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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

☐ **Registration statement pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934**

or

☒ **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2009**

or

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

or

☐ **Shell company report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of event requiring this shell company report:

Commission file number: 1-14832

CELESTICA INC.

(Exact name of registrant as specified in its charter)

Ontario, Canada

(Jurisdiction of incorporation or organization)

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

(Address of principal executive offices)

Paul Carpino
416-448-2211
clsir@celestica.com
844 Don Mills Road
Toronto, Ontario, Canada M3C 1V7

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Subordinate Voting Shares	The Toronto Stock Exchange New York Stock Exchange
(Title of Class)	*(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:

N/A

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.

210,564,162 Subordinate Voting Shares

0 Preference Shares

18,946,368 Multiple Voting Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

☒ Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☒

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☒

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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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 this Annual Report, all dollar amounts are expressed in United States dollars, except where we state otherwise. All references to "U.S.$" or "$" are to U.S. dollars and all references to "C$" are to Canadian dollars. Unless we indicate otherwise, any reference in this Annual Report to a conversion between U.S.$ and C$ is a conversion at the average of the exchange rates in effect for the year ended December 31, 2009. During that period, based on the relevant noon buying rates in New York City for cable transfers in Canadian dollars, as certified for customs purposes by the Federal Reserve Bank of New York, the average daily exchange rate was U.S.$1.00 = C$1.1412.

Unless we indicate otherwise, all information in this Annual Report is stated as of February 22, 2010, the date as of which we prepared information for our annual report to shareholders and management information circular and proxy statement.

Forward-Looking Statements

Item 4, "Information on the Company," Item 5, "— Management's Discussion and Analysis of Financial Condition and Results of Operations" 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 U.S. Securities Act, Section 21E of the Securities Exchange Act of 1934, as amended, or the U.S. Exchange Act, and applicable Canadian securities legislation including, without limitation, statements related to our future growth, trends in our industry, our financial or operational results, including anticipated expenses, benefits or payments, the redemption of our senior subordinated notes and the expected benefits of such redemption, and our conversion from Canadian GAAP to International Financial Reporting Standards, and our financial or operational performance. Such forward-looking statements are predictive in nature, and may be based on current expectations, forecasts or assumptions involving risks and uncertainties that could cause actual outcomes and results to differ materially from the forward-looking statements themselves. Such forward-looking statements may, without limitation, be preceded by, followed by, or include words such as "believes," "expects," "anticipates," "estimates," "intends," "plans," or similar expressions, or may employ such future or conditional verbs as "may," "will," "should" or "would" or may otherwise be indicated as forward-looking statements by grammatical construction, phrasing or context. 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, and in applicable Canadian securities legislation.

Forward-looking statements are not guarantees of future performance. 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 effects of price competition and other business and competitive factors generally affecting the electronics manufacturing services (EMS) industry, including changes in the trend for outsourcing; our dependence on a limited number of customers and end markets; variability of operating results among periods; the challenges of effectively managing our operations during uncertain economic conditions, including significant changes in demand from our customers as a result of an uncertain or weak economic environment; our inability to retain or expand our business due to execution problems resulting from significant headcount reductions, plant closures and product transfer activities; the challenge of responding to changes in customer demand; the delays in the delivery and/or general availability of various components and materials used in our manufacturing process; our dependence on industries affected by rapid technological change; our ability to successfully manage our international operations; the challenge of managing our financial exposures to foreign currency fluctuations; and the risk of potential non-performance by counterparties, including but not limited to financial institutions, customers and suppliers. Our forward-looking statements are also based on various assumptions which management believes are reasonable under the current circumstances, but may prove to be inaccurate and many of which may involve factors that are beyond our control. The material assumptions may include the following: forecasts from our customers, which range from 30 days to 90 days; timing and investments associated with ramping new business; general economic and market conditions; currency exchange rates; pricing and competition; anticipated customer demand; supplier performance and pricing; commodity, labor, energy and transportation costs; operational and financial matters; technological developments; and the timing and execution of our restructuring plan. These assumptions are based on management's current views with respect to current plans and events, and are and will be subject to the risks and uncertainties discussed above. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes.

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

Item 1. Identity of Directors, Senior Management and Advisers

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 in Item 18 and the other information in this Annual Report. The selected financial data is derived from the consolidated financial statements for the years we present.

The Consolidated Financial Statements have been prepared in accordance with Canadian GAAP. These principles conform in all material respects with U.S. GAAP except as described in note 20 to the Consolidated Financial Statements in Item 18. For all the years presented, the selected financial data is prepared in accordance with Canadian GAAP unless otherwise indicated.

	Year ended December 31				
	2005[1]	2006[1]	2007[1]	2008[1]	2009[1]
	(in millions, except per share amounts)				
Consolidated Statements of Operations Data (Canadian GAAP):					
Revenue	$ 8,471.0	$ 8,811.7	$ 8,070.4	$ 7,678.2	$ 6,092.2
Cost of sales	7,989.9	8,359.9	7,648.0	7,147.1	5,662.4
Gross profit	481.1	451.8	422.4	531.1	429.8
Selling, general and administrative expenses (SG&A)[2]	274.4	264.7	271.7	292.0	244.5
Amortization of intangible assets	50.9	47.9	44.7	26.9	21.9
Integration costs related to acquisitions[3]	0.6	0.9	0.1	—	—
Other charges[4]	130.9	211.8	47.6	885.2	68.0
Accretion of convertible debt (LYONs)	7.6	—	—	—	—
Interest expense[5]	42.2	62.6	51.2	42.5	35.0
Earnings (loss) before income taxes	(25.5)	(136.1)	7.1	(715.5)	60.4
Income tax expense	21.3	14.5	20.8	5.0	5.4
Net earnings (loss)	$ (46.8)	$ (150.6)	$ (13.7)	$ (720.5)	$ 55.0
Other Financial Data:					
Basic earnings (loss) per share	$ (0.21)	$ (0.66)	$ (0.06)	$ (3.14)	$ 0.24
Diluted earnings (loss) per share	$ (0.21)	$ (0.66)	$ (0.06)	$ (3.14)	$ 0.24
Property, plant and equipment expenditures	$ 158.5	$ 189.1	$ 63.7	$ 88.8	$ 77.3
Consolidated Statements of Operations Data (U.S. GAAP)[6]:					
Net earnings (loss)	$ (42.8)	$ (149.3)	$ (16.1)	$ (725.8)	$ 39.0
Shares used in computing per share amounts (in millions):					
Basic	226.2	227.2	228.9	229.3	229.5
Diluted	226.2	227.2	228.9	229.3	230.9

	As at December 31				
	2005[1]	2006[1]	2007[1]	2008[1]	2009[1]
			(in millions)		
Consolidated Balance Sheet Data (Canadian GAAP):					
Cash and cash equivalents	$ 969.0	$ 803.7	$ 1,116.7	$ 1,201.0	$ 937.7
Working capital[7]	1,488.1	1,394.9	1,553.0	1,603.6	1,023.0
Property, plant and equipment	458.9	484.1	418.4	433.5	393.8
Total assets	4,857.8	4,686.3	4,470.5	3,786.2	3,106.1
Total long-term debt, including current portion[8]	751.4	750.8	758.5	733.1	222.8
Shareholders' equity	2,214.4	2,094.6	2,118.2	1,365.5	1,475.8
Consolidated Balance Sheet Data (U.S. GAAP)[6]:					
Total assets	$ 4,876.2	$ 4,708.1	$ 4,485.8	$ 3,786.2	$ 3,106.1
Total long-term debt, including current portion	751.4	750.8	757.2	723.4	221.2
Shareholders' equity	2,176.9	1,960.4	1,996.5	1,254.8	1,346.8

(1) Changes in accounting policies:

(i) Effective January 1, 2007, we adopted CICA Handbook Section 1530, "Comprehensive income," Section 3855, "Financial instruments — recognition and measurement," Section 3861, "Financial instruments — disclosure and presentation," and Section 3865, "Hedges." We were not required to restate prior results.

The transitional impact of adopting these standards and recording our derivatives on January 1, 2007 at fair value was as follows:

	Increase (decrease)
	(in millions)
Prepaid and other assets	$ 5.5
Other long-term assets	(10.3)
Accrued liabilities	5.8
Long-term debt — embedded option and debt obligation	1.9
Long-term debt — unamortized debt issue costs	(11.5)
Other long-term liabilities	8.1
Long-term deferred income tax liability	(2.2)
Opening deficit	6.4
Accumulated other comprehensive loss — cash flow hedges	0.5

(ii) Effective January 1, 2009, we adopted CICA Handbook Section 3064, "Goodwill and intangible assets." This revised standard establishes guidance for the recognition, measurement and disclosure of goodwill and intangible assets, including internally generated intangible assets. As required by this standard, we have retroactively reclassified computer software assets on our consolidated balance sheet from property, plant and equipment to intangible assets. We have also reclassified computer software amortization on our consolidated statement of operations from depreciation expense, included in SG&A, to amortization of intangible assets. There was no impact on previously reported net earnings or loss.

	As at December 31			
	2005	2006	2007	2008
		(in millions)		
Computer software reclassified to intangible assets	$ 72.2	$ 69.5	$ 47.6	$ 34.0

	Year ended December 31			
	2005	2006	2007	2008
		(in millions)		
Amortization of computer software	$ 22.5	$ 20.9	$ 23.4	$ 11.8

(2) SG&A expenses include research and development costs.

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

(4) In 2005, Other charges totaled $130.9 million, comprised primarily of: (a) a $160.1 million restructuring charge, offset, in part, by (b)(i) a $13.9 million gain on repurchase of LYONs and (ii) a $13.8 million recovery of additional amounts realized relating to a specific customer risk.

In 2006, Other charges totaled $211.8 million, comprised primarily of: (a) a $178.1 million restructuring charge and (b) a $33.2 million non-cash loss resulting from the sale of our plastics business.

In 2007, Other charges totaled $47.6 million, comprised primarily of: (a) a $37.3 million restructuring charge and (b) a non-cash write-down of $15.1 million relating to the annual impairment assessment of long-lived assets, primarily property, plant and equipment.

In 2008, Other charges totaled $885.2 million, comprised primarily of: (a)(i) a non-cash write-down of $850.5 million relating to the annual goodwill impairment assessment, (ii) a $35.3 million restructuring charge and (iii) a non-cash write-down of $8.8 million relating to the annual impairment assessment of long-lived assets against property, plant and equipment, offset, in part, by (b) a $7.6 million gain on repurchase of long-term debt.

In 2009, Other charges totaled $68.0 million, comprised primarily of: (a)(i) a $83.1 million restructuring charge and (ii) a non-cash write-down of $12.3 million relating to the annual impairment assessment of long-lived assets against property, plant and equipment, offset, in part, by (b)(i) a net $23.7 million recovery of damages from the settlement of a class action lawsuit and (ii) a net $2.8 million gain on repurchase of long-term debt, net of a write-down to the embedded options on the debt.

(5) Interest expense is comprised of interest expense incurred on indebtedness and debt facilities, less interest income earned on cash and cash equivalents. As a result of adopting the standards on financial instruments and hedges referred in footnote (1)(i) above, in 2007, we have marked-to-market the embedded prepayment options in our debt instruments and have applied fair value hedge accounting to our interest rate swaps and our hedged debt obligation (particularly our $7^7/_8$% Senior Subordinated Notes due 2011, which were redeemed in full in the fourth quarter of 2009). The swap agreements were terminated in February 2009, at which point hedge accounting was discontinued. The changes in fair values each period are recorded in interest expense. The marked-to-market adjustment fluctuates each period as it is dependent on market conditions, including future interest rates, implied volatilities and credit spreads.

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

- For 2005: interest on convertible debt classified as a long-term liability rather than as a bifurcated instrument, reversal of deferred taxes on convertible debt, loss on repurchase of convertible debt and the adoption of fair-value accounting for stock-based compensation for Canadian GAAP only;
- For 2006: the transition adjustment resulting from adopting the fair-value accounting for stock-based compensation for U.S. GAAP in 2006;
- For 2007: the transition adjustment resulting from adopting the standards on financial instruments, hedges and comprehensive income for Canadian GAAP in 2007;
- For 2008: reversal of gain on foreign exchange contract, the timing of recording certain tax uncertainties and the adjustments relating to the adoption of financial instruments, hedges and comprehensive income for Canadian GAAP; and
- For 2009: adjustments relating to financial instruments and hedging and the timing of recording certain tax uncertainties.

Refer to note 20 to the Consolidated Financial Statements in Item 18.

(7) Calculated as current assets less current liabilities.

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

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Our shareholders and prospective investors should carefully consider each of the following risks and all of the other information set forth in this Annual Report.

We are in an industry comprised of numerous competitors and aggressive pricing dynamics.

We are in a highly competitive industry. We compete on a global basis to provide electronics manufacturing services and solutions to original equipment manufacturers (OEMs) in the consumer, communications, enterprise computing, industrial, aerospace and defense, healthcare and green technology markets. Our competitors include major domestic and foreign companies such as Benchmark Electronics, Inc., Flextronics International Ltd., Hon Hai Precision Industry Co., Ltd., Jabil Circuit, Inc. and Sanmina-SCI Corporation, as well as smaller EMS companies that often have a regional, product, service or industry specific focus. In addition, original design manufacturers (ODMs), companies that provide internally designed products and manufacturing services to OEMs, continue to increase their share of outsourced manufacturing services across several markets and product groups, including personal computer motherboards, notebook and desktop computers, and smartphones and cell phones. While we have not historically participated in these segments, and we have not, to date, encountered significant direct competition from ODMs in the end markets in which we participate, we anticipate competition with ODMs will increase if our business in these markets grows, particularly in smartphones, or if ODMs expand into our primary end markets. We also face indirect competition from the manufacturing operations of our current and prospective customers, as these companies could choose to manufacture products internally rather than to outsource to EMS providers, particularly where internal excess capacity exists.

Some of our competitors have greater scale and a greater production presence in lower-cost geographies, as well as a broader service offering than we have. While we have increased the capacity we have in lower-cost regions over the past several years, lower-cost regions may not provide the same operational benefits that they have in the past as these regions have also experienced excess capacity. As a result, our industry is continually responding to aggressive pricing pressure and other competitive pressures. Additionally, our current or potential competitors may also increase or shift their presence in new lower-cost regions to try to offset the continuous competitive pressure or develop or acquire services comparable or superior to those we develop, combine or merge to form larger competitors, or adapt more quickly than we will to new technologies, evolving industry trends and changing customer requirements. Competition has caused and will continue to cause pricing pressures, increased working capital requirements, reduced profit or loss of market share (from both program and customer disengagements), any of which could materially and adversely affect us. The weak global economic environment will also increase the competitive environment in all these areas which could impact our profitability. In addition, the North American and Asian EMS industries have excess manufacturing capacity which may trigger EMS providers to expand into new and each other's end markets. These factors have exerted and will continue to exert additional pressures on pricing for components and services, thereby increasing the competitive pressures in the EMS industry. We may not be able to compete successfully against our current and future competitors, and the competitive pressures we face may have a material adverse effect on us.

We are dependent on a limited number of customers and end markets, primarily within the consumer, communications and enterprise computing markets, for a substantial portion of our revenue.

A decline in revenue from these customers or end markets or the loss of a large customer could have a material adverse affect on our financial condition and operating results. During 2009, one customer from our consumer end market individually represented more than 10% of our total revenue, and our top 10 customers represented 71% of total revenue. During 2008, we had no individual customer that represented more than 10%

of our total revenue, and our top 10 customers represented 63% of total revenue. Our largest customer, Research in Motion, or RIM, represented 17% of total revenue in 2009. Our recent success in the smartphone market, driven primarily by new program wins from RIM, has increased our customer concentration as a percentage of total revenue.

We expect to continue to depend upon a relatively small number of customers for a significant percentage of our revenue. To reduce this reliance, we have been targeting new customers and new services in our traditional segments, as well as new markets such as industrial, aerospace and defense, healthcare and green technology markets. We may also pursue acquisition opportunities to further diversify our revenue or customer base, although there can be no assurance that any acquisition will increase revenue or reduce our customer concentration. Acquisitions are also subject to integration risk and volumes and margins could be lower than we anticipated. As we pursue opportunities in new markets, we may encounter challenges as our knowledge or experience may be limited in these new markets or technologies.

Although we generally enter into master supply agreements with our customers, the level of business to be transacted under those agreements is not guaranteed. Instead, we bid on a project by project basis and typically have supply contracts or purchase orders in place for a specific project. We are dependent on customers to fulfill the terms associated with these orders and/or contracts.

In addition, some of our customers routinely reduce or delay the volume of manufacturing services ordered from us. There is no assurance that present or future large customers will not terminate their manufacturing arrangements with us or significantly change, reduce or delay the volume of manufacturing services they order from us, any of which would adversely affect our operating results. Significant reductions in, or the loss of, revenue from any of our large customers could have a material adverse effect on us. Additionally, the ramping of new program wins from new or existing customers can take from several months to more than a year before production starts. During this start-up period, these programs are subject to significant change or outright cancellation, in contrast to the initial expectations at the time the new business was awarded, due to changes in end-market demand or changes in product viability in the marketplace.

We are dependent on customers who operate in highly competitive markets and the inability of our customers to succeed in their markets can adversely impact our business, operating results and financial condition.

The end markets we serve can experience major swings in demand which, in turn, can significantly impact our operations. Our financial performance depends on our customers' ability to compete and succeed in their markets, which could be affected by global economic conditions. The majority of our customers' products are characterized by rapid changes in technologies, increased standardization of technologies and shortening of product lifecycles. In many instances, our customers have experienced severe revenue erosion, pricing and margin pressures, and excess inventories during the past few years.

We have recently increased the amount of our business in the consumer segment, particularly in smartphones, which is characterized by shorter product lifecycles, significant increases or decreases in program volumes based on strength in end-market demand, rapid changes in consumer preferences for these products and devices, and greater ease in shifting these products among EMS competitors. The increased exposure to this segment may make revenue more volatile and could result in increased risk to our financial results.

We are operating in a weak and uncertain global economic environment.

Although the global economy has recovered somewhat from the recent economic and financial crisis, the economic environment remains uncertain. This uncertainty has resulted in lower volumes for the products we manufacture and low end market visibility for our customers. This environment can pose significant risk to our business due to weaker demand, customer consolidation or customer financial stress or bankruptcy.

The global economic conditions and credit environment may well accelerate or exacerbate the effect of the various risk factors described in this Annual Report, as well as result in other unforeseen events that will affect our business and financial condition.

We may encounter difficulties expanding and/or restructuring our operations which could adversely affect our operating results.

As we expand our business, enter into new market segments and products, acquire new businesses or capabilities, transfer our business from one region to another or restructure our operations, we may encounter difficulties that result in higher than expected costs associated with such activities and customer dissatisfaction with our performance. Potential difficulties related to our growth and/or operational restructuring could include:

- lack of trained personnel to manage the operations and customer contracts appropriately;
- maintaining customer, supplier, employee and other favorable business relationships during a period of transition;
- effective training of staff to manage new customers and products;
- unanticipated disruptions in our operations which may impact our ability to deliver to the customer on time, to produce quality products and to ensure overall customer satisfaction;
- losing programs and customers that reduce their business risk by re-sourcing or dual-multi-sourcing their business with us due to unforeseen disruptions in our operations; and
- market share shifts associated with customer consolidation or supplier consolidation.

Any of these factors could prevent us from realizing the anticipated benefits of growth in new markets or the benefits we expected to realize from our restructuring actions and could adversely affect our business and operating results.

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

We expect to expand our presence in new end markets or expand our capabilities, some of which may occur through acquisitions. These transactions may involve acquisitions of entire companies and/or acquisitions of selected assets from OEMs. Potential difficulties related to our acquisitions include:

- integrating acquired operations, systems and businesses;
- maintaining customer, supplier, employee or other favorable business relationships of acquired operations and restructuring or terminating unfavorable relationships;
- addressing unforeseen liabilities of acquired businesses;
- making acquisitions in new end markets or in technologies where our knowledge or experience is limited;
- losing customers who want to transfer their business because of the change in ownership;
- losing key employees of acquired operations; and
- not achieving anticipated business volumes.

Any of these factors could prevent us from realizing the anticipated benefits of an acquisition, including additional revenue, operational synergies and economies of scale. Our failure to realize the anticipated benefits of acquisitions could adversely affect our business and operating results. Previous acquisitions have resulted in the recording of a significant amount of goodwill and intangible assets at the time of acquisition. Our failure to support the carrying value of goodwill and intangible assets in periods subsequent to the acquisitions could require write-downs that adversely affect our operating results. All goodwill from previous acquisitions has been written off.

Inherent difficulties in managing capacity utilization and unanticipated changes in customer orders place strains on our planning and supply chain execution and may affect our operating results.

Our customers are dependent on EMS providers for new product introductions and rapid response times to meet changes in volume requirements. Most of our customers typically do not commit to firm production schedules for more than 30 to 90 days in advance and we often experience volatility in customer orders.

Additionally, a significant portion of our revenue can occur in the last month of the quarter and could be subject to change or cancellation that will affect our quarter-to-quarter results. Accordingly, we cannot always forecast the level of customer orders with certainty. This can make it difficult to order appropriate levels of materials and to schedule production and maximize utilization of our manufacturing capacity.

In addition, customers may cancel their orders, change production quantities or delay production for a number of reasons. When customers change production volumes or request different products to be manufactured than what they originally forecasted to us, the unavailability of components and materials for such changes could also impact our revenue and working capital performance. Furthermore, in order to guarantee continuity of supply for many of our customers, we are required to manufacture and hold a specified amount of finished goods in our warehouses. The uncertainty of our customers' end markets, intense competition in our customers' industries and general order volume volatility have resulted, and may continue to result, in some of our customers delaying or canceling the delivery of some of the products we manufacture for them and placing purchase orders for lower volumes of products than previously anticipated.

Changes or delays in customer orders could result in higher than expected inventory levels for us. In certain circumstances, we may be required to return the inventory to our suppliers, re-sell the inventory or continue to hold the inventory, any of which may result in our taking additional reserves for the inventory should it become excess or obsolete. Order cancellations and delays could also lower our asset utilization, resulting in higher levels of unproductive assets and lower margins. In some cases, changes in circumstances for a customer could also negatively impact the collectability of receivables or carrying value of our inventory for that customer. On other occasions, customers have required rapid and sudden increases in production, which have placed an excessive burden on our manufacturing capacity. Rapid changes in product ramps and/or the weakening financial condition or deterioration of any single customer's financial condition could prevent us from collecting receivables or realizing the value of inventory on hand. Any of these factors or a combination of these factors could have a material adverse effect on our results of operations.

Competitors with component manufacturing capabilities may have greater opportunities than we do to win additional business from some of our customers. This capability may have the potential to provide a competitor with additional capabilities or cost saving opportunities.

We procure all of our components from third-party suppliers. In addition to traditional EMS services, some of our competitors also manufacture some of the components used in the products they assemble. This can include metal or plastic enclosures, connectors, semiconductors, cabling and other components used in the manufacturing of electronics. Those capabilities may provide additional incentives for some customers to do business with those EMS or ODM companies, as there may be additional opportunity to reduce the total costs of their products by using more components and services from one company. If our customers transfer their business to a competitor, we may experience reduced revenue and lower utilization rates.

Our customers and competitors are subject to mergers and acquisitions, and similar transactions which can adversely affect our business relationships or the volume of business we conduct with our customers.

Future mergers and acquisitions could result in a decrease in demand from our customers or a loss of business to our competitors as customers rationalize their business and consolidate their suppliers. Mergers or consolidation among our competitors could increase their competitive advantage over us, which may also result in a loss of business if customers shift their production. In a weaker economic environment, there may be a higher risk of increased consolidation among our customers or competitors.

We are subject to the risk of increased income taxes which could adversely affect our financial condition and operating results.

We conduct business operations in a number of countries, including countries where tax incentives have been extended to encourage foreign investment or income tax rates are low.

We develop our tax position based upon the anticipated nature and structure of our business and the tax laws, administrative practices and judicial decisions now in effect in the jurisdictions in which we have assets or conduct business, all of which are subject to change or differing interpretations, possibly with retroactive effect.

We are subject to tax audits and reviews of historical information by local tax authorities which could result in additional tax expense in future periods relating to prior results. Any such increase in our income tax expense and related interest and penalties could have a significant impact on our future earnings and future cash flows.

Certain of our subsidiaries provide financing, products and services to, and may from time to time undertake certain significant transactions with, other subsidiaries in different jurisdictions. Moreover, several jurisdictions in which we operate have tax laws with detailed transfer pricing rules which require that all transactions with non-resident related parties be priced using arm's length pricing principles, and that contemporaneous documentation must exist to support such pricing.

Reviews by tax authorities generally focus on, but are not limited to, the validity of our inter-company transactions, including financing and transfer pricing policies which generally involve subjective areas of taxation and a significant degree of judgment. If any of these tax authorities are successful with their challenges, our income tax expense may be adversely affected and we could also be subject to interest and penalty charges. In connection with ongoing tax audits in Canada, tax authorities have taken the position that income reported by one of our Canadian subsidiaries from 2001 to 2003 should have been materially higher as a result of certain inter-company transactions. In connection with a tax audit in Brazil, tax authorities have taken the position that income reported by our Brazilian subsidiary in 2004 should have been materially higher as a result of certain inter-company transactions. We believe that we have substantial defenses to the asserted positions and have adequately accrued for any probable potential adverse tax impact. However, there can be no assurance as to the final resolution of these claims and any resulting proceedings, and if these claims and any ensuing proceedings are determined adversely against us, the amounts we may be required to pay could be material. The successful pursuit of these assertions by tax authorities could result in those subsidiaries owing significant amounts of tax, interest and possibly penalties.

In addition, we have recognized, and will continue to recognize, the future benefit of certain Brazilian tax losses on the basis that these tax losses can and will be fully utilized in the fiscal period ending on the date of dissolution of our Brazilian subsidiary. We regularly review Brazilian laws and assess the likelihood of the realization of the future benefit of the tax losses. A change to the benefit realizable on these Brazilian losses could result in a substantial increase to our net future tax liabilities.

Our results can be affected by limited availability of components.

A significant portion of our costs is for the purchase of electronic components. During this time of global economic uncertainty, significant restructuring has occurred in the supply base to adjust to the lower volumes. As a result, an improved demand environment could exacerbate material shortages and impact our ability to meet our customers' demand requirements. All of the products we manufacture or assemble require one or more components that we order from component suppliers. In many cases, there may be only one supplier of a particular component. Supply shortages for a particular component can delay production and thus delay revenue relating to all products using that component, or they can cause price increases in the products and services we provide. In the past, we have secured sufficient allocations of constrained components so that revenue has not been materially impacted. At various times in our industry's history, there have been industry-wide shortages of electronic components. Future shortages, or fluctuations in the cost of components, may have a material adverse effect on our business or cause our operating results to fluctuate from period to period. Changes in forecasted volumes or in the products required by our customers can affect our ability to attain components which could impact our results. Additionally, quality or reliability issues at any of our component or materials providers, or financial difficulties that affect their production and ability to supply us with components, could halt or delay production of a customer's product which could adversely impact our operating results.

Our customers may be adversely affected by rapid technological changes which may have an adverse impact on their success in their markets and on our business.

Many of our customers compete in markets that are characterized by rapidly changing technology, evolving industry standards and continuous improvements in products and services. These conditions frequently result in short product lifecycles. Our success will depend largely on the success achieved by our customers in developing and marketing their products. If technologies or standards supported by our customers' products become obsolete, fail to gain widespread commercial acceptance or are cancelled, our business could be materially adversely affected. In addition, an accelerating decline in end-market demand for customer-specific proprietary systems in favor of open systems with standardized technologies could have a material adverse impact on our business. The highly competitive nature of our customers' products could also drive consolidation among OEMs, which could result in product line consolidation that could impact our revenue or customer relationships.

We are seeking to rapidly expand our services capabilities.

We believe OEM customers continue to look to the EMS industry to provide additional supply chain services and capabilities. While we currently provide some of these services, such as design and fulfillment, to a few of our customers, we are focused on significantly increasing these capabilities in the near term. We may pursue this growth through internal development or through acquisitions. Our efforts to expand our services capabilities may not be successful. The failure to increase these services and capabilities could impact our existing business and future business wins.

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

We have facilities in numerous countries, including China, the Czech Republic, Ireland, Japan, Malaysia, Mexico, Romania, Singapore, Spain and Thailand. During 2009, approximately two-thirds of our revenue was produced from locations outside of North America. We also purchase material from international suppliers for much of our business, including our North American business. We believe that our future growth depends largely on our ability to increase our business and penetration with global OEMs and selective markets, in both higher-cost and lower-cost regions.

International operations are subject to inherent risks which may adversely affect us, including:

- labor unrest and differences in regulations and statutes governing employee relations;
- changes in regulatory requirements;
- inflation and rising costs;
- difficulty in staffing and managing foreign sales and support operations;
- ability to build infrastructure or new facilities on schedule to support operations;
- changes in local tax rates and other potentially adverse tax consequences, including the cost of repatriation of earnings;
- burdens of complying with a wide variety of foreign laws, including changing import and export regulations, which could erode our profit margins or restrict exports;
- adverse changes in trade policies between countries in which we maintain operations;
- political instability;
- potential restrictions on the transfer of funds;
- employee contracts that restrict our flexibility in responding to business downturns; and
- foreign exchange risks.

Each of the regions in which we operate has a history of promoting foreign investment but could experience economic and political turmoil that could adversely affect us.

We have had significant restructuring charges and losses for several years and may experience restructuring charges and losses in future periods.

We have a history of recording losses resulting primarily from restructuring charges, the write-down of goodwill and long-lived assets, or the write-down of accounts receivable for customers in bankruptcy. These amounts have varied from period to period. We have undertaken numerous initiatives to restructure and reduce our capacity and cost structures in response to changes in the EMS industry and end-market demand, with the intention of improving utilization and realizing cost savings in the future. We will continue to evaluate our operations and may propose additional restructuring actions in the future. Any failure to successfully execute these initiatives, including any delay in effecting these initiatives, can have a material adverse impact on our operating results. Furthermore, we may not be profitable in future periods.

Restrictions on our ability to restructure quickly enough can delay the timing and affect the benefits we expect from our restructuring efforts.

We have operations in multiple regions around the world. As a result, we are subject to different regulatory requirements and labor laws governing how quickly we are able to reduce manufacturing capacity and terminate related employees. These requirements are particularly stringent in Europe. Restrictions on our ability to close under-utilized facilities have resulted in higher expenses associated with carrying excess capacity and infrastructure while conducting restructuring activities. While it has typically been easier to restructure our operations in certain lower-cost regions, the current global economic conditions may change how governments in all regions regulate restructuring as the weaker demand environment impacts local economies. The speed of our restructuring can also be impeded by delays from our customers related to the timing of their product transfers, which can prevent us from transferring products to our other facilities in a timely and cost-effective manner. Since the restructuring of our plants requires some of our customers to move their production from one of our facilities to another, customers have, and may in the future, use this opportunity to shift their production to competitors' facilities.

The complexity of moving our manufacturing base to lower-cost regions could have a material adverse effect on our financial condition and operating results.

Due to the highly competitive nature of the electronics industry, our customers strive for lower-cost solutions from their EMS providers. Over time, this has resulted in the movement of our production from higher-cost regions such as North America and Western Europe to lower-cost regions such as Asia, Latin America and Eastern Europe. This move has had, and could continue to have, a negative impact on current and future results by increasing the risks associated with, among other things, transferring production to new regions where skills or experience may be more limited than in higher-cost regions, incurring higher operating expenses during the transition, incurring additional restructuring costs associated with the decrease in production levels in higher-cost geographies and the risks of operating in new foreign jurisdictions. In certain situations, product transfers have resulted in, and may in the future result in, our inability to retain our existing business or grow future revenue due to execution problems resulting from significant headcount reductions, plant closures and product transfers.

We face financial risks due to foreign currency fluctuations.

The principal currency in which we conduct our operations is the U.S. dollar. However, some of our subsidiaries transact business in other currencies, such as the Canadian dollar, Thai baht, Malaysian ringgit, Mexican peso, Czech koruna, Singapore dollar, Japanese yen, Chinese renminbi, Romanian lei and the Euro. The global economic uncertainty has resulted in significant fluctuations of currency rates, particularly in 2008, and may continue to affect profitability going forward. We often enter into hedging transactions to minimize our exposure to foreign currency risks. We may also enter into forward exchange contracts to hedge our balance sheet exposures. Our hedging activity is designed to reduce the variability of our foreign currency costs and consists of contracts to purchase or sell foreign currencies at future dates. These contracts generally extend for periods ranging from one to 15 months. Our hedging transactions may not successfully minimize foreign currency risk, which could have a material adverse effect on our operating results.

Failure of our customers to pay the amounts owed to us in a timely manner may adversely affect our financial condition and operating results.

We generally provide payment terms ranging from 30 to 60 days. As a result, we generate significant accounts receivable from sales to our customers, historically representing 22% to 39% of current assets. Accounts receivable from sales to customers at December 31, 2009 were $828.1 million (December 31, 2008 — $1,074.0 million; and December 31, 2007 — $941.2 million). At December 31, 2009, one customer represented more than 10% of total accounts receivable (December 31, 2008 — two customers each represented more than 10% of total accounts receivable; and December 31, 2007 — no customer represented more than 10% of total accounts receivable). If any of our customers have insufficient liquidity, we could encounter significant delays or defaults in payments owed to us by such customers, and we may extend our payment terms or restructure their receivables owed to us, which could have a significant adverse impact on our financial condition and operating results. Any deterioration in the financial condition of our customers will increase the risk of collecting receivables. The ongoing global economic uncertainty could also impact our customers' ability to pay receivables or result in customers going into bankruptcy or reorganization proceedings which could also impact our ability to collect our receivables. We regularly review our accounts receivable valuations and make adjustments when necessary. Our allowance for doubtful accounts at December 31, 2009 was $7.5 million (December 31, 2008 — $13.7 million; and December 31, 2007 — $21.5 million), which represented 1% of the gross accounts receivable balance (December 31, 2008 — 1%; and December 31, 2007 — 2%).

We may be required to make larger contributions to our defined benefit plans in the future, which may have an adverse impact on our liquidity and our operating results.

We maintain multiple defined benefit plans, as well as supplemental pension plans. Some employees in Canada, Japan and the United Kingdom participate in our defined benefit pension plans. We also have defined contribution plans for our other employees, primarily in Canada and the U.S.

Our pension funding policy is to contribute amounts sufficient to meet minimum local statutory funding requirements that are based on actuarial calculations. Our obligations are based on certain assumptions relating to expected plan performance, including employee turnover and retirement rates, the performance of the financial markets and discount rates. If future trends differ from these assumptions, the amounts we are obligated to contribute to the pension plans may increase. If the financial markets result in returns lower than our assumptions, we may be required to make larger contributions in the future and our pension expense may also increase.

