading on each such trading day.

"NOMINEE SUBSCRIPTION" means a subscription by the Nominee for Plan Shares, or an offer by the Nominee to purchase Plan Shares from Onex, in each case as provided for in Section 3.3.

"ONEX" means Onex Corporation or its successors.

"OPTIONS" means, collectively, the Target Options and the Base Options.

"PARTICIPANT" means any Eligible Person for the benefit of whom the Nominee acquires and holds Subordinate Voting Shares pursuant to and in accordance with this Plan and, upon the death of such Eligible Person, shall include any such Eligible Person's estate.

"PARTICIPANT DIRECTION AND AGREEMENT" means a direction and agreement by a Participant, accompanied by the necessary payment, agreeing to participate in the Plan and directing the Nominee to execute and deliver a Nominee Subscription pursuant to and in accordance with this Plan.

"PARTICIPANT LOAN" means any loan or loans made by a financial institution at any time or from time to time to a Participant who is a Senior Employee in connection with the purchase by the Nominee, as agent for and for the benefit of such Participant, of Plan Shares pursuant to Section 3.3 which are guaranteed by the Corporation or any of its Subsidiaries in accordance with Section 3.6, and shall include any interest from time to time accrued and unpaid thereon.

"PERMITTED TRANSFEREE" has the meaning set out in Section 6.1.

"PERSONAL ENTITY" means, in respect of a Participant, a trust, partnership, corporation or other entity established by or for the benefit of the Participant and/or any of such participant's Immediate Family Members, all of the voting and equity interests of which or all of the assets or other ownership interests in which are, directly or indirectly, beneficially owned or controlled by, or under common control with, or for the benefit of, the foregoing person or persons.

"PLAN SECURITIES" means, collectively, Plan Shares and Options.

"PLAN SHARES" means, collectively, (i) any Subordinate Voting Shares that are acquired and held by the Nominee as agent for and for the benefit of Participants pursuant to Section 3.3 in accordance with the terms of this Plan, (ii) so long as a "black-out" period has been imposed by Celestica on sales by Participants of Plan Shares, including Subordinate Voting Shares acquired upon the exercise of Options, and such "black-out" period is continuing, any Subordinate Voting Shares that are acquired upon the exercise of Options while Celestica has imposed such a "black-out" period and, accordingly, are held by the Nominee as agent for and for the benefit of Participants in accordance with Section 5.6, and (iii) any Subordinate Voting Shares issued by Celestica to the Nominee as a stock dividend or other stock distribution in respect of any Plan Shares held by the Nominee as agent for and for the benefit of Participants.

"POST-TERMINATION OPTION EXERCISE DEADLINE" with respect to any Participant who ceases to be a Celestica Employee, means the earlier of (i) the date on which all Options held by the Nominee as agent for such Participant are cancelled pursuant to Section 6.7 and (ii) the date following such Participant's Employment Termination Date on which no further Plan Shares could be purchased upon the exercise of Options held by the Nominee as agent for such Participant prior to their cancellation pursuant to Section 6.7.

"REGISTER OF PARTICIPANT HOLDINGS" means the Register maintained by or on behalf of the Nominee in accordance with Section 4.3.

"SALE", "TO SELL", when used to refer to the sale of Plan Shares by a Participant or by the Nominee on behalf of such Participant, shall be deemed to include the withdrawal of Plan Shares by such Participant from the Plan.

"SENIOR EMPLOYEE" means an Eligible Person who belongs to the management or senior technical staff of the Corporation or any of its Subsidiaries and who is designated as such by the Board.

"SUBORDINATE VOTING SHARES" means Subordinate Voting Shares in the capital of Celestica and includes any securities into which such Subordinate Voting Shares may be converted, reclassified, redesignated, subdivided, consolidated or otherwise changed from time to time and any securities of any successor or continuing corporation to the Corporation that may be received in respect of Subordinate Voting Shares on a reorganization, amalgamation, consolidation or merger, statutory or otherwise.

"SUBSIDIARY", with respect to a corporation, shall mean any subsidiary of that corporation within the meaning of the BUSINESS CORPORATIONS ACT (Ontario), as amended from time to time.

"TARGET OPTION" means an option granted pursuant to Section 5.1 to purchase one or more Subordinate Voting Shares from Celestica pursuant to the terms of this Plan, and includes the agreement setting forth the same.

"TARGET OPTION EXERCISE PRICE" has the meaning set out in Section 5.1.

"TRANSFER" of any security means any sale, exchange, transfer, assignment, gift, pledge, encumbrance, hypothecation, alienation or other transaction, whether voluntary, involuntary or by operation of law, by which the legal or beneficial ownership of, or any security or other interest in, such security passes from one person to another person or to the same person in a different capacity, whether or not for value.

"UNAUDITED FINANCIAL STATEMENTS" means the unaudited consolidated quarterly financial statements of Celestica, prepared in accordance with generally accepted accounting principles.

1.2 NUMBER AND GENDER. Words importing the singular number only shall include the plural and VICE VERSA and words importing gender shall include all genders, unless the context clearly requires otherwise.