The efficiency of our operations could be adversely affected by any delay in delivery from our transportation suppliers, including delays caused by work stoppages and natural disasters.

We rely on a variety of common carriers for the transportation of materials and products and for their ability to route these materials and products through various international ports. A work stoppage, strike or shutdown of any important supplier's facility or operations, or at any major port or airport, could result in manufacturing and shipping delays or expediting charges, which could have a material adverse effect on our operating results. Increased political activism and local economic conditions could impact receipt of materials and product shipments. Natural disasters such as tsunamis and earthquakes, and the severe and dramatic change to historical weather patterns in the regions where our facilities or our suppliers' facilities are located, could have an adverse impact on our ability to deliver products to our customers. Such events could disrupt supply to us, and from us to our customers, and adversely affect our operating results.

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

In certain of our sales contracts, we provide warranties against defects or deficiencies in our products, services or designs. A successful claim for damages arising as a result of such defects or deficiencies, for which we are not insured or where the damages exceed our insurance coverage, or any material claim for which insurance coverage is denied or limited and for which indemnification is not available, could have a material adverse effect on our business, operating results and financial condition. As we pursue new end markets, warranty requirements will vary and we may be less effective in pricing our products to appropriately capture the warranty costs.

We may be unable to keep pace with manufacturing technology changes.

We continue to evaluate the advantages and feasibility of new manufacturing processes. Our future success will depend, in part, upon our ability to continually develop and market electronics manufacturing services that meet our customers' evolving needs. This could entail investing in new processes or equipment to support new technologies used in our customers' current or future products, and to support their supply chain processes. Additionally, as we pursue business in new end markets where our experience is limited, we may be less effective in adapting to technological change. Our manufacturing and supply chain processes, test development efforts and design capabilities may not be successful.

In addition, various industry-specific standards, qualifications and certifications are required to produce certain types of products for our customers. Failure to maintain those certifications could adversely affect our ability to maintain existing levels of business or win new business.

We may be unable to protect our intellectual property or the intellectual property of others.

We believe that certain of our proprietary intellectual property rights and information provide us with 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, our customers or our suppliers in the future. If an infringement claim is successfully asserted, we may be required to spend significant time and money to develop processes that do not infringe upon the rights of another 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. As we pursue business in new end markets, we may be less effective in anticipating the intellectual property risks related to new manufacturing, design and other services.

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

Future growth in our revenue includes a dependence on new outsourcing opportunities in which we assume additional manufacturing and supply chain management responsibilities from OEMs. Our future growth will be limited to the extent that these opportunities are not available as a result of OEMs deciding to perform these functions internally or delaying their decision to outsource or our inability to win new contracts. The global economic slowdown has impacted, and may continue to impact, the trend of outsourcing as some customers have reversed, and other customers may reverse, their outsourcing decisions and shift production back to their own facilities to improve their factory utilization. Political pressures or negative sentiment by our customers' customers or local governments may impede the movement of production from one geography to another. These and other factors could adversely affect the rate of outsourcing generally, or adversely affect the rate of outsourcing to EMS providers, such as Celestica.

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

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

Compliance with environmental laws and obligations could be costly and impact our operations.

We are subject to various federal, state/provincial, local and multi-national environmental laws and regulations. Our environmental management systems and practices have been designed to ensure compliance with these laws and regulations in a manner consistent with local practice. Maintaining compliance with and responding to increasingly stringent regulations require a significant investment of time and resources and may restrict our ability to modify or expand our facilities or to continue production.

More complex and stringent environmental legislation continues to be imposed, including laws that place increased responsibility and requirements on the "producers" of electronic equipment and, in turn, their providers and suppliers. Such laws may relate to product inputs (such as hazardous substances and energy consumption) and product use (such as energy efficiency and waste management/recycling). Noncompliance with these requirements could potentially result in substantial costs, including fines and penalties, as well as liability to our customers and consumers.

Where compliance responsibility rests primarily with OEMs rather than with EMS companies, OEMs may turn to EMS companies for assistance in meeting their obligations. Our customers are becoming increasingly concerned about issues such as waste management (including recycling), climate change (including the reduction of carbon footprints) and product stewardship, and expect their suppliers to be environmental leaders. Although we strive to meet such customer expectations, such demands may extend beyond our regulatory obligations and significant investments of time and resources may be required to attract and retain customers.

We have generally obtained environmental assessment reports, or reviewed recent assessment reports undertaken by others, for most of our manufacturing facilities at the time of acquisition or leasing. Such assessments may not reveal all environmental liabilities and current assessments were not available for all facilities. As well, some of our operations have involved hazardous substances that could cause contamination. Although we may investigate, remediate or monitor soil and groundwater contamination at certain of our owned sites, we may not be aware of or address all such conditions and we may incur significant costs to do such work in the future. In many jurisdictions in which we operate, environmental laws impose liability for the costs of removal, remediation or risk assessment of hazardous or toxic substances on an owner, occupier or operator of real estate, even if such person or company was unaware of or not responsible for the discharge or migration of such substances. In some instances where soil or groundwater contamination existed prior to our ownership or occupation, landlords or former owners may have retained some contractual responsibility or regulatory liability, but this may not provide sufficient protection for us to avoid liability. Third-party claims for damages or personal injury are also possible. Moreover, current remediation, mitigation and risk assessment measures may not be adequate to comply with future laws.

The efficiency of our operations could be adversely affected by any disruptions from our third-party IT providers.

We have outsourced certain IT systems support, which includes database management, as well as application development and support for our production control and inventory management systems. If these third-party providers are unable to fulfill their obligations on a timely and reliable basis, we may experience disruptions to our operations. Any inefficiencies or production down times resulting from such disruptions could have a negative impact on our ability to meet customers' orders, resulting in a delay or decrease to our revenue and our operating margins.

Our credit agreement contains restrictive covenants that may impair our ability to conduct our business.

Our credit agreement contains 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, change the nature of our business, sell or otherwise dispose of assets, and merge or consolidate with other entities. At February 22, 2010, we were in compliance with these covenants. Based on the required financial ratios at December 31, 2009, we had full access to our $200 million credit facility.

We could face increased financial risk due to the potential non-performance by counterparties, including but not limited to financial institutions, customers and suppliers.

The potential occurrence of default by a counterparty on its contractual obligations may result in a financial loss to us. For our financial markets activity, we mitigate the risk of financial loss from defaults by dealing with counterparties we believe are creditworthy. The global economic uncertainty has impacted, and we expect will continue to impact, the financial condition of some of our customers and suppliers. An interruption in supply from a raw materials supplier, especially for single-sourced components, could have a significant impact on our operations and on our customers, if we are unable to deliver finished products in a timely manner. We will continue to closely monitor our customers' and suppliers' financial condition and creditworthiness.

The interest of our controlling shareholder may conflict with the interest of the remaining holders of our subordinate voting shares.

Onex Corporation, or Onex, owns, directly or indirectly, all of the outstanding 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, represents 69% of the voting interest in Celestica and less than 1% of the voting interest in our 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 its approval is required for significant corporate transactions such as certain amendments to our articles of incorporation, the sale of all or substantially all of our assets and plans of arrangement. 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 credit agreement, it is an event of default entitling our lenders to demand repayment if Onex ceases to control Celestica unless the shares of Celestica become widely held ("widely held" meaning that no one person owns more than 20% of the votes). Gerald W. Schwartz, the Chairman and Chief Executive Officer of Onex and one of our directors, owns multiple voting shares of Onex, carrying the right to elect a majority of the Onex board of directors. Mr. Schwartz, therefore, effectively controls our affairs. The interests of Onex and Mr. Schwartz may differ from the interests of the remaining holders of subordinate voting shares. For additional information about our principal shareholders, see Item 7(A), "Major Shareholders." Onex has, from time to time, issued debentures exchangeable and redeemable under certain circumstances for our subordinate voting shares, entered into forward equity agreements with respect to subordinate voting shares, sold shares (after exchanging multiple voting shares for subordinate voting shares), or redeemed these debentures through the delivery of subordinate voting shares and could do so in the future. These sales could impact our share price, have consequences on our outstanding debt and change our ownership structure.

We face securities class action and shareholder derivative lawsuits which could result in substantial costs, diversion of management's attention and resources and negative publicity.

Celestica has been named as a defendant in a purported class action lawsuit in the United States which asserts claims for violations of federal securities laws on behalf of persons who acquired our securities between January 27, 2005 and January 30, 2007. Celestica has been named as a defendant in a similar purported class action brought in Canada under Canadian law. Our former Chief Executive and Chief Financial Officers were also named as defendants in these lawsuits. In a consolidated amended U.S. complaint, the plaintiffs have added one of our directors and Onex as defendants. These lawsuits seek unspecified damages. All defendants have filed motions with the U.S. court to dismiss the amended complaint. Those motions are pending. Although we believe the allegations in these claims are without merit and we intend to defend these claims vigorously, these lawsuits could result in substantial costs to us, divert management's attention and resources from our operations and negatively affect our public image and reputation.

Potential unenforceability of civil liabilities and judgments.

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

Changes in accounting standards enacted by the standard-setting bodies may adversely affect our reported revenue, profitability and financial condition.

Our consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are reconciled to U.S. GAAP. The accounting standards are revised periodically and/or expanded upon by the standard-setting bodies. Accordingly, we are required to adopt new or revised accounting standards and to comply with revised interpretations issued from time to time by these authoritative bodies, which include the Canadian Accounting Standards Board, the Financial Accounting Standards Board and the U.S. Securities and Exchange Commission. The Canadian Accounting Standards Board announced that it will adopt the International Financial Reporting Standards for publicly accountable enterprises in Canada, effective 2011. The adoption of these changes could adversely affect our reported revenue, profitability or financial condition. Compliance with these changes could also increase our financial and accounting costs.

Shares eligible for public sale could adversely affect our share price.

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.

At February 22, 2010, we had 210,992,933 subordinate voting shares and 18,946,368 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 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 1,451,320 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 of the U.S. Securities Act permits our affiliates to sell our 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 us.

In addition, as of February 22, 2010, there were approximately 26,000,000 subordinate voting shares reserved for issuance under our employee share purchase and option plans and for director compensation, including outstanding options to purchase approximately 10,700,000 subordinate voting shares. Moreover, pursuant to our articles of incorporation, we may issue an unlimited number of additional subordinate voting shares without further shareholder approval (subject to any required stock exchange approvals). As a result, a substantial number of our subordinate voting shares will be eligible for sale in the public market at various times in the future. The issuances and/or sale of such shares would dilute the holdings of our shareholders and could adversely affect the market price of the subordinate voting shares.

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

Increased international political instability, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, conflicts in the Middle East and Asia, security issues at the U.S./Mexico border related to illegal immigration or criminal activities associated with illegal drugs activities, strained international relations arising from these conflicts and the related decline in consumer confidence may hinder our ability to do business. Any escalation in these events or similar future events may disrupt our operations or those of our customers and suppliers and could affect the availability of materials needed to manufacture our products or the means to transport those materials to manufacturing facilities and finished products to customers. These events have had and may continue to have an adverse impact on the U.S. and world economy in general and customer confidence and spending in particular, which in turn could adversely affect our revenue and operating results. The impact of these events on the volatility of the U.S. and world financial markets could increase the volatility of the market price of our securities and may limit the capital resources available to us and our customers and suppliers.

Item 4. Information on the Company

A. History and Development of the Company

We were 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 and commercial name is Celestica Inc. We are domiciled in the Province of Ontario, Canada and operate under the Business Corporations Act (Ontario). Our principal executive offices are located at 844 Don Mills Road, Toronto, Ontario, Canada M3C 1V7 and our telephone number is (416) 448-5800. Our website is http://www.celestica.com. Information on our website is not incorporated by reference in this Annual Report.

Prior to our incorporation, we were an IBM manufacturing unit that provided manufacturing services to IBM for more than 75 years. In 1993, we began providing electronics manufacturing services to non-IBM customers. In October 1996, we were purchased from IBM by an investor group, led by Onex, which included our then management.

Celestica offers a range of electronics manufacturing services and solutions to OEMs across many industries. We operate a global manufacturing and supply chain network.

Recent Acquisitions

Certain information concerning our acquisition activities, including property, plant and equipment expenditures, and financing activities, is set forth in notes 3, 4, 7, 8, 15, 17 and 22 to the Consolidated Financial Statements in Item 18, and Item 5, "Operating and Financial Review and Prospects — Management's Discussion and Analysis of Financial Condition and Results of Operations."

Certain information concerning our divestiture activities, including our restructurings, is set forth in note 10 to the Consolidated Financial Statements in Item 18, and Item 5, "Operating and Financial Review and Prospects — Management's Discussion and Analysis of Financial Condition and Results of Operations."

B. Business Overview

We deliver innovative supply chain solutions to OEMs in the consumer, communications, enterprise computing, industrial, aerospace and defense, healthcare and green technology sectors. We believe our services and solutions will help our customers reduce their time to market and eliminate waste from their supply chains, resulting in lower product lifecycle costs, better financial returns and improved competitive advantage in their respective business environments.

Our global operating network spans the Americas, Asia and Europe. In an effort to drive speed and flexibility for our customers, we conduct the majority of our business through full-service centers of excellence, strategically located around the world. Through our Ring Strategy, we strive to align a network of suppliers around each of our centers of excellence in order to increase flexibility in our supply chain, deliver shorter overall product lead times and reduce inventory. We operate other sites around the globe with specialized supply chain management and high-mix/low-volume manufacturing capabilities to meet the specific production and product lifecycle requirements of our customers.

Through our centers of excellence and the deployment of our Total Cost of Ownership™ (TCOO) Strategy, we strive to provide our customers with the lowest total cost throughout the product lifecycle. This approach enables us to focus our capabilities on broad solutions that address the total cost of design, sourcing, production, delivery and after-market services for our customers' products, which can help drive greater levels of efficiency and improved service levels throughout our customers' supply chain.

Our targeted end markets include consumer, communications, enterprise computing, industrial, aerospace and defense, healthcare and green technology. Although we supply products and services to over 100 OEMs, we depend on a relatively small number of customers for a significant portion of our revenue. In the aggregate, our top 10 customers represented 71% of revenue in 2009 and our largest customer represented 17% of revenue. In 2009, we segmented our end markets as follows: consumer (29% of revenue); enterprise communications (21% of revenue); telecommunications (15% of revenue); servers (13% of revenue); storage (12% of revenue); and industrial, aerospace and defense, and healthcare (10% of revenue). The products we manufacture can be found in a wide variety of end products, including smartphones; networking, wireless and telecommunications equipment; storage devices; servers; aerospace and defense electronics, such as in-flight entertainment and guidance systems; healthcare products; audiovisual equipment, including set-top boxes and flat-panel televisions; printers and related supplies; peripherals; gaming products; and a range of industrial and green technology electronic equipment.

We believe our principal strengths include our advanced capabilities in the areas of technology and quality, our flexible service offerings, our financial strength and our market-specific supply chain management capabilities. We offer a wide range of advanced manufacturing technologies, test capabilities and processes to support our customers' needs. We believe our size, geographic reach and expertise in supply chain management allow us to purchase materials effectively and to deliver products to customers faster, thereby reducing overall product costs and reducing the time-to-market.

We believe our highly skilled workforce differentiates us from our competitors. We have an entrepreneurial, participative and team-based culture, with a focus on continuous improvement, flexibility and customer service excellence.

We believe we are well positioned to compete effectively in the EMS industry, given our financial strength and our position as one of the major EMS providers worldwide. Our priorities include to (i) grow revenue through organic program wins and acquisitions; (ii) improve financial results, including operating margins, return on invested capital and cash flow performance; (iii) develop and enhance profitable and key relationships with leading OEMs across our strategic target market segments; (iv) broaden the range of the services we offer to OEMs; and (v) expand capabilities in services and technologies that diversify and expand our revenue base beyond our traditional areas of EMS manufacturing expertise. We believe that success in these areas will result in improved financial performance which will enhance shareholder value.

Electronics Manufacturing Services Industry

Overview

The EMS industry is comprised of companies that offer a broad range of electronics manufacturing services to OEMs. Since the 1990s, OEMs have increased their reliance on these services to become more efficient and to enhance their competitive positions. Today, the leading EMS companies have global operating networks delivering worldwide supply chain management solutions. They offer end-to-end services for the entire product lifecycle, including design and engineering, manufacturing and systems integration, fulfillment and after-market services. By outsourcing the manufacturing and related services, OEMs are able to overcome their most pressing business challenges related to cost, asset utilization, quality, time-to-market and rapidly changing technologies.

We believe the adoption of outsourcing by OEMs will continue across a number of industries, because it allows OEMs to:

Reduce Operating Costs and Invested Capital. OEMs are under significant pressure to reduce total product lifecycle costs, and property, plant and equipment expenditures. The manufacturing process of electronics products has become increasingly automated, which requires greater levels of investment in property, plant and equipment. EMS companies enable OEMs to gain access to a global network of manufacturing facilities with supply chain management expertise, advanced engineering capabilities, flexible capacity and economies of scale. By working with EMS companies, OEMs can reduce their overall product lifecycle and operating costs, working capital and property, plant and equipment investment requirements.

Focus Resources on Core Competencies. The EMS industry operates in a highly competitive environment characterized by rapid technological change and shortening product lifecycles. In this environment, many OEMs are prioritizing their resources on their core competencies of product development, sales, marketing and customer service, and outsourcing design, manufacturing, supply chain and other product support requirements to their EMS partners.

Improve Time-to-Market. Electronic products experience shorter lifecycles, requiring OEMs to continually reduce the time and cost of bringing products to market. OEMs can significantly improve product development cycles and enhance time-to-market by benefiting from the expertise and infrastructure of EMS providers, including capabilities relating to design services, prototyping and the rapid ramp-up of new products to high-volume production, all with the critical support of global supply chain management and manufacturing networks.

Utilize EMS Companies' Procurement, Inventory Management and Logistics Expertise. Successful manufacturing of electronic products requires significant resources to deal with the complexities in planning, procurement and inventory management, frequent design changes, shorter product lifecycles and product demand fluctuations. OEMs can address these complexities by outsourcing to EMS providers that (i) possess sophisticated IT systems and global supply chain management capabilities and (ii) can leverage significant component procurement advantages to lower product costs.

Access Leading Engineering Capabilities and Technologies. Electronic products and the electronics manufacturing technology needed to support them have become complex. As a result, OEMs increasingly rely on EMS companies to provide design, engineering support, manufacturing and technological expertise. Through their design and engineering services, and through the knowledge gained from repairing products, EMS companies can assist OEMs in the development of new product concepts, or the re-design of existing products, as well as assist with improvements in the performance, cost and time required to bring products to market. In addition, OEMs gain access to high-quality manufacturing expertise and capabilities in the areas of advanced process, interconnect and test technologies.

Improve Access to Global Markets. OEMs provide products and support services for a global customer base. EMS companies with global infrastructure and support capabilities provide OEMs with efficient global manufacturing solutions and distribution capabilities.

Access to Broadening Service Offerings. In response to OEMs' continued desire to outsource activities that were traditionally handled internally, EMS providers are continually expanding their offerings to include services such as design, fulfillment and after-market support, including repair and recycling services. This enables OEMs to benefit from outsourcing more of their cost of goods sold.

Celestica's Focus

We are dedicated to building solid partnerships and delivering innovative supply chain solutions to our customers. To achieve this, we work closely with our OEM customers to proactively identify and fulfill current requirements and anticipate future needs. We strive to exceed our customers' expectations by offering a broad range of services to lower costs, increase flexibility and predictability, improve quality and provide better service to their customers. We also look at ways to invest in our customers' future by continuing to deepen our knowledge of their businesses and to develop solutions to meet their needs. We constantly look to advance our technical capabilities to help our customers achieve a competitive advantage. By succeeding in the following areas, we believe we will maximize customer satisfaction, and improve financial performance which will enhance shareholder value:

Improve Financial Results, Including Operating Margins, Return on Invested Capital and Cash Flow Performance. We continue to focus on (i) improving utilization in regions or sites where volumes are below appropriate levels, (ii) completing our restructuring programs to ensure we have the appropriate global manufacturing network and cost structures in place to serve our customers, (iii) leveraging our supply chain practices globally to lower material costs, minimize lead times and improve our planning cycle to better meet changes in customers' demand and improve asset utilization, (iv) maximizing asset utilization, which we believe when combined with margin enhancement measures will increase our return on invested capital and (v) maximizing cash flow performance.

Leverage Expertise in Technology, Quality and Supply Chain Management. We are committed to meeting our customers' needs in the areas of technology, quality and supply chain management. We believe our expertise in these areas enables us to meet the rigorous demands of our OEM customers, and allows us to produce a variety of electronic products ranging from high-volume consumer electronics to highly complex technology infrastructure products. We believe our commitment to quality allows us to deliver consistently reliable products to our customers. The systems and collaborative processes associated with our expertise in supply chain management have generally enabled us to rapidly adjust our operations to meet the lead time requirements of our customers, flexibly shift capacity in response to product demand fluctuations and quickly and effectively deliver products directly to end customers. We often collaborate with suppliers to influence component design for the benefit of our customers. Based on the successes that we have had in these areas, we have been recognized with numerous customer and industry achievement awards.

Develop and Enhance Profitable and Key Relationships with Leading OEMs. We seek to build and sustain profitable, strategic and collaborative relationships with targeted industry leaders in sectors that can benefit from the delivery of our services and solutions. We conduct ourselves as an extension of our customers' organizations which enables us to respond to their needs with speed, flexibility and predictability in delivering results. We have established and maintain strong manufacturing relationships with a diverse mix of leading OEMs across several market segments. We believe that our customer base will be a strong source of growth for us as we seek to strengthen these relationships through the delivery of additional services.

Expand Range of Service Offerings. We continually look to expand the breadth and depth of the services we provide to OEMs in areas that can reduce their overall product lifecycle costs. In recent years, we have expanded our service offerings to facilitate the manufacture of a broader spectrum of products and to support the full product lines of leading OEMs in a variety of industry segments. During this period, we have also expanded additional capabilities in prototyping, design, engineering solutions, systems assembly, logistics, fulfillment and after-market services.

Continue to Penetrate Strategic Target End Markets. As a result of new or continued demand for outsourced electronics manufacturing services, we strive to establish a diverse customer base with OEM customers in several industries. We believe our legacy of expertise in technology, quality and supply chain management, in addition to our broad service offerings, have positioned us as an attractive partner to companies across these market segments. Our goal is to diversify across targeted markets, such as commercial aerospace and defense, healthcare, industrial and green technology, to reduce the risk associated with reliance on only a few sectors. Our revenue diversification is as follows:

	2007	2008	2009
Consumer	19%	23%	29%
Enterprise Communications	28%	25%	21%
Telecommunications	14%	15%	15%
Servers	19%	16%	13%
Storage	10%	10%	12%
Industrial, Aerospace and Defense and Healthcare	10%	11%	10%

Selectively Pursue Strategic Acquisitions. We will selectively seek acquisition opportunities in order to (i) grow our revenue, (ii) further develop strategic relationships with OEMs in our target markets and (iii) broaden and deepen the scope of our capabilities and service offerings.

Celestica's Business

OEM Supply Chain Services and Solutions

We are a global provider of innovative supply chain solutions. We offer a full range of services including design, manufacturing, engineering, order fulfillment, logistics and after-market services. We capitalize on our global operating network, information technology and supply chain expertise using a collaborative process and a team of highly skilled, customer-focused employees. We believe that our ability to deliver a broad range of supply chain solutions to our customers provides them with a competitive time-to-market and cost advantage.

Supply Chain Management. We use enterprise resource planning and supply chain management systems to optimize materials management from suppliers through to our customers' customers. The effective management of the supply chain is critical to the OEMs' success, as it directly impacts the time required to deliver products to market and the capital requirements associated with carrying inventory. We believe that we have a differentiated supply chain offering compared to our competitors through our TCOO Strategy and Ring Strategy.

Through our TCOO Strategy, we strive to provide our customers with the true cost of producing, delivering and supporting their products so that we can exceed their expectations for time-to-market and quality and provide them with the lowest TCOO. Through our Ring Strategy, we strive to align a network of suppliers around each of our centers of excellence so we can increase the agility, flexibility and collaborative approach of our supply chain to deliver the shortest overall lead times for any given product.

Design. Our global design services and solutions architects are focused on opportunities that span the entire product lifecycle. Supported by a disciplined approach to program management, we strive to provide flexible design solutions and expertise to help customers optimize the supply chain to reduce their overall product costs, improve time-to-market and introduce competitively differentiated products. A leader in design analysis, we leverage our proprietary CoreSim Technology™ to minimize design spins, speed time to market and provide improved manufacturing yields for our customers. Through our collective experience with common technologies across multiple industries and product groups, we believe we can provide quality and cost-focused solutions for our customers' design needs.

Our teams collaborate with OEM product designers in the early stages of product development. Our design team uses advanced tools to enable new product ideas to progress from electrical and application-specific integrated circuit design, to simulation, physical layout and design for manufacturing. Collaborative links and databases between the customer and our design and manufacturing groups help to ensure that new designs are released rapidly, smoothly and cohesively into production.

We strive to enhance our design services capabilities through strategic relationships with global engineering and research and development organizations, as well as other IT services and business process outsourcing firms. We believe that by combining our companies' strengths, we can create solutions to help our customers overcome design-related challenges. The skills and scalability that we can access enable us to better manage projects throughout the life of the product, including software development and systems validation, as well as complete product sustainability.

Other key initiatives aimed at enhancing our design services offering include developing and marketing solutions accelerator platforms for products such as blade servers, storage devices, wireless networking equipment and smart grid technologies. We believe these customizable solution accelerators will help OEMs reach their markets faster by reducing design cycles without compromising their intellectual property.

Green Services™. We have developed a suite of services to help our customers comply with environmental legislation, such as those relating to the removal of hazardous substances and waste management/recycling. Our services help our customers design, prototype, introduce, manufacture, test, ship, takeback, repair, refurbish, reuse, recycle and properly dispose of end-of-life (EOL) products in compliance with existing and evolving legislation in countries in which we operate.

Prototyping. Prototyping is a critical early-stage process in the development of new products. Our engineers collaborate with OEM engineers to build early-stage products at our new product introduction centers. These centers are strategically located to enable us to provide a quick response in the early stages of the product development lifecycle. Upon completion of these prototypes, our new product introduction centers provide a seamless entry into our larger manufacturing facilities.

Systems Assembly and Test. We use sophisticated technologies in the assembly and testing of our products. We continue to make investments in the development of new assembly and test process techniques to enhance product quality, reduce cost and improve delivery time to customers. We work independently and also collaborate with customers and suppliers to develop leading assembly and test technologies. Systems assembly and testing require sophisticated logistics capabilities to rapidly procure components, assemble products, perform complex testing and distribute products to customers around the world. Our full systems assembly services involve combining and testing a wide range of subassemblies and components before shipping to their final destination. Increasingly, OEMs require custom build-to-order system solutions with very short lead times and we are focused on using our advanced supply chain management capabilities to respond to our customers' needs.

Product Assurance. We provide product assurance to our OEM customers. Our product assurance teams perform product life testing and full circuit characterization to ensure that designs meet or exceed required specifications. We are accredited as a National Testing Laboratory capable of testing to international standards (e.g., Canadian Standards Association and Underwriters Laboratories). We believe that this service allows our customers to attain product certification significantly faster than is customary in the EMS industry.

Failure Analysis. Our extensive failure analysis capabilities concentrate on identifying the root cause of product failures and determining corrective actions. The root causes of failures typically relate to inherent component defects and/or deficiencies in design robustness. Products are subjected to various environmental extremes, including temperature, humidity, vibration, voltage and rate of use. Field conditions are simulated in failure analysis laboratories which employ advanced electron microscopes, spectrometers and other advanced equipment. We are also able to discover failures before products are shipped, as our highly qualified engineers are proactive in working in partnership with suppliers and customers to develop and implement resolutions.

Order Fulfillment and Logistics. We leverage our global scale in manufacturing, supply chain management and fulfillment to provide fully integrated logistics solutions to our customers. Our logistics offerings include warehouse and distribution, freight management, logistics consulting services, product and materials visibility and reverse logistics. We ship worldwide to our customers or, in many cases, directly to our OEMs' customers.

After Market Services. We help our customers extend the value of their product through our after-market repair, returns and recycling services, individualized to meet each customer's requirements. These services include field failure analysis, product upgrades, repair and engineering change management. The knowledge gained from these services may also be used in future design activity to improve quality and reliability in next-generation products.

Quality Management

We believe one of our strengths is our ability to consistently deliver high-quality services and products. We have an extensive quality management system that focuses on continual process improvement and achieving high levels of customer satisfaction. We employ a variety of advanced statistical engineering techniques and other tools to assist in improving product and service quality. All of our principal facilities are ISO certified to ISO 9001 and ISO 14001 (environmental) standards, as well as to other industry-specific certifications.

In addition to these standards, we continue to deploy Lean and Six Sigma initiatives throughout our manufacturing network. Implementing Lean throughout the manufacturing process improves efficiency, shortens cycle times and reduces waste in areas such as inventory on hand, set up times, floor space and the number of people required for production. Six Sigma ensures continuous improvement by reducing process variation. We also apply the knowledge we gain in our after market services to improve the quality and reliability of next-generation products. Success in these areas helps our customers lower their costs, positioning them more competitively in their respective business environments.

We believe that quality management is one of the key services directly linked to meeting and exceeding our customers' expectations, and we have a series of key performance indicators deployed across our operating network that allow our teams to focus on driving continuous improvement and meeting customers' expectations with respect to quality.

Geographies

Approximately one-half of our revenue is produced in Asia and one-third of our revenue is produced in North America. A listing of our principal manufacturing and non-manufacturing locations is included in Item 4, "Information on the Company — Description of Property." We believe we have a competitive and strategic global manufacturing network with approximately 80% of our employees located in lower-cost regions. We have deployed many of our significant technical capabilities to a broad number of our global sites in both high-cost and low-cost regions which we believe differentiates us from our competitors.

Certain geographic information is set forth in note 17 to the Consolidated Financial Statements in Item 18.

Sales and Marketing

We have adopted a marketing approach focused on creating profitable, strategic relationships with leading OEMs in targeted end markets. We have structured our business development teams by market segment, with a focus on providing complete manufacturing and supply chain solutions. Our coordination of efforts with key global customers has been enhanced by the creation of customer-focused teams, each headed by a group general manager who oversees the global relationship with these customers. These teams work with our solutions architects to develop specific approaches that meet the unique needs of each customer's product or supply chain requirements. Our global network is comprised of customer-focused teams, including direct sales representatives, operational and project managers, account executives, supply chain management teams, as well as senior executives.

Customers

We supply products and services to approximately 100 OEM customers and target industry leading customers in strategic market segments focused on key technologies. Our customers include Alcatel Lucent, Cisco Systems, EMC, Hewlett-Packard, Hitachi, Honeywell, IBM, Juniper, NEC, Polycom, Raytheon, Research in Motion and Sun Microsystems. We are focused on strengthening our relationships with these strategic customers through the delivery of new and expanding end-to-end solutions, such as design, engineering, order fulfillment, logistics and after-market services.

During 2009, our largest customer, Research in Motion, represented more than 10% of total revenue. During 2008, we had no customers that represented over 10% of total revenue. Our top 10 customers represented 71% and 63%, respectively, of total revenue for 2009 and 2008.

We generally enter into contractual agreements with our key customers that provide the framework for our overall relationship. The majority of our customer arrangements also require the customer to purchase unused inventory that we have purchased to fulfill that customer's forecasted manufacturing demand.

Technology and Research and Development

We use advanced technology in the design, assembly and testing of the products we manufacture. We believe that our processes and skills are among the most sophisticated in the industry. We believe that this provides us with advantages over many of our smaller competitors and our competitors building less complex products.

Our customer-focused factories are highly flexible and are reconfigured as needed to meet customer-specific product requirements and fluctuations in volumes. We have extensive capabilities across a broad range of specialized assembly processes. We work with a variety of substrate types based on the products we build for our customers, from thin, flexible printed circuit boards to highly complex, dense multi-layer boards as well as a broad array of advanced component and attach technologies employed in our customers' products. Increasing demand for full-system assembly solutions continues to drive technical advancement in complex mechanical assembly and configuration.

Our assembly capabilities are complemented by advanced test capabilities. The technologies we use include high-speed functional testing, optical, burn-in, vibration, radio frequency, in-circuit and in-situ dynamic thermal cycling stress testing. We believe that our inspection technology, which includes X-ray laminography, advanced automated optical inspection, three-dimensional laser paste volumetric inspection and scanning electron microscopy, is among the most sophisticated in the EMS industry. We work directly with the leaders in the equipment industry to optimize their products and solutions or to jointly design a solution to better meet our needs and the needs of our customers. Furthermore, we employ internally developed automated robotic technology to perform in-process repair.

Our ongoing research and development activities include the development of processes and test technologies, as well as some focused product development. We are proactive in developing manufacturing techniques that take advantage of the latest component, product and packaging designs. We work directly with our customers to understand their product roadmaps and to develop the technology solutions required to optimally solution their future needs. We often work with, and take a leadership role in, industry groups that strive to advance the state of technology in the industry.

Supply Chain Management

We have strong relationships with our commodity suppliers. We share data electronically with our key suppliers and ensure speed of supply through strong relationships with our logistics partners and full-service distribution capabilities. During 2009, we procured and managed over $4.5 billion in materials and related services. We view the size and scale of our procurement activities as an important competitive advantage, as it enhances our ability to obtain better pricing, influence component packaging and design and obtain a supply of components in constrained markets.

We believe we have a differentiated supply chain offering compared to our competitors through our Total Cost of Ownership™ Strategy and Ring Strategy. Through our TCOO Strategy, we strive to provide our customers with the true cost of producing, delivering and supporting their products so that we can exceed their expectations for time-to-market and quality and provide them with the lowest TCOO. Through our Ring Strategy, we strive to align a network of suppliers around our centers of excellence to increase flexibility in our supply chain and deliver shorter overall product lead times.

We utilize two enterprise systems which provide comprehensive information on our logistics, financial and engineering support functions. These systems provide management with the data required to manage the logistical complexities of the business and are augmented by and integrated with other applications, such as shop floor controls, component and product database management and design tools.

To minimize the risk associated with inventory, we primarily order materials and components only to the extent necessary to satisfy existing customer orders and forecasts covered by the applicable customer contract terms and conditions. We have implemented specific inventory management strategies with certain suppliers, such as "supplier managed inventory" (pulling inventory at the production line on an as-needed basis) and on-site stocking programs. Our initiatives in Lean and Six Sigma also focus on eliminating excess inventory throughout the supply chain. In providing electronics manufacturing services to our customers, we are largely protected from the risk of fluctuations in inventory costs, as these costs are generally passed through to customers.