1.3 SECTION AND HEADINGS. The division of this Plan into Sections and the insertion of headings are for reference purposes only and shall not affect the construction or interpretation of this Plan. The terms "this Plan", "hereof", "herein", "hereunder" and similar expressions refer to this Plan and not to any particular Section or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless otherwise indicated, any reference in this Plan to a Section or Schedule refers to the specified Section of or Schedule to this Plan.

1.4 ENTIRE PLAN. This Plan constitutes the entire Celestica Inc. Employee Share Purchase and Option Plan (1997). There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as expressly provided in this Plan or any agreement or instrument supplemental or ancillary hereto.

1.5 TIME OF ESSENCE. Time shall be of the essence of this Plan and any agreement or instrument supplemental or ancillary hereto.

1.6 APPLICABLE LAW. This Plan is established under, and this Plan and any agreement or instrument supplemental or ancillary hereto shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of all parties and the construction and effect of each and every provision of the Plan shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable in such province, and all parties attorn to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

1.7 SEVERABILITY. If any provision of this Plan is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof and the Plan shall be construed, administered and enforced as if such illegal or invalid provision had never been included herein and in a manner that fulfills the original intent hereof.

ARTICLE II

ELIGIBILITY AND ADMINISTRATION

2.1 ELIGIBILITY TO PARTICIPATE IN PLAN. All Eligible Persons shall be eligible to become Participants under the Plan.

2.2 ADMINISTRATION OF PLAN. The Plan shall be administered under the supervision of the Celestica Board. Celestica and the Nominee shall have the power to jointly appoint a trust company or other qualified corporation (the "Administrator") to carry out the day-to-day administration of the Plan and the Nominee shall be permitted to delegate any of its responsibilities under the Plan to such Administrator, in each case subject to the approval of the Celestica Board.

2.3 POWERS OF THE ADMINISTRATOR. Subject to the approval of the Celestica Board and to the specific terms and conditions set forth in this Plan, Celestica and the Nominee shall be permitted to grant to the Administrator any of the rights, privileges and benefits conferred on the Nominee pursuant to this Plan and such additional powers as may be required to permit the Administrator to carry out its duties as Administrator, including without limitation, the power to retain stock brokers, to arrange for transfers, withdrawals and sales on behalf of Participants of Plan Shares and Subordinate Voting Shares acquired upon the exercise of Options, to make arrangements to permit the cashless exercise of Options by Participants, and to adopt procedures and rules in connection with the foregoing.

2.4 INTERPRETATION OF PLAN. The Celestica Board, after consultation with the Management Representatives, may interpret the Plan as may be necessary or appropriate for the administration of the Plan and shall, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan, make such other determinations and take such other actions as it deems necessary or advisable, including, without limitation:

(a) establish policies and adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;

(b) interpret and construe the Plan and determine all questions arising out of the Plan and any Plan Shares issued and any Option granted pursuant to the Plan;

(c) determine on behalf of which Eligible Persons Subordinate Voting Shares are offered and Target Options granted to the Nominee and offer Subordinate Voting Shares and grant Target Options;

(d) determine the number of Subordinate Voting Shares covered by each Target Option;

(e) determine the purchase price for any Plan Shares issued pursuant to Section 3.3;

(f) determine the time or times when Options will be granted and exercisable;

(g) determine if the Subordinate Voting Shares which are subject to an Option will be subject to any restrictions upon the exercise of such Option; and

(h) prescribe the form of the instruments relating to the offer and purchase of Subordinate Voting Shares and grant, exercise and other terms of any Options.

2.5 CELESTICA BOARD TO GIVE NOTICE OF INTERPRETATION. The Celestica Board shall give the Management Representatives notice of any interpretation or determination formally made by the Celestica Board in accordance with Section 2.3 hereof not less than 14 days prior to the effective date thereof. Any such interpretation or determination so made shall be final, binding and conclusive for all purposes.

ARTICLE III

ISSUE AND SALE OF SHARES UNDER PLAN

3.1 ISSUE AND SALE OF SHARES UNDER PLAN. Within such limits as are imposed from time to time by the Celestica Board, the Nominee will be offered the opportunity from time to time to subscribe for Subordinate Voting Shares or to purchase them from Onex, in either case, as agent for and for the benefit of Eligible Persons identified by the Corporation for such purpose.

3.2 BOARD TO ALLOCATE SHARES TO PARTICIPANTS. The Corporation may from time to time undertake to identify Eligible Persons for the benefit of whom Celestica shall make available Subordinate Voting Shares for purchase by the Nominee pursuant to this Plan and may allocate to each such Eligible Person

a particular number of Subordinate Voting Shares that will be made available for purchase by the Nominee, as agent for and for the benefit of that Eligible Person, during a specified period of time and at a specified price. The total number of Subordinate Voting Shares that may be made available for purchase by the Nominee under this Plan shall not exceed the number of Subordinate Voting Shares allotted for that purpose from time to time by the Celestica Board.

3.3 MANNER OF SUBSCRIPTION. Subscriptions for Subordinate Voting Shares by the Nominee should be substantially in the form and on the terms of the form of Nominee Subscription appended hereto as Schedule A or such other form acceptable to Celestica and the Nominee. For each subscription by the Nominee there shall be a corresponding direction and agreement (accompanied by the required payment) from an Eligible Person substantially in the form and on the terms of the form of Participant Direction and Agreement appended hereto as Schedule B or such other form acceptable to Celestica and the Nominee. Should Plan Shares be acquired by the Nominee for the benefit of Eligible Persons from Onex Corporation rather than from the Celestica treasury, appropriate changes to the forms of the Nominee Subscription and Participant Direction and Agreement, in each case as acceptable to the Nominee and to Celestica, shall be made.

3.4 MINIMUM SUBSCRIPTION. Celestica and Onex reserve the right to accept or reject Nominee Subscriptions, and shall reject Nominee Subscriptions for less than 200 Subordinate Voting Shares or that are for more Subordinate Voting Shares than have been allocated to the particular Participant under Section 3.2 hereof, or that are made on terms or for a price that are inconsistent with this Plan.

3.5 CERTIFICATES REPRESENTING PLAN SHARES. Certificates representing Plan Shares issued to the Nominee as agent for and for the benefit of a Participant shall be registered and issued in the name of the Nominee and shall be delivered to and, unless pledged to the Corporation in accordance with Section 3.6, held by the Nominee in accordance with the terms of this Plan.

3.6 FINANCIAL ASSISTANCE TO SENIOR EMPLOYEES. The Board may from time to time undertake to identify Participants who are to be designated as Senior Employees for the purpose of this Plan and may provide financial assistance to any such Senior Employee in connection with the acquisition by the Nominee, as agent for and on behalf of such Senior Employee, of any Plan Shares pursuant to Section 3.3 (i) by helping to arrange for a Participant Loan to be used by such Senior Employee in connection with the payment for the Plan Shares to be so acquired and (ii) by guaranteeing or causing one of its Subsidiaries to guarantee such Participant Loan for such period of time and on such other terms as the Corporation may determine, provided that:

(a) the amount of the Participant Loan shall not exceed 66-2/3% of the aggregate purchase price payable with respect to such Plan Shares; and

(b) the Nominee, as agent for and on behalf of such Senior Employee shall pledge to the Corporation as security for such Participant Loan a number of Plan Shares equal to 3/2 of the number of Plan Shares acquired with the proceeds of such Participant Loan.

3.7 USE OF PROCEEDS FROM SALE OF PLAN SHARES. Any cash proceeds from the sale of Plan Shares issued by Celestica under the Plan shall be added to the general funds of Celestica and shall thereafter be used from time to time for such corporate purposes as the Celestica Board may determine.

ARTICLE IV

GENERAL PROVISIONS GOVERNING PLAN SECURITIES ACQUIRED AND HELD BY NOMINEE UNDER PLAN

4.1 NOMINEE TO HOLD PLAN SECURITIES IN ACCORDANCE WITH PLAN. All Plan Securities acquired by the Nominee, as agent for and for the benefit of Participants, shall be held by the Nominee in accordance

with the provisions of this Plan. All rights and obligations of the Nominee and of the Participants relating to any Plan Securities, including, without limitation, all rights and obligations relating to the holding, assignment, pledge, transfer, sale or other disposition of Plan Securities, shall be governed by the provisions of this Plan. Neither the Nominee nor any Participant shall have any rights with respect to any Plan Securities except as specifically provided by this Plan.

4.2 GENERAL RESTRICTION ON TRANSFERS. Except as specifically permitted or required in this Plan, the Nominee shall not Transfer any Plan Securities held by it, and no Participant shall Transfer such Participant's beneficial interest in any Plan Securities held by the Nominee as agent for and on behalf of such Participant. Any purported Transfer in violation of this Section shall be invalid and void and shall not be registered in the books of the Corporation or otherwise recognized by Celestica, the Corporation, the Nominee or Onex for any purpose.

4.3 REGISTER OF PARTICIPANT HOLDINGS. The Nominee shall maintain or cause to be maintained a Register of all Participants and their respective holdings of Plan Securities (the "Register of Participant Holdings"). All issuances and transfers of Plan Shares and all grants and exercises of Target Options and Base Options shall be reflected in such Register of Participant Holdings.

4.4 DIVIDENDS ON SUBORDINATE VOTING SHARES. The Nominee shall pay and transfer all dividends (other than stock dividends) received by it in respect of the Plan Shares held by it as agent for and on behalf of any Participant to or to the order of such Participant.

4.5 VOTING OF PLAN SHARES. All Plan Shares may only be voted by Onex and the Nominee shall do all things necessary to enable Onex to vote such Plan Shares including, without limitation, executing any required forms of proxy.

4.6 MANAGEMENT REPRESENTATIVES TO MAKE ELECTIONS. Subject to Section 4.5, all decisions and elections to be made by the Nominee as the registered holder of any Plan Shares shall be made by the Management Representatives in their sole discretion.