All of the products we manufacture or assemble require one or more components. In many cases, there may be only one supplier of a particular component. Some of these components could be rationed in response to supply shortages. We work with our suppliers and customers to attempt to ensure continuity in the supply of these components. In cases where unanticipated customer demand or supply shortages occur, we attempt to arrange for alternative sources of supply, where available, or defer planned production in response to the availability of the critical components.

Many of these suppliers are also involved with our Ring Strategy, whereby the supplier locates its operations in close proximity to our centers of excellence in order to reduce lead times and provide greater levels of flexibility to our customers.

Intellectual Property

We hold licenses to various technologies which we acquired in connection with acquisitions. In addition, we believe that we have secured access to all required technology that is material to the current conduct of our business.

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

We currently have a limited number of patents and patent applications pending. However, we believe 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 our ability to develop, enhance and market electronics manufacturing services.

We license some technology from third parties which we use in providing electronics manufacturing services to our customers. We believe that such licenses are generally available on commercial terms from a number of licensors. Generally, the agreements governing such technology grant to us non-exclusive, worldwide licenses with respect to the subject technologies and terminate upon a material breach by us of the terms of such agreements.

Competition

We compete on a global basis to provide electronics manufacturing services and solutions to OEMs across various end markets. Our competitors include a large number of domestic and foreign companies, such as Benchmark Electronics, Flextronics International, Hon Hai Precision Industry, Jabil Circuit and Sanmina-SCI, as well as smaller EMS companies that often have a regional, product, service or industry specific focus. ODMs, companies that provide internally designed products and manufacturing services to OEMs, continue to increase their share of outsourced manufacturing services across several markets and product groups, including personal computer motherboards, notebook and desktop computers, cell phones and smartphones. While we have not, to date, encountered significant direct competition from ODMs in our primary markets, such competition may increase if our business in these markets grows, or if ODMs expand into our primary end markets.

We may also face competition from current and prospective customers who evaluate our capabilities against the merits of manufacturing products internally. We compete with different companies depending on the type of service or geographic area. Some of our competitors may have greater manufacturing, procurement, research and development, and sales and marketing resources than we do. We believe our competitive advantage in our targeted markets is our track record in manufacturing technology, quality, responsiveness and providing cost-effective, value-added services. To remain competitive, we believe we must continue to provide technologically advanced manufacturing services and solutions, maintain quality levels, offer flexible delivery schedules, deliver finished products on time and compete favorably on price. To enhance our competitiveness, we expect to expand our service offerings or capabilities beyond our traditional areas of EMS manufacturing expertise.

Human Resources

As of December 31, 2009, we employed approximately 33,000 permanent and temporary (contract) employees worldwide. Some of our employees in the Czech Republic, Japan, Mexico, Singapore and Spain are represented by unions. Given the variable nature of our project flow and the quick response time required by our customers, it is critical that we are able to quickly ramp our production up or down to maximize efficiency. To achieve this, our approach has been to employ a skilled temporary labor force, as required.

We believe that our employees are our greatest asset. Culturally, we are collaborative, team-oriented, values-driven and results-oriented, with a focus on customer service and quality at all levels. This culture is an important element of our strategy, as we need to be able to fully utilize the intellectual capital of our employees to be successful.

Environmental Matters

We are subject to various federal, state/provincial, local and multi-national laws and regulations, including environmental measures relating to the release, use, storage, treatment, transportation, discharge, disposal and remediation of contaminants, hazardous substances and waste, and health and safety measures related to practices and procedures applicable to the construction and operation of our plants. We believe that we are currently in compliance in all material respects with applicable laws and have management systems in place to maintain compliance.

Our past operations and historical operations of others may have resulted in soil and groundwater contamination on our sites. From time to time we investigate, remediate and monitor soil and groundwater contamination at certain of our operating sites. Generally, Phase I or similar environmental assessments (which involve general inspections without soil sampling or groundwater analysis) were obtained for most of our manufacturing facilities at the time of acquisition or leasing. Where contamination is suspected at sites being acquired, Phase II intrusive environmental assessments (including soil and/or groundwater testing) are usually performed. We expect to conduct Phase I or similar environmental assessments in respect of future property acquisitions and will do Phase II assessments where appropriate. These environmental assessments have not revealed any environmental liability that we believe will have a material adverse effect on our operating results, business, prospects or financial condition, in part because of contractual retention of liability by landlords and former owners at certain sites.

Environmental legislation also operates at the product level. Since 2004, we have developed our Green Services™, offering a suite of services that help our customers comply with environmental legislation, such as the European Union's Restriction of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment directive (WEEE) laws and China's RoHS legislation.

Backlog

Although we obtain firm purchase orders from our customers, OEM customers typically do not make firm orders for delivery of products more than 30 to 90 days in advance. We do 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

Seasonality is reflected in the mix and complexity of the products we manufacture. With a significant exposure to consumer, computing and communications infrastructure products, there will be a level of seasonality in our quarterly revenue patterns for many customers. The consumer electronics business has revenue peaks that are different than those of our communications and enterprise computing market segments. The pace of technological change, the frequency of OEMs transferring business among EMS competitors and the constantly changing dynamics of the global economy will also continue to impact us. As a result of these factors, our efforts to diversify our revenue base, and limited visibility in technology end markets, it is difficult for us to predict the extent and impact of seasonality on our business.

C. Organizational Structure

We conduct our business through subsidiaries operating on a worldwide basis. The following companies are considered significant subsidiaries and each of them is wholly owned:

Celestica Cayman Holdings 1 Limited, a Cayman Islands corporation;

Celestica Cayman Holdings 9 Limited, a Cayman Islands corporation;

Celestica Corporation, a Delaware corporation;

Celestica (Gibraltar) Limited, a Gibraltar corporation;

Celestica Holdings Pte Ltd., a Singapore corporation;

Celestica Hong Kong Limited, a Hong Kong corporation;

Celestica International Inc., an Ontario corporation;

Celestica Liquidity Management Hungary Limited Liability Company, a Hungary corporation;

Celestica (Luxembourg) S.ÀR.L., a Luxembourg corporation;

Celestica (Thailand) Limited, a Thailand corporation;

Celestica (US Holdings) Inc., a Delaware corporation;

IMS International Manufacturing Services Limited, a Cayman Islands corporation;

1282087 Ontario Inc., an Ontario corporation;

1681714 Ontario Inc., an Ontario corporation; and

1755630 Ontario Inc., an Ontario corporation.

D. Description of Property

The following table summarizes our principal facilities as of February 22, 2010. Our facilities are used to provide electronics manufacturing services and solutions, such as the manufacture of printed circuit boards, assembly and configuration of final systems, and other related manufacturing and customer support activities, including warehousing, distribution and fulfillment.

Major locations	Square Footage (in thousands)	Owned/Leased
Ontario(1)	906	Owned/Leased
California(1)	728	Leased
Tennessee(1)	404	Leased
Texas(1)	200	Leased
Mexico(1)	657	Leased
Ireland	133	Leased
Spain	418	Owned
Czech Republic(1)	185	Owned/Leased
Romania	200	Owned
Scotland	58	Leased
China(1)	1,050	Owned/Leased
Malaysia(1)	878	Owned/Leased
Thailand(1)	1,085	Owned/Leased
Singapore(1)	309	Leased
Japan(1)	315	Owned/Leased

(1) This represents multiple locations.

Our principal executive office is located at 844 Don Mills Road, Toronto, Ontario, Canada M3C 1V7. Our principal facilities are certified to ISO 9001 and ISO 14001 (environmental) standards.

Our land and facility leases expire between 2010 and 2060. We currently expect to be able to extend the terms of expiring leases or to find replacement facilities on reasonable terms.

As part of our restructuring plans, we have been focused on increasing production in lower-cost geographies. We will continue to evaluate our operating network to ensure that it meets our customers' requirements. See Item 5, "Operating and Financial Review and Prospects — Management's Discussion and Analysis of Financial Condition and Results of Operations — Operating Results" for additional information concerning our restructurings.

Item 4A. Unresolved Staff Comments

None.

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 should be read in conjunction with the Consolidated Financial Statements, which we prepared in accordance with Canadian GAAP. A reconciliation to U.S. GAAP is disclosed in note 20 to the Consolidated Financial Statements. All dollar amounts are expressed in U.S. dollars. The information in this discussion is provided as of February 19, 2010.

Certain statements contained in the following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) constitute forward looking statements within the meaning of section 27A of the U.S. Securities Act, section 21E of the U.S. Exchange Act, and applicable Canadian securities legislation, including, without limitation, statements related to our future growth; trends in our industry; our financial or operational results including anticipated expenses, benefits or payments; the redemption of our Senior Subordinated Notes and the expected benefits of such redemption; our financial or operational performance; and our conversion from Canadian GAAP to International Financial Reporting Standards. Such forward looking statements are predictive in nature, and may be based on current expectations, forecasts or assumptions involving risks and uncertainties that could cause actual outcomes and results to differ materially from the forward looking statements themselves. Such forward looking statements may, without limitation, be preceded by, followed by, or include words such as "believes," "expects," "anticipates," "estimates," "intends," "plans," or similar expressions, or may employ such future or conditional verbs as "may", "will", "should" or "would" or may otherwise be indicated as forward looking statements by grammatical construction, phrasing or context. 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, and in any applicable Canadian securities legislation. Forward looking statements are not guarantees of future performance. You should understand that the following important factors could affect our future results and could cause those results to differ materially from those expressed in such forward looking statements: the effects of price competition and other business and competitive factors generally affecting the electronics manufacturing services (EMS) industry, including changes in the trend for outsourcing; our dependence on a limited number of customers and end markets; variability of operating results among periods; the challenges of effectively managing our operations during uncertain economic conditions, including significant changes in demand from our customers as a result of an uncertain or weak economic environment; our inability to retain or expand our business due to execution problems resulting from significant headcount reductions, plant closures and product transfer activities; the challenge of responding to changes in customer demand; the delays in the delivery and/or general availability of various components and materials used in our manufacturing process; our dependence on industries affected by rapid technological change; our ability to successfully manage our international operations; the challenge of managing our financial exposures to foreign currency fluctuations; and the risk of potential non-performance by counterparties, including but not limited to financial institutions, customers and suppliers. These and other risks and uncertainties, as well as other information related to the company, are discussed in our various public filings at www.sedar.com and www.sec.gov, including our Annual Report on Form 20-F and subsequent reports on Form 6-K filed with the U.S. Securities and Exchange Commission and our Annual Information Form filed with the Canadian Securities Commissions.

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

Overview

What Celestica does:

We deliver innovative supply chain solutions to original equipment manufacturers (OEMs) in the consumer, enterprise computing, communications, industrial, aerospace and defense, healthcare and green technology markets. We believe our services and solutions will help our customers reduce their time to market and eliminate waste from their supply chains, resulting in lower product lifecycle costs, better financial returns and improved competitive advantage in their respective business environments.

Our global operating network spans the Americas, Asia and Europe. In an effort to drive speed and flexibility for our customers, we conduct the majority of our business through full-service centers of excellence, strategically located around the world. Through our Ring Strategy, we strive to align a network of suppliers in proximity to our centers of excellence in order to increase flexibility in our supply chain, deliver shorter overall product lead times and reduce inventory. We operate other sites around the globe with specialized supply chain management and high-mix/low-volume manufacturing capabilities to meet the specific production and product lifecycle requirements of our customers.

Through our centers of excellence and the deployment of our Total Cost of Ownership™ (TCOO) Strategy, we strive to provide our customers with the lowest total cost throughout the product lifecycle. This approach enables us to focus our capabilities on broad solutions that address the total cost of design, sourcing, production, delivery and after market services for our customers' products, which can help drive greater levels of efficiency and improved service levels throughout our customers' supply chains.

Our targeted end markets include consumer, enterprise computing, communications, industrial, aerospace and defense, healthcare and green technology. We offer a full range of services to our customers including design, manufacturing, engineering, order fulfillment, logistics and after-market services. We are focused on expanding these service offerings across our major markets with existing and new customers. In particular, we intend to invest in assets and resources to expand our design, engineering and after-market service capabilities to support future growth opportunities. Our recent acquisition of Scotland-based Invec Solutions Limited will enhance our after market services offering.

Although we supply products and services to over 100 OEMs, we depend upon a relatively small number of customers for a significant portion of our revenue. In the aggregate, our top 10 customers represented 71% of revenue in 2009 and our largest customer represented 17% of revenue. The products we manufacture can be found in a wide variety of end products, including smartphones; networking, wireless and telecommunications equipment; storage devices; servers; aerospace and defense electronics, such as in-flight entertainment and guidance systems; healthcare products; audiovisual equipment, including set-top boxes and flat-panel televisions; printers and related supplies; peripherals; gaming products; and a range of industrial and green technology electronic equipment.

We believe that our principal strengths include our advanced capabilities in the areas of technology and quality, our flexible service offerings, our financial strength and our market-specific supply chain management capabilities. We offer a wide range of advanced manufacturing technologies, test capabilities and processes to support our customers' needs. We believe our size, geographic reach and expertise in supply chain management allow us to purchase materials effectively and to deliver products to customers faster, thereby reducing overall product costs and reducing the time-to-market.

We believe we are well positioned to compete effectively in the EMS industry, given our financial strength and our position as one of the major EMS providers worldwide. Our priorities include to (i) grow revenue through organic program wins and acquisitions; (ii) improve financial results, including operating margins, return on invested capital and cash flow performance; (iii) develop and enhance profitable and key relationships with leading OEMs across our strategic target market segments; (iv) broaden the range of the services we offer to OEMs; and (v) expand capabilities in services and technologies that diversify and expand our revenue base beyond our traditional areas of EMS manufacturing expertise. We believe that success in these areas will result in improved financial performance which will enhance shareholder value.

Overview of business environment:

The EMS industry is highly competitive with multiple global EMS providers competing for the same customers and programs. Although the industry is characterized by large revenue opportunities, operating margins are comparatively low and aggressive pricing pressure is a common business dynamic in the industry. Capacity utilization is an important factor affecting operating margins. The amount of available manufacturing capacity and the location of that capacity are vital considerations for EMS providers. The EMS industry is also working capital intensive. As a result, we believe that return on invested capital, which is primarily affected by operating margins and investments in working capital and equipment, is an important metric for measuring an EMS provider's financial performance.

EMS companies are exposed to a variety of customers and end markets. Demand visibility is limited which makes revenue in each of our end markets difficult to predict. This is due primarily to the shorter product lifecycles inherent in technology markets, rapid shifts in technology for our customers' products and general economic conditions. Recent global economic conditions and uncertainty, including the global economic downturn and volatile capital markets, have negatively impacted the operations of most EMS providers, including Celestica.

Impact of current economic environment:

In 2009, as a result of the global economic downturn, revenue declined year-over-year in all end markets that we serve, other than the consumer market, which was relatively flat. Although the global economy has recovered somewhat from the recent economic and financial crisis, the economic outlook remains uncertain with continued low end market visibility for our customers. This environment can pose significant risk to our business due to continuing weak demand or customer financial stress or bankruptcy. While we have operated relatively well during this period, we expect that this uncertainty will continue to impact our revenue, operating profitability and cash flow. As customers adjust their strategies during this time, we continue to experience increased pricing pressure and other competitive pressures. Despite the difficult end-market environment, recent demand increases have resulted in some component and material shortages, as well as extended lead times. If this trend accelerates, similar shortages could impact our financial results. The trend towards outsourcing continues to change as some customers have brought their production back in-house to fill capacity, while other customers have chosen to increase their outsourcing to reduce costs. Other customers have shifted their production between EMS providers based on pricing concessions or their preference for consolidating their supply chain. This environment has resulted in additional restructuring actions and site closures as we respond to our customers' actions. The uncertain environment has also impacted foreign currency rates, the fair value of our financial instruments and the returns we earn on our pension assets, among other items. The global economic uncertainty has impacted, and we expect will continue to impact, the financial condition of some of our customers and suppliers. We will continue to closely monitor our suppliers' and customers' financial condition and creditworthiness in an effort to ensure continuity of supply and to limit the impact from companies that have or may become financially distressed. Although we have processes in place to limit our exposure to financially weaker customers and suppliers, our efforts may not eliminate all risks. The interruption of supply from a raw materials supplier, especially for single sourced components, could have a significant impact on our operations, and on our customers, if we are unable to deliver finished products in a timely manner.

Summary of 2009

The following table sets forth, for the periods indicated, certain key operating results and other financial information (in millions, except per share amounts):

	Year ended December 31		
	2007	2008	2009
Revenue	$ 8,070.4	$ 7,678.2	$ 6,092.2
Gross profit	422.4	531.1	429.8
Selling, general and administrative expenses (SG&A)[1]	271.7	292.0	244.5
Net earnings (loss)	(13.7)	(720.5)	55.0
Basic earnings (loss) per share	$ (0.06)	$ (3.14)	$ 0.24
Diluted earnings (loss) per share	$ (0.06)	$ (3.14)	$ 0.24

	December 31	
	2008	2009
Cash and cash equivalents	$ 1,201.0	$ 937.7
Total assets	3,786.2	3,106.1
Total long-term financial liabilities	733.1	222.8

(1) On January 1, 2009, we adopted CICA Handbook Section 3064, "Goodwill and intangible assets." For 2007 and 2008, we have retroactively reclassified $23.4 million and $11.8 million, respectively, of computer software amortization from depreciation expense, included in SG&A, to amortization of intangible assets.

Revenue for 2009 of $6.1 billion decreased 21% from $7.7 billion in 2008. Revenue decreased in all end markets, other than the consumer market, which was relatively flat compared to the prior year. The slower economic environment has continued to impact end-market demand, resulting in lower production volumes. Our production volumes also vary each period because of the impacts associated with program wins or losses with new, existing or disengaging customers, changes in demand for the products we manufacture, and seasonality, among other factors. The consumer end market was our largest segment, representing 29% of revenue for 2009.

Gross profit for 2009 decreased 19% from 2008. The decrease in gross profit was primarily due to lower volumes, partially offset by benefits from cost reductions, restructuring actions and increased productivity. Gross margin as a percentage of revenue increased to 7.1% in 2009 compared to 6.9% in 2008.

SG&A for 2009 decreased 16% from 2008 primarily due to lower foreign exchange losses, benefits from cost reductions and restructuring actions, and lower IT and consulting costs.

Gross profit and SG&A for 2009 were negatively impacted by $5.2 million and $5.7 million, respectively, relating to a mark-to-market adjustment for certain restricted share unit awards vesting in the first quarter of 2010, which we plan to settle with cash. Cash-settled awards are accounted for as liabilities and are remeasured at market value at each reporting date until the settlement date. Management's current intention is to settle future restricted share unit awards in the form of shares purchased in the open market and, as a result, will continue to account for these awards as equity awards.

In January 2008, we announced that we would incur restructuring charges of between $50 million and $75 million. In July 2009, we announced further restructuring charges of between $75 million and $100 million. Combined, we expect to incur total restructuring charges of between $150 million and $175 million associated with this program. During 2008 and 2009, we recorded total restructuring charges of $118.4 million. We expect to complete these restructuring actions by the end of 2010.

During 2009, we paid $495.8 million in cash, excluding accrued interest, to repurchase our Senior Subordinated Notes due 2011 (2011 Notes) and recorded a gain of $19.5 million in other charges. We expect the redemption will result in an estimated benefit to our net interest expense of approximately $14 million in 2010.

Our net loss for 2008 of $720.5 million included a write-off of goodwill of $850.5 million.

In January 2010, we announced our intention to redeem our outstanding Senior Subordinated Notes due 2013 (2013 Notes) at a price of 103.813% of the principal amount of $223.1 million. We expect to complete the redemption in the first quarter of 2010 using existing cash resources. Based on the carrying value at December 31, 2009 and the redemption price, we expect to incur a loss of approximately $9 million which we will record in other charges. We expect the redemption will reduce our net interest expense by approximately $4 million per quarter after redemption.

Other performance indicators:

In addition to the key financial, revenue and earnings related metrics described above, management regularly reviews the following metrics:

Cash Cycle Days:

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
Days in accounts receivable	44	42	43	50	56	50	49	46
Days in inventory	42	42	40	41	50	47	42	40
Days in accounts payable	(53)	(52)	(53)	(57)	(63)	(55)	(57)	(56)
Cash cycle days	33	32	30	34	43	42	34	30

Days in accounts receivable (A/R) is calculated as the average A/R for the quarter divided by the average daily revenue. Days in inventory is calculated as the average inventory for the quarter divided by the average daily cost of sales. Days in accounts payable (A/P) is calculated as the average A/P for the quarter divided by average daily cost of sales. Cash cycle days is calculated as the sum of days in A/R and inventory, less the days in A/P. Beginning with the fourth quarter of 2009, we excluded accrued liabilities from the average A/P balance when calculating A/P days. We made this change to better align our definition of cash cycle days with that used by some of our major competitors. We have recalculated our days in A/P and our cash cycle days for prior periods to reflect this change.

Cash cycle days for the fourth quarter of 2009 decreased from the same period in 2008 by four days. A/R and inventory days improved by four days and one day, respectively, from the fourth quarter of 2008. The year-over-year improvement in A/R reflects the continued strong collection efforts driven in part by changes in customer payment terms. Cash cycle days for the fourth quarter of 2009 improved four days compared to the third quarter of 2009, primarily reflecting improved inventory turns and continued strong collections.

Management also reviews adjusted net earnings, adjusted operating margin (EBIAT), return on invested capital (ROIC) and free cash flow metrics, which are referred to in the non-GAAP measures on page 51.

Critical Accounting Policies and Estimates

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

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. We evaluate our estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Actual results could differ materially from these estimates and assumptions, especially in light of the current economic environment and uncertainties.

Significant accounting policies and methods used in the preparation of the financial statements are described in note 2 to the Consolidated Financial Statements. Effective January 1, 2009, we adopted the revised accounting standards for goodwill and intangible assets, which are summarized in note 2 to the Consolidated Financial Statements. We have retroactively reclassified $34.0 million of computer software assets on our consolidated balance sheet at December 31, 2008 from property, plant and equipment to intangible assets. We have also reclassified $11.8 million of computer software amortization on our consolidated statement of operations from depreciation expense, included in SG&A, to amortization of intangible assets for 2008 ($23.4 million for 2007).

Inventory valuation:

We value our inventory on a first-in, first-out basis at the lower of cost and net realizable value. We regularly adjust our inventory valuation based on shrinkage and management's estimates of net realizable value, taking into consideration factors such as inventory aging and future demand for the inventory. A change to these assumptions could impact the valuation of inventory and have a resulting impact on gross margins. We procure inventory based on specific customer orders and forecasts. If actual market conditions or our customers' product demands are less favourable than those projected, additional valuation adjustments may be required for the related customer. We attempt to utilize excess inventory in other products we manufacture or to return the inventory to the supplier or customer. Our success in these recovery efforts may result in the reversal of previously recorded inventory valuations.

Income taxes:

We have recorded an income tax expense or recovery based on the income earned or loss incurred in each tax jurisdiction and the substantively enacted tax rate applicable to that income or loss. In the ordinary course of business, there are many transactions for which the ultimate tax outcome is uncertain and estimations are required for exposures related to examinations by taxation authorities. We review these transactions and exposures and record tax liabilities for open years based on our assessment of many factors, including past experience and interpretations of tax law applied to the facts of each matter. The determination of tax liabilities is subjective and generally involves a significant amount of judgment. The final tax outcome of these matters may be different from the estimates originally made by management in determining our income tax provisions. We recognize a tax benefit related to tax uncertainties when it is probable based on our best estimate of the amount that will ultimately be realized. A change to these estimates could impact the income tax provision.

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

Goodwill:

To the extent we have goodwill, we perform our annual impairment test in the fourth quarter of each year (to correspond with our planning cycle), and more frequently if events or changes in circumstances indicate that an impairment loss may have been incurred. If our market capitalization is less than our book value for a sustained period of time, it could be an indicator that an impairment loss has occurred. We test impairment, using the two-step method, at the reporting unit level by comparing the reporting unit's carrying amount to its fair value. We estimate the fair value of the reporting units using a combination of a market capitalization approach, a multiples approach and discounted cash flows. The process of determining fair values is subjective and requires management to exercise judgment in making assumptions about future results, including revenue and expense projections, discount rates and market multiples at the reporting unit level. A significant change to these assumptions could impact the fair value of the reporting units resulting in a change to the impairment charge. During the fourth quarter of 2008, we conducted our annual goodwill assessment, and wrote off the entire goodwill balance. At December 31, 2009, our goodwill balance was zero. See further details on page 39 and in note 10(b) to the Consolidated Financial Statements.

Long-lived assets:

We estimate the useful lives of property, plant and equipment and intangible assets based on the nature of the asset, historical experience and the terms of any related supply contracts. We perform an annual impairment test on long-lived assets in the fourth quarter of each year (to correspond with our planning cycle), and more frequently if events or changes in circumstances indicate that an impairment loss has occurred. We test impairment, using the two-step method, by comparing the carrying amount of an asset, or group of assets, to the undiscounted cash flows from the use and eventual disposal of the asset or group of assets. If the carrying amount exceeds the undiscounted cash flows, we perform step two by comparing the fair value of the asset or group of assets to its carrying amount to determine the amount of impairment. We estimate fair value using discounted cash flows or estimates of market values for certain assets, where available. Revenue and expense projections are discounted using risk-adjusted rates. We work with independent brokers to obtain the market prices to support our real property values. The process of determining fair values is subjective and requires management to exercise judgment in making assumptions about future results, including revenue and expense projections, discount rates and market values. A significant change to these assumptions and estimates could impact the estimated useful lives or valuation of long-lived assets resulting in a change to depreciation or amortization expense and the impairment charge. We recorded a long-lived asset impairment loss in 2009. See note 10(c) to the Consolidated Financial Statements. Future impairment tests may result in further impairment charges.

Restructuring charges:

We have recorded restructuring charges relating to workforce reductions, facility consolidations and costs associated with exiting businesses. The restructuring charges include employee severance and benefit costs, costs related to leased facilities that have been vacated, owned facilities which are no longer used and are available-for-sale, costs of leased equipment that are no longer used, impairment of owned equipment available-for-sale, and impairment of related intangible assets. The recognition of these charges requires management to make certain judgments and estimates regarding the nature, timing and amounts associated with these plans. For owned facilities and equipment, the impairment loss recognized is based on the fair value less costs to sell, with fair value estimated based on existing market prices for similar assets. For leased facilities that have been vacated, the liability for lease obligations is calculated on a discounted basis based on future lease payments less estimated sublease income. To estimate future sublease income, we work with independent brokers to determine the estimated tenant rents we could expect to realize. The estimated liability could change subsequent to its initial recognition, requiring adjustments to the restructuring expense and liability recorded. At the end of each reporting period, we evaluate the appropriateness of the remaining accrued balances.

Pension and non-pension post-employment benefits:

We have pension and non-pension post-employment benefit costs and liabilities, which are determined from actuarial valuations. Actuarial valuations require management to make certain judgments and estimates relating to expected plan investment performance, salary escalation and compensation levels at the time of retirement, retirement ages, the discount rate used in measuring the liability and expected healthcare costs. Actual future experience will differ from these assumptions, and the differences may be material. There is no assurance that our future benefit plans will be able to earn the assumed rate of return. Market driven changes may result in changes to our discount rates and other variables which could lead us to future contributions that differ significantly from our estimates.

The fair values of our pension assets were based on a measurement date of December 31, 2009. We evaluate these assumptions on a regular basis, taking into consideration current market conditions and historical data. A change in these factors could impact future pension expense and funding requirements. See notes 2(k) and 13 to the Consolidated Financial Statements.

Operating Results

Our annual and quarterly operating results vary from period to period as a result of the level and timing of customer orders, fluctuations in materials and other costs, and the relative mix of value-add products and services. The level and timing of customer orders will vary due to variation in demand for their products, general economic conditions, their attempts to balance their inventory, availability of materials and changes in their supply chain strategies or suppliers. Our annual and quarterly operating results are affected by: the mix, volumes and seasonality of business in each of our end markets; price competition; mix of manufacturing value-add; capacity utilization; manufacturing effectiveness and efficiency; the degree of automation used in the assembly process; availability of components or labor; costs associated with ramping new programs; customer product delivery requirements; costs and inefficiencies of transferring programs between facilities; the loss of programs and customer disengagements; the impact of foreign exchange fluctuations; the performance of third-party providers; the ability to manage inventory, production location and equipment effectively; the ability to manage changing labor, component, energy and transportation costs effectively; the timing of expenditures in anticipation of forecasted sales levels; the timing of acquisitions and related integration costs; and other factors.

In the EMS industry, customers can often award new programs or shift programs to other EMS providers for a variety of reasons including changes in demand for the customers' products, pricing benefits offered by other EMS providers, execution or quality issues, preference for consolidation or a change in their supplier base, consolidation among OEMs, as well as decisions to adjust the volume of business being outsourced. Our operating results for each period include the impacts associated with program wins or losses with new, existing or disengaging customers. Customer or program transfers between EMS competitors are part of the competitive nature of our industry. Significant period to period variations can result from the timing of new programs reaching full production, existing programs being fully transferred to a competitor and programs reaching end-of-life.

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

	Year ended December 31		
	2007	2008	2009
Revenue	100.0%	100.0%	100.0%
Cost of sales	94.8	93.1	92.9
Gross profit	5.2	6.9	7.1
SG&A[1]	3.4	3.8	4.0
Amortization of intangible assets[1]	0.6	0.4	0.4
Other charges	0.6	11.5	1.1
Interest expense, net of interest income	0.6	0.5	0.6
Earnings (loss) before income taxes	—	(9.3)	1.0
Income taxes expense	(0.2)	(0.1)	(0.1)
Net earnings (loss)	(0.2)%	(9.4)%	0.9%

(1) On January 1, 2009, we adopted CICA Handbook Section 3064, "Goodwill and intangible assets." For 2007 and 2008, we have retroactively reclassified $23.4 million and $11.8 million, respectively, of computer software amortization from depreciation expense, included in SG&A, to amortization of intangible assets.

Revenue:

Revenue for 2009 of $6.1 billion decreased 21% from $7.7 billion for 2008. Revenue decreased in all end markets, other than the consumer market, which was relatively flat compared with 2008. The slower economic environment has continued to impact end-market demand, resulting in lower production volumes. Revenue from our telecommunications and enterprise communications markets also reflected program disengagements or program transfers back to customers or to competitors.

Revenue for 2008 of $7.7 billion decreased 5% from $8.1 billion for 2007. The decrease in revenue was due to lower volumes associated with weaker end-market demand, primarily in the servers, enterprise communications and storage end markets, which more than offset the increase in revenue primarily from customers in our consumer, telecommunications and industrial end markets. The amount of revenue reduction for 2008 from customer disengagements, primarily in the enterprise communications end market, was approximately 5%.

The following table shows the end markets we serve as a percentage of revenue for the periods indicated:

	Year ended December 31		
	2007	2008	2009
Consumer	19%	23%	29%
Enterprise Communications	28%	25%	21%
Telecommunications	14%	15%	15%
Servers	19%	16%	13%
Storage	10%	10%	12%
Industrial, Aerospace and Defense, and Healthcare	10%	11%	10%

Beginning January 1, 2009, we included certain customer programs, such as office products, automotive and healthcare, in our industrial, aerospace and defense, and healthcare category. Previously, we included these customer programs in our consumer category. We have recalculated our prior period percentages to conform to the current period's presentation. For each of 2007 and 2008, we reclassified 3% of revenue from our consumer end-market category to industrial, aerospace and defense, and healthcare. We may change the classification or grouping of our end markets in the future to reflect changes to how we manage these markets and the dynamics of those businesses.

Our revenue and operating results vary from period to period depending on the level of demand and seasonality in each of our end markets, the mix and complexity of the products being manufactured, and the impact associated with program wins or losses with new, existing or disengaging customers, among other factors.

Although we have diversified our end markets over the past several years, we are dependent on a limited number of customers in the consumer, communications (comprised of enterprise communications and telecommunications) and enterprise computing (comprised of servers and storage) end markets for a substantial portion of our revenue.

The consumer market was our largest end market in 2009, representing 29% of total revenue, with over half of our consumer business generated by smartphones. Our largest customer is categorized in the consumer segment and represented 17% of total revenue in 2009. Revenue from our consumer market in 2009 was relatively flat compared to the prior year and reflected new program wins, primarily in the smartphone markets, which offset the declines from customers impacted by the slower general economic environment. Revenue from our enterprise communications market in 2009 declined from 2008 due to a combination of weaker customer end markets and our 2008 decision to disengage from programs generating unacceptable returns. All of our other end markets continued to be negatively impacted by the slower economy, although we have seen some modest improvements during the second half of 2009.

For 2009, one customer in our consumer end market individually represented more than 10% of total revenue. Research in Motion accounted for 17% of total revenue for 2009. For 2008, no customer represented more than 10% of total revenue. This change also increased our customer concentration percentages below.

Whether any of our customers account for more than 10% of revenue in any period depends on various factors affecting our business with that customer or with other customers, including overall changes in demand for a customer's product, seasonality of business, new program wins or losses, the phasing in or out of programs, price competition and changes in our customers' supplier base or supply chain strategies.

The following table shows our customer concentration as a percentage of total revenue for the periods indicated:

	Year ended December 31		
	2007	2008	2009
Top 10 customers	61%	63%	71%

Our recent success in the smartphone market, driven primarily by new program wins, has increased our customer concentration as a percentage of total revenue. In general, business in the consumer segment, and in particular smartphones, is characterized by shorter product lifecycles, significant increases or decreases in program volumes based on strength in end-market demand, rapid changes in consumer preferences for these products and devices, and greater ease in shifting these products among EMS competitors. The increased exposure to this segment may make revenue more volatile and could result in increased risk to our financial results.

We are dependent upon continued revenue from our largest customers. There can be no assurance that revenue from these or any other customers will not decrease in absolute terms or as a percentage of total revenue. Any material decrease in revenue from these or other customers could have a material adverse effect on our results of operations. The global economic uncertainty continues to adversely affect our customers and has negatively impacted our financial results. Recent demand increases in some end markets have resulted in component and material shortages, as well as extended lead times. If this trend accelerates, similar shortages could impact our financial results.