ARTICLE V

GRANT OF OPTIONS AND GENERAL TERMS AND CONDITIONS THEREOF

5.1 GRANT OF TARGET OPTIONS. In connection with the acquisition by the Nominee pursuant to Section 3.3 hereof of Plan Shares, as agent for and for the benefit of any Participant, the Celestica Board may, in its discretion and upon the recommendation of the Corporation, grant to the Nominee, as agent for and for the benefit of such Participant, one or more Target Options to acquire Subordinate Voting Shares. The Target Options granted to the Nominee, as agent for and for the benefit of any Participant, shall be exercisable for the purchase of a number of Subordinate Voting Shares determined by the Celestica Board, which number shall not exceed the number of Subordinate Voting Shares acquired by the Nominee, as agent for and for the benefit of such Participant, at or prior to the time of the grant of the Target Option or Target Options. The purchase price for each Subordinate Voting Share subject to a Target Option (as adjusted in accordance with Section 5.9 hereof, the "Target Option Exercise Price") shall be set out in the Target Option and shall be the price at which the Nominee purchased the corresponding Plan Shares pursuant to Section 3.3, as agent for and for the benefit of the Participant for whom the Nominee holds such Target Option.

5.2 VESTING OF TARGET OPTIONS. Each Target Option granted under this Plan shall become exercisable in instalments on each of December 31, 1998, 1999, 2000, 2001 and 2002 with respect to the following percentage of Subordinate Voting Shares subject to such Target Option:

DATE ON WHICH TARGET OPTIONS BECOME EXERCISABLE	PERCENTAGE OF NUMBER OF SUBORDINATE VOTING SHARES SUBJECT TO TARGET OPTIONS WITH RESPECT TO WHICH TARGET OPTIONS MAY BE EXERCISED
December 31, 1998	10%
December 31, 1999	15%
December 31, 2000	20%
December 31, 2001	25%
December 31, 2002	30%

In the event that on any of the foregoing dates a Target Option would become exercisable with respect to a fractional number of Subordinate Voting Shares subject to such Target Option, then the number of Subordinate Voting Shares subject to such Target Option with respect to which such Target Option shall become exercisable on such date shall be rounded down to the nearest whole number and the remaining fractional Subordinate Voting Share shall be added to the Subordinate Voting Shares with respect to which such Target Option will become exercisable on December 31 of the immediately following year.

5.3 GRANT OF BASE OPTIONS.

(a) In connection with the acquisition by the Nominee pursuant to Section 3.3 hereof of Plan Shares, as agent for and for the benefit of any Participant, the Celestica Board shall grant to the Nominee, as agent for and for the benefit of such Participant, a Base Option to purchase a number of Subordinate Voting Shares equal to 60.22% of the number of Plan Shares acquired by the Nominee pursuant to Section 3.3 hereof, as agent for and for the benefit of such Participant, rounded down to the nearest whole number. Each Base Option will have an exercise price per Subordinate Voting Share (as adjusted in accordance with Section 5.9 hereof, the "Base Option Exercise Price") equal to the price at which the Nominee purchased the corresponding Plan Shares pursuant to Section 3.3, as agent for and for the benefit of such Participant. A Base Option shall become exercisable in the manner and for the number of Subordinate Voting Shares set forth in Section 5.2(b).

(b) A Base Option shall become exercisable:

(A) on July 7, 1998, being the date on which Celestica became a public company, with respect to 50% of the number of Subordinate Voting Shares subject to such Base Option;

(B) with respect to the remaining 50% of Subordinate Voting Shares subject to such Base Option, in instalments on each of December 31, 1998, 1999, 2000, 2001 and 2002 with respect to the following percentage of Subordinate Voting Shares subject to such Base Option:

DATE ON WHICH BASE OPTIONS BECOME EXERCISABLE	PERCENTAGE OF NUMBER OF SUBORDINATE VOTING SHARES SUBJECT TO BASE OPTIONS WITH RESPECT TO WHICH BASE OPTIONS MAY BE EXERCISED
December 31, 1998	5.0%
December 31, 1999	7.5%
December 31, 2000	10.0%
December 31, 2001	12.5%
December 31, 2002	15.0%

In the event that on any of the foregoing dates a Base Option would become exercisable with respect to a fractional number of Subordinate Voting Shares subject to such Base Option, then the number of Subordinate Voting Shares subject

to such Base Option with respect to which such Base Option shall become exercisable on such date shall be rounded down to the nearest whole number and the remaining fractional Subordinate Voting Share shall be added to the Subordinate Voting Shares with respect to which such Base Option will become exercisable on December 31 of the immediately following year.

5.4 TERMS AND CONDITIONS OF OPTIONS. Each Option granted under this Plan shall be subject to the terms and conditions set forth in this Plan and in such Option, and to such other terms and conditions as the Celestica Board may, after consultation with the Management Representatives, deem appropriate at the time of grant of such Option or such other terms as the Celestica Board may thereafter impose with the approval of the Management Representatives and Onex. Options shall be exercisable only in accordance with the terms of this Plan and in accordance with their own terms.

5.5 EXPIRY OF OPTIONS. All Options shall cease to be exercisable with respect to all Subordinate Voting Shares that then remain thereunder on the earlier of (i) the date on which the Option ceases to be exercisable in respect of such Subordinate Voting Shares under any other provisions of this Plan or the particular Option, and (ii) April 8, 2007.

5.6 PAYMENT OF OPTION EXERCISE PRICE. The Target Option Exercise Price or the Base Option Exercise Price, as the case may be, of any Subordinate Voting Share in respect of which an Option is exercised shall be paid by bank draft, certified cheque or money order payable to Celestica at the time of exercise.

5.7 TREATMENT OF SUBORDINATE VOTING SHARES ACQUIRED UPON EXERCISE OF OPTIONS.

(a) Any Subordinate Voting Shares acquired upon the exercise of an Option by a Participant (other than Subordinate Voting Shares acquired upon the exercise of an Option at a time when Celestica has imposed a "black-out" period during which no Plan Shares, including Subordinate Voting Shares acquired upon the exercise of any Option, may be sold by Participants) will be issued to the Participant and shall not be subject to any sale restrictions under this Plan other than restrictions imposed by applicable laws and the rules, regulations and published policies of governmental and regulatory authorities and applicable stock exchanges.

(b) Any Subordinate Voting Shares acquired upon the exercise of an Option by a Participant at a time when a "black-out" period has been imposed as aforesaid will be issued to Nominee, as agent for and on behalf of such Participant, to be held by the Nominee as though they were Plan Shares acquired pursuant to Section 3.3 hereof. Upon the expiry of the "black-out" period, as applicable, any such Subordinate Voting Shares will be transferred by the Nominee to the Participant for the benefit of whom such Subordinate Voting Shares are held and will cease to be subject to any sale restrictions applicable to Plan Shares under this Plan other than restrictions imposed by applicable laws and the rules, regulations and published policies of governmental and regulatory authorities and applicable stock exchanges.

5.8 ACCELERATED VESTING ON CHANGE OF CONTROL. In the event that Onex ceases to hold, directly or indirectly, or exercise voting control over a sufficient number of any securities of Celestica to elect a majority of the directors of Celestica, each Option held by the Nominee, as agent for and for the benefit of a Participant, shall become exercisable in respect of all Subordinate Voting Shares then remaining thereunder.

5.9 ADJUSTMENTS IN EVENT OF CHANGE IN SUBORDINATE VOTING SHARES. In the event of any change in the issued Subordinate Voting Shares occasioned by reason of a stock dividend, recapitalization, reclassification, reorganization, amalgamation, arrangement, consolidation, subdivision, combination, continuance, other amendment of the articles of Celestica, exchange of shares, rights offering below fair market value or any similar change affecting the issued Subordinate Voting Shares, the number and/or the class or series of shares subject to outstanding Options and the Target Option Exercise Price or Base Option Exercise Price, as the case may be, per share (as then in effect) thereof shall be appropriately adjusted in such manner as the Celestica Board in its sole discretion deems in good faith to be equitable to prevent substantial dilution or enlargement of the rights granted to, or available to, Participants, and any such adjustment shall be binding on all persons. Without fettering the Celestica Board's discretion, prior to making any determination as to any adjustment to the Options and the Target Exercise Price and Base Option Exercise Price pursuant to this Section

5.9, the Celestica Board shall consult with the Management Representative and shall consider any consequences under applicable income tax legislation that may arise as a result of such adjustment.

5.10 TERMINATION OF OPTIONS UPON DEATH OR TERMINATION OF EMPLOYMENT. In the event of the death of a Participant or the termination of the Participant's employment with the Corporation or any Subsidiary of the Corporation (if the Participant is not immediately or continuously thereafter employed by the Corporation, another Subsidiary of the Corporation or a Subsidiary of Celestica), the Options held by the Nominee as agent for and for the benefit of that Participant shall be terminated in accordance with the provisions of Article VI.

5.11 RIGHT TO EXERCISE OPTIONS SUBJECT TO LEGAL RESTRICTIONS. Each Option shall be subject to the requirement that if at any time the Celestica Board determines, in its sole discretion, that the registration or qualification of any Subordinate Voting Shares, or any other approval of any governmental or regulatory body, is required, necessary or desirable under any applicable law, rule, regulation or published policy of such body in connection with this Plan or the grant or exercise of any Option, then such Option may not be exercised, in whole or in part, unless and until such registration, qualification or approval is obtained free of any condition not acceptable to the Celestica Board. Each Participant shall cooperate with Celestica and the Corporation in relation thereto and shall have no claim or cause of action against Celestica or the Corporation or any Subsidiary of any of them or any of their officers or directors, as a result of any failure by Celestica or the Corporation to obtain or to take any steps to obtain any such registration, qualification or approval.

5.12 OPTIONS TO BE GRANTED IN ACCORDANCE WITH LAWS. The grant of Options and the issuance of Subordinate Voting Shares under the Plan shall be carried out in compliance with applicable law and with the rules, regulations and published policies of governmental and regulatory authorities and applicable stock exchanges.

5.13 PARTICIPANTS TO DELIVER WRITTEN REPRESENTATIONS PRIOR TO EXERCISE OF OPTIONS. Each Participant shall deliver to the Celestica Board, upon demand, at the time of any exercise of any Option in whole or in part, a written representation that the Subordinate Voting Shares to be acquired upon such exercise are to be acquired for investment and by the Nominee as agent for and for the benefit of the Participant as principal and not with a view to the distribution thereof and not for the benefit of or on behalf of any other person. The delivery of such representation shall be a condition precedent to the right of the Nominee to acquire any Subordinate Voting Shares, as agent for and for the benefit of any Participant, pursuant to any Options.

5.14 NO RIGHTS AS A SHAREHOLDER. Neither the Nominee nor any Participant shall have any right as a shareholder with respect to any Subordinate Voting Share that is subject to an Option granted hereunder unless and until the date of issuance of such Subordinate Voting Share in accordance with this Plan and such Option and the delivery to the Nominee, as agent for and for the benefit of such Participant, of a certificate or certificates representing such Subordinate Voting Shares.