We believe that delivering sustainable revenue growth depends on increasing sales to existing customers for their current and future product generations and expanding the range of services we provide to these customers. We also actively pursue new customers to expand our end-market penetration and diversify our end-market mix. To achieve this, we are focused on offering innovative supply chain solutions which include design, manufacturing, engineering, order fulfillment, logistics and after market services. We may also seek acquisition opportunities in order to diversify our customer base, enhance our capabilities, or add new technologies or capabilities to our offerings. In our industry, customers may cancel contracts and volume levels can be changed or delayed. Customers may also shift business to a competitor or bring programs in-house to improve their own utilization. We cannot assure the timely replacement of delayed, cancelled or reduced orders with new business. In addition, we cannot assure that any of our current customers will continue to utilize our services. If they do not, this could have a material adverse impact on our results of operations.

Gross profit:

The following table is a breakdown of gross profit and gross margin as a percentage of revenue for the periods indicated:

	Year ended December 31		
	2007	2008	2009
Gross profit (in millions)	$ 422.4	$ 531.1	$ 429.8
Gross margin	5.2%	6.9%	7.1%

Gross profit for 2009 decreased 19% from 2008. The decrease in gross profit was due primarily to lower volumes, partially offset by continued operational improvements and increased productivity. Gross margin as a percentage of revenue improved for 2009 compared to 2008, reflecting primarily continued operational improvements.

Gross profit for 2008 increased 26% from 2007 primarily due to operational improvements in Mexico and Europe. In addition, we continued to benefit from cost reductions, restructuring actions, the impact of renegotiating or exiting unprofitable accounts and the streamlining and simplifying of processes throughout the company.

Multiple factors cause gross margin to fluctuate including: product volume and mix; production efficiencies; utilization of manufacturing capacity; material and labor costs, including variable labor costs associated with direct manufacturing employees; manufacturing and transportation costs; start-up and ramp-up activities; new product introductions; cost structures at individual sites; pricing pressures from competitors; foreign exchange volatility; the availability of components; and other factors.

Selling, general and administrative expenses:

SG&A for 2009 decreased 16% to $244.5 million (4.0% of revenue) compared to $292.0 million (3.8% of revenue) in 2008. The decrease in SG&A for 2009 was primarily a result of lower foreign exchange losses, overall cost reductions including lower IT and consulting costs, and benefits from restructuring actions. In 2009, our foreign exchange losses were $1.1 million compared to $16.4 million in 2008. These losses were significantly lower in 2009 as a result of our successful balance sheet hedging program, as well as a more stable currency environment. The increase in SG&A as a percentage of revenue for 2009 compared to 2008 primarily reflects the fixed nature of some of our SG&A expenses, as well as the lower revenue levels in 2009.

SG&A increased 7% to $292.0 million (3.8% of revenue) in 2008 compared to $271.7 million (3.4% of revenue) in 2007. The increase in SG&A for 2008 was due primarily to foreign exchange losses, mainly in the second half of 2008 for certain foreign currencies, and higher variable compensation costs, partially offset by lower IT consulting and support costs and capital tax recoveries. The increase in SG&A as a percentage of revenue reflects higher costs, as well as the lower revenue levels in 2008.

Each quarter, we incur unrealized foreign exchange gains or losses on the translation of foreign currency denominated asset and liability balances to U.S. dollars and these amounts are included in SG&A. The amount of these gains or losses fluctuates from quarter to quarter and is dependent on currency markets and the value of our foreign currency denominated asset or liability positions in each period. We also incur realized transactional foreign exchange gains or losses in the normal course of business. To mitigate the foreign exchange translation volatility that impacted us in the second half of 2008, we started to enter into forward exchange contracts to partially hedge our significant balance sheet exposures in certain currencies. Since the balance sheet hedges are based on forecasts of the future position of net assets or liabilities denominated in foreign currencies, they may not mitigate the full impact of any translation impacts in the future. There is no assurance that our hedging transactions will be successful.

Stock-based compensation:

We recorded the following stock-based compensation costs, included in cost of sales and SG&A, for the periods indicated (in millions):

	Year ended December 31		
	2007	2008	2009
Stock option awards	$ 7.0	$ 6.6	$ 5.9
Restricted share unit awards[a]	6.2	16.8	33.0
	$ 13.2	$ 23.4	$ 38.9

(a) We have the option to settle restricted share unit awards in the form of shares that we purchase in the open market or cash. Historically, we have settled these awards with shares purchased in the open market. The cost of equity-settled awards is based on the market value of our subordinate voting shares at the time of grant. We amortize this cost to compensation expense over the vesting period on a straight-line basis, with a corresponding charge through contributed surplus. During the fourth quarter of 2009, we decided to settle the share unit awards vesting in the first quarter of 2010 with cash. Cash-settled awards are accounted for as liabilities and remeasured based on our share price at each reporting date until the settlement date. As a result of our decision to settle these awards with cash, we reclassified the accumulated balance, representing the grant date fair value of vested awards, recorded in contributed surplus to accrued liabilities. We adjusted this liability to the market value of our underlying subordinate voting shares at December 31, 2009, with a corresponding charge to compensation expense. We recorded a mark-to-market adjustment of $10.9 million (cost of sales — $5.2 million; SG&A — $5.7 million) in the fourth quarter of 2009, which is included in the $33.0 million balance above. Management's current intention is to settle future share unit awards in the form of shares purchased in the open market and, as a result, will continue to account for these awards as equity awards.

Other charges:

(i) We have recorded the following restructuring charges for the periods indicated (in millions):

	Year ended December 31		
	2007	2008	2009
Restructuring charges	$ 37.3	$ 35.3	$ 83.1

In January 2008, we announced restructuring charges of between $50 million and $75 million would be recorded throughout 2008 and 2009. In light of the continued uncertain economic environment, we determined that further restructuring actions were required to improve our overall utilization and reduce overhead costs. In July 2009, we announced additional restructuring charges of between $75 million and $100 million. Combined, we expect to incur total restructuring charges of between $150 million and $175 million associated with this program. We recorded $118.4 million of restructuring charges during 2008 and 2009. Of that amount, $83.1 million was recorded in 2009. We expect to complete these restructuring actions by the end of 2010. As we complete these restructuring actions, we expect our overall utilization and operating efficiency to improve. As we finalize the detailed plans of these restructuring actions, we will recognize the related charges. The recognition of these charges requires management to make certain judgments and estimates regarding the amount and timing of restructuring charges or recoveries. Our estimated liability could change subsequent to its recognition, requiring adjustments to our recorded expense and liability amounts.

Our restructuring actions include consolidating facilities and reducing our workforce, primarily in the Americas, Europe and the Philippines. The majority of the employees terminated were manufacturing and plant employees. For leased facilities that we no longer use, the lease costs included in the restructuring costs represent future lease payments less estimated sublease recoveries. Adjustments were made to lease and other contractual obligations to reflect incremental cancellation fees paid for terminating certain facility leases and to reflect changes in the accruals for other leases due to delays in the timing of sublease recoveries, changes in estimated sublease rates, or changes in use, relating principally to facilities in the Americas. We expect our long-term lease and other contractual obligations to be paid out over the remaining lease terms through 2015. Our restructuring liability is recorded in accrued liabilities. All cash outlays have been, and currently foreseeable outlays are expected to be, funded from cash on hand.

We evaluate our operations from time to time and may propose future restructuring actions or divestitures as a result of changes in the market place and/or our exit from less profitable or non-strategic operations.

(ii) We have recorded the following impairment charges for the periods indicated (in millions):

	Year ended December 31		
	2007	2008	2009
Goodwill impairment	$ —	$ 850.5	$ —
Long-lived asset impairment	15.1	8.8	12.3

Goodwill impairment:

We perform our goodwill impairment test in the fourth quarter of each year. We test impairment using the two-step method, at the reporting unit level, by comparing the reporting unit's carrying amount to its fair value (step one). To the extent a reporting unit's carrying amount exceeds its fair value, we may have an impairment of goodwill. We measure impairment by comparing the implied fair value of goodwill, determined in a manner similar to a purchase price allocation, to its carrying amount (step two).

During the fourth quarter of 2008, we performed our annual goodwill impairment test. All of our goodwill was allocated to our Asia reporting unit. Our goodwill balance prior to the impairment charge was $850.5 million and was established primarily as a result of an acquisition in 2001.

We completed our step one analysis using a combination of a market capitalization approach and a multiples approach which was then validated with a discounted cash flow. The market capitalization approach used our publicly traded stock price to determine fair value which we allocated to the Asia reporting unit on a pro rata basis based on earnings. The multiples approach used comparable market multiples, which were based on an average of our major competitors trading multiples, to determine fair value. Both of the fair values determined by the market approaches were adjusted upward for a control premium, an estimated amount a buyer would pay over the trading price of the company's shares to gain control of the company. We applied a 20% control premium to the fair values, which we believe is a reasonable estimate based on past transactions in the EMS industry at December 31, 2008. The discounted cash flow method used our three-year revenue and expense projections to determine fair value. These projections were based on site submissions and input from our customer teams during our plan cycle in the fourth quarter of 2008. Our projections were negatively impacted by customers who decreased their demand forecasts as the global economy deteriorated in the fourth quarter of 2008. Subsequent to our internal plan submissions, we decreased our future internal projections in response to the economic downturn and the overall uncertainties and lack of visibility at that time. We discounted our three-year projections using a 27% discount rate. At that time, the economic environment negatively impacted our ability to forecast future demand and in turn resulted in our use of a higher discount rate, reflecting the risk and uncertainty in the markets. We averaged the fair values derived from the above approaches to determine the estimated fair value of the Asia reporting unit.

The results of our step one analysis indicated potential impairment in our Asia reporting unit, which was corroborated by a combination of factors including a significant and sustained decline in our market capitalization, which was significantly below our book value, and the deteriorating macro environment, which resulted in a decline in expected future demand. The process of determining fair value was subjective and required management to exercise a significant amount of judgment in determining future growth rates, discount rates and tax rates, among other factors. We therefore performed the second step of the goodwill impairment assessment to quantify the amount of impairment. We engaged an independent third-party consultant to assist with our step two analysis. This involved calculating the implied fair value of goodwill, determined in a manner similar to a purchase price allocation, and comparing the residual amount to the carrying amount of goodwill. Based on our analysis incorporating the declining market capitalization in 2008, as well as the significant end-market deterioration and economic uncertainties impacting expected future demand at that time, we concluded that the entire goodwill balance as of December 31, 2008 of $850.5 million was impaired. The goodwill impairment charge was non-cash in nature and did not affect our liquidity, cash flows from operating activities or our compliance with debt covenants.

During the fourth quarter of 2007, we performed our annual goodwill assessment and determined there was no impairment. At December 31, 2009, our goodwill balance was zero.

Long-lived asset impairment:

During the fourth quarter of each year, we conduct our annual recoverability review of long-lived assets. Impairment is measured as the excess of the carrying amount over the fair value of the assets determined using discounted cash flows and estimated market values, where available. We recorded an impairment charge of $12.3 million in 2009 (2008 — $8.8 million; 2007 — $15.1 million).

(iii) We have recorded the following charges related to the debt repurchases for the periods indicated (in millions):

	Year ended December 31		
	2007	2008	2009
Gain on repurchase of Senior Subordinated Notes	$ —	$ (7.6)	$ (19.5)
Write-down of embedded prepayment option	—	—	16.7
	$ —	$ (7.6)	$ (2.8)

In March 2009, we paid $149.7 million, excluding accrued interest, to repurchase 2011 Notes with a principal amount of $150.0 million and recognized a gain of $9.1 million. In November 2009, we paid $346.1 million, excluding accrued interest, to repurchase 2011 Notes with a principal amount of $339.4 million and recognized a gain of $10.4 million. The gains on the repurchases were measured based on the carrying value of the repurchased portion of the 2011 Notes on the dates of repurchase. We also terminated our interest rate swap agreements related to the 2011 Notes in February 2009 and received $14.7 million in cash, excluding accrued interest, as settlement of these agreements. In connection with the termination of the swap agreements, we discontinued fair value hedge accounting on the 2011 Notes in the first quarter of 2009 and recorded a write-down in the carrying value of the embedded prepayment option on the 2011 Notes.

In January 2010, we announced our intention to redeem our outstanding 2013 Notes at a price of 103.813% of the principal amount of $223.1 million. We expect to complete the redemption in the first quarter of 2010. Based on the carrying value at December 31, 2009 of $222.8 million and the redemption price, we expect to incur a loss of approximately $9 million which we will record in other charges.

Interest expense on long-term debt and other interest income/expense:

The following table is a breakdown of interest expense or income for the periods indicated (in millions):

	Year ended December 31		
	2007	2008	2009
Interest costs on credit facilities and Senior Subordinated Notes (Notes)[(i)]	$ 67.0	$ 56.8	$ 44.3
Mark-to-market adjustment and amortization of basis adjustment[(ii)]	(0.6)	1.0	(9.0)
Interest expense on long-term debt	$ 66.4	$ 57.8	$ 35.3
Interest income, net of other interest expense[(iii)]	$ 15.2	$ 15.3	$ 0.3

(i) Our interest expense consists primarily of the interest costs on the Notes. The interest rate on the 2013 Notes was fixed at 7.625%. We entered into agreements to swap the fixed interest rate on our 2011 Notes for a variable rate. We terminated these interest rate swap agreements on the 2011 Notes in February 2009. The average interest rate on the 2011 Notes for 2009 through to redemption in November 2009 was 7.0% (2008 — 6.5%; 2007 — 8.3%, after reflecting the variable interest rate swaps).

In November 2009, we paid $346.1 million to redeem the outstanding 2011 Notes. We expect the redemption will result in an estimated benefit to our net interest expense of approximately $14 million in 2010. Assuming we complete the redemption of our 2013 Notes in the first quarter of 2010, we expect to further reduce our interest expense by approximately $4 million per quarter after the redemption.

(ii) We mark-to-market the embedded prepayment options in our Notes until the options are extinguished. The mark-to-market adjustment fluctuates each period as it is dependent on market conditions, including future interest rates, implied volatilities and credit spreads. The majority of the 2009 balance arises from the amortization of the historical fair value adjustment on the 2011 Notes, from the date of discontinuing fair value hedge accounting to extinguishment, which reduced interest expense on long-term debt. We also applied fair value hedge accounting to our interest rate swaps and our hedged debt obligation (2011 Notes) until February 2009. The change in fair values each period were recorded in interest expense on long-term debt, except for the write-down of the embedded prepayment option due to hedge de-designation or planned debt redemption which we recorded in other charges.

(iii) Interest income earned on cash balances throughout 2009 was significantly lower compared to previous years primarily due to lower rates and lower cash balances.

Income taxes:

Income tax expense for 2009 was $5.4 million on earnings before tax of $60.4 million compared to an income tax expense of $5.0 million for 2008 on losses before tax of $715.5 million and income tax expense of $20.8 million in 2007 on earnings before tax of $7.1 million. Current income taxes for 2009 consisted primarily of the tax expense in jurisdictions with current taxes payable and additional tax reserves related to ongoing Canadian tax audits. Deferred income taxes for 2009 were comprised primarily of the deferred tax recoveries for losses and future deductible temporary differences in Canada and for reversals of certain valuation allowances previously recorded on deferred income tax assets. Current income taxes for 2008 consisted primarily of tax expense in jurisdictions with current taxes payable and additional tax reserves related to ongoing Canadian tax audits. Deferred income taxes for 2008 were comprised primarily of the deferred tax recoveries for losses and future deductible temporary differences in Canada and certain foreign taxable jurisdictions.

We conduct business operations in a number of countries, including countries where tax incentives have been extended to encourage foreign investment or where income tax rates are low. Our effective tax rate can vary significantly quarter to quarter due to the mix and volume of business in lower tax jurisdictions within Europe and Asia, tax holidays and tax incentives that have been negotiated with the respective tax authorities (which expire between 2010 and 2015), restructuring charges, operating losses, certain tax exposures, the time period in which losses may be used under tax laws and the valuation allowances recorded on deferred income tax assets. We expect to continue to comply with the conditions governing the tax holidays.

In certain jurisdictions, primarily in the Americas and Europe, we currently have significant net operating losses and other deductible temporary differences, which will reduce taxable income in these jurisdictions in future periods. We have determined that a valuation allowance of $582.6 million is required in respect of our deferred income tax assets as at December 31, 2009 (December 31, 2008 — $591.9 million).

As at December 31, 2009, the net deferred income tax liability balance was $8.4 million (December 31, 2008 — $31.2 million).

We develop our tax filing positions based upon the anticipated nature and structure of our business and the tax laws, administrative practices and judicial decisions currently in effect in the jurisdictions in which we have assets or conduct business, all of which are subject to change or differing interpretations, possibly with retroactive effect. We are subject to tax audits and reviews by local tax authorities of historical information which could result in additional tax expense in future periods relating to prior results. Reviews by tax authorities generally focus on, but are not limited to, the validity of our inter-company transactions, including financing and transfer pricing policies which generally involve subjective areas of taxation and a significant degree of judgment. Any such increase in our income tax expense and related interest and penalties could have a significant impact on our future earnings and future cash flows.

Certain of our subsidiaries provide financing, products and services, and may from time to time undertake certain significant transactions with other subsidiaries in different jurisdictions. Moreover, several jurisdictions in which we operate have tax laws with detailed transfer pricing rules which require that all transactions with non-resident related parties be priced using arm's length pricing principles, and that contemporaneous documentation must exist to support such pricing.

In connection with ongoing tax audits in Canada, tax authorities have taken the position that income reported by one of our Canadian subsidiaries in 2001 through 2003 should have been materially higher as a result of certain inter-company transactions. The successful pursuit of that assertion could result in that subsidiary owing significant amounts of tax, interest and possibly penalties. We believe we have substantial defenses to the asserted position and have adequately accrued for any probable potential adverse tax impact. However, there can be no assurance as to the final resolution of this claim and any resulting proceedings, and if this claim and any ensuing proceedings are determined adversely to us, the amounts we may be required to pay could be material.

In connection with a tax audit in Brazil, in the fourth quarter of 2009, tax authorities took the position that income reported by our Brazilian subsidiary in 2004 should have been materially higher as a result of certain inter-company transactions. We believe we have substantial defenses to the asserted position. However, there can be no assurance as to the final resolution of this matter and, if it is determined adversely to us, the amounts we may be required to pay for taxes, interest and penalties could be material.

We have and will continue to recognize the future benefit of certain Brazilian tax losses on the basis that these tax losses can and will be fully utilized in the fiscal period ending on the date of dissolution of our Brazilian subsidiary. We regularly review Brazilian laws and assess the likelihood of the realization of the future benefit of the tax losses. A change to the benefit realizable on these Brazilian losses could result in a substantial increase to our net future tax liabilities.

Acquisitions:

We may, at any time, be engaged in ongoing discussions with respect to possible acquisitions that we expect would expand our service offerings, increase our penetration in various industries, establish strategic relationships with new or existing customers and/or enhance our global manufacturing network. In order to enhance our competitiveness and expand our revenue base or the services we offer our customers, we may also look to grow our services or capabilities beyond our traditional areas of EMS manufacturing expertise. 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 such agreement would be. There can also be no assurance that an acquisition can be successfully integrated or will generate the returns that we expected.

In January 2010, we completed the acquisition of Invec Solutions Limited, which is based in Scotland. Invec provides warranty management, repair and parts management services to companies in the information technology and consumer electronics markets. The acquisition will enhance our global after-market services by integrating Invec's proprietary reverse logistics software throughout our network. The cash purchase price was $6.4 million.

Liquidity and Capital Resources

Liquidity

The following table shows key liquidity metrics for the periods indicated (in millions):

	As at December 31		
	2007	2008	2009
Cash and cash equivalents	$ 1,116.7	$ 1,201.0	$ 937.7

	Year ended December 31		
	2007	2008	2009
Cash provided by operations	$ 351.4	$ 208.2	$ 293.5
Cash used in investing activities	(36.9)	(80.8)	(66.3)
Cash used in financing activities	(1.5)	(43.1)	(490.5)

Cash provided by operations:

We generated $293.5 million in cash from operations during 2009 primarily from earnings after adding back non-cash charges and lower working capital requirements. The improvements in A/R and inventory were offset partially by decreases in A/P. The decrease in our A/R balance from the prior year reflects lower revenue and continued strong cash collections, driven in part by changes in customer payment terms. We had not sold any A/R as at December 31, 2008 or December 31, 2009 under our A/R sales program. The decrease in inventory from the prior year reflects improved inventory management and lower volumes.

We generated $208.2 million in cash from operations in 2008 primarily from earnings after adding back non-cash charges, partially offset by higher working capital requirements. Higher working capital was driven primarily by an increase in A/R, partially offset by higher A/P. The year-over-year increase in A/R reflects that there were no A/R sold under our A/R sales program as at December 31, 2008 (December 31, 2007 — $225.0 million sold) partially offset by cash collections.

Cash used in investing activities:

Our capital expenditures were incurred primarily to enhance our supply chain and manufacturing capabilities in various geographies and to support new customer programs.

Our capital spending for 2009 totaled $77.3 million, representing approximately 1.3% of revenue for the year. We anticipate similar spending levels for 2010.

Cash used in financing activities:

During 2009, we paid $495.8 million (2008 — $30.4 million) in cash to repurchase our outstanding 2011 Notes. We terminated our interest rate swap agreements in February 2009 and received $14.7 million in cash as settlement of these agreements. In 2009, we used $8.4 million (2008 — $11.9 million; 2007 — $3.2 million) in cash to purchase subordinate voting shares in the open market. We reissued these shares to employees as their share unit awards vest. In the first quarter of 2010, we paid approximately $29 million in cash to settle the share unit awards that vested in February 2010.

Cash requirements:

We believe that cash flow from operating activities, together with cash on hand and borrowings available under our credit facility and bank overdraft facilities, will be sufficient to fund currently anticipated working capital, planned restructuring and capital spending, and debt service requirements for the next 12 months, including our planned redemption of the 2013 Notes. Historically, we have funded our operations from the proceeds of public offerings of equity and debt instruments, cash generated from operations, bank debt, sales of A/R and equipment lease financings. We expect to continue to enter into debt and equity financings, sales of A/R and lease transactions to fund anticipated growth and acquisitions. The issuance and timing of additional equity or convertible debt securities could dilute current shareholders' positions. Further, we may issue debt securities that have rights and privileges senior to equity holders, and the terms of this debt could impose restrictions on our operations. The pricing of such debt securities is subject to market conditions at the time of issuance. At December 31, 2009, we had significant cash balances in excess of our debt obligations.

As at December 31, 2009, we have contractual obligations that require future payments as follows (in millions):

	Total(i)	2010	2011	2012	2013	2014	Thereafter
2013 Notes(ii)	$ 223.1	$ 223.1	$ —	$ —	$ —	$ —	$ —
Interest on long-term debt(iii)	2.8	2.8	—	—	—	—	—
Operating leases	117.8	39.5	24.3	11.7	9.2	6.9	26.2
Restricted share unit awards(iv)	29.0	29.0	—	—	—	—	—
Pension plan contributions(v)	32.6	32.6	—	—	—	—	—
Non-pension post-employment plan payments	43.2	3.8	3.8	3.9	4.0	4.1	23.6

(i) The contractual obligations chart above does not include our agreement with a third party for the outsourcing of our IT support. Our costs under this IT support agreement fluctuate based on our usage. We are permitted to terminate this agreement at any time for a declining fee.

(ii) Represents the principal amount outstanding. In January 2010, we announced our intention to redeem the 2013 Notes in the first quarter of 2010.

(iii) Estimated interest on the 2013 Notes based on completing the planned redemption in the first quarter of 2010.

(iv) Represents cash paid in the first quarter of 2010 to settle share unit awards vested in February 2010. We expect to purchase subordinate voting shares in the open market to settle share unit awards vesting in future periods. We have excluded the estimated cash outlay for these future settlements from the above table due to difficulties in estimating future share prices and the number of awards that will ultimately vest.

(v) Our pension funding policy is to contribute amounts sufficient to meet minimum local statutory funding requirements that are based on actuarial calculations. We may make additional discretionary contributions based on actuarial assessments and, from time to time, make voluntary contributions to the pension plans. Based on our latest actuarial valuations, we estimate our minimum funding requirements for 2010 to be $32.6 million (2009 — $33.0 million). We also expect to contribute $3.8 million to the non-pension post-employment benefit plans to fund the estimated benefit payments in 2010. We expect our total pension expense for 2010 to be $19.4 million (2009 — $23.6 million).

The following outlines our pension contributions and pension expense for the periods indicated (in millions):

	Year ended December 31		
	2008	2009	2010 (estimated)
Contributions:			
Defined benefit plans	$ 22.0	$ 22.3	$ 21.5
Defined contribution plans	11.8	10.7	11.1
	$ 33.8	$ 33.0	$ 32.6
Expense:			
Defined benefit plans	$ 6.2	$ 12.9	$ 8.3
Defined contribution plans	11.8	10.7	11.1
	$ 18.0	$ 23.6	$ 19.4

We maintain multiple defined benefit plans. Our contribution amount is determined based on actuarial valuations. The global economic conditions have impacted our asset returns, primarily in the second half of 2008. Continued volatility in the capital markets will impact future asset values in our pension plans. A significant deterioration in the asset values or asset returns could lead to higher than expected future contributions. Risks associated with actuarial valuation measurement uncertainty may also result in higher future cash contributions. We fund our pension contributions from cash on hand. Although we have defined benefit plans that are currently in a net unfunded position, we do not expect our pension obligations will have a material adverse impact on our results of operations, cash flows or liquidity.

As at December 31, 2009, we have commitments that expire as follows (in millions):

	Total	2010	2011	2012	2013	2014	Thereafter
Foreign currency contracts(i)	$ 489.2	$ 473.2	$ 16.0	$ —	$ —	$ —	$ —
Letters of credit, letters of guarantee and surety bonds	50.2	50.2	—	—	—	—	—
Capital expenditures(ii)	15.0	15.0	—	—	—	—	—
Acquisitions(iii)	6.4	6.4	—	—	—	—	—

(i) Represents the aggregate notional amounts of the forward currency contracts.

(ii) As of December 31, 2009, we had committed approximately $15.0 million in capital expenditures, principally for machinery and equipment and facilities in our lower-cost geographies to support new customer programs. Based on our current operating plans, we anticipate capital spending for 2010 to be approximately 1.1% to 1.3% of revenue, and expect to fund this spending from cash on hand. In addition, we regularly review acquisition opportunities and, as a result, could require additional debt or equity financing to fund these transactions.

(iii) We paid $6.4 million in January 2010 to acquire Invec Solutions Limited.

Cash outlays for our contractual obligations and commitments identified above are expected to be funded by cash on hand. We also have outstanding purchase orders with certain suppliers for the purchase of inventory. These purchase orders are generally short-term. Orders for standard items can typically be cancelled with little or no financial penalty. Our policy regarding non-standard or customized orders dictates that such items are generally ordered specifically for customers who have contractually assumed liability for the inventory. In addition, a substantial portion of the standard items covered by our purchase orders were procured for specific customers based on their purchase orders or forecasts under which the customers have contractually assumed liability for such material. Accordingly, the amount of liability from purchase obligations under these purchase orders cannot be quantified with a reasonable degree of accuracy.

We have provided routine indemnifications, the terms of which range in duration and often are not explicitly defined. These may include indemnifications against adverse impacts due to changes in tax laws, third-party intellectual property infringement claims and third-party claims for property damage from negligence. We have also provided indemnifications in connection with the sale of certain businesses and real property. The maximum potential liability from these indemnifications cannot reasonably be estimated. In some cases, we have recourse against other parties to mitigate our risk of loss from these indemnifications. Historically, we have not made significant payments relating to these types of indemnifications.

Litigation and contingencies:

In 2007, securities class action lawsuits were commenced against the Company and our former Chief Executive and Chief Financial Officers in the United States District Court of the Southern District of New York by certain individuals, on behalf of themselves and other unnamed purchasers of our stock, claiming that they were purchasers of our stock during the period January 27, 2005 through January 30, 2007. The plaintiffs allege violations of United States federal securities laws and seek unspecified damages. They allege that during the purported class period we made statements concerning our actual and anticipated future financial results that failed to disclose certain purportedly material adverse information with respect to demand and inventory in our Mexican operations and our information technology and communications divisions. In an amended complaint, the plaintiffs have added one of our directors and Onex Corporation as defendants. All defendants have filed motions to dismiss the amended complaint. These motions are pending. A parallel class proceeding has also been issued against the Company and our former Chief Executive and Chief Financial Officers in the Ontario Superior Court of Justice, but neither leave nor certification of the action has been granted by that court. We believe that the allegations in these claims are without merit and we intend to defend against them vigorously. However, there can be no assurance that the outcome of the litigation will be favorable to us or that it will not have a material adverse impact on our financial position or liquidity. In addition, we may incur substantial litigation expenses in defending these claims. We have liability insurance coverage that may cover some of our litigation expenses, potential judgments or settlement costs.

We received a recovery of damages related to certain purchases we made in prior periods as a result of the settlement of a class action lawsuit. We recorded the recovery, net of estimated reserves, in other charges of $23.7 million during the fourth quarter of 2009. Future adjustments to our estimated reserves, if any, will be recorded through other charges.

Capital Resources

Our main objectives in managing our capital resources are to ensure liquidity and to have funds available for working capital or other investments required to grow our business. Our capital resources consist of cash, short-term investments, access to credit facilities and bank overdraft facilities, senior subordinated notes and share capital.

At December 31, 2009, we had cash of $937.7 million, comprised of cash (approximately 28%) and cash equivalents (approximately 72%). Our current portfolio consists of certificates of deposits and certain money market funds that are secured exclusively by U.S. government securities. The majority of our cash and cash equivalents are held with financial institutions each of which had at December 31, 2009 a Standard and Poor's rating of A-1 or above.

We manage our capitalization levels and make adjustments, as available, for changes in economic conditions. At December 31, 2009, we had full access to a $200.0 million credit facility, access to bank overdraft facilities, and we could sell up to $250.0 million in A/R, on a committed basis, under an A/R sales program to provide short-term liquidity. Our credit facility has restrictive covenants relating to debt incurrence, the sale of assets and a change of control. The facility also contains financial covenants that may limit the amount of debt that can be incurred under the facility. We closely monitor our business performance to evaluate compliance with our covenants. Our 2013 Notes, which we intend to redeem in the first quarter of 2010, also have restrictions on financing activities. During 2009, we redeemed our outstanding 2011 Notes. We continue to monitor and review the most cost-effective methods for raising capital, taking into account these restrictions and covenants. As of December 31, 2009, we were in compliance with these covenants.

We have not distributed, nor do we have any current plan to distribute, any dividends to our shareholders nor do we have any current plans to repurchase shares through a stock buy-back plan. We have purchased and expect to, from time to time, purchase shares in the open market for the settlement of share unit awards to employees under our long-term incentive plans.

Our strategy on capital risk management has not changed since 2008. Other than the restrictive covenants associated with our debt obligations, we are not subject to any contractual or regulatorily imposed capital requirements. While some of our international operations are subject to government restrictions on the flow of capital into and out of their jurisdictions, these restrictions have not had a material impact on our operations.

Our revolving credit facility for $300.0 million expired in April 2009. In April 2009, we renewed this facility on generally similar terms and conditions, and reduced the size of the facility to $200.0 million, with a maturity of April 2011. We pledged certain assets, including the shares of certain North American subsidiaries, as security for the facility. The facility includes a $25.0 million swing-line facility that provides for short-term borrowings up to a maximum of seven days. Borrowings under the facility bear interest at LIBOR plus a margin, except that borrowings under the swing-line facility bear interest at a base rate plus a margin. Borrowings bear a higher interest rate under this facility than under the prior facility.

The facility has restrictive covenants relating to debt incurrence, the sale of assets, and a change of control. We are also required to comply with financial covenants related to indebtedness, interest coverage and liquidity. We were in compliance with all covenants at December 31, 2009. There were no borrowings outstanding under our facility at December 31, 2009. Commitment fees for 2009 were $2.1 million. We paid $2.3 million in upfront commitment fees and closing costs in the second quarter of 2009. These costs are amortized to interest expense on long-term debt over the term of the renewed facility.

We have additional uncommitted bank overdraft facilities available for operating requirements which total $65.0 million at December 31, 2009. There were no borrowings outstanding under these facilities at December 31, 2009.

In November 2009, we renewed an agreement to sell certain A/R to a third-party bank (which had at December 31, 2009 a Standard and Poor's rating of A+) and other qualified purchasers. We can sell up to $250.0 million in A/R, on a committed basis, to provide short-term liquidity. The program also provides for the sale of certain A/R in excess of the committed amount at the discretion of the purchasers. At December 31, 2009, we had not sold any A/R under the program (December 31, 2008 — zero dollars sold; December 31, 2007 — $225.0 million sold). This program remains available to us until November 2010.

Both Standard and Poor's and Moody's Investors Service provide ratings on Celestica. These credit ratings reflect the agencies' current opinion of the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations or a specific financial program. The agencies take many factors into consideration when providing a rating including, but not limited to, an industry's operating environment, financial performance of the debtor, creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and the currency in which the obligation is denominated. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. A rating does not comment as to market price or suitability for a particular investor.

On September 29, 2009, Standard and Poor's upgraded our corporate rating to BB- from B+ and our Notes rating to BB- from B, with a stable outlook. On February 25, 2010, following the announcement of our fourth quarter results and our intention to redeem our outstanding 2013 Notes, Standard and Poor's upgraded our corporate and Notes ratings to BB from BB-, with a stable outlook. The Notes rating, which is 13th out of 22 on the Standard and Poor's rating scale, means that the obligor currently has the capacity to meet its financial commitment on the obligation, but adverse business, financial or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation. On November 6, 2009, Moody's Investor Service upgraded our corporate rating to Ba3 from B1 and our Notes rating to B2 from B3 with a stable outlook. The Notes rating is 15th out of 21 on the Moody's Investor Service rating scale. Obligations rated B2 are considered to be in the mid range of obligations that are judged to be speculative and subject to high credit risk. A reduction in our credit ratings could adversely impact our future cost of borrowing. At December 31, 2009, we had significant cash balances in excess of our debt obligations.

Financial instruments:

Our short-term investment objectives are to preserve principal and to maximize yields without significantly increasing risk, while at the same time not materially restricting our short-term access to cash. To achieve these objectives, we maintain a portfolio consisting of a variety of securities, including certificates of deposit and money market funds that are secured exclusively by U.S. government securities.

The majority of our cash balances are held in U.S. dollars. We price the majority of our products in U.S. dollars and the majority of our material costs are also denominated in U.S. dollars. However, a significant portion of our non-material costs (including payroll, pensions, facility costs and costs of locally sourced supplies and inventory) are denominated in various other currencies. As a result, we may experience foreign exchange gains or losses on translation or transactions due to currency fluctuations.

We have a foreign exchange risk management policy in place to control our hedging activities and we do not enter into speculative trades. Our current hedging activity is designed to reduce the variability of our foreign currency costs where we have local manufacturing operations and generally involves entering into contracts to trade U.S. dollars for various currencies at future dates. We traditionally enter into forward exchange contracts to hedge against our cash flows in foreign currencies. To mitigate foreign exchange translation volatility, we enter into forward exchange contracts to partially hedge our significant balance sheet exposures in certain currencies. These balance sheet hedges are based on our forecasts of the future position of net assets or liabilities denominated in foreign currencies and, therefore, may not mitigate the full impact of any translation impacts in the future. There is no assurance that our hedging transactions will be successful.

At December 31, 2009, we had forward exchange contracts to trade U.S. dollars in exchange for the following currencies (in millions):

Currency	Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months	Fair value gain/(loss)
Canadian dollar	$ 206.5	$ 0.92	15	$ 7.7
British pound sterling	89.5	1.60	4	(0.1)
Thai baht	50.1	0.03	12	0.2
Malaysian ringgit	47.8	0.29	12	0.2
Mexican peso	37.1	0.08	12	0.1
Singapore dollar	18.9	0.70	12	0.3
Euro	13.3	1.45	3	—
Romanian lei	13.1	0.33	12	(0.3)
Czech koruna	12.9	0.05	6	(0.1)
Total	$ 489.2			$ 8.0

Our contracts generally extend for periods of up to 15 months and expire by March 2011. The fair value of these contracts at December 31, 2009 was a net unrealized gain of $8.0 million (December 31, 2008 — net unrealized loss of $38.9 million). The unrealized gains or losses are a result of fluctuations in foreign exchange rates between the time the forward contracts were entered into and the valuation date at period end. The change in the net unrealized gain or loss of our foreign currency contracts during 2009 is due primarily to the settlement of contracts with significant losses and the favourable movement in the exchange rates for the currencies we hedge. We monitor our hedging program each quarter. The counterparties to these contracts are financial institutions, each of which had at December 31, 2009 a Standard and Poor's rating of A or above.

Financial risks:

We are exposed to a variety of financial risks associated with financial instruments as part of our normal operations. We have exposures to the following financial risks arising from financial instruments: market risk, credit risk and liquidity risk.

Market risk: This is the risk that results in changes to market prices, such as foreign exchange rates and interest rates, which could affect our operations or the value of our financial instruments. To manage this risk, we enter into various derivative hedging transactions.

Currency risk: Due to the nature of our international operations, we are exposed to exchange rate fluctuations on our cash receipts, cash payments and balance sheet exposures denominated in various foreign currencies. The majority of our currency risk is driven by the operational costs incurred in local currencies by our foreign subsidiaries. We currently manage this risk through our hedging program using forecasts of future cash flows and our balance sheet exposures denominated in foreign currencies.

Interest rate risk: We are exposed to interest rate risks as we have significant cash balances invested at floating rates. Borrowings under our revolving credit facility bear interest at LIBOR plus a margin. If we borrow under this facility, we will be exposed to interest rate risks due to fluctuations in the LIBOR rate.

Credit risk: Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss to us. To mitigate the risk of financial loss from defaults under our foreign currency forward contracts, these counterparty financial institutions each had at December 31, 2009 a Standard and Poor's rating of A or above. The financial institution with which we renewed our A/R sales program had a Standard and Poor's rating of A+ at December 31, 2009. At December 31, 2009, we had not sold any A/R under this program. We believe that the credit risk of counterparty non-performance is low.

We also provide credit to our customers in the normal course of business. We mitigate this credit risk by monitoring our customers' financial condition and performing ongoing credit evaluations, as well as frequent communications with them, enabling us to monitor current changes in their business operations. We review concentration of credit risk in establishing our allowance for doubtful accounts and we believe our allowances are adequate. As at December 31, 2009, less than 1% of our gross A/R were over 90 days past due and our allowance for doubtful accounts balance was $7.5 million.

Liquidity risk: Liquidity risk is the risk that we may not have cash available to satisfy our financial obligations as they come due. The majority of our financial liabilities recorded in accounts payable and accrued liabilities are due within 90 days. In the first quarter of 2010, we intend to redeem our outstanding 2013 Notes, with a principal amount of $223.1 million, at a price of 103.813%, together with accrued and unpaid interest to the redemption date. Management believes that cash flow from operations, together with cash on hand, cash from the sale of A/R, and borrowings available under our credit facility and bank overdraft facilities are sufficient to support our financial obligations.

Related Party Transactions

In 2008, we entered into a manufacturing agreement with a company under the control of our controlling shareholder. During 2009, we recorded revenue of $42.3 million (2008 — $19.3 million) from this related party. All transactions with this related party were in the normal course of operations. All amounts were recorded at the exchange amount, being the amount agreed to by the parties.

Outstanding Share Data

As of February 22, 2010, we had 211.0 million outstanding subordinate voting shares and 18.9 million outstanding multiple voting shares. We also had 10.7 million outstanding stock options, 5.8 million outstanding restricted share units and 8.1 million outstanding performance share units, each such option or unit entitling the holder to receive one subordinate voting share pursuant to the terms thereof (subject to time or performance based vesting).

In October 2009, we issued a short form prospectus related to the secondary offering and sale of 10.7 million subordinate voting shares of our company by Onex Corporation and certain of its affiliates (Onex), our controlling shareholder. As part of this secondary offering, Onex converted 10.7 million multiple voting shares to 10.7 million subordinate voting shares in order to effect the sale. We did not receive any proceeds from the sale.

Controls and Procedures

Evaluation of disclosure controls and procedures:

Our management is responsible for establishing and maintaining a system of disclosure controls and procedures (as defined in Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934 (the Exchange Act)) designed to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision of and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the year. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective to meet the requirements of Rules 13a-15 and 15d-15 under the Exchange Act.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluation of controls can provide absolute assurance that all control issues within a company have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met.

Changes in internal controls over financial reporting:

During 2009, there were no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Management's report on internal control over financial reporting:

Reference is made to our Management's report on page F-1 of our Annual Report. Our auditors, KPMG LLP, an independent registered public accounting firm, have issued an audit report on our internal controls over financial reporting for the year ended December 31, 2009. This report appears on page F-2.

Unaudited Quarterly Financial Highlights (in millions, except per share amounts)

	2008				2009			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$ 1,835.7	$ 1,876.3	$ 2,030.8	$ 1,935.4	$ 1,469.4	$ 1,402.2	$ 1,556.2	$ 1,664.4
Gross profit %	6.3%	6.7%	7.4%	7.3%	7.6%	7.3%	6.9%	6.6%
Net earnings (loss)	$ 29.8	$ 39.8	$ 32.1	$ (822.2)	$ 19.2	$ 5.3	$ (0.6)	$ 31.1
# of basic shares	229.1	229.2	229.4	229.4	229.4	229.4	229.5	229.7
# of diluted shares	229.2	230.4	230.3	229.4	229.4	230.2	229.5	232.0
Net earnings (loss):								
per share — basic	$ 0.13	$ 0.17	$ 0.14	$ (3.58)	$ 0.08	$ 0.02	$ 0.00	$ 0.14
per share — diluted	$ 0.13	$ 0.17	$ 0.14	$ (3.58)	$ 0.08	$ 0.02	$ 0.00	$ 0.13

Comparability quarter-to-quarter:

The quarterly data reflects the following:

– the fourth quarters of 2008 and 2009 include the results of our annual impairment testing of goodwill and long-lived assets; and

– all quarters of 2008 and 2009 were impacted by our announced restructuring plans. The amounts vary from quarter to quarter.

Fourth quarter 2009 compared to fourth quarter 2008:

Revenue for the fourth quarter of 2009 decreased 14% to $1.7 billion from $1.9 billion for the same period in 2008. Lower revenue primarily from our telecommunications and enterprise communications segments accounted for a 12% decrease in total revenue from the prior period. This was offset partially by our storage segment which grew primarily due to new program wins. Revenue from our consumer market was relatively flat for the fourth quarter of 2009 compared to the same period in 2008. Gross margin decreased to 6.6% of revenue for the fourth quarter of 2009 from 7.3% for the same period in 2008, primarily due to reduced revenue, changes in the mix of products manufactured and the mark-to-market adjustment on restricted share unit awards in the fourth quarter of 2009. SG&A for the fourth quarter of 2009 of $61.2 million decreased $15.7 million from the same period in 2008 primarily as a result of lower foreign exchange losses and overall cost reductions, offset partially by the $5.7 million mark-to-market adjustment on the restricted share unit awards in the fourth quarter of 2009. The net loss in the fourth quarter of 2008 included a goodwill impairment charge of $850.5 million.

Fourth quarter 2009 compared to third quarter 2009:

Revenue for the fourth quarter of 2009 increased 7% to $1.7 billion from $1.6 billion for the third quarter of 2009. Revenue from all our end markets increased sequentially, other than the telecommunications market which was flat, from the third quarter of 2009. The consumer and server markets benefited from new program wins. Gross margin decreased from 6.9% of revenue in the third quarter of 2009 to 6.6% in the fourth quarter of 2009, primarily as a result of the mark-to-market adjustment on the restricted share unit awards, which negatively impacted gross margin in the fourth quarter of 2009 by 0.3%. SG&A increased $7.2 million from the third quarter of 2009 to $61.2 million in the fourth quarter of 2009, primarily reflecting the $5.7 million mark-to-market adjustment on the restricted share unit awards in the fourth quarter of 2009. The net loss in the third quarter of 2009 included restructuring and other charges totaling $43.5 million. Net earnings in the fourth quarter of 2009 included other recoveries totaling $8.7 million, net of restructuring charges.

Fourth quarter 2009 actual compared to guidance:

Our guidance is provided on an adjusted net earnings (defined below) basis only as it is difficult to forecast the various items impacting GAAP net earnings, such as the amount and timing of our restructuring and debt repurchase activities. A reconciliation of adjusted net earnings, which is a non-GAAP measure, to Canadian GAAP net earnings is set forth below.

Beginning with the fourth quarter of 2009, we revised the definition of our non-GAAP adjusted net earnings to exclude all stock-based compensation (in addition to the items previously excluded) to allow for a better comparison with our major North American EMS competitors. For consistency, we made similar changes in the definitions of additional non-GAAP metrics: adjusted gross margin, adjusted SG&A, adjusted operating margin (EBIAT) and ROIC. Prior to the fourth quarter of 2009, option expense was the only stock-based compensation item excluded from the adjusted net earnings definition and other non-GAAP metrics. We now exclude (in addition to the items previously excluded) restricted share unit costs and any other stock-based compensation expense that may arise from adjusted net earnings and other non-GAAP measures. We have recalculated prior period comparatives to conform to the current periods' definitions.

Management uses adjusted net earnings (and other non-GAAP metrics) as a measure of enterprise-wide performance. Management believes adjusted net earnings is a useful measure for management, as well as investors, to compare operating performance from period-to-period. Adjusted net earnings do not include the effects of other charges, most significantly the write-down of goodwill and long-lived assets, gains or losses on the repurchase of shares or debt and the related income tax effect of these adjustments, and any significant deferred tax write-offs or recoveries. We also exclude the following recurring charges: restructuring costs, total stock-based compensation including option and restricted share unit costs, amortization of intangible assets (except amortization of computer software) and the related income tax effect of these adjustments. The term adjusted net earnings does not have any standardized meaning prescribed by GAAP and is not necessarily comparable to similar measures presented by other companies. Adjusted net earnings is not a measure of performance under Canadian or U.S. GAAP and should not be considered in isolation or as a substitute for net earnings prepared in accordance with Canadian or U.S. GAAP. See reconciliation below.

On October 22, 2009, we provided the following guidance for the fourth quarter of 2009:

	Q4 09	
	Guidance	Actual
Revenue (in billions)(i)	$1.55 to $1.70	$1.66
Adjusted net earnings per share(ii)	$0.16 to $0.22	$0.21

(i) Revenue for the fourth quarter of 2009 exceeded the midpoint of our published guidance.

(ii) Our published guidance range for adjusted net earnings per share of $0.14 to $0.20 did not reflect the revised definition for this metric. Guidance for adjusted net earnings per share, using the revised definition, would have been $0.16 to $0.22. Adjusted net earnings per share for the fourth quarter of 2009 was $0.21 and met the high end of this range.

Adjusted net earnings per share for the fourth quarter of 2008, using the revised definition, was $0.28 and included a $0.07 per share benefit associated with the reduction in the income tax rate for adjusted net earnings. Excluding the tax benefit, adjusted net earnings per share for the fourth quarter of 2008 was $0.21.

The following table sets forth, for the periods indicated, a reconciliation of Canadian GAAP earnings (loss) to adjusted net earnings and other non-GAAP metrics (in millions, except per share amounts):

	2008			2009		
Three months ended December 31	**GAAP**	**Adjustments**	**Adjusted**	**GAAP**	**Adjustments**	**Adjusted**
Revenue	$ 1,935.4	$ —	$ 1,935.4	$ 1,664.4	$ —	$ 1,664.4
Cost of sales(1)(2)	1,794.8	(2.7)	1,792.1	1,555.3	(8.3)	1,547.0
Gross profit(2)	140.6	2.7	143.3	109.1	8.3	117.4
SG&A(1)(2)(3)	76.9	(4.2)	72.7	61.2	(9.2)	52.0
Amortization of intangible assets(3)	6.4	(3.3)	3.1	6.6	(1.9)	4.7
Other charges	861.9	(861.9)	—	(8.7)	8.7	—
Operating earnings (loss) — EBIAT(4)	(804.6)	872.1	67.5	50.0	10.7	60.7
Interest expense, net	13.7	—	13.7	5.7	—	5.7
Net earnings (loss) before tax	(818.3)	872.1	53.8	44.3	10.7	55.0
Income tax expense (recovery)	3.9	(15.3)	(11.4)	13.2	(7.7)	5.5
Net earnings (loss)	$ (822.2)	$ 887.4	$ 65.2	$ 31.1	$ 18.4	$ 49.5
# of shares (in millions) — diluted	229.4		229.4	232.0		232.0
Earnings (loss) per share	$ (3.58)		$ 0.28	$ 0.13		$ 0.21
ROIC(5)			18.8%			27.5%
Free cash flow(6)			$ (17.3)			$ 27.5

	2008			2009		
Year ended December 31	**GAAP**	**Adjustments**	**Adjusted**	**GAAP**	**Adjustments**	**Adjusted**
Revenue	$ 7,678.2	$ —	$ 7,678.2	$ 6,092.2	$ —	$ 6,092.2
Cost of sales(1)(2)	7,147.1	(10.3)	7,136.8	5,662.4	(18.0)	5,644.4
Gross profit(2)	531.1	10.3	541.4	429.8	18.0	447.8
SG&A(1)(2)(3)	292.0	(13.1)	278.9	244.5	(20.9)	223.6
Amortization of intangible assets(3)	26.9	(15.1)	11.8	21.9	(8.8)	13.1
Other charges	885.2	(885.2)	—	68.0	(68.0)	—
Operating earnings (loss) — EBIAT(4)	(673.0)	923.7	250.7	95.4	115.7	211.1
Interest expense, net	42.5	—	42.5	35.0	—	35.0
Net earnings (loss) before tax	(715.5)	923.7	208.2	60.4	115.7	176.1
Income tax expense (recovery)	5.0	(1.0)	4.0	5.4	12.2	17.6
Net earnings (loss)	$ (720.5)	$ 924.7	$ 204.2	$ 55.0	$ 103.5	$ 158.5
# of shares (in millions) — diluted	229.3		229.6	230.9		230.9
Earnings (loss) per share — diluted	$ (3.14)		$ 0.89	$ 0.24		$ 0.69
ROIC(5)			14.6%			22.0%
Free cash flow(6)			$ 127.1			$ 223.7

(1) Total stock-based compensation, comprised of option and restricted share unit costs, is excluded from the calculation of adjusted net earnings, adjusted gross margin, adjusted SG&A, adjusted operating margin (EBIAT) and return on invested capital (ROIC). Prior to the fourth quarter of 2009, option expense was the only stock-based compensation item excluded from these calculations. All of these

metrics, which are non-GAAP measures, including comparatives for prior periods, reflect the revised definition. The following table shows how the revised definition has impacted these metrics (in millions, except per share amounts):

	Q4 2008	2008	Q4 2009[(a)]	2009[(a)]
Adjusted gross profit increase[(2)]	$ 2.1	$ 7.4	$ 2.6	$ 10.5
Adjusted SG&A decrease[(2)]	3.2	9.4	2.7	11.6
EBIAT increase[(4)]	5.3	16.8	5.3	22.1
Adjusted net earnings increase	6.1	16.5	4.8	20.0
Adjusted net earnings per share increase	$ 0.02	$ 0.07	$ 0.02	$ 0.09
ROIC% increase[(5)]	1.5%	1.0%	2.3%	2.3%

(a)Excluded the impact of a mark-to-market accounting adjustment related to restricted share unit awards totaling $10.9 million recorded in the fourth quarter of 2009 (cost of sales — $5.2 million; SG&A — $5.7 million). See note 8(e) to the Consolidated Financial Statements.

(2) Management uses these non-GAAP measures to assess operating performance. As discussed above, we revised our definition of each of these measures commencing with the results for the fourth quarter of 2009. Management believes that each of these measures is an appropriate metric for management, as well as investors, to compare operating performance from period-to-period. Adjusted gross profit is calculated by excluding total stock-based compensation from GAAP gross profit. Adjusted gross margin is calculated by dividing adjusted gross profit by revenue. Adjusted SG&A is calculated by excluding total stock-based compensation from GAAP SG&A. Adjusted SG&A percentage is calculated by dividing adjusted SG&A by revenue. Neither adjusted gross profit, adjusted gross margin, nor adjusted SG&A has any standardized meaning prescribed by Canadian or U.S. GAAP, and is not necessarily comparable to similar measures presented by other companies. Neither adjusted gross profit, adjusted gross margin, nor adjusted SG&A is a measure of performance under Canadian or U.S. GAAP and no such measure should be considered in isolation or as a substitute for any standardized measure.

(3) Certain 2008 GAAP numbers have been restated to reflect the change in accounting for computer software effective January 1, 2009 as required under Canadian GAAP. For the fourth quarter of 2008, $3.1 million in amortization of computer software has been reclassified from SG&A expenses to amortization of intangible assets (2008 — $11.8 million). Amortization of computer software is not excluded for EBIAT or adjusted net earnings. There is no impact to our current or previously reported EBIAT, adjusted net earnings or net earnings (loss) for this change in accounting.

(4) Management uses adjusted operating margin (EBIAT) as a measure to assess operating performance. As discussed above, we revised our definition of EBIAT commencing with the results for the fourth quarter of 2009. Excluded from EBIAT are the effects of other charges, most significantly the write-down of goodwill and long-lived assets, gains or losses on the repurchase of shares or debt and the related income tax effect of these adjustments, and any significant deferred tax write-offs or recoveries. We also exclude the following recurring charges: restructuring costs, total stock-based compensation including option and restricted share unit costs, amortization of intangible assets (except amortization of computer software), interest expense or income, and the related income tax effect of these adjustments. Management believes EBIAT, which isolates operating activities before interest and taxes, is an appropriate measure for management, as well as investors, to compare the company's operating performance from period-to-period. The term EBIAT does not have any standardized meaning prescribed by Canadian or U.S. GAAP and is not necessarily comparable to similar measures presented by other companies. EBIAT is not a measure of performance under Canadian or U.S. GAAP and should not be considered in isolation or as a substitute for net earnings prepared in accordance with Canadian or U.S. GAAP.

(5) Management uses ROIC as a measure to assess the effectiveness of the invested capital it uses to build products or provide services to its customers. As discussed above, we revised our definition of ROIC commencing with the results for the fourth quarter of 2009. The ROIC metric used by the company includes operating margin, working capital management and asset utilization. ROIC is calculated by dividing EBIAT (defined in (4) above) by average net invested capital. Net invested capital consists of total assets less cash, accounts payable, accrued liabilities and income taxes payable. We use a two-point average to calculate average net invested capital for the quarter and a five-point average to calculate average net invested capital for the year. Management believes ROIC is an appropriate measure for management, as well as investors, to compare the company's operating performance from period-to-period. The term ROIC does not have any standardized meaning prescribed by Canadian or U.S. GAAP and is not necessarily comparable to similar measures presented by other companies. ROIC is not a measure of performance under Canadian or U.S. GAAP and should not be considered in isolation or as a substitute for any standardized measure. There is no comparable measure under GAAP.

(6) Management uses free cash flow as a measure to assess cash flow performance. Free cash flow is calculated as cash generated from operations less capital expenditures (net of proceeds from the sale of surplus property and equipment). Management believes that free cash flow is an appropriate measure for management, as well as investors, to compare cash flow performance from period-to-period. The term free cash flow does not have any standardized meaning prescribed by Canadian or U.S. GAAP and is not necessarily comparable to similar measures presented by other companies. Free cash flow is not a measure of performance under Canadian or U.S. GAAP and should not be considered in isolation or as a substitute for any standardized measure. There is no comparable measure under GAAP.

First quarter 2010 guidance:

On January 27, 2010, we provided the following guidance for the first quarter of 2010:

	Q1 10 — Guidance
Revenue (in billions)	$1.45 to $1.60
Adjusted net earnings per share, using the revised definition	$0.15 to $0.21

At the midpoint, our revenue guidance for the first quarter of 2010 represents an 8% sequential decrease from our fourth quarter of 2009. This compares to the historic 15% to 20% sequential declines that we have experienced from our fourth quarter to our first quarter of each year. We expect the impact of seasonality to be less severe than in previous years as our guidance also reflects modest end-market growth, new programs and changing product mix in the first quarter of 2010.

Our guidance for the first quarter of 2010 is based on various assumptions which management believes are reasonable under the current circumstances, but may prove to be inaccurate, and many of which involve factors that are beyond the control of the company. The material assumptions may include the following: forecasts from our customers, which range from 30 to 90 days; timing and investments associated with ramping new business; general economic and market conditions; currency exchange rates; pricing and competition; anticipated customer demand; supplier performance and pricing; commodity, labor, energy and transportation costs; operational and financial matters; technological developments; and the timing and execution of our restructuring plan. These assumptions are based on management's current views with respect to current plans and events, and are and will be subject to the risks and uncertainties discussed above. Our guidance for the first quarter of 2010 is given for the purpose of providing information about management's current expectations and plans relating to the first quarter of 2010. Readers are cautioned that such information may not be appropriate for other purposes.

Recent Accounting Developments

(a) Goodwill and intangible assets:

On January 1, 2009, we adopted CICA Handbook Section 3064, "Goodwill and intangible assets." This revised standard establishes guidance for the recognition, measurement and disclosure of goodwill and intangible assets, including internally generated intangible assets. As required by this standard, we have retroactively reclassified $34.0 million of computer software assets on our consolidated balance sheet as at December 31, 2008 from property, plant and equipment to intangible assets. In addition, we have reclassified computer software amortization on our consolidated statement of operations from depreciation expense, included in SG&A, to amortization of intangible assets. The adoption of this standard did not change our previously reported net earnings or loss.

(b) International financial reporting standards (IFRS):

In February 2008, the Canadian Accounting Standards Board announced the adoption of IFRS for publicly accountable enterprises in Canada. Effective January 1, 2011, companies must convert from Canadian GAAP to IFRS. IFRS is effective for our first quarter ending March 31, 2011, with comparative data also prepared under IFRS.

We have initiated an IFRS transition project with a formal and detailed project plan and a dedicated project manager. A multi-functional project team consisting of management from finance, taxation, treasury, legal, human resources, IT and operations is engaged on the project. We have also engaged external IFRS consulting partners. We have established a formal governance structure that includes both a steering committee and an accounting technical review committee, and regular reporting is provided to our senior executive management and to our Audit Committee on the project's progress. Our project focuses on the key areas impacted by this conversion, including financial reporting, systems and processes, communications and training. Our transition plan is progressing according to our implementation schedule.

The review of the potential impacts of IFRS was conducted in phases. In phase 1, we worked with independent consultants to complete a diagnostic of the key financial, systems and businesses that would potentially be impacted by our transition to IFRS. In phase 2, we completed our detailed analysis of the potential accounting and reporting differences between Canadian GAAP and IFRS, and made preliminary accounting policy choices. Although we have not completed our evaluation, we have not identified significant changes in our business activities as a result of the IFRS transition. We plan to continually evaluate any such impact during 2010.

Accounting Policies:

The following are our preliminary significant IFRS policy decisions and significant expected accounting differences, based on our analysis of the current IFRS standards. We will provide formal training to our finance staff and other personnel at each of our sites during the first half of 2010. Additional differences between Canadian GAAP and IFRS may be identified once the training is completed and as we conduct the quantification process. As a result, our accounting policy choices may change prior to the adoption of IFRS on January 1, 2011. Although we have identified key accounting policy differences, we cannot at this time determine the impact of these differences to our consolidated financial statements.

First-time adoption of IFRS (IFRS 1):

Upon transition, a company is required to apply each IFRS on a retrospective basis. However, IFRS 1 has certain mandatory exceptions, as well as limited optional exemptions, in specific areas of certain standards that do not require retrospective application of IFRS. Based on our analysis to date, we expect to apply the following optional exemptions available under IFRS 1 that will be significant to us in preparing our first consolidated financial statements under IFRS:

Business combinations — IFRS 1 allows us to apply this standard on a prospective or retrospective basis. We have elected to apply IFRS 3(revised), Business combinations, on a prospective basis for all business combinations completed after January 1, 2010.

Employee benefits — IFRS 1 provides the option to retrospectively apply the corridor method to actuarial gains or losses or to recognize the cumulative gains or losses deferred under Canadian GAAP through equity at the transition date. We have elected to recognize cumulative actuarial gains or losses at January 1, 2010 through retained deficit for all our employee benefit plans. We have $128.1 million in unrecognized actuarial losses at December 31, 2009 under Canadian GAAP.

Cumulative translation differences — IFRS 1 allows cumulative translation differences for foreign operations to be cleared through equity on transition. Gains or losses from the subsequent disposal of the foreign operations would exclude translation differences arising prior to adopting IFRS. We have elected to reset cumulative translation differences to zero on transition. We have cumulative translation gains of $46.9 million at December 31, 2009.

IFRS to Canadian GAAP differences:

In addition to the IFRS 1 exceptions and exemptions, the following are preliminary differences between our Canadian GAAP accounting policies and those under IFRS that we believe are applicable and significant to Celestica based on our analysis to date:

Pension and other post-employment benefits — Under Canadian GAAP, we generally defer our actuarial gains and losses from defined benefit plans and then amortize using the corridor method. Under IFRS, we expect to recognize all actuarial gains and losses immediately through equity without recording them in the income statement in subsequent periods. Additionally, IFRS has incremental considerations beyond Canadian GAAP with respect to limits on defined benefit assets, minimum funding requirements, and their interaction, which could result in adjustments to the amounts recorded under Canadian GAAP. We are currently reviewing our pension plans in detail to determine the impact upon transition.

Hedge effectiveness measurement — IFRS requires us to incorporate credit risk into the assessment of hedge effectiveness and ineffectiveness and requires more documentation to support the hedging relationships. We expect that our hedging relationships will continue to qualify under IFRS.

Impairment of long-lived assets — Reversal of asset impairment losses is not permitted under Canadian GAAP. IFRS requires the reversal of impairment losses, for assets other than goodwill, if certain criteria are met. Although we have recorded impairment losses against property, plant and equipment and intangible assets under Canadian GAAP, we do not believe at this time that these losses would be reversed under IFRS. However, we will begin to track previous and future impairments as required. Under IFRS, impairment testing is a one-step process. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Under Canadian GAAP, impairment is tested using a two-step process. We may recognize higher impairment losses under IFRS.

Share-based payments — Under Canadian GAAP, each grant is treated as a single arrangement and compensation expense is determined at the time of grant and amortized over the vesting period, generally three to four years, on a straight-line basis. IFRS requires a separate calculation of compensation expense for awards that vest in installments. Under IFRS, compensation expense will differ from Canadian GAAP based on the changing fair values used for each installment and the timing of recognizing compensation expense, which will be accelerated under IFRS.

Income taxes — The recognition of deferred income taxes for temporary differences arising from inter-company transfers of property and from foreign exchange fluctuations on non-monetary items are prohibited under Canadian GAAP. There are no similar exceptions under IFRS. In addition, other significant differences may include accounting for uncertain tax positions, backwards tracing and differences relating to presentation and disclosure. We will also be impacted by the potential income tax effect of the other IFRS changes noted above.

The impact of IFRS at transition will depend on the IFRS standards in effect at the time, accounting elections that have not yet been made and the prevailing business and economic facts and circumstances. The evolving nature of IFRS may also result in additional accounting changes, some of which may be significant. We will continue to monitor changes in the IFRS standards and will adjust our transition plans accordingly.

Internal control over financial reporting and disclosure controls and procedures:

We have augmented our existing controls and procedures to include controls and procedures regarding the implementation of IFRS. Our quality assurance plan, which forms part of the overall IFRS transition plan, includes project management, communication and training, formal review of financial data with management oversight and certifications, internal audits, controls over financial system changes and the use of disclosure checklists. We expect that as we progress through our IFRS transition, we may adjust our plans.

Financial reporting expertise:

We identified key financial reporting experts at various levels of our business, who received advanced IFRS training from our consulting partners. We have prepared training materials covering the transition plan and applicable accounting standards and have begun detailed training of our global finance organization. We plan to also hold IFRS information sessions for senior management and members of our IFRS steering committee and Audit Committee.

Information systems:

During 2009, we began to identify and assess the impact of IFRS on our financial systems. Our information technology team is in the process of designing solutions to ensure enterprise-wide IFRS compliance in IT systems. We currently are preparing our consolidations system to receive, consolidate and comply with the new reporting and data requirements under IFRS, which includes capturing financial data for the 2010 comparative period.

(c) Business combinations:

In January 2009, the CICA issued Handbook Section 1582, "Business combinations," which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is equivalent to IFRS on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements unless we engage in a significant acquisition.

(d) Consolidated financial statements:

In January 2009, the CICA issued Handbook Section 1601, "Consolidated financial statements," which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for 2011. We are currently evaluating the impact of adopting this standard on our consolidated financial statements.

(e) Financial instruments — disclosures:

Effective December 31, 2009, we adopted the amendment issued by the CICA Handbook Section 3862, "Financial instruments — disclosures," which requires enhanced disclosures on liquidity risk of financial instruments and new disclosures on fair value measurements of financial instruments. These requirements correspond to the IFRS on financial instruments disclosures. The adoption of this standard did not have a material impact on our consolidated financial statements.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

Each director of Celestica is elected by the shareholders to serve until the next annual meeting or until a successor is elected or appointed. The following table sets forth certain information regarding the current directors and executive officers of Celestica.

Name	Age	Position with Celestica	Residence
Robert L. Crandall	74	Chairman of the Board and Director	Florida, US
William A. Etherington	68	Director	Ontario, Canada
Laurette Koellner	55	Director	Florida, US
Richard S. Love	72	Director	California, US
Eamon J. Ryan	64	Director	Ontario, Canada
Gerald W. Schwartz	68	Director	Ontario, Canada
Don Tapscott	62	Director	Ontario, Canada
Craig H. Muhlhauser	61	Director, President and Chief Executive Officer	New Jersey, US
Paul Nicoletti	42	Executive Vice President and Chief Financial Officer	Ontario, Canada
John Boucher	50	Executive Vice President, Global Sales and Supply Chain Solutions	New Hampshire, US
Elizabeth L. DelBianco	50	Executive Vice President, Chief Legal and Administrative Officer and Corporate Secretary	Ontario, Canada
John Peri	48	Executive Vice President, Global Operations	Ontario, Canada
Mary Gendron	44	Senior Vice President and Chief Information Officer	Illinois, US
Peter A. Lindgren	47	Senior Vice President and General Manager, Growth and Emerging Markets Segment	Colorado, US

Name	Age	Position with Celestica	Residence
Michael P. McCaughey	48	Senior Vice President and General Manager, Communications Market Segment	Quebec, Canada
Darren Myers	36	Senior Vice President and Corporate Controller	Ontario, Canada
Robert J. Sellers	43	Senior Vice President and General Manager, Enterprise and Consumer Market Segments	Hong Kong, China

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

Robert L. Crandall has been a director of Celestica since 1998 and Chairman of the Board of Directors of Celestica since January 2004. He is the retired Chairman of the Board and Chief Executive Officer of AMR Corporation/American Airlines Inc. Mr. Crandall is a director of Air Cell, Inc., a privately held company, and 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.

William A. Etherington has been a director of Celestica since 2001. He is also a director of MDS Inc. and Onex Corporation, each of which is a public corporation, and of SS&C Technologies Inc., a private firm. He is a former director and Non-Executive Chairman of the Board of the Canadian Imperial Bank of Commerce. He retired in 2001 as Senior Vice President and Group Executive, Sales and Distribution, IBM Corporation, and Chairman, President and Chief Executive Officer of IBM World Trade Corporation. Mr. Etherington is a member of the President's Council, The University of Western Ontario and director of St. Michael's Hospital. He holds a Bachelor of Science degree in Electrical Engineering and a Doctor of Laws (Hon.) from the University of Western Ontario.

Laurette Koellner has been a director of Celestica since 2009. She is the retired President of Boeing International, a division of The Boeing Company. Previously, she was President of Connexion by Boeing and prior to that was a member of the Office of the Chairman and served as the Executive Vice President, Internal Services, Chief Human Resources and Administrative Officer, President of Shared Services, as well as Corporate Controller for The Boeing Company. Ms. Koellner currently serves on the board and as chair of the Regulatory Compliance Committee of AIG Corporation and on the board and as chair of the Audit Committee of Sara Lee Corporation, both of which are public corporations, is a member of the University of Central Florida Dean's Executive Council, and a member of the Council on Foreign Relations. She holds a Bachelor of Science degree in Business Management from the University of Central Florida and a Masters of Business Administration from Stetson University in Deland, Florida. She holds a Certified Professional Contracts Manager designation from the National Contracts Management Association.

Richard S. Love has been a director of Celestica since 1998. He 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. 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 (electronics manufacturing) 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.

Eamon J. Ryan has been a director of Celestica since 2008. He is the former Vice President and General Manager, Europe, Middle East and Africa for Lexmark International Inc. Prior to that, he was the Vice President and General Manager, Printing Services and Solutions Manager, Europe, Middle East and Africa. Mr. Ryan joined Lexmark in 1991 as the President of Lexmark Canada. Before Lexmark, he spent 22 years at IBM Canada, where he held a number of sales and marketing roles in their Office Products and Large Systems divisions. Mr. Ryan's last role at IBM Canada was Director of Operations for its Public Sector, a role he held from 1986 to 1990. He holds a Bachelor of Arts degree from the University of Western Ontario.