5.15 REDUCTION IN NUMBER OF SHARES SUBJECT TO OPTIONS IN EVENT OF PROLONGED LEAVE. If during any of the 1998 through 2002 calendar years a Participant is absent from work on personal leave, educational leave, extended parental leave or due to long-term disability (as these terms are defined from time to time under the personnel policies of the Subsidiary of Celestica by which such Participant is employed) ("Prolonged Leave"), then, unless otherwise determined by Celestica in its sole discretion, the total number of Subordinate Voting Shares with respect to which any Option held by the Nominee, for and on behalf of such Participant, may be exercised as of December 31 of any such calendar year shall be reduced by a number of Subordinate Voting Shares, rounded down to the nearest whole number, determined in accordance with the following formula:

$$OR = OT \times \frac{N}{365}$$

where:

OR = the amount of the reduction in the number of Subordinate Voting Shares with respect to which the Option may be exercised for any particular calendar year;

OT = the total number of Subordinate Voting Shares which would otherwise be subject to the Participant's Option as at December 31 of such year; and

N = the number of elapsed calendar days in such year during which the Participant was absent from work.

ARTICLE VI

PERMITTED AND REQUIRED TRANSFERS OF PLAN SECURITIES

6.1 PERMITTED TRANSFERS OF PLAN SHARES TO IMMEDIATE FAMILY MEMBERS AND PERSONAL ENTITIES.

(a) A Participant may transfer such Participant's interest in any of the Plan Shares held from time to time by the Nominee, as agent for and for the benefit of such Participant, to an Immediate Family Member or a Personal Entity of the Participant (a "Permitted Transferee"), provided that prior to such Transfer such Permitted Transferee shall agree to be bound by the provisions of this Plan and shall execute such documents as Celestica may request for this purpose.

(b) Notwithstanding any Transfer by a Participant to a Permitted Transferee as provided by Section 6.1(a), any Plan Shares held by the Nominee as agent for and for the benefit of such Permitted Transferee shall continue to be subject to, and shall be held by the Nominee in accordance with, the provisions of this Plan, including, without limitation, the requirements of this Article VI and Article VII, as though such Plan Shares were still held by the Nominee as agent for and on behalf of such Participant. In addition, all notices or other communications relating to the Plan and Plan Securities shall continue to be given to the Participant and not to such Participant's Permitted Transferee.

(c) A Participant may transfer such Participant's interest in any of the Plan Shares held from time to time by the Nominee, as agent for and for the benefit of such Participant, to a person, company, partnership or other entity approved by the Celestica Board (an "Approved Transferee") provided that such Plan Shares or any other securities or interests received by such Participant or by the Nominee, as agent for and for the benefit of such Participant, in exchange for such Plan Shares shall be subject to terms and conditions (including with respect to the holding and Transfer thereof) which are determined by the Celestica Board, after consultation with the Management Representatives, to be substantially equivalent to the terms and conditions applicable to such Plan Shares (including the provisions governing the holding and Transfer thereof) under this Plan prior to their transfer to such Approved Transferee.

6.2 PERMITTED SALES OF PLAN SHARES.

(a) Subject to Section 6.2(b) and 6.2(c), a Participant shall be entitled to sell at any time any or all Plan Shares held on behalf of the Participant by the Nominee.

(b) A Participant's ability to sell Plan Shares pursuant to Sections 6.2(a) shall be subject to the following restrictions:

(i) any such sale of Plan Shares may only be made to the extent and in the manner permitted under applicable securities laws and under any requirements imposed by any securities regulatory authorities or any stock exchanges on which the Subordinate Voting Shares are listed or are to be then listed and any requirement imposed by any underwriters in connection with any public distribution of securities by Celestica;

(ii) in connection with any public distribution of its securities, Celestica may impose a "black-out" period (not to exceed six months) during which no Plan Shares may be sold pursuant to the provisions of this Section 6.2; and

(iii) no Plan Shares which have been pledged to Celestica or one of its Subsidiaries pursuant to Section 3.6(b) may be sold pursuant to Section 6.2(a) or 6.2(b) unless arrangements satisfactory to Celestica have been made for the repayment of the Participant Loan, or portion thereof, as applicable, relating to such pledged Plan Shares prior to such sale being effected.

(c) A Participant wishing to sell Plan Shares pursuant to Section 6.2(a) shall give written notice thereof (including the exact number of Plan Shares proposed to be sold or withdrawn) in accordance with the procedures implemented by Celestica or, if applicable, the Administrator for this purposes from time to time.

6.3 INTENTIONALLY DELETED

6.4 INTENTIONALLY DELETED

6.5 REQUIRED SALES UPON PARTICIPANT LOAN DEFAULT. If a Participant defaults on a Participant Loan, Celestica shall have the option, exercisable upon notice to the Participant at any time following any such default, to purchase all or any portion of the Plan Shares acquired pursuant to Section 3.3 and pledged by the Nominee, as agent for such Participant, to the Corporation in connection with such Participant Loan at a purchase price per Plan Share equal to 85% of the Market Price at the time of purchase by Celestica.