Gerald W. Schwartz has been a director of Celestica since 1998. He is the Chairman of the Board and Chief Executive Officer of Onex Corporation, a public corporation. Mr. Schwartz was inducted into the Canadian Business Hall of Fame in 2004 and was appointed as an Officer of the Order of Canada in 2006. He is also an honorary director of the Bank of Nova Scotia and is a director of Indigo Books & Music Inc., each of which is a public corporation, and of RSI Home Products, Inc. Mr. Schwartz is Vice Chairman of Mount Sinai Hospital and is a director of The Simon Wiesenthal Center. He 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, a Doctor of Laws (Hon.) from St. Francis Xavier University, and a Doctor of Philosophy (Hon.) from Tel Aviv University.

Don Tapscott has been a director of Celestica since 1998. He is Chairman of the think-tank nGenera Insight and an adjunct Professor of Management at the University of Toronto's Joseph L. Rotman School of Management. Mr. Tapscott is also an internationally respected authority, consultant and speaker on business strategy and organizational transformation and the author of thirteen widely-read books on the application of technology in business. He is also a fellow of the World Economic Forum. He holds a Bachelor of Science degree in Psychology and Statistics, and a Master of Education degree, specializing in Research Methodology, as well as Doctor of Laws (Hon.) degrees from the University of Alberta and Trent University.

Craig H. Muhlhauser is President and Chief Executive Officer, and since 2007, is also a director of Celestica. Prior to his current position, he was President and Executive Vice President of Worldwide Sales and Business Development. Before joining Celestica in May 2005, Mr. Muhlhauser was the President and Chief Executive Officer of Exide Technologies. He was serving as President of Exide Technologies when that entity filed for bankruptcy in 2002, was named Chief Executive Officer of Exide Technologies shortly thereafter and successfully led the company out of bankruptcy protection in 2004. Prior to that, he held the role of Vice President, Ford Motor Company and President, Visteon Automotive Systems. He was a director of Intermet Corporation, a privately held company, which filed for bankruptcy in the U.S. in August 2008 and emerged from Chapter 11 protection in September 2009. Throughout his career, he has worked in a range of industries spanning the consumer, industrial, communications, utility, automotive and aerospace and defense sectors. He holds a Master of Science degree in Mechanical Engineering and a Bachelor of Science degree in Aerospace Engineering from the University of Cincinnati.

Paul Nicoletti is Executive Vice President and Chief Financial Officer. In this role, he is responsible for overseeing Celestica's accounting, financial and investor relations functions in order to protect and enhance Celestica's shareholder value. He also leads Celestica's corporate development organization which focuses on creating value through acquisitions and partnerships. Previously, he was Senior Vice President, Finance and held the role of Corporate Treasurer, with responsibility for Celestica's global financial operations, segment financial reporting, strategic pricing, corporate tax and all corporate finance and treasury-related matters. Prior to that, Mr. Nicoletti was Vice President, Global Financial Operations, responsible for all financial aspects of Celestica's Canadian and Latin American operations. He was also previously the Controller of Celestica's Canadian EMS operations. Mr. Nicoletti joined IBM in 1989 and was part of the founding management team of Celestica. Throughout his career, he has held a number of senior financial roles in mergers and acquisitions, planning, accounting, pricing and financial strategies. Mr. Nicoletti holds a Bachelor of Arts degree from the University of Western Ontario and a Master of Business Administration degree from York University.

John Boucher is Executive Vice President, Global Sales and Supply Chain Solutions. He has led the company's Supply Chain Management Organization since November 2004. In 2008, this organization expanded into a complete Supply Chain Solutions Organization encompassing Solutions Development and integrated services offerings spanning design, fulfillment, after-market and automated manufacturing services. Previously, Mr. Boucher held the position of President, Americas, and was responsible for manufacturing operations in Canada, the U.S., Mexico and Brazil. Before joining Celestica through the company's acquisition of Manufacturers' Services Limited (MSL) in March 2004, he was MSL's Corporate Vice President of Global Supply Chain Management. Prior to joining MSL as part of the company's founding team, Mr. Boucher guided the start-up of after-market operations at Circuit Test Inc. He also spent over 17 years with Digital Equipment Corporation, where he held a number of senior roles, including managing supply chain strategies for the company's Personal Computer Division.

Elizabeth L. DelBianco is Executive Vice President, Chief Legal and Administrative Officer and Corporate Secretary. In this role she oversees human resources, global branding, legal, contracts and communications. Ms. DelBianco joined Celestica in 1998 and since that time has been responsible for managing legal, governance, and compliance matters for Celestica on a global basis. In March of 2007, Ms. DelBianco assumed the leadership of the Global Human Resources function. In this role, she oversees all human resources policies and practices and leads Celestica's efforts to attract, develop and retain key talent. In 2008, her role expanded to include responsibility for overseeing the Global Branding Organization. Ms. DelBianco came to Celestica following a 13-year career as a senior corporate legal advisor in the telecommunications industry. She 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 University of Western Ontario. She is admitted to practice in Ontario and New York.

John Peri is Executive Vice President, Global Operations. He is responsible for overseeing Celestica's manufacturing and supply chain operations in Asia, Europe and the Americas. Mr. Peri previously held the role of President, Asia Operations, with responsibility for Celestica's manufacturing footprint in China, Hong Kong, India, Japan, Malaysia, Philippines, Singapore and Thailand. Prior to that, he held senior level positions in the areas of quality, manufacturing excellence, services and regional leadership. Mr. Peri joined IBM Canada in 1984 and was part of the founding management team of Celestica. Over the course of his career, he has held a number of leadership positions in operations, engineering and account management. He holds a Bachelor of Applied Science degree in Industrial Engineering from the University of Toronto.

Mary Gendron is Senior Vice President and Chief Information Officer. She is responsible for aligning Celestica's information technology strategy with its business goals by ensuring that the company's strategic investments in IT tools and processes drive its customers' success. Ms. Gendron joined Celestica in October 2008, following a five-year career at The Nielsen Company, one of the largest global information measurement and media companies, where she was the Senior Vice President, IT Infrastructure Shared Services. Prior to that, she was the Chief Information Officer at ACNielsen U.S. Over the course of her career, Ms. Gendron has held management positions of increasing seniority in information technology and supply chain management at Motorola and Bell Canada. Ms. Gendron holds a Bachelor of Engineering degree from McGill University in Montreal, Quebec.

Peter A. Lindgren is Senior Vice President and General Manager, Growth and Emerging Markets Segment. He leads a focused business unit that drives the strategic direction and growth of Celestica's business within key customer accounts in emerging markets. Previously, Mr. Lindgren held the role of Senior Vice President, Industry Market Segment and prior to that, was Senior Vice President, Business Development, overseeing Celestica's regional marketing and business development teams on a global basis. Prior to that, Mr. Lindgren was Vice President and General Manager, Cisco Global Customer Business Unit. He joined Celestica in February 1998 as Director of Operations in Corporate Development. Mr. Lindgren has worked in the electronics manufacturing services industry since 1985, and held a number of management positions in international operations, sales and marketing, program management and materials with SCI Systems and MTI International. He holds a Bachelor of Arts degree in Business Economics from Colorado College.

Michael P. McCaughey is Senior Vice President and General Manager, Communications Market Segment. He is responsible for the strategic direction of the company's communications business and all key activities associated with Celestica's customer accounts in this sector. Prior to joining Celestica in June 2005, Mr. McCaughey held the role of Senior Vice President, Wireline Network Systems, at Sanmina-SCI. Before joining Sanmina-SCI, Mr. McCaughey held senior roles at Hyperchip Inc. and SCI Systems (prior to that company's merger with Sanmina). He holds a DEC in Electrotechnology from Vanier College, Quebec and studied Electrical Engineering at McGill University in Montreal, Quebec.

Darren Myers is Senior Vice President and Corporate Controller. He is responsible for Celestica's corporate external reporting, financial planning and budgeting related matters. Mr. Myers rejoined Celestica in 2008 following two years as the Vice President, Finance, Small Medium Business for Bell Canada. Prior to that, Mr. Myers was the Vice President, Finance, Global Services at Celestica. He originally joined Celestica in 2000 where he was a key member of the Corporate Development team. Over the course of his career, Mr. Myers has held a number of leadership positions in the areas of operational finance, mergers and acquisitions, and controls compliance and disclosure. He holds an Honours Bachelor of Commerce degree from McMaster University in Ontario. He is also a Chartered Accountant.

Robert J. Sellers is Senior Vice President and General Manager, Enterprise and Consumer Market Segments. In this role, he is responsible for the strategic direction and growth of Celestica's customers in the global enterprise and consumer markets. Previously, Mr. Sellers was Senior Vice President, Global Sales, and prior to that, led the sales organization for Celestica's Americas and Asia regions. He joined Celestica in 2003 in the role of Vice President, Market Development in the area of Consumer Electronics. Mr. Sellers has had a 14-year career in the EMS industry with various leadership positions at Sanmina-SCI, SCI, Solectron and Avex. Prior to entering the EMS industry, Mr. Sellers was a highly decorated United States Army officer. He holds a Bachelor of Science degree in Industrial and Operations Engineering from the University of Michigan.

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 executive officers were selected.

B. Compensation

Compensation of Directors

Director compensation is set by the Board of Directors on the recommendation of the Compensation Committee and in accordance with director compensation guidelines established by the Nominating and Corporate Governance Committee (the Governance Committee). Under these guidelines, the Board of Directors seeks to maintain director compensation at a level that is competitive with director compensation at comparable companies. The Compensation Committee engaged Towers Watson Inc. (Towers Watson) to provide benchmarking information in this regard. See "— Compensation Process" and "— Comparator Companies" for a discussion regarding the role of Towers Watson. The guidelines also contemplate that at least half of each director's annual retainer and meeting fees be paid in deferred share units (DSUs). Each DSU represents the right to receive one subordinate voting share of the Company or an equivalent value in cash when the director ceases to be a director.

2009 Fees

Table 1 sets out the annual retainers and meeting fees paid in 2009 to the Company's directors (other than Messrs. Schwartz and Muhlhauser who, as officers of Onex and the Company, respectively, did not receive such compensation).

Table 1: Retainers and Meeting Fees for 2009

Annual Board Retainer	$ 65,000
Annual Retainer for Non-Executive Chairman(1)	$ 130,000
Annual Retainer for Audit Committee Chair	$ 20,000
Annual Retainer for Compensation Committee Chair	$ 10,000
Annual Retainer for Executive Committee Chair	$ 10,000
Board and Committee Per Day Meeting Fee(2)	$ 2,500
Travel Fee(3)	$ 2,500
Annual DSU Grant (for directors other than the Chairman)	$ 120,000
Annual DSU Grant — Chairman	$ 180,000

(1) The non-executive Chairman of the Board of Directors also serves as chair of the Governance Committee, for which no additional fee is paid.

(2) Attendance fees are paid per day of meetings, regardless of whether a director attends more than one meeting in a single day, except that a separate attendance fee is paid for each Executive Committee meeting, even if it occurs on the same day as other meetings.

(3) The travel fee is available only to directors who travel outside of their home state or province to attend a Board of Directors or Committee meeting.

DSUs

Directors receive half of their annual retainer and meeting fees (or all of such retainer and fees, if they so elect) in DSUs. The number of DSUs granted in lieu of cash meeting fees is calculated by dividing the cash fee that would otherwise be payable by the closing price of subordinate voting shares on the New York Stock Exchange (the NYSE) on the last business day of the quarter in which the applicable meeting occurred. In the case of annual retainer fees, the number of DSUs granted is calculated by dividing the cash amount that would otherwise be payable quarterly by the closing price of subordinate voting shares on the NYSE on the last business day of the quarter.

Directors also receive annual grants of DSUs. In 2009, each director received an annual grant of $120,000 worth of DSUs, except for the Chairman, who received an annual grant of $180,000, and Ms. Koellner, who joined the Board on April 23, 2009 and received an annual grant of $90,000. The number of DSUs granted is calculated by dividing the cash amount that would otherwise be payable quarterly by the closing price of subordinate voting shares on the NYSE on the last business day of the quarter.

Eligible directors also receive an initial grant of DSUs when they are appointed to the Board of Directors. For individuals who become eligible directors after December 31, 2008, the initial grant is equal to the amount of the annual board retainer multiplied by 150% and divided by the closing price of subordinate voting shares on the NYSE on the last business day of the fiscal quarter immediately preceding the date when the individual becomes an eligible director. The DSUs comprising the initial grant vest upon the retirement of the eligible director. However, if an eligible director retires within a year of becoming an eligible director, all of the DSUs comprising the initial grant are forfeited and cancelled. If an eligible director retires less than two years but more than one year after becoming an eligible director, then two-thirds of the DSUs comprising the initial grant are forfeited and cancelled. If an eligible director retires within three years but more than two years after becoming an eligible director, then one-third of the DSUs comprising the initial grant are forfeited and cancelled. Forfeiture does not apply if a director ceases to be a director due to a change of control.

The compensation paid in 2009 by the Company to its directors is set out in Table 2. None of the directors received any fee or payment from the Company except as set out below. Mr. Schwartz is an officer of Onex and did not receive any compensation in his capacity as a director of the Company in 2009; however, Onex did receive compensation for providing the services of Mr. Schwartz as a director, see Item 7(B), "Related Party Transactions." Mr. Muhlhauser, as President and Chief Executive Officer of the Company, also did not receive any director's fees from the Company in 2009.

Table 2: Director Fees Earned in 2009

Name	Board Annual Retainer (a)	Chairman Annual Retainer (b)	Committee Chair Annual Retainer (c)	Total Meeting Attendance Fees (d)	Total Annual Retainer and Meeting Fees Payable ((a)+(b)+(c)+(d)) (e)	Portion of Fees Taken in Cash or Applied to DSUs and Value of DSUs[1] (f)	Annual DSU Grant (#) and Value of DSUs[1] (g)	Initial DSU Grant (#) and Value of DSUs (h)	Total ((e)+(g)+(h))
Robert L. Crandall	—	$ 130,000	$ 30,000	$ 65,000	$ 225,000	100% DSUs/ $225,000	28,752/$180,000	—	$ 405,000
William A. Etherington	$ 65,000	—	$ 10,000	$ 45,000	$ 120,000	100% DSUs/ $120,000	19,168/$120,000	—	$ 240,000
Laurette Koellner[(2)(3)]	$ 48,750	—	—	$ 27,500	$ 76,250	100% DSUs/ $76,250	10,741/$90,000	26,393/ $ 180,000	$ 346,250
Richard S. Love[(4)]	$ 65,000	—	—	$ 37,500	$ 102,500	50% Cash & 50% DSUs/ $51,250	19,168/$120,000	—	$ 222,500
Eamon J. Ryan[(3)]	$ 65,000	—	—	$ 25,000	$ 90,000	100% DSUs/ $90,000	19,168/$120,000	—	$ 210,000
Don Tapscott	$ 65,000	—	—	$ 17,500	$ 82,500	100% DSUs/ $82,500	19,168/$120,000	—	$ 202,500

(1) The annual retainer, meeting fees and annual grant for 2009 were paid quarterly and the number of DSUs granted in respect of the amounts paid quarterly for each such item was determined using the closing prices of subordinate voting shares on the NYSE on the last business day of each quarter, which were $3.56 on March 31, 2009, $6.82 on June 30, 2009, $9.48 on September 30, 2009 and $9.44 on December 31, 2009.

(2) Ms. Koellner became a director on April 23, 2009.

(3) Ms. Koellner and Mr. Ryan were appointed to the Audit, Compensation and Governance Committees as of March 9, 2010.

(4) Mr. Love is not standing for re-election and will retire from the Board of Directors on April 21, 2010.

The total fees earned by the Board of Directors in 2009 were $696,250. In addition, a total annual grant of DSUs worth $750,000 and an initial grant of DSUs worth $180,000 were issued.

Outstanding Option-Based and Share-Based Awards

In 2005, the Company amended its Long Term Incentive Plan (LTIP) to prohibit the granting of options to acquire subordinate voting shares to directors. Table 3 sets out information relating to option grants to directors which were made between 1998 and 2004 and which remain outstanding. All option grants were made with exercise prices set at the closing market price on the business day prior to the date of grant. Exercise prices range from $10.62 to C$72.60. Options vest over three or four years and expire after ten years. The final grant of options occurred on May 10, 2004; those options will expire on May 10, 2014. Mr. Schwartz, as an employee of Onex during that period, was not granted options. Mr. Ryan and Ms. Koellner, both of whom became directors after May 2004, have not been granted any options under the LTIP.

DSUs that were granted prior to January 1, 2007 will be paid out in the form of subordinate voting shares issued from treasury. DSUs granted after January 1, 2007 will be paid out in the form of subordinate voting shares purchased in the open market or an equivalent value in cash. The date used in valuing the DSUs shall be a date within 90 days of the date on which the individual in question ceases to be a director. The DSUs shall be redeemed and payable on or prior to the 90th day following the date on which the individual ceases to be a director. The total number of DSUs outstanding for each director is included in Table 3 under the column "Share-Based Awards."

The following table sets out, for each director, information concerning all option-based and share-based awards outstanding as of December 31, 2009 (this includes awards granted before the most recently completed financial year).

Table 3: Outstanding Option-Based and Share-Based Awards

Name	Option-Based Awards[1] Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-the-Money Options ($)	Share-Based Awards[2] Number of Outstanding Units (#)	Market Payout Value of Outstanding Units ($)
Robert L. Crandall						
Jul. 7, 2000	20,000	$ 48.69	Jul. 7, 2010	—	—	—
Jul. 7, 2001	20,000	$ 44.23	Jul. 7, 2011	—	—	—
Apr. 18, 2003	10,000	$ 10.62	Apr. 18, 2013	—	—	—
May 10, 2004	10,000	$ 18.25	May 10, 2014	—	—	—
—	—	—	—	—	312,807	$ 2,952,898
William A. Etherington						
Oct. 22, 2001	20,000	$ 35.95	Oct. 22, 2011	—	—	—
Apr. 21, 2002	5,000	$ 32.40	Apr. 21, 2012	—	—	—
Apr. 18, 2003	5,000	$ 10.62	Apr. 18, 2013	—	—	—
May 10, 2004	5,000	$ 18.25	May 10, 2014	—	—	—
—	—	—	—	—	135,279	$ 1,277,034
Laurette Koellner	—	—	—	—	46,166	$ 435,807
Richard S. Love						
Jul. 7, 2000	10,000	$ 48.69	Jul. 7, 2010	—	—	—
Jul. 7, 2001	10,000	$ 44.23	Jul. 7, 2011	—	—	—
Apr. 18, 2003	2,500	$ 10.62	Apr. 18, 2013	—	—	—
May 10, 2004	2,500	$ 18.25	May 10, 2014	—	—	—
—	—	—	—	—	79,485	$ 750,338
Eamon J. Ryan	—	—	—	—	70,340	$ 664,010
Don Tapscott						
Jul. 7, 2000	20,000	C$ 72.60	Jul. 7, 2010	—	—	—
Jul. 7, 2001	20,000	C$ 66.78	Jul. 7, 2011	—	—	—
Apr. 18, 2003	5,000	$ 10.62	Apr. 18, 2013	—	—	—
May 10, 2004	5,000	$ 18.25	May 10, 2014	—	—	
—	—	—	—	—	130,471	$ 1,231,646

(1) All options granted under the option-based awards have vested.

(2) Represents all outstanding share units. The market payout value was determined using a share price of $9.44, which was the closing price of subordinate voting shares on the NYSE on December 31, 2009.

Directors' Equity Interest

The following table sets out each director's direct or indirect beneficial ownership of, or control or direction over, equity in the Company, and any changes therein since February 23, 2009.

Table 4: Equity Interest Other than Options and Outstanding Share-Based Awards(1)

Name	Date	Subordinate Voting Shares(2) #	Market Value*
Robert L. Crandall	Feb. 23, 2009	70,000	$ 745,500
	Feb. 22, 2010	70,000	
	Change	—	
William A. Etherington	Feb. 23, 2009	10,000	$ 106,500
	Feb. 22, 2010	10,000	
	Change	—	
Laurette Koellner	Feb. 23, 2009	—	$ —
	Feb. 22, 2010	—	
	Change	—	
Richard S. Love	Feb. 23, 2009	5,000	$ 53,250
	Feb. 22, 2010	5,000	
	Change	—	
Eamon J. Ryan	Feb. 23, 2009	—	$ —
	Feb. 22, 2010	—	
	Change	—	
Gerald W. Schwartz(3)	Feb. 23, 2009	2,184,975	$ 16,741,555
	Feb. 22, 2010	1,571,977	
	Change	(612,998)	
Don Tapscott	Feb. 23, 2009	5,700	$ 60,705
	Feb. 22, 2010	5,700	
	Change	—	

* *Based on the NYSE closing share price of $10.65 on February 22, 2010.*

(1) Information as to securities beneficially owned, or controlled or directed, directly or indirectly, is not within the Company's knowledge and therefore has been provided by each nominee.

(2) Certain subordinate voting 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.

(3) Mr. Schwartz is deemed to be the beneficial owner of the 18,946,368 multiple voting shares owned by Onex, which have a market value of $201,778,819 as of February 22, 2010.

Shareholding Requirements

The Company has minimum shareholding requirements for independent directors (the "Guideline"). The Guideline provides that an independent director who has been on the Board of Directors:

- for five years or more must hold securities of the Company having a market value of at least five times that director's then applicable annual retainer, and after such level of ownership has been obtained, shall continue to invest a significant portion of the annual retainer in securities of the Company;

- for two years or more (but less than five years) must hold securities of the Company having a market value of at least three times that director's then applicable annual retainer;

- for one year or more (but less than two years) must hold securities of the Company having a market value of at least one time that director's then applicable annual retainer; and

- for less than a year are encouraged, but not required, to hold securities of the Company.

Although directors will not be deemed to have breached the Guideline by reason of a decrease in the market value of the Company's securities, the directors may be required to purchase further securities within a reasonable period of time to comply with the Guideline. The Guideline came into effect on April 22, 2004 and each director's holdings of securities, which for the purposes of the Guideline include all subordinate voting shares, DSUs and RSUs, are reviewed annually each year on December 31. As of December 31, 2009, all of the directors of the Company were, or were on track to be, in compliance with the Guideline as set out in the following table.

Table 5: Shareholding Requirements

Director	Shareholding Requirements: Target Value (5x annual retainer)	Date by which Target to be Met	Value as of December 31, 2009(3)	On Track as of December 31, 2009
Robert L. Crandall	$ 800,000	Apr. 22, 2010	$ 3,613,698	Yes
William A. Etherington	$ 375,000	Apr. 22, 2010	$ 1,371,433	Yes
Laurette Koellner	$ 325,000	Apr. 23, 2014	$ 435,807	Yes
Richard S. Love(1)	$ 325,000	N/A	$ 797,538	N/A
Craig H. Muhlhauser(2)	—	—	—	—
Eamon J. Ryan	$ 325,000	Oct. 24, 2013	$ 664,010	Yes
Gerald W. Schwartz(2)	—	—	—	—
Don Tapscott	$ 325,000	Apr. 22, 2010	$ 1,285,454	Yes

(1) Mr. Love is not standing for re-election and will retire from the Board of Directors on April 21, 2010.

(2) As Messrs. Muhlhauser and Schwartz are not independent directors, neither of them receives a retainer or other fee for their services as a director (however, Onex did receive compensation for providing the services of Mr. Schwartz as a director, see item 7(B), "Related Party Transactions,") and neither is subject to the minimum shareholding requirements of the Guideline.

(3) The value of the aggregate number of subordinate voting shares, DSUs and RSUs held by each director is determined using a share price of $9.44, which was the closing price of subordinate voting shares on the NYSE on December 31, 2009.

Attendance of Directors at Board of Directors and Committee Meetings

The following table sets forth the attendance of directors at Board of Directors and Committee meetings from the beginning of 2009 to February 22, 2010.

Table 6: Directors' Attendance at Board of Directors and Committee Meetings

Director	Board	Audit	Compensation	Governance	Executive	Meetings Attended %: Board	Meetings Attended %: Committee
Robert L. Crandall(1)	8 of 8	7 of 7	6 of 6	5 of 5	7 of 7	100%	100%
William A. Etherington(2)	8 of 8	7 of 7	6 of 6	5 of 5	7 of 7	100%	100%
Laurette Koellner(3)(4)	5 of 5	—	—	—	—	100%	—
Richard S. Love	8 of 8	—	—	5 of 5	—	100%	100%
Craig H. Muhlhauser	8 of 8	—	—	—	—	100%	—
Eamon J. Ryan(4)	8 of 8	—	—	—	—	100%	—
Gerald W. Schwartz	8 of 8	—	—	—	—	100%	—
Don Tapscott	4 of 8	4 of 7	3 of 6	2 of 5	—	50%	50%

(1) Mr. Crandall is chair of each of the Audit, Governance and Executive Committees.

(2) Mr. Etherington is chair of the Compensation Committee.

(3) Ms. Koellner became a director on April 23, 2009.

(4) Ms. Koellner and Mr. Ryan were appointed to the Audit, Compensation and Governance Committees as of March 9, 2010.

As of December 31, 2009, no amounts have been set aside or accrued by the Company, except as described herein, to provide pension, retirement and similar benefits to the directors.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis sets out the policies of the Company for determining compensation paid to the Company's Chief Executive Officer (the "CEO"), its Chief Financial Officer (the "CFO") and the three other most highly compensated executive officers (collectively, the "Named Executive Officers" or "NEOs"). A description and explanation of the significant elements of compensation awarded to the NEOs during 2009 is set out in the section entitled "— 2009 Compensation Decisions."

Compensation Objectives

The Company's executive compensation philosophies and practices are designed to attract, motivate and retain the leaders who will drive the success of the Company. The Company benchmarks itself against a comparator group of similarly sized technology companies as set out in Table 7 (the "Comparator Group"), including six direct competitors of the Company in the electronics manufacturing services industry: Benchmark Electronics, Inc., Flextronics International Ltd., Jabil Circuit, Inc., Plexus Corp., Sanmina-SCI Corp. and Tyco Electronics Ltd.

Compensation for executives is linked to the Company's performance. Target compensation is positioned at the median of the comparator group for median level performance, with the opportunity for above median compensation for performance that exceeds the median of the Comparator Group and less than median compensation for performance that is below the median of the Comparator Group.

The compensation package is designed to:

- provide competitive fixed compensation (i.e., base salary and benefits) and a substantial amount of at-risk pay, which will be realized through the annual and equity-based incentive plans;
- reward executives for achieving operational and financial results that meet or exceed the Company's business plan and that are superior to those of Benchmark Electronics, Inc., Flextronics International Ltd., Jabil Circuit, Inc. and Sanmina-SCI Corp. (collectively, the "EMS Competitors") through both annual incentives and equity-based incentives;
- align the interests of executives and shareholders through equity-based compensation;
- recognize that the executives work as a team to achieve corporate results; and
- ensure direct accountability for the annual operating results and the long-term financial performance of the Company.

Independent Advice

The Compensation Committee has engaged Towers Watson as its independent compensation consultant to assist in identifying appropriate comparator companies against which to evaluate the Company's compensation levels, to provide data about those companies, and to provide observations and recommendations with respect to the Company's compensation practices versus both the comparator group and the market in general.

Management works with Towers Watson to review and, where appropriate, develop and recommend compensation programs that will ensure the Company's practices are competitive with market practices. Towers Watson also provides advice to the Compensation Committee on the policy recommendations prepared by management and keeps the Compensation Committee apprised of market trends in executive compensation. Towers Watson attended portions of all Compensation Committee meetings held in 2009, in person or by telephone, as requested by the Chairman of the Compensation Committee. The Compensation Committee holds *in camera* sessions with Towers Watson at each of its meetings.

Decisions made by the Compensation Committee, however, are the responsibility of the Compensation Committee and may reflect factors and considerations other than the information and recommendations provided by Towers Watson.

Each year, the Chairman of the Compensation Committee reviews the scope of activities of Towers Watson and, if he deems appropriate, approves the corresponding budget. Any services and fees not related to executive compensation must be approved by the Chairman. In 2009, the executive compensation advisor retainer fees paid to Towers Watson totalled C$199,142. Additional consulting services fees paid to Towers Watson regarding international executive benefits totalled C$57,072 for 2009 and fees paid for data services (both executive and non-executive) totalled C$22,631. Towers Watson did not provide any non-executive compensation consulting services in 2009.

Compensation Process

The Compensation Committee reviews and approves compensation for the CEO and the other NEOs, including base salaries, annual incentive awards and equity-based incentive grants. Compensation for the other NEOs is reviewed in consultation with the CEO. The Compensation Committee works with Towers Watson when determining the compensation of the NEOs, including the CEO. The Compensation Committee's decisions are then reviewed with the Board.

The Compensation Committee generally meets five times a year. At the July meeting, the Compensation Committee, based on recommendations from Towers Watson, selects the comparator group that will be used for the compensation review. At the October meeting, Towers Watson presents a competitive analysis of the total compensation for each of the NEOs, including the CEO, based on the established comparator group. Using this analysis, the Chief Legal and Administrative Officer (the "CLO"), who has responsibility for Human Resources, together with Towers Watson and the CEO develop base salary and equity-based incentive recommendations for the NEOs, except that the CEO and CLO do not participate in the preparation of their own compensation recommendations. At the December meeting, base salary recommendations for the NEOs for the following year and the value of their equity-based incentives are approved. Previous grants of equity-based awards and the current retention value of same are reviewed and may be taken into consideration when making this decision. At the January meeting, the Compensation Committee approves the final mix of the equity-based incentives. The CLO is not present at the Compensation Committee meetings when her compensation is discussed.

The foregoing process is also followed for determining the CEO's compensation except that the CLO works with Towers Watson to develop a proposal for base salary and equity-based incentive grants. The Compensation Committee then reviews the proposal with Towers Watson in the absence of the CEO. At that time, the Compensation Committee also considers the potential value of the total compensation package for the CEO at different levels of performance and different stock prices to ensure that there is an appropriate link between pay and performance taking into consideration the range of potential total compensation.

In terms of the Company's annual incentive plan, targets based on a management plan approved by the Board are approved by the Compensation Committee at the beginning of the year. The Compensation Committee reviews the Company's performance relative to these targets and the projected payment at the October and December Compensation Committee meetings. At the January meeting of the following year, final payments under the plan, as well as the vesting percentages for any previously granted equity-based incentives that have performance vesting criteria, are calculated and approved by the Compensation Committee based on the Company's year-end results as approved by the Audit Committee. These amounts are then paid in February.

Comparator Companies

The Compensation Committee benchmarks salary, annual incentive and equity-based incentive awards to the Comparator Group. The revenues of the Comparator Group companies are generally in the range of half to twice the Company's revenues. In addition, for 2009 the Committee included in the Comparator Group three electronics manufacturing services competitors whose revenues were outside this range: Benchmark Electronics, Inc., Plexus Corp. and Flextronics International Ltd.

The Company's 2009 Comparator Group consisted of the following companies.

Table 7: Comparator Group

Company Name	2008 Annual Revenue (millions)	Company Name	2008 Annual Revenue (millions)
Advanced Micro Devices	$ 5,808	Sanmina-SCI Corp.	$ 7,202
Agilent Technologies Inc.	$ 5,774	Seagate Technology	$12,708
Applied Materials Inc.	$ 8,129	Sun Microsystems Inc.	$13,880
Benchmark Electronics, Inc.	$ 2,590	Texas Instruments Inc.	$12,501
Corning Inc.	$ 5,948	Tyco Electronics Ltd.	$14,834
EMC Corp (Mass)	$14,876	Western Digital Corp.	$ 8,074
Flextronics International Ltd.	$30,949	Xerox Corp.	$17,608
Harris Corp.	$ 5,311		
Jabil Circuit, Inc.	$12,780	25th Percentile	$ 5,315
Lexmark International Inc.	$ 4,528	50th Percentile	$ 7,202
Micron Technology Inc.	$ 5,841	75th Percentile	$12,780
NCR Corp.	$ 5,315		
NVIDIA Corp.	$ 3,425	**Celestica Inc.**	**$ 7,678**
Plexus Corp.	$ 1,842	*Percentile Rank*	*53rd percentile*

Financial data as of June 30, 2009. Source: Standard & Poor's Research Insight

Additionally, broader market compensation data for other similarly sized organizations provided by Towers Watson is referenced in accordance with a process approved by the Compensation Committee.

Compensation Elements for the Named Executive Officers

The compensation of the NEOs is comprised of the following elements:

- base salary;
- annual incentives (annual variable cash payments);
- equity-based incentives (restricted and performance share units and stock options);
- benefits; and
- perquisites.

Weighting of Compensation Elements

The variable portion of total compensation has the highest weighting at the most senior levels. Annual and equity-based incentive plan rewards are contingent upon organizational performance and ensure a strong alignment with shareholder interests. The weighting of compensation elements for 2009 is set out in the following table.

Table 8: Weighting of Compensation Elements

	Base Salary	Annual Incentive	Equity-based Incentives
CEO	16.7%	16.7%	66.6%
EVPs	22.8%	18.2%	59.0%

Base Salary

The objective of base salary is to attract, reward and retain top talent. Executive positions are benchmarked against the Comparator Group, with base pay targeted at the market median of this group. Base salaries are reviewed annually and adjusted as appropriate, with consideration given to individual performance, relevant knowledge, experience and an executive's level of responsibility within the organization.

Celestica Team Incentive Plan (CTI)

The objective of the CTI is to reward all eligible employees, including the NEOs, for the achievement of annual corporate, business unit, and individual goals and objectives. Target awards for each of the NEOs are expressed as a percentage of salary and established based on the median of the Comparator Group. Actual awards for the NEOs are based on (i) the achievement of pre-determined corporate and individual goals and (ii) corporate performance relative to that of the EMS Competitors. Actual payouts can vary from 0% for performance below a threshold up to a maximum of 200% of the target bonus. Awards are derived according to the following formula:

$$\left(\boxed{\text{Business Performance Component (85\%)}} + \boxed{\text{Individual Component (15\%)}}\right) \text{ X } \boxed{\text{Individual Performance Factor}} \text{ X } \boxed{\text{Relative Performance Factor}} \text{ X } \boxed{\text{Target Incentive}} \text{ X } \boxed{\text{Eligible Earnings}} = \boxed{\text{CTI Payment}}$$

For 2009, the business performance goals were comprised of the following elements:

- corporate EBIAT (50%);
- corporate revenue (25%); and
- corporate ROIC (25%).

Individual contribution is recognized through the individual component and individual performance factor ("IPF"). The IPF is based on a review of each NEO's individual performance relative to business results, teamwork and the executive's key accomplishments. This factor can adjust the executive's actual award by a factor of between 0.0x and 1.5x.

The Compensation Committee also applies a relative performance factor (RPF) based on an evaluation of the Company's performance for the year relative to that of the EMS Competitors. This evaluation is based on a ROIC-based performance metric but is ultimately within the Compensation Committee's discretion. This factor can adjust the executive's actual award by a factor of between 0.5x and 1.5x.

Actual results relative to the targets, as described above, determine the amount of the annual incentive subject to the following: (i) a minimum corporate profitability threshold must be achieved to pay the business performance component and (ii) the maximum award is two times the target.

Equity-Based Incentives

The Company's equity-based incentives for the NEOs consist of RSUs, performance share units (PSUs) and stock options. The objectives of the equity-based incentive plans are to:

- align the NEO's interests with those of shareholders and incent appropriate behaviour for long-term performance;
- reward contribution to the Company's long-term success; and
- enable the Company to attract, motivate and retain the qualified and experienced employees who are critical to the Company's success.

At the December meeting, the Compensation Committee determines the dollar value of the equity-based grants to be awarded to the NEOs based on the comparator data analysis. The actual equity mix to be awarded is approved at the January meeting of the Compensation Committee. On the grant date, the dollar value is converted into the number of units that will be granted using the market price of the Company's subordinate voting shares as defined by the applicable plan. RSUs and PSUs can be issued under the LTIP or the Celestica

Share Unit Plan (CSUP). The annual grants are generally made immediately following the blackout period that ends 48 hours after the Company's year-end results have been released.

Target equity-based incentives are determined based on the median awards of the Comparator Group; however, consideration is given to individual performance when determining actual awards. The equity mix varies by employee level and targets a higher percentage of performance elements at the NEO levels where there is a stronger influence on results. The target mix of equity-based incentives is reviewed by the Compensation Committee each year and for 2009 the targets for the NEOs were as follows:

- 40% RSUs;
- 35% PSUs; and
- 25% stock options.

The CEO has the discretion to issue equity-based awards throughout the year to attract new hires and to retain current employees within limits set by the Compensation Committee. The number of units available throughout the year for these grants is pre-approved by the Compensation Committee at the January meeting. Subject to the Company's blackout periods, these grants typically take place at the beginning of each month. Any grants to NEOs must be reviewed with the Compensation Committee at the next meeting and in practice are reviewed in advance with the Chairman of the Compensation Committee.

RSUs

NEOs are granted RSUs under either the LTIP or the CSUP as part of the Company's annual grant. RSUs granted prior to February 2008 are released on the first day of December two years following the grant (i.e., RSUs granted in February 2007 were released on December 1, 2009). Generally, RSUs granted in February 2008 or later are released one-third on each of the first two anniversaries of the grant date and the final third is released on the first day of December two years following the grant. Grants made throughout the year for new hires or retention purposes will be released at a rate of one-third per year. Each RSU entitles the holder to one subordinate voting share of the Company on the release date. The payout value of the award is based on the number of RSUs being released and the share price at the time of release. The Company has the right to settle proceeds of release in either cash or shares.

PSUs

NEOs are granted PSUs under the CSUP. PSUs vest at the end of a three-year performance period subject to pre-determined performance criteria. The number of PSUs that actually vests will range from 0% to 200% of target depending on the Company's ranking in the third year of the performance period relative to that of the EMS Competitors based on an ROIC metric approved by the Compensation Committee. The vesting schedule is outlined in the following table.

Table 9: PSU Vesting Schedule

Celestica's ROIC Metric	Performance Multiplier
Equal to/greater than highest performance of the EMS Competitors	200% of target
Between the median and highest performance	Prorated between 100%-200%
Equal to median performance of the EMS Competitors	100% of target
Between the median and lowest performance	Prorated between 0%-100%
Equal to/lower than lowest performance of the EMS Competitors	0% of target

The payout value of the award is based on the number of PSUs that vests and the share price at the time of release. Each PSU entitles the holder to receive one subordinate voting share of the Company on the release date. The Company has the right to settle the proceeds in either cash or shares.

Stock Options

Stock options are awarded under the LTIP. Stock options vest at a rate of 25% annually on each of the first four anniversaries of the date of grant and expire after a 10-year term. The payout value of the award is equal to the increase, if any, in share price at the time of exercise over the exercise price, which is the closing market price on the business day prior to the date of the grant.

The value of the stock options granted in respect of 2009 was determined at the December meeting of the Compensation Committee. The number of stock options granted was determined using (i) the closing price on February 1, 2010 on the NYSE of $10.20, and (ii) a Black-Scholes factor of 0.45 determined using the same methodology as is used to determine Black-Scholes for stock option expensing purposes. The Black-Scholes factor was determined using the following variables: (i) volatility of the price of subordinate voting shares, and (ii) the risk-free rate over the expected life of the options. The exercise price for the stock options is the closing price on February 1, 2010, being C$10.77 on the TSX for Messrs. Nicoletti and Peri and Ms. DelBianco, and $10.20 on the NYSE for Messrs. Muhlhauser and Boucher.

In determining the number of options to be granted, the Company keeps within a maximum level for both option "burn rate" and "overhang." "Burn rate" refers to the number of shares issued under equity plans in a given year relative to the total number of shares outstanding. In 2005, the Company amended the LTIP to provide that the number of options and share units awarded under the plan in any given year cannot exceed 1.2% of the total number of shares outstanding. "Overhang" refers to the total number of shares reserved for issuance under equity plans at any given time relative to the total number of shares outstanding. The Company has significantly reduced the number of stock option grants awarded and currently has an "overhang" of 11.3%.

Other Compensation

Benefits

NEOs participate in the Company's health, dental, pension, life insurance and long-term disability programs. Benefit programs are based on market median levels in the local geography.

Perquisites

NEOs are entitled to a bi-annual comprehensive medical at a private health clinic. The Company also pays housing expenses for Mr. Muhlhauser in Toronto, travel costs between his home in New Jersey and Toronto, the services of a tax advisor and the associated tax gross-up(s). The Company does not provide any other perquisites.

Celestica Employee Share Ownership Plan (the CESOP)

The CESOP enables eligible employees, including NEOs, to acquire subordinate voting shares, so as to encourage continued employee interest in the Company's operation, growth and development. Under the CESOP, an eligible participant may elect to contribute an amount representing no more than 10% of his or her salary. The Company will contribute 25% of the amount that the employee contributes, up to a maximum of 1% of the employee's salary for the relevant payroll period. Contributions are used to purchase subordinate voting shares of the Company on the open market. The CESOP was suspended on June 1, 2009.

Executive Share Ownership

The Company has share ownership guidelines for the CEO and the other NEOs. The guidelines provide that these individuals are to hold a multiple of their salary in Celestica subordinate voting shares as shown in Table 10 below. Executives subject to ownership guidelines are expected to achieve the specified ownership within a period of five years following the later of: (i) the date of hire, or (ii) the date of promotion to a level subject to ownership guidelines. Compliance is reviewed annually as of December 31 of each year.

Table 10: Share Ownership Guidelines

Name	Ownership Guidelines	Share Ownership (Value)[1]	Share Ownership (Multiple of Salary)
Craig H. Muhlhauser	$3,000,000 (3 × salary)	$ 16,858,905	16.9x
Paul Nicoletti	$1,024,000 (2 × salary)	$ 5,437,827	10.6x
John Peri	$1,008,000 (2 × salary)	$ 4,919,401	9.8x
Elizabeth L. DelBianco	$888,000 (2 × salary)	$ 4,052,054	9.1x
John Boucher	$1,000,000 (2 × salary)	$ 4,419,959	8.8x

(1) Includes the following, as of December 31, 2009: (i) subordinate voting shares beneficially owned, (ii) all unvested RSUs, (iii) PSUs that vested on February 1, 2010 at 200% of target, which, on December 31, 2009, was the Company's anticipated payout and was in fact the resulting payout, and (iv) all other PSUs at 100% of the target level of performance; in each case, the value of which was determined using a share price of $9.44 being the closing price of subordinate voting shares on the NYSE on December 31, 2009.

Recoupment Provisions

The Company is subject to the Sarbanes-Oxley Act of 2002. Accordingly, if the Company is required to restate financial results due to misconduct or material non-compliance with financial reporting requirements, the CEO and CFO would be required to reimburse the Company for any bonuses or incentive-based compensation they had received during the 12-month period following the restatement, as well as any profits they had realized from the sale of corporate securities during that period.

Under the terms of the stock option grants and the grants made under the LTIP and the CSUP, a NEO may be required by the Company to repay an amount equal to the market value of the shares at the time of release, net of taxes, if, within 12 months of the release date, the executive:

- accepts employment or accepts an engagement to supply services, directly or indirectly, to a third party, that is in competition with the Company or any of its subsidiaries; or
- fails to comply with, or otherwise breaches, the terms and conditions of a confidentiality agreement or non-disclosure agreement with, or confidentiality obligations to, the Company or any of its subsidiaries; or
- on his or her behalf or on another's behalf, directly or indirectly recruits, induces or solicits, or attempts to recruit, induce or solicit any current employee or other individual who is/was supplying services to the Company or any of its subsidiaries.

Executives who resign or are terminated for cause also forfeit all unvested RSUs, PSUs and stock options.

2009 Compensation Decisions

Each element of compensation is considered independently of the other elements. However, the total package is reviewed to ensure that the median total compensation objective for median levels of corporate and individual performance is achieved.

Comparator Companies and Market Positioning

Benchmarking for all elements of NEO compensation was based on the Comparator Group. Salary, target annual incentive and equity-based incentive grants for the NEOs were benchmarked at the market median of the Comparator Group.

Base Salary

The base salaries for the NEOs were reviewed taking into account individual performance and experience, level of responsibility and median competitive data.

In 2009, Mr. Boucher received a 16% increase in base salary to ensure competitiveness within the market. Messrs. Muhlhauser, Nicoletti and Peri and Ms. DelBianco did not receive increases in 2009 as their existing salaries were competitive with the market.

Celestica Team Incentive Plan (CTI)

Target annual incentive awards for the CEO and other NEOs are 100% of salary and 80% of salary, respectively. Annual incentives take into account both individual and business performances on a variety of factors as set forth below. On average, in 2009 average payments to the NEOs were 54% lower than the previous year.

Business Performance

In 2009, the business performance component payout factor was 41.5% based on the following results:

Table 11: Business Performance

Measure	Weight	Percentage Achievement Relative to Target
Operating Margin (EBIAT)(1)	50%	57.5%
Corporate Revenue(2)	25%	0.0%
Return on Invested Capital (ROIC), excluding intangibles(3)	25%	51.1%
Payout Factor		41.5%

(1) EBIAT was calculated as earnings before interest, amortization of intangible assets (except amortization of computer software), total stock-based compensation expense and other charges (including restructuring costs, the write-down of long-lived assets and gains or losses on the repurchase of shares and debt) and the related income tax effects of these adjustments.

(2) Corporate revenue means the Company's gross revenue.

(3) ROIC, excluding intangibles, was calculated as EBIAT divided by average net invested capital where average net invested capital includes tangible assets less cash, accounts payable, accrued liabilities and income taxes payable.

In assessing operating performance and operational effectiveness, the Company uses certain non-GAAP measures such as adjusted gross margin, operating margin (EBIAT) and ROIC that do not have any standardized meaning prescribed by Canadian or U.S. GAAP and are not necessarily comparable to similar measures presented by other companies. Beginning with the fourth quarter of 2009, the Company revised the definition of its non-GAAP measures to exclude all stock-based compensation expenses (in addition to the items previously excluded) to allow for a better comparison with its major North American EMS competitors. All prior period comparables reflect the revised definition. Additional information regarding these non-GAAP measures can be found in Item 5, "— Management's Discussion and Analysis of Financial Condition and Results of Operations."

Relative Performance Factor (RPF)

The Company's 2009 performance was ranked relative to that of the EMS Competitors on a ROIC performance metric. The Company ranked first amongst such EMS Competitors which resulted in a RPF that exceeded the 1.5x cap, resulting in the maximum RPF of 1.5x. For this comparison, the Company used adjusted ROIC, which is calculated as adjusted net earnings divided by average net invested capital.

Individual Performance Factor (IPF)

Each year, the Board and the CEO agree on performance goals for the CEO. Goals for the other NEOs that will support the CEO's goals are then agreed to and established. For 2009, the CEO's goals focused on: financial performance, operational effectiveness, growing the business and leadership. Each NEO's performance is then measured on a number of factors including the formal goals established for the year. Specific measures and achievements for each NEO in 2009 were:

Chief Executive Officer

- Financial performance: ROIC grew from 14.6% in 2008 to 22.0% in 2009, but was below the target for 2009. ROIC for this measure was calculated by dividing EBIAT (as defined in footnote 1 to Table 11) by average net invested capital, including intangibles. Average net invested capital, including intangibles, included total assets less cash, accounts payable, accrued liabilities and income taxes payable.

- Operational effectiveness: The target for reduction in total spend, as a percentage of manufacturing value add, was not met.

- Growing the business: The revenue and bookings objectives were not met.

- Leadership: The target for improving the employee commitment index was exceeded.

In addition to the goals listed above, the Compensation Committee's assessment of Mr. Muhlhauser's performance in 2009 also reflected the following achievements of the Company:

- its best ever adjusted gross margin (7.4%);

- its best operating margin (3.5%) since 2001;

- its best ever ROIC, including intangibles, (22.0%) and highest among the EMS Competitors;

- the best inventory turns (8.1x) compared with the EMS Competitors;

- second highest adjusted gross margin among the EMS Competitors; and

- second highest operating margin among the EMS Competitors.

Other NEOs

Each of the other NEOs has responsibility for the achievement of the CEO's corporate goals and objectives. The CEO's assessment of each of the other NEO's contributions to the Company's results is largely subjective and based on his judgment of each of the other NEO's contributions as a part of the senior leadership team. The achievement of individual goals is not quantitatively tied to compensation; however, the CEO's overall assessment of each NEO's achievements is a factor in determining the NEO's overall compensation.

Other factors considered in the evaluation of each NEO included the following:

(i) Under the leadership of Mr. Nicoletti, the Company's share price more than doubled from December 31, 2008 to December 31, 2009, its market capitalization increased approximately 105% to $2.2 billion at December 31, 2009 and the Company led the industry on a number of financial metrics, including return on invested capital. Mr. Nicoletti also oversaw the development and implementation of a roadmap that is projected to provide a reduction in finance spend year over year. In addition, the Company repaid the principal amount of $489 million in debt, contributing to the reduction in annual interest expense for the year.

(ii) Mr. Peri's global operating organization made significant contributions to the Company in 2009. Celestica's operations organization under Mr. Peri's leadership continued to drive productivity and cost reduction while improving customer satisfaction. The organization successfully implemented restructuring programs with minimal impact to operations and customers. Despite a decline in year to year revenue, strong management of production costs delivered improvements in operating margin and return on invested capital, while maintaining the highest inventory turns of any of the EMS Competitors.

(iii) Ms. DelBianco achieved or exceeded goals with respect to operational effectiveness, employee engagement, growth and customer intimacy as well as activities affecting financial results. A number of important human resources and communications initiatives were implemented, including programs to improve employee engagement, which resulted in the Company's Employee Engagement Index exceeding the 2009 target, and the roll-out of the Company's first global recognition program. The organizations for which Ms. DelBianco was responsible successfully managed a number of contract, legal and securities matters and drove significant financial recoveries through effective litigation management.

(iv) Mr. Boucher's performance was measured on several performance metrics. Under his guidance, the Company gained additional business from existing customers as well as new account wins, although the Company did not meet overall booking targets due to continued global economic uncertainty. The Company achieved higher material value-add service targets and a new Senior Vice President, Global Sales was hired to drive strategic growth targets. In addition, the after-market services groups were aligned with Operations in their respective regions, and significant customer, process and supplier quality improvement objectives were achieved.

Equity-Based Incentives

Equity grants to NEOs in respect of 2009 performance consisted of RSUs, PSUs and stock options. The number of RSUs and options under the LTIP and PSUs under the CSUP issued to the NEOs was based on a market price as defined under the respective Plans. Please see "— Compensation Discussion and Analysis — Equity-Based Incentives" for a description of the plans. The actual mix of the grants was approved by the Compensation Committee at a meeting on January 26, 2010 and the grants were issued on February 2, 2010.

The Company provided the NEOs the following equity-based compensation on February 2, 2010 in respect of 2009 performance. On average, the value of equity granted to the NEOs was 20% lower than the previous year. The total number of options issued for 2009 to the NEOs was equal to 0.21% of outstanding shares, and the total number of options issued for 2009 to all employees receiving options was 0.33% of outstanding shares.

Table 12: NEO Equity Awards

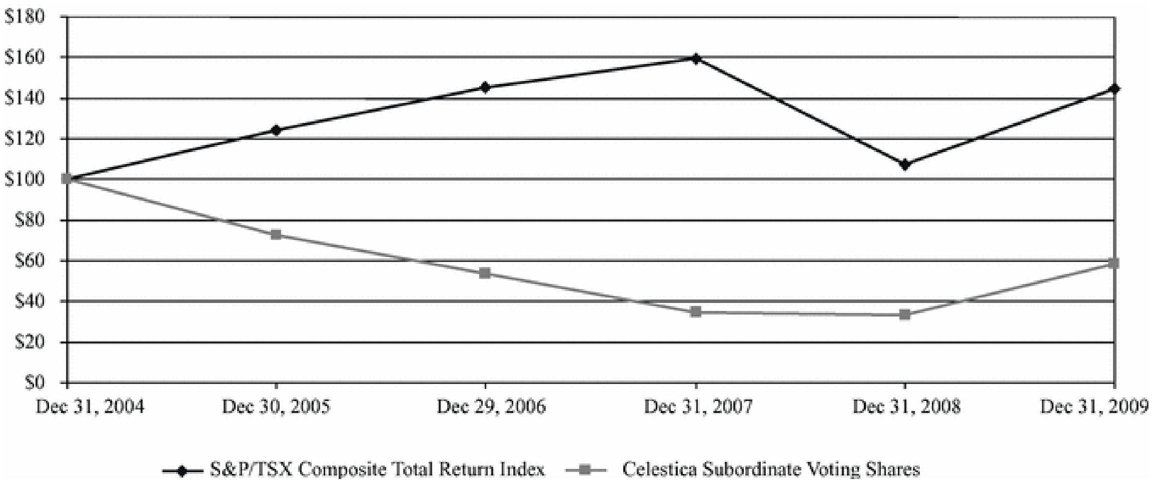
Name	RSUs (#)	PSUs (#)(1)	Stock Options (#)	Value of LTI Award (000s)(2)
Craig H. Muhlhauser	160,643	137,255	217,865	$ 4,000
Paul Nicoletti	57,831	49,412	78,431	$ 1,440
John Peri	48,193	41,176	65,359	$ 1,200
Elizabeth L. DelBianco	48,193	41,176	65,359	$ 1,200
John Boucher	48,193	41,176	65,359	$ 1,200

(1) The number of PSUs is included at 100% of target level of performance.

(2) Based on the share price of $10.20, being the closing price of subordinate voting shares on the NYSE on February 1, 2010 and, with respect to stock options, a Black-Scholes factor of 0.45.

Performance Graph

The subordinate voting shares of the Company have been listed and posted for trading under the symbol "CLS" on the NYSE and the TSX since June 30, 1998 (except for the period commencing on November 8, 2004 and ending on May 15, 2006 during which the symbol on the TSX was CLS.SV). The following chart compares the cumulative total shareholder return of C$100 invested in subordinate voting shares of the Company on December 31, 2004 (the Company did not declare or pay any dividends during this period) with the cumulative total shareholder return of the S&P/TSX Composite Total Return Index for the period December 31, 2004 to December 31, 2009.



As can be seen from the performance graph above, an investment in the Company on January 1, 2005 would have resulted in a 41% loss in value over the five-year period ended December 31, 2009 compared with a 45% increase that would have resulted from an investment in the S&P/TSX Composite Total Return Index over the same period.

The compensation of the Company's NEOs has fluctuated over the same period as the Company dealt with, amongst other things, a significant decline in demand, competitive pressures, operational issues in some regions, significant restructuring and various leadership changes. In 2006, total compensation for NEOs decreased by 57% compared to 2005, from $11.3 million in 2005 to $4.9 million (excluding severance costs). The reduction in total compensation for NEOs was largely attributable to reduced long-term incentive grants to certain NEOs.

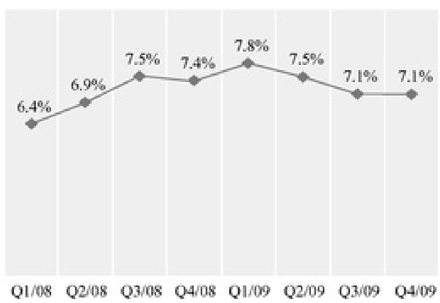
After significant operational challenges were experienced in the second half of 2006, senior management changes were made across the Company. The new management team implemented major process improvements across all areas of the Company with a specific focus on improving profitability, reducing working capital and strengthening the Company's financial position. As management implemented these changes during 2007 and 2008, the Company's operating performance and financial results showed significant improvements to the point where the Company was the strongest financial performer amongst the EMS Competitors by the end of 2008.

During this period of improved performance, total compensation for the NEOs increased to $15.2 million in 2007 and $19.8 million in 2008. These increases were a result of implementing competitive compensation packages for the Company's leadership team, as well as maximum annual incentive payouts due to strong corporate performance in 2008.

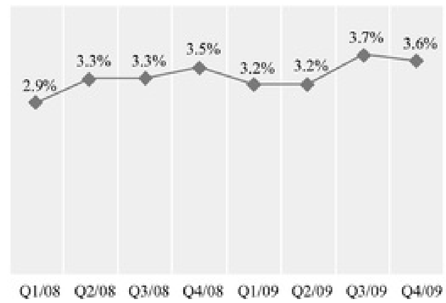
In 2009, total compensation for the NEOs declined by 26% from $19.8 million in 2008 to $14.7 million in 2009, reflecting the challenges the Company faced in a year of continued economic uncertainty. The decrease was a result of lower annual incentive payouts and lower long-term incentive grants to reflect generally lower long-term incentive grant levels in the marketplace.

Notwithstanding the foregoing, the Company continues to be amongst the best performers in the electronics manufacturing services industry on key operating performance metrics. This strong financial performance also contributed to improved outlooks from the Company's key financial debt rating agencies. The performance graphs set out below illustrate the Company's significant improvements on non-GAAP measures of adjusted gross margin, operating margin (EBIAT), asset utilization and return on invested capital. (see "— 2009 Compensation Decisions — Business Performance" for further information on non-GAAP measures).

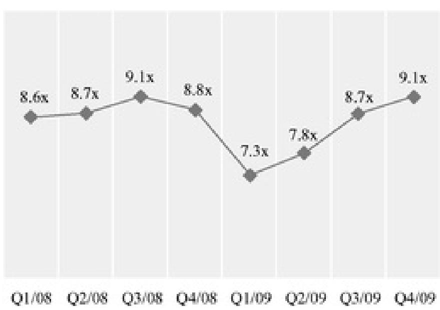
Adjusted gross margin
% of revenue



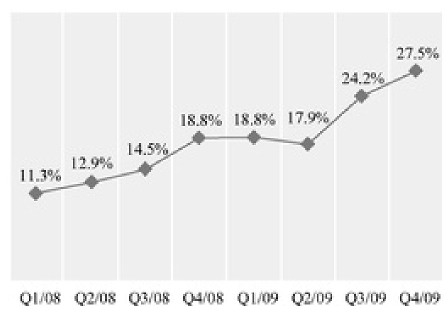
Operating margin (EBIAT)
% of revenue



Asset utilization
Inventory turns[(1)]



Return on invested capital



(1) Inventory turns is equal to 365 divided by the number of days in inventory, which is calculated as the average inventory for the quarter divided by the average daily cost of sales. The days in inventory for each quarter can be found in Item 5, "— Management's Discussion and Analysis of Financial Condition and Results of Operations."

In 2009, total compensation for NEOs was 29% higher than that paid in 2005 and was 9.3% of 2009 adjusted earnings, compared to 8.1% of adjusted earnings in 2005.

EXECUTIVE COMPENSATION

Compensation of Named Executive Officers

The following table sets forth the compensation of the NEOs for the financial year ended December 31, 2009.

In light of the significant changes to the requirements, content and format for executive compensation disclosure made by the Canadian Securities Administrators beginning with financial years ending December 31, 2008, the Company has disclosed executive compensation in the Summary Compensation table below for the financial years ended December 31, 2009 and December 31, 2008 only, in accordance with these requirements. Disclosure of executive compensation for the financial year ended December 31, 2007, in accordance with the then applicable requirements, is contained in the Company's management information circular dated March 9, 2008, which is available on www.sedar.com.

Table 13: Summary Compensation Table

Name & Principal Position	Year	Salary ($)	Share-based Awards ($)(1)(3)	Option-based Awards ($)(2)(3)	Non-equity Incentive Plan Compensation — Annual Incentive Plans ($)(4)	Pension Value ($)(5)	All Other Compensation ($)(6)	Total Compensation ($)
Craig H. Muhlhauser(7)	2009	$ 1,000,000	$ 3,000,000	$ 1,000,000	$ 904,950	$ 14,273	$ 128,203	$ 6,047,426
President and Chief Executive Officer	2008	$ 937,500	$ 3,750,000	$ 1,250,000	$ 2,000,000	$ 13,800	$ 168,278	$ 8,119,578
Paul Nicoletti(8)	2009	$ 512,000	$ 1,080,000	$ 360,000	$ 363,166	$ 79,133	$ 1,274	$ 2,395,573
EVP, Chief Financial Officer	2008	$ 507,562	$ 1,350,000	$ 450,000	$ 818,056	$ 48,180	$ 16,982	$ 3,190,780
John Peri(8)	2009	$ 504,000	$ 900,000	$ 300,000	$ 417,156	$ 79,749	$ 3,376	$ 2,204,281
EVP. Global Operations	2008	$ 503,977	$ 1,125,000	$ 375,000	$ 806,364	$ 41,959	$ 298,286	$ 3,150,586
Elizabeth L. DelBianco(8)	2009	$ 444,000	$ 900,000	$ 300,000	$ 367,395	$ 59,270	$ 1,004	$ 2,071,669
EVP, Chief Legal & Administrative Officer and Corporate Secretary	2008	$ 439,924	$ 1,125,000	$ 375,000	$ 709,042	$ 33,906	$ 17,274	$ 2,700,146
John Boucher	2009	$ 482,500	$ 900,000	$ 300,000	$ 261,983	$ 11,735	$ —	$ 1,956,218
EVP, Global Sales & Supply Chain Solutions	2008	$ 422,525	$ 1,125,000	$ 375,000	$ 673,667	$ 10,278		$ 2,607,901
							$ 1,431	

(1) Amounts in the column represent the value of RSUs and PSUs granted on February 2, 2010 under the LTIP and CSUP, respectively, in respect of 2009 performance. The actual number of RSUs and PSUs granted was based on a market price, as defined under each of the plans, on the grant date. Please see "— Compensation and Discussion Analysis — Equity-Based Incentives" for a description of the vesting terms of the awards and the process followed in determining the grant. The value included for PSUs is at 100% of target level performance. The number that will actually vest will vary from 0%-200% of the target grant depending on performance.

(2) Amounts in the column represent the value of stock options that were issued under the LTIP on February 2, 2010 in respect of 2009 performance. The actual number of options granted was based on an exercise price of $10.20. Please see "— Compensation and Discussion Analysis — Equity-Based Incentives" for a description of the vesting terms of the awards and the process followed in determining the value of the grant.

(3) The accounting fair value of the equity-based awards is calculated using the market price for subordinate voting shares as defined under each of the plans. Based on the market value of the shares on the grant date, the accounting fair value of the total of share-based and option-based awards to the NEOs during 2009 are as follows: Mr. Muhlhauser — $4,117,571; Mr. Nicoletti — $1,482,321; Messrs. Peri and Boucher and Ms. DelBianco — $1,235,265 each.

(4) Amounts in this column represent incentive payments made to the NEOs through the CTI Plan. Please see "— Compensation and Discussion Analysis — Celestica Team Incentive Plan (CTI)" for a description of the plan and the results achieved in respect of 2009.

(5) Pension values for Messrs. Nicoletti and Peri and Ms. DelBianco are reported in U.S. dollars, having been converted from Canadian dollars.

(6) Amounts in this column represent: (i) contributions to the CESOP for Messrs. Muhlhauser and Peri (see "— Celestica Employee Share Ownership Plan"), and (ii) for Mr. Muhlhauser, tax gross-up payments of $54,806, housing expenses of $33,643 while in Canada and travel expenses between Toronto and New Jersey of $34,508.

(7) Mr. Muhlhauser did not receive an increase in base salary in 2009; the difference in base salary from 2008 to 2009 reported in the Summary Compensation table reflects the increase he received on April 1, 2008 from $750,000 to $1,000,000, which is his current salary.

(8) In February, 2009, Celestica implemented a policy to pay all Executive Vice Presidents in U.S. dollars. Base salaries paid to Messrs. Nicoletti and Peri and Ms. DelBianco were converted and denominated in U.S. dollars (having been previously denominated in Canadian dollars). These individuals did not receive increases in 2009; differences in base salaries from 2008 to 2009 reflect exchange rate fluctuations prior to implementation.

The following table provides details of each option grant outstanding and the aggregate number of unvested equity-based awards for each of the NEOs as of December 31, 2009.

Table 14: Outstanding Option-Based and Share-Based Awards[1]

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-the-money Options ($)[2]	Number of Shares or Units that have not Vested (#)	Market Payout Value of Share Awards that have not Vested at Minimum ($)[3]	Market Payout Value of Share Awards that have not Vested at Target ($)[3]	Market Payout Value of Share Awards that have not Vested at Maximum ($)[3]
Craig H. Muhlhauser								
Jun. 6, 2005	50,000	$ 13.00	Jun. 6, 2015	$ —	—	$ —	$ —	$ —
Jan. 31, 2006	148,488	$ 10.00	Jan. 31, 2016	$ —	—	$ —	$ —	$ —
Feb. 2, 2007	500,000	$ 6.05	Feb. 2, 2017	$ 1,695,000	111,000	$ —	$ 1,047,840	$ 2,095,680
Feb. 2, 2007	404,000*	$ 6.05	Feb. 2, 2017	$ 1,369,560	—	$ —	$ —	$ —
Feb. 5, 2008	450,000	$ 6.51	Feb. 5, 2018	$ 1,318,500	470,000	$ 2,312,800	$ 4,436,800	$ 6,560,800
Feb. 3, 2009	694,444	$ 4.13	Feb. 3, 2019	$ 3,687,498	833,333	$ 4,195,551	$ 7,866,664	$ 11,537,776
Feb. 2, 2010	217,865	$ 10.20	Feb. 2, 2020	$ —	297,898	$ 1,638,559	$ 3,038,560	$ 4,438,561
Paul Nicoletti								
Dec. 3, 2002	15,000	C$ 29.11	Dec. 3, 2012	$ —	—	$ —	$ —	$ —
Jan. 31, 2004	13,333	C$ 22.75	Jan. 31, 2014	$ —	—	$ —	$ —	$ —
May 11, 2004	3,333	C$ 24.92	May 11, 2014	$ —	—	$ —	$ —	$ —
Dec. 9, 2004	13,600	C$ 18.00	Dec. 9, 2014	$ —	—	$ —	$ —	$ —
Jan. 31, 2006	21,591	C$ 11.43	Jan. 31, 2016	$ —	—	$ —	$ —	$ —
Feb. 2, 2007	37,880	C$ 7.10	Feb. 2, 2017	$ 94,932	13,888	$ —	$ 131,103	$ 262,205
May 7, 2007	—	—	—	$ —	10,700	$ 101,008	$ 101,008	$ 101,008
Jul. 31, 2007	91,500	C$ 6.27	Jul. 31, 2017	$ 295,860	15,000	$ 141,600	$ 141,600	$ 141,600
Feb. 5, 2008	150,000	C$ 6.51	Feb. 5, 2018	$ 453,470	156,667	$ 770,936	$ 1,478,936	$ 2,186,936
Feb. 3, 2009	250,000	C$ 5.13	Feb. 3, 2019	$ 1,058,097	300,000	$ 1,510,400	$ 2,832,000	$ 4,153,600
Feb. 2, 2010	78,431	C$ 10.77	Feb. 2, 2020	$ —	107,243	$ 589,876	$ 1,093,879	$ 1,597,881
John Peri								
Dec. 3, 2002	25,000	C$ 29.11	Dec. 3, 2012	$ —	—	$ —	$ —	$ —
Jan. 31, 2004	16,667	C$ 22.75	Jan. 31, 2014	$ —	—	$ —	$ —	$ —
Dec. 9, 2004	11,300	C$ 18.00	Dec. 9, 2014	$ —	—	$ —	$ —	$ —
Jan. 31, 2006	20,455	C$ 11.43	Jan. 31, 2016	$ —	—	$ —	$ —	$ —
Feb. 2, 2007	40,404	C$ 7.10	Feb. 2, 2017	$ 101,258	44,444	$ —	$ 419,551	$ 839,103
Feb. 2, 2007	161,616*	C$ 7.10	Feb. 2, 2017	$ 405,031	—	$ —	$ —	$ —
Feb. 5, 2008	130,000	C$ 6.51	Feb. 5, 2018	$ 393,007	135,778	$ 668,144	$ 1,281,744	$ 1,895,344
Feb. 3, 2009	208,333	C$ 5.13	Feb. 3, 2019	$ 881,746	250,000	$ 1,258,664	$ 2,360,000	$ 3,461,336
Feb. 2, 2010	65,359	C$ 10.77	Feb. 2, 2020	$ —	89,369	$ 491,569	$ 911,564	$ 1,331,559
Elizabeth L. DelBianco								
Dec. 3, 2002	12,000	C$ 29.11	Dec. 3, 2012	$ —	—	$ —	$ —	$ —
Dec. 18, 2002	3,000	C$ 23.29	Dec. 18, 2012	$ —	—	$ —	$ —	$ —
Apr. 18, 2003	8,000	C$ 15.35	Apr. 18, 2013	$ —	—	$ —	$ —	$ —
Jan. 31, 2004	16,667	C$ 22.75	Jan. 31, 2014	$ —	—	$ —	$ —	$ —
Dec. 9, 2004	11,300	C$ 18.00	Dec. 9, 2014	$ —	—	$ —	$ —	$ —
Jan. 31, 2006	21,591	C$ 11.43	Jan. 31, 2016	$ —	—	$ —	$ —	$ —
Feb. 2, 2007	18,182	C$ 7.10	Feb. 2, 2017	$ 45,567	13,333	$ —	$ 125,864	$ 251,727
Feb. 5, 2008	90,000	C$ 6.51	Feb. 5, 2018	$ 272,082	125,333	$ 616,744	$ 1,183,144	$ 1,749,544
Feb. 3, 2009	208,333	C$ 5.13	Feb. 3, 2019	$ 881,746	250,000	$ 1,258,664	$ 2,360,000	$ 3,461,336
Feb. 2, 2010	65,359	C$ 10.77	Feb. 2, 2020	$ —	89,369	$ 491,569	$ 911,564	$ 1,331,559

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-the-money Options ($)(2)	Number of Shares or Units that have not Vested (#)	Market Payout Value of Share Awards that have not Vested at Minimum ($)(3)	Market Payout Value of Share Awards that have not Vested at Target ($)(3)	Market Payout Value of Share Awards that have not Vested at Maximum ($)(3)
John Boucher								
Oct. 13, 2000	3,750	$ 21.83	Oct. 13, 2010	$ —	—	$ —	$ —	$ —
May 22, 2001	6,000	$ 19.81	May 22, 2011	$ —	—	$ —	$ —	$ —
Oct. 31, 2001	3,750	$ 10.40	Oct. 31, 2011	$ —	—	$ —	$ —	$ —
May 10, 2002	28,125	$ 13.52	May 10, 2012	$ —	—	$ —	$ —	$ —
Feb. 11, 2003	5,625	$ 12.99	Feb. 11, 2013	$ —	—	$ —	$ —	$ —
Mar. 15, 2004	20,000	$ 17.10	Mar. 15, 2014	$ —	—	$ —	$ —	$ —
Mar. 15, 2004	6,667	$ 17.10	Mar. 15, 2014	$ —	—	$ —	$ —	$ —
Dec. 9, 2004	25,000	$ 14.86	Dec. 9, 2014	$ —	—	$ —	$ —	$ —
Jan. 31, 2006	20,455	$ 10.00	Jan. 31, 2016	$ —	—	$ —	$ —	$ —
Feb. 2, 2007	30,304	$ 6.05	Feb. 2, 2017	$ 102,731	16,666	$ —	$ 157,327	$ 314,654
Feb. 5, 2008	110,000	$ 6.51	Feb. 5, 2018	$ 322,300	114,867	$ 565,144	$ 1,084,344	$ 1,603,544
Feb. 3, 2009	208,333	$ 4.13	Feb. 3, 2019	$ 1,106,248	250,000	$ 1,258,664	$ 2,360,000	$ 3,461,336
Feb. 2, 2010	65,359	$ 10.20	Feb. 2, 2020	$ —	89,369	$ 491,569	$ 911,564	$ 1,331,559

* Denotes Performance Contingent Options ("PCOs") which are not fully vested and are included at 200% of target level performance which, on December 31, 2009 was the Company's anticipated vesting percentage, and was in fact the vesting percentage. PCOs have not been issued since February 2007 and the Company does not contemplate issuing further PCOs.