6.6 CLOSING OF SALES. The closing of any purchase by Celestica or a party designated by it of Plan Shares pursuant to Sections 6.3, 6.4 or 6.5 shall be held at the principal offices of the Corporation on a date designated by the purchaser but in any event not later than the last day upon which such purchase is permitted or required to be made. At the closing, the Nominee, as agent for and for the benefit of the Participant selling Plan Shares, shall deliver to the purchaser the share certificates and other instruments representing such Plan Shares, together with share transfer powers and other instruments transferring such Plan Shares, duly endorsed for transfer and free and clear of claims, liens, encumbrances and security interests, and, subject to Section 6.8, the purchaser shall deliver to the Participant the consideration payable upon closing.

6.7 CANCELLATION OF OPTIONS UPON TERMINATION OF EMPLOYMENT. If a Participant ceases to be a Celestica Employee:

(a) no Option held by the Nominee, as agent for and for the benefit of such Participant, shall thereafter become exercisable with respect to any Subordinate Voting Shares in addition to the Subordinate Voting Shares with respect to which such Option is exercisable as of such Participant's Employment Termination Date; and

(b) unless previously exercised, all Options held by the Nominee, as agent for and for the benefit of such Participant, shall be automatically cancelled as follows:

(i) if the Participant ceases to be a Celestica Employee as a result of such Participant's death or disability (as determined by Celestica in its sole discretion), the Options shall be cancelled one year following such Participant's Employment Termination Date or on such later date as is determined by Celestica in its sole discretion;

(ii) if the Participant ceases to be a Celestica Employee as a result of such Participant being terminated without cause or as a result of such Participant's retirement, the Options shall be cancelled 30 days following such Participant's Employment Termination Date;

(iii) if the Participant ceases to be Celestica Employee as a result of such Participant being terminated for cause, the Options shall be cancelled immediately on such Participant's Employment Termination Date; and

(iv) if such Participant ceases to be a Celestica Employee for any reason not listed in Section 6.7(b)(i), Section 6.7(b)(ii) or Section 6.7(b)(iii), the Options shall be cancelled 30 days following such Participant's Employment Termination Date.

6.8 ALL PAYMENTS TO BE APPLIED FIRST TO REPAYMENT OF PARTICIPANT LOANS. Any amount payable to a Participant by Celestica or by a party designated by it in connection with its purchase of any Plan Shares pursuant to Section 6.3, 6.4 or 6.5 shall be reduced by any amount paid by the Corporation or any of its Subsidiaries to discharge any outstanding Participant Loan of such Participant.

ARTICLE VII

AMENDMENT AND TERMINATION OF PLAN

7.1 AMENDMENT OF PLAN. The consent of Onex, Celestica and the Management Representatives is needed to amend the Plan, except that, subject to Section 7.2, Celestica may, without the consent of any other person, amend or terminate this Plan at any time as and if so required by applicable law, the rules, regulations or published policies of any governmental or regulatory authority or any stock exchange on which securities of Celestica are listed or to which an application for listing of any securities of Celestica has been made.

7.2 TERMINATION NOT TO AFFECT OUTSTANDING PLAN SECURITIES. Notwithstanding any termination of the Plan pursuant to Section 7.1, such termination shall not affect any Plan Securities (including, for greater certainty, any right to exercise any Option) then held by the Nominee, as agent for and on behalf of any Participant, and the provisions of this Plan shall continue to apply to any such Plan Securities (including the provisions relating to the transfers of Plan Securities and the provisions relating to the vesting of Options) and to the Participants on whose behalf the Nominee holds such Plan Securities. No Plan Shares shall be issued pursuant to Section 3.2 or Target Options and Base Options granted pursuant to Section 5.1 and Section 5.2, respectively, following the effective date of termination of the Plan.

7.3 TERMINATION OF PLAN. No further Plan Shares shall be issued pursuant to Section 3.2 or Target Options granted pursuant to Section 5.1 following July 7, 1998, being the date on which Celestica became a public company.

ARTICLE VIII

MISCELLANEOUS

8.1 NOTICES. Any notice required to be given pursuant to the terms of the Plan may be given by personal delivery, facsimile transmission or prepaid mail to the place, facsimile number or address provided by the Participant to the Corporation or Celestica in connection with this Plan or as maintained in the personnel records of the Corporation. Any notice to be provided to the Corporation or Celestica shall be provided to it at its principal business address and principal facsimile number from time to time, to the attention of its Secretary. All notices delivered personally shall be deemed to have been received on the date so delivered, all notices sent by facsimile transmission shall be deemed to be received on the date transmitted unless it is not a business day, in which case they shall be deemed to have been received on the next business day, and all notices sent by mail shall be deemed to have been received on the fourth business day after mailing unless a labour dispute or other disruption of postal service has occurred during such four-day period, in which case receipt will be deemed to have occurred on the fourth business day following the termination of such disruption.

8.2 FINANCIAL INFORMATION. Celestica shall make available to each Participant, so long as the Nominee holds Plan Shares as agent for and for the benefit of such Participant, copies of the Audited Financial Statements within 135 days after the end of each fiscal year of Celestica and copies of the Unaudited Financial Statements within 60 days of each of the first three quarters of each fiscal year of Celestica.

8.3 NO RIGHTS TO CONTINUED EMPLOYMENT. Neither the Plan, nor the acquisition of any Plan Securities shall confer upon any person any right with respect to continuance of employment or continuance as a director or officer of the Corporation or of Celestica or any Subsidiary of either of them, or interfere in any way with the right of the Corporation or Celestica or any Subsidiary of either of them to terminate the employment or office of any such person at any time in accordance with applicable law.

8.4 ASSIGNMENT. Except as specifically provided under this Plan, or unless otherwise provided by applicable law, no rights or interests of a Participant under this Plan or any Plan Shares or Options held by the Nominee, as agent for or for the benefit of such Participant, shall be given as security or assigned by any Participant and no portion of any Subordinate Voting Shares reserved for issuance under the Plan shall be subject to attachment, charge, anticipation, execution, garnishment, sequestration or other seizure under any legal or other process. Any transaction purporting to effect such a prohibited result is void.

ARTICLE IX

EFFECTIVE DATE

9.1 EFFECTIVE DATE. Subject to the prior approval of the Celestica Board, this amended and restated Plan came into effect on March 24, 1997.

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EXHIBIT 8.1

SUBSIDIARIES

The following is a list of all subsidiaries of Celestica Inc. Unless otherwise noted, all subsidiaries are wholly owned by Celestica Inc.

1204362 Ontario Inc., Ontario corporation
1271576 Ontario Inc., Ontario corporation
1271577 Ontario Inc., Ontario corporation
1282087 Ontario Inc., Ontario corporation
1282088 Ontario Inc., Ontario corporation
1287347 Ontario Inc., Ontario corporation
1325091 Ontario Inc., Ontario corporation
1334607 Ontario Inc., Ontario corporation
1346574 Ontario Inc., Ontario corporation
1346575 Ontario Inc., Ontario corporation
1346576 Ontario Inc., Ontario corporation
1346817 Ontario Inc., Ontario corporation
1346818 Ontario Inc., Ontario corporation
1346819 Ontario Inc., Ontario corporation
1453824 Ontario Inc., Ontario corporation
Ascent Power Technology Limited, United Kingdom corporation
Celestica AG, Switzerland corporation
Celestica Asia Pte Limited, Singapore corporation
Celestica (Barbados) Inc., Barbados corporation
Celestica Corporation, Delaware corporation
Celestica Czech Republic, s.r.o., Czech Republic corporation
Celestica de Monterrey, S.A. de C.V., Mexico corporation (1)
Celestica Denmark A/S, Denmark corporation
Celestica Do Brasil Ltda., Brazil corporation (2)
Celestica Employee Nominee Corporation, Ontario corporation
Celestica Europe Inc., Ontario corporation
Celestica Hong Kong Limited, Hong Kong corporation (3)
Celestica Inc., Ontario corporation
Celestica Industries Limited, United Kingdom corporation
Celestica International Inc., Ontario corporation
Celestica Ireland B.V., Netherlands corporation
Celestica Ireland Holdings, Ireland corporation (4)
Celestica Ireland Limited, Ireland corporation
Celestica Italia S.r.l., Italy corporation
Celestica Japan KK, Japan corporation
Celestica Japan Repair Services Inc., Ontario corporation
Celestica Limited, United Kingdom corporation
Celestica Liquidity Management Hungary Limited Liability Company, Hungary corporation
Celestica Malaysia Sdn. Bhd., Malaysia corporation
Celestica (PMI) LLC, Delaware limited liability corporation
Celestica (PMII) LLC, Delaware limited liability corporation
Celestica Services Inc., Delaware corporation
Celestica Services Limited, United Kingdom corporation
Celestica Singapore Pte Limited, Singapore corporation
Celestica South America Holdings Inc., Ontario corporation
Celestica Suzhuo Technology Ltd., China Corporation
Celestica (Telford) Limited, United Kingdom corporation
Celestica (Thailand) Limited, Thailand corporation (5)
Celestica (UK) Holdings Limited, United Kingdom corporation
Celestica (U.S.) Inc., Delaware corporation
Dongguan Celestica Electronics, Ltd., a China corporation
IMS Holdco, Inc., Delaware corporation
IMS International Manufacturing Services de Monterrey, S. de R.L. de C.V., Mexico corporation
IMS International Manufacturing Services Limited, Cayman Islands corporation
Jiminy S.r.l., Italy corporation
NDB Industrial Ltda., Brazil Corporation
Signar, s.r.o., Czech Republic corporation

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(1) 1282088 Ontario Inc. owns 99.2% of Series A and 100% of Series B and 1287347 Ontario owns 0.8% of Series A.

(2) Celestica South America Holdings Inc. owns 99% and 1334607 Ontario Inc. owns 1%.

(3) Celestica Inc. owns 4,250 "A" ordinary shares and IMS Holdco, Inc. owns 1,000 "A" ordinary shares.

(4) 1282087 Ontario Inc. owns 100% of Ordinary Shares and 100% of Class B Redeemable Preference Shares and Celestica Services Limited owns 100% of Class A Redeemable Preference Shares and 100% of Class D Redeemable Preference Shares.

(5) IMS International Manufacturing Services, Limited owns 2,839,994 shares and 6 corporations own one share each.