(1) Includes options and share-based awards granted on February 2, 2010 in respect of 2009 performance. Please see "— Compensation Discussion and Analysis — Equity-Based Incentives" for a discussion of the equity grants.

(2) The value of unexercised in-the-money options for Messrs. Muhlhauser and Boucher was determined using a share price of $9.44, which was the closing price of subordinate voting shares on the NYSE on December 31, 2009. For Messrs. Nicoletti and Peri and Ms. DelBianco, a share price of C$9.96 was used, which was the closing price of the subordinate voting shares on the TSX on December 31, 2009, converted to U.S. dollars at the average exchange rate for 2009 of 1.1412.

(3) Market payout values at minimum vesting include the value of RSUs only as the minimum payout value of PSUs would be 0% of target. Market payout values at target vesting is determined using 100% of PSUs vesting and market payout values at maximum vesting is determined using 200% of PSUs vesting. Market payout values are determined using a share price of $9.44, which was the closing price of the subordinate voting shares on the NYSE on December 31, 2009, except for the share-based awards granted on February 2, 2010 in respect of 2009 performance for which the market payout values are determined using a share price of $10.20, which was the closing price of the subordinate voting shares on the NYSE on February 1, 2010, the day before the grants.

The following table provides details of the value of option-based and share-based awards that vested during 2009 and the value of annual incentive awards paid for 2009 performance for each NEO.

Table 15: Incentive Plan Awards — Value Vested or Earned in 2009

Name	Option-based Awards — Value Vested During the Year ($)(1)	Share-based Awards — Value Vested During the Year ($)(2)	Non-equity Incentive Plan Compensation — Value Earned During the Year ($)(3)
Craig H. Muhlhauser	$ —	$ 1,495,340	$ 904,950
Paul Nicoletti	$ 46,704	$ 616,265	$ 363,166
John Peri	$ —	$ 322,282	$ 417,156
Elizabeth L. DelBianco	$ —	$ 570,545	$ 367,395
John Boucher	$ —	$ 457,728	$ 261,983

(1) Amounts in this column reflect the value of options that were in-the-money on the vesting date. Options for Mr. Nicoletti vested on July 31, 2009 with an exercise price of C$6.27. The price for the Company's subordinate voting shares on the TSX was C$8.60 on that date. These values were converted to U.S. dollars at the average exchange rate for 2009 of 1.1412. Where no value is shown, options that vested during 2009 had an exercise price above market value on the vesting date.

(2) Share-based awards were released as follows: (i) RSUs were released to all NEOs on February 5, 2009 at a price of $4.04 on the NYSE for Messrs. Boucher and Muhlhauser and C$4.93 on the TSX for Messrs. Nicoletti and Peri and Ms. DelBianco, (ii) RSUs were

released on December 1, 2009 to all NEOs except Mr. Peri at a price of $8.19 on the NYSE for Messrs. Muhlhauser and Boucher and C$8.58 on the TSX for Mr. Nicoletti and Ms. DelBianco, and (iii) PSUs were released to all NEOs on February 2, 2009 at a price of $4.30 on the NYSE for Messrs. Boucher and Muhlhauser and C$5.37 on the TSX for Messrs. Nicoletti and Peri and Ms. DelBianco. All of the preceeding C$ values were converted to U.S. dollars at the average exchange rate for 2009 of 1.1412.

(3) Includes payments under the CTI Plan made in February 2010 in respect of 2009 performance. Please see "— Compensation Decisions — Celestica Team Incentive Plan (CTI)." These are the same amounts as disclosed in Table 13 under the column "Non-Equity Incentive Plan Compensation — Annual Incentive Plans."

Pension Plans

The following table provides details of the amount of the Celestica contributions to the pension plans and the accumulated value as of December 31, 2009 for each NEO.

Table 16: Defined Contribution Pension Plan

Name	Accumulated Value at Start of Year ($)	Compensatory ($)	Non-compensatory ($)	Accumulated Value at End of Year ($)
Craig H. Muhlhauser	$ 72,896	$ 14,273	$ 40,923	$ 128,092
Paul Nicoletti[1]	$ 170,230	$ 79,133	$ 80,224	$ 329,587
John Peri[1]	$ 361,706	$ 79,749	$ 121,794	$ 563,249
Elizabeth L. DelBianco[1]	$ 161,511	$ 59,270	$ 52,955	$ 273,736
John Boucher	$ 207,126	$ 11,735	$ 107,168	$ 326,029

(1) The difference between the Accumulated Value at Start of Year and the Accumulated Value at End of Year reported in 2008 for Messrs. Nicoletti and Peri and Ms. DelBianco is attributable to different exchange rates used in 2008 and 2009. The exchange rate used in 2008 was $1.00 = C$1.0660.

Messrs. Muhlhauser and Boucher participate in a defined contribution pension plan that qualifies as a deferred salary arrangement under section 401(k) of the Internal Revenue Code (United States) (the "U.S. Plan"). Under the U.S. Plan, participating employees may defer 100% of their pre-tax earnings subject to any statutory limitations. The Company may make contributions for the benefit of eligible employees. The U.S. Plan allows employees to choose how their account balances are invested on their behalf within a range of investment options provided by third-party fund managers. The Company contributes: (i) 3% of eligible compensation for Messrs. Muhlhauser and Boucher, and (ii) up to an additional 3% of eligible compensation by matching 50% of the first 6% contributed by each of them. The maximum contribution of the Company based on the Internal Revenue Code rules and the plan formula for 2009 is $14,700. There are no supplemental plans for U.S. employees.

Messrs. Nicoletti and Peri and Ms. DelBianco participate in the defined contribution portion of the Canadian Pension Plan. The defined contribution portion of the Canadian Pension Plan allows employees to choose how the Company's contributions are invested on their behalf within a range of investment options provided by third-party fund managers. The Company's contributions to this plan on behalf of a NEO range from 3.6% to 6.75% of salary and paid annual incentive based on the number of years of service. Retirement benefits depend upon the performance of the investment options chosen. Messrs. Nicoletti and Peri and Ms. DelBianco also participate in an unregistered supplementary pension plan (the "Supplementary Plan") that is also a defined contribution plan that is designed to provide benefits equal to the difference between the benefits determined in accordance with the formula set out in the Canadian Pension Plan and Canada Revenue Agency maximum pension benefits. Notional accounts are maintained for each participant in the Supplementary Plan. Participants are entitled to select from among the investment options available in the registered plan for the purpose of determining the return on their notional accounts.

The 2009 percentage contribution rates are outlined below in Table 17.

Table 17: Celestica Contributions to the Canadian Pension Plan

Name	Contribution %
Paul Nicoletti	6.25%
John Peri	6.39%
Elizabeth L. DelBianco	5.40%

Termination of Employment and Change in Control Arrangements with Named Executive Officers

The Company has entered into employment agreements with certain of its NEOs in order to provide certainty to the Company and such NEOs with respect to such issues as obligations of confidentiality, non-solicitation and non-competition after termination of employment, the amount of severance to be paid in the event of termination of the NEO's employment and to provide a retention incentive in the event of a change in control scenario.

Messrs. Muhlhauser and Nicoletti and Ms. DelBianco

The employment agreements of the above-noted individuals provide that each of them is entitled to certain severance benefits if, during a change in control period at the Company, they are terminated without cause or resign for good reason as defined in their agreements (which provision is commonly referred to as a "double-trigger" provision). A change in control period is defined in their agreements as the period (a) commencing on the date the Company enters into a binding agreement for a change in control, an intention is announced by the Company to effect a change in control or the board adopts a resolution that a change in control has occurred and (b) ending three years after the completion of the change in control or, if a change in control is not completed, one year following the commencement of the period. The amount of the severance payment for Mr. Muhlhauser is equal to three times his annual base salary and the simple average of his annual incentive for the three prior completed financial years of the Company, together with a portion of his expected annual incentive for the year, based on expected financial results, prorated to the date of termination. The amount of the severance payment for each of Mr. Nicoletti and Ms. DelBianco is equal to three times their annual base salary and target annual incentive, together with a portion of their target annual incentive for the year prorated to the date of termination. The agreements provide for a cash settlement to cover benefits that would otherwise be payable during the severance period, and the continuation of contributions to their pension and retirement plans until the third anniversary following their termination. In addition, in these circumstances, (a) the options granted to each of them vest immediately, (b) the unvested PCOs and PSUs granted to each of them vest immediately at target level of performance, unless the terms of a PCO or PSU grant provide otherwise, or on such other more favorable terms as the Board in its discretion may provide, and (c) the RSUs granted to each of them shall vest immediately.

Outside a change in control period, upon termination without cause or resignation for good reason as defined in their agreements, the amount of the severance payment for Mr. Muhlhauser is equal to two times his annual base salary and the simple average of his annual incentive for the two prior completed financial years of the Company, together with a portion of his expected annual incentive for the year, based on expected financial results, prorated to the date of termination. The amount of the severance payment for each of Mr. Nicoletti and Ms. DelBianco is equal to two times their annual base salary and target annual incentive, together with a portion of their target annual incentive for the year prorated to the date of termination. There is no accelerated vesting of options, PCOs or PSUs and all unvested options, PCOs and PSUs are cancelled. However, options that would have otherwise vested and become exercisable during the 12 week period following the date of termination shall vest and become exercisable in accordance with the terms of the plan. All RSUs shall vest immediately on a pro rata basis based on the number of full years of employment completed between the date of grant and the termination of employment. In addition, the Company's obligations provide for a cash settlement to cover benefits and contributions to or continuation of their pension and retirement plans for a two-year period following termination. In the event of retirement, the number of RSUs and PSUs vests on a pro rata basis based on the number of days between the date of grant and the date of retirement.

The foregoing entitlements are conferred on Messrs. Muhlhauser and Nicoletti and Ms. DelBianco in part upon their fulfillment of certain confidentiality, non-solicitation and non-competition obligations for a period of three years following termination of employment in the case of Mr. Muhlhauser and a period of two years following termination of employment in the case of Mr. Nicoletti and Ms. DelBianco. In the event of a breach of such obligations, the Company is entitled to seek appropriate legal, equitable and other remedies, including injunctive relief.

The following tables summarize the payments to which Messrs. Muhlhauser and Nicoletti and Ms. DelBianco would have been entitled upon a change in control, or if their employment had been terminated on December 31, 2009 as a result of a change in control, retirement or termination without cause.

Table 18: Mr. Muhlhauser's Benefits

	Cash Portion(1)	Value of Exercisable/ Vested LTIP	Other Benefits(2)	Total
Change in Control — No Termination	$ —	$ 19,103,435	$ —	$ 19,103,435
Change in Control — Termination	$ 5,763,950	$ 19,103,435	$ 75,613	$ 24,942,998
Retirement	$ —	$ 11,873,433	$ —	$ 11,873,433
Termination without Cause	$ 4,763,950	$ 2,131,767	$ 50,409	$ 6,946,126

(1) Cash portion includes actual CTI payment for 2009.

(2) Other benefits include group health and welfare benefits and 401(k) contribution. There are no incremental benefits resulting from resignation or termination with cause.

Table 19: Mr. Nicoletti's Benefits

	Cash Portion(1)	Value of Exercisable/ Vested LTIP	Other Benefits(2)	Total
Change in Control — No Termination	$ —	$ 5,924,738	$ —	$ 5,924,738
Change in Control — Termination	$ 3,174,400	$ 5,924,738	$ 255,927	$ 9,355,065
Retirement	$ —	$ 3,281,867	$ —	$ 3,281,867
Termination without Cause	$ 2,252,800	$ 551,156	$ 170,212	$ 2,974,168

(1) Cash portion includes actual CTI payment for 2009.

(2) Other benefits include group health benefits and pension plan contribution. There are no incremental benefits resulting from resignation or termination with cause.

Table 20: Ms. DelBianco's Benefits

	Cash Portion(1)	Value of Exercisable/ Vested LTIP	Other Benefits(2)	Total
Change in Control — No Termination	$ —	$ 4,591,536	$ —	$ 4,591,536
Change in Control — Termination	$ 2,752,800	$ 4,591,536	$ 226,514	$ 7,570,850
Retirement	$ —	$ 2,453,796	$ —	$ 2,453,796
Termination without Cause	$ 1,953,600	$ 333,914	$ 150,603	$ 2,438,117

(1) Cash portion includes actual CTI payment for 2009.

(2) Other benefits include group health benefits and pension plan contribution. There are no incremental benefits resulting from resignation or termination with cause.

Messrs. Peri and Boucher

The terms of employment with the Company for Messrs. Peri and Boucher are governed by the Company's Executive Employment Guidelines (the Executive Guidelines). Upon termination without cause within two years following a change in control of the Company (a "double-trigger" provision), Messrs. Peri and Boucher are entitled to a severance payment equal to two times annual base salary and the lower of target or actual annual incentive for the previous year, subject to adjustment for factors including length of service, together with a portion of his annual incentive for the year prorated to the date of termination. In addition, upon a change in control (a) all unvested options granted to Messrs. Peri and Boucher vest on the date of change in control, (b) all unvested RSUs granted to them vest on the date of change in control, and (c) all unvested PSUs granted to them vest on the date of change in control at target level of performance.

Under the Executive Guidelines, the pension and group benefits of Messrs. Peri and Boucher discontinue on the date of termination.

Outside of the two-year period following a change in control, upon termination without cause, Messrs. Peri and Boucher are entitled to payments and benefits that are substantially similar to those provided following a termination within two years of a change in control, except that (a) vested options may be exercised for a period of 30 days and unvested options are forfeited on the termination date, (b) in respect of RSU grants with a 100% vesting at the end of the term, RSUs vest on a pro rata basis based on the full number of years of employment completed between the date of grant and the date of termination, and in respect of RSU grants with one-third vesting over each of three years, unvested RSUs will not be released, and (c) PSUs are forfeited on the termination date. In the event of retirement, (a) options continue to vest and are exercisable until the earlier of three years following retirement and the original expiry date, (b) in respect of RSU grants with a 100% vesting at the end of the term, RSUs vest on a pro rata basis based on the number of days between the date of grant and the date of retirement, and in respect of RSUs grants with one-third vesting over each of three years, unvested RSUs vest on a pro rata basis based on the number of days between the date of the most recent release and the date of retirement, and (c) PSUs vest based on actual performance and are prorated for the number of days between the date of grant and the date of retirement.

The foregoing entitlements are conferred on Messrs. Peri and Boucher in part upon their fulfillment of certain confidentiality, non-solicitation and non-competition obligations for a period of two years following termination of their employment.

The following tables summarize the payments to which Messrs. Peri and Boucher would have been entitled upon a change in control, or if their employment had been terminated on December 31, 2009 as a result of a change in control, retirement or termination without cause.

Table 21: Mr. Peri's Benefits

	Cash Portion[(1)]	Value of Exercisable/ Vested LTIP	Other Benefits	Total
Change in Control — No Termination	$ —	$ 5,049,465	—	$ 5,049,465
Change in Control — Termination	$ 2,231,556	$ 5,049,465	—	$ 7,281,021
Retirement	$ —	$ 3,192,840	—	$ 3,192,840
Termination without Cause	$ 2,231,556	$ —	—	$ 2,231,556

(1) Cash portion includes actual CTI payment for 2009.

Table 22: Mr. Boucher's Benefits

	Cash Portion(1)	Value of Exercisable/ Vested LTIP	Other Benefits	Total
Change in Control — No Termination	$ —	$ 5,001,010	—	$ 5,001,010
Change in Control — Termination	$ 2,061,983	$ 5,001,010	—	$ 7,062,993
Retirement	$ —	$ 2,723,566	—	$ 2,723,566
Termination without Cause	$ 2,061,983	$ —	—	$ 2,061,983

(1) Cash portion includes actual CTI payment for 2009.

Securities Authorized for Issuance Under Equity Compensation Plans

Table 23: Equity Compensation Plans as at December 31, 2009

Plan Category		Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (#)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights ($)	Securities Remaining Available for Future Issuance Under Equity Compensation Plans(1) (#)
Equity Compensation Plans Approved by Securityholders	Manufacturers' Services Limited (MSL) (plan acquired as part of acquisition)	209,178	$15.40	0
	LTIP (Options)	10,226,429	$10.26/C$11.96	17,192,717
	LTIP (RSUs)	62,500	N/A	1,016,940
	Total(2)	10,498,107	$10.42/C$11.96	18,209,657
Equity Compensation Plans Not Approved by Securityholders		13,568,142	N/A	N/A
	Total:	24,066,249	N/A	18,209,657

(1) Excluding securities that may be issued upon exercise of outstanding options, warrants and rights.

(2) The total number of securities to be issued under all equity compensation plans approved by shareholders represent 4.57% of the total number of outstanding shares (MSL — 0.09%; LTIP (Options) — 4.46%; and LTIP (RSUs) — 0.03%).

The LTIP is the only securities-based compensation plan providing for the issuance of securities from treasury under which grants have been made and continue to be made by the Company since the company was listed on the TSX. Under the LTIP, the Board of Directors may in its discretion from time to time grant stock options, performance shares, performance share units and stock appreciation rights ("SARs") to employees and consultants of the Company and affiliated entities.

Up to 29,000,000 subordinate voting shares may be issued from treasury pursuant to the LTIP. The number of subordinate voting shares that may be issued from treasury under the LTIP to directors is limited to 2,000,000; however, the Company has decided that no more option grants under the LTIP will be made to directors. Under the LTIP, as of February 22, 2010, 2,930,185 subordinate voting shares have been issued from treasury and 10,517,047 subordinate voting shares are issuable under outstanding options. Also as of February 22, 2010, 26,069,815 subordinate voting shares are reserved for issuance from treasury under the LTIP. In addition, the Company may satisfy obligations under the LTIP by acquiring subordinate voting shares in the market.

The LTIP limits the number of subordinate voting shares that may be (a) reserved for issuance to insiders (as defined under TSX rules for this purpose), and (b) issued within a one-year period to insiders pursuant to options or rights granted pursuant to the LTIP, together with subordinate voting shares reserved for issuance under any other employee-related plan of the Company or options for services granted by the Company, in each case to 10% of the aggregate issued and outstanding subordinate voting shares and multiple voting shares of the Company. The LTIP also limits the number of subordinate voting shares which may be reserved for issuance to any one participant pursuant to options or SARs granted pursuant to the LTIP, together with subordinate voting shares reserved for issuance under any other employee-related plan of the Company or options for services granted by the Company, to 5% of the aggregate issued and outstanding subordinate voting shares and multiple voting shares of the Company. The number of grants awarded under the LTIP in any given year cannot exceed 1.2% of the total number of subordinate voting shares.

Options issued under the LTIP may be exercised during a period determined in the LTIP, which may not exceed ten years. The LTIP 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 the Company or affiliated entities. The exercise price for options issued under the LTIP is the closing price for Celestica subordinate voting shares on the day prior to the grant. The TSX closing price is used for Canadian employees and the NYSE closing price is used for all other employees. 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 of options to, or exercise of options by, an eligible participant may also be subject to certain share ownership requirements. The LTIP also provides that the Company may, at its discretion, make loans or provide guarantees for loans to assist participants to purchase subordinate voting shares upon the exercise of options or to assist participants to pay any income tax exigible upon exercise of options provided that in no event shall any such loan be outstanding for more than 10 years from the date of the option grant. The Company has no such loans or guarantees outstanding.

Under the LTIP, 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. The market price used for this purpose is the weighted average price for Celestica subordinate voting shares on the TSX during the period five trading days preceding the exercise date. Such amounts may also be payable by the issuance of subordinate voting shares. The exercise of SARs may also be subject to conditions similar to those which may be imposed on the exercise of stock options.

Under the LTIP, eligible participants may be allocated performance units in the form of PSUs or RSUs, which represent the right to receive an equivalent number of subordinate voting shares at a specified release date. The issuance 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 the Company under the performance unit program is limited to 2,000,000 and the number of subordinate voting shares which may be issued to any one person pursuant to the performance unit program shall not exceed 1% of the aggregate issued and outstanding subordinate voting shares and multiple voting shares of the Company.

The interests of any participant under the LTIP or in any option, SAR or performance unit are not transferable, subject to limited exceptions.

The following types of amendments to the LTIP or the entitlements granted under it require the approval of the holders of the voting securities by a majority of votes cast by shareholders present or represented by proxy at a meeting:

(a) increasing the maximum number of subordinate voting shares that may be issued under the LTIP;

(b) reducing the exercise price of an outstanding option (including cancelling and, in conjunction therewith, regranting an option at a reduced exercise price);

(c) extending the term of any outstanding option of stock appreciation right;

(d) expanding the rights of participants to assign or transfer an option, stock appreciation right or performance unit beyond that currently contemplated by the LTIP;

(e) amending the LTIP to provide for other types of security-based compensation through equity issuance;

(f) permitting an option to have a term of more than 10 years from the grant date;

(g) increasing or deleting the percentage limit on subordinate voting shares issuable or issued to insiders under the LTIP;

(h) increasing or deleting the percentage limit on subordinate voting shares reserved for issuance to any one person under the LTIP (being 5% of the Company's total issued and outstanding subordinate voting shares and multiple voting shares);

(i) adding to the categories of participants who may be eligible to participate in the LTIP; and

(j) amending the amendment provision,

subject to the application of the anti-dilution or re-organization provisions of the LTIP.

The Board may approve amendments to the LTIP or the entitlements granted under it without shareholder approval, other than those specified above as requiring approval of the shareholders, including, without limitation:

(a) housekeeping changes (such as a change to correct an inconsistency or omission or a change to update an administrative provision);

(b) a change to the termination provisions for the LTIP or for an option as long as the change does not permit the Company to grant an option with a termination date of more than 10 years from the date of grant or extend an outstanding option's termination date beyond such date; and

(c) a change deemed necessary or desirable to comply with applicable law or regulatory requirements.

The CSUP provides for the issuance of RSUs and PSUs in the same manner as provided in the LTIP, except that the Company may not issue shares from treasury to satisfy its obligations under the CSUP and there is no limit on the subordinate voting shares that may be issued under the terms of the CSUP. The issuance of RSUs and PSUs may be subject to vesting requirements, including any time-based conditions established by the Board of Directors at its discretion. The vesting of PSUs also requires the achievement of specified performance-based conditions as determined by the Compensation Committee and approved by the Board of Directors.

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, no director is entitled to benefits from Celestica when they cease to serve as a director. See Item 6(B) "Compensation."

Board Committees

The Board of Directors has established four standing committees, each with a specific mandate: the Executive Committee, Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. All of these committees are composed of independent directors.

Executive Committee

The members of the Executive Committee are Mr. Crandall and Mr. Etherington, both of whom are independent directors. The purpose of the Executive Committee is to provide a degree of flexibility and ability to respond to time-sensitive matters where it is impractical to call a meeting of the full Board of Directors. The Committee reviews such matters and makes such recommendations thereon to the Board of Directors as it considers appropriate, including matters designated by the Board of Directors as requiring Committee review. Members of the Committee also meet approximately once a month on an informal basis to review and stay informed about current business issues. The Board of Directors is briefed on these issues at their regularly scheduled meetings or, if the matter is material, between regularly scheduled meetings. No decision of the Committee is effective until it is approved or ratified by the Board of Directors.

Audit Committee

The Audit Committee consists of Mr. Crandall, Mr. Etherington, Mr. Tapscott, Ms. Koellner and Mr. Ryan, all of whom are independent directors and are financially literate. Ms. Koellner and Mr. Ryan joined the Audit Committee on March 9, 2010. Mr. Crandall and Mr. Etherington have each served as a chief financial officer of a large U.S. and/or Canadian organization. Mr. Tapscott is the Chairman of a strategic consulting firm and has held other executive officer positions with Canadian companies. Ms. Koellner currently serves as the Chair of the Audit Committee of Sara Lee Corporation and she and Mr. Ryan has each held executive officer positions. The Audit Committee has a well-defined mandate which, among other things, sets out its relationship with, and expectations of, the external auditors, including the establishment of the independence of the external auditors and approval of any non-audit mandates of the external auditor; the engagement, evaluation, remuneration and termination of the external auditor; its relationship with, and expectations of, the internal auditor function and its oversight of internal control; and the disclosure of financial and related information. The Audit Committee has direct communication channels with the internal and external auditors to discuss and review specific issues and has the authority to retain such independent advisors as it considers appropriate. The Audit Committee reviews and approves the mandate and plan of the internal audit department on an annual basis. The Audit Committee's duties include 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.

Compensation Committee

The Compensation Committee consists of Mr. Crandall, Mr. Etherington, Mr. Tapscott, Ms. Koellner and Mr. Ryan, all of whom are independent directors. It is the responsibility of the Compensation Committee to define and communicate compensation policies and principles that reflect and support our strategic direction, business goals and desired culture. The mandate of the Compensation Committee includes the following: review and recommend to the Board of Directors Celestica's overall reward/compensation policy, including an executive compensation policy that is consistent with competitive practice and supports organizational objectives and shareholder interests; review annually, and submit to the Board of Directors for approval, the elements of our incentive compensation plans and equity-based plans, including plan design, performance targets, administration and total funds/shares reserved for payment; review and recommend to the Board of Directors the compensation of the CEO based on the Board of Directors' assessment of the annual performance of the CEO; review and recommend to the Board of Directors the compensation of our most senior executives; review our succession plans for key executive positions; and review and approve material changes to our organizational structure and human resource policies.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee consists of Mr. Crandall, Mr. Etherington, Mr. Love, Mr. Tapscott, Ms. Koellner and Mr. Ryan, all of whom are independent directors. The Nominating and Corporate Governance Committee recommends to the Board of Directors the criteria for selecting candidates for nomination to the Board of Directors and the individuals to be nominated for election by the shareholders. The Committee's mandate includes making recommendations to the Board of Directors relating to the Company's approach to corporate governance, developing the Company's corporate governance guidelines, assessing the performance of the CEO relative to corporate goals and objectives established by the Committee, and assessing the effectiveness of the Board of Directors and its committees.

D. Employees

Celestica has over 33,000 permanent and temporary (contract) employees worldwide as at December 31, 2009. The following table sets forth information concerning our employees by geographic location:

	Number of Employees		
Date	**Americas**	**Europe**	**Asia**
December 31, 2007	10,000	6,000	26,000
December 31, 2008	12,000	4,000	22,000
December 31, 2009	11,000	3,000	19,000

As at December 31, 2009, approximately 8,000 temporary (contract) employees were engaged by Celestica worldwide. Celestica used, on average, approximately 7,600 temporary (contract) employees throughout 2009. During 2009, approximately 3,200 employees were terminated as a result of restructuring actions. See note 10 to the Consolidated Financial Statements in Item 18 for further information on the restructurings.

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 February 22, 2010 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."

Name of Beneficial Owner(1)(2)	Voting Shares	Percentage of Class	Percentage of all Equity Shares	Percentage of Voting Power
Robert L. Crandall(3)	130,000 SVS	*	*	*
William A. Etherington(4)	45,000 SVS	*	*	*
Laurette Koellner	0 SVS	*	*	*
Richard S. Love(5)	30,000 SVS	*	*	*
Eamon J. Ryan	0 SVS	*	*	*
Gerald W. Schwartz(6)(7)	18,946,368 MVS	100.0%	8.2%	69.2%
	1,571,977 SVS	*	*	*
Don Tapscott(8)	55,700 SVS	*	*	*
Craig H. Muhlhauser	1,686,213 SVS	*	*	*
Paul Nicoletti	294,415 SVS	*	*	*
John Peri	445,663 SVS	*	*	*
Elizabeth L. DelBianco	82,041 SVS	*	*	*
John Boucher	319,200 SVS	*	*	*
All directors and executive officers as a group	18,946,368 MVS	100.0%	8.2%	69.2%
(17 persons, including above)(9)	5,190,773 SVS	2.5%	2.3%	*
Total percentage of all equity shares and total percentage of voting power			10.5%	69.9%

* 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) Information as to shares beneficially owned or shares over which control or direction is exercised is not within Celestica's knowledge and therefore has been provided by each nominee and officer.

(3) Includes 60,000 subordinate voting shares subject to exercisable options.

(4) Includes 35,000 subordinate voting shares subject to exercisable options.

(5) Includes 25,000 subordinate voting shares subject to exercisable options.

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

(7) Includes 120,657 subordinate voting shares owned by a company controlled by Mr. Schwartz and all of the shares of Celestica beneficially owned by Onex, or in respect of which Onex exercises control or direction, of which 688,807 subordinate voting shares are subject to options granted to Mr. Schwartz pursuant to certain management incentive plans of Onex and 1,025,148 subordinate voting shares held 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. Mr. Schwartz, a director of Celestica, is the Chairman of the Board and Chief Executive Officer of Onex, and owns multiple voting shares of Onex carrying the right to elect a majority of the Onex board of directors. Accordingly, Mr. Schwartz may be deemed to be the beneficial owner of shares of Celestica owned by Onex; Mr. Schwartz, however, disclaims such beneficial ownership of the Celestica shares held by Onex and Celestica Employee Nominee Corporation.

(8) Includes 50,000 subordinate voting shares subject to exercisable options.

(9) Includes 2,871,564 subordinate voting shares subject to exercisable options.

Multiple voting shares and subordinate voting shares have different voting rights. Subordinate voting shares represent 31% of the aggregate voting rights attached to Celestica's shares. See Item 10, "Additional Information — Memorandum and Articles of Incorporation."

At February 22, 2010, approximately 1,400 persons held options to acquire an aggregate of approximately 10,700,000 subordinate voting shares. Most of these options were issued pursuant to our Long-Term Incentive

Plan. See Item 6(B), "Compensation." The following table sets forth information with respect to options outstanding as at February 22, 2010.

Beneficial Holders	Number of Subordinate Voting Shares Under Option	Exercise Price	Year of Issuance	Date of Expiry
Executive Officers (10 persons in total)	3,750	$21.83	October 13, 2000	October 13, 2010
	9,750	$10.40-$19.81	During 2001	May 22, 2011-October 31, 2011
	38,375	$13.52-C$23.29	During 2002	May 10, 2012-December 18, 2012
	77,000	$18.66/C$29.11	December 3, 2002	December 3, 2012
	13,625	$12.99-C$15.35	During 2003	February 11, 2013-April 18, 2013
	75,500	$17.15/C$22.75	January 31, 2004	January 31, 2014
	35,000	$17.10-C$24.92	During 2004	March 15, 2014-June 8, 2014
	86,400	$14.86/C$18.00	December 9, 2004	December 9, 2014
	65,000	$13.00-C$16.20	During 2005	June 6, 2015-July 5, 2015
	278,035	$10.00/C$11.43	January 31, 2006	January 31, 2016
	1,199,201	$6.05/C$7.10	February 2, 2007	February 2, 2017
	141,500	$5.88/C$6.27	July 31, 2007	July 31, 2017
	1,050,000	$6.51/C$6.51	February 5, 2008	February 5, 2018
	133,679	$5.26-C$8.06	During 2008	September 5, 2018-November 5, 2018
	1,984,304	$4.13/C$5.13	February 3, 2009	February 3, 2019
	657,949	$10.20/C$10.77	February 2, 2010	February 2, 2020
Directors who are not Senior Management	50,000	$48.69/C$72.60	July 7, 2000	July 7, 2010
	50,000	$44.23/C$66.78	July 7, 2001	July 7, 2011
	20,000	$35.95	October 22, 2001	October 22, 2011
	5,000	$32.40	April 21, 2002	April 21, 2012
	22,500	$10.62	April 18, 2003	April 18, 2013
	22,500	$18.25	May 10, 2004	May 10, 2014
All other Celestica Employees (other than MSL) (approximately 1,300 persons in total)	10,300	$48.69-$63.44	During 2000	July 7, 2010-August 1, 2010
	52,210	$56.19/C$86.50	December 5, 2000	December 5, 2010
	14,400	$24.91-$44.23	During 2001	April 9, 2011-October 10, 2011
	95,390	$41.89/C$66.06	December 4, 2001	December 4, 2011
	60,800	$13.10-C$39.57	During 2002	May 8, 2012-December 10, 2012
	743,185	$18.66/C$29.11	December 3, 2002	December 3, 2012
	98,500	$10.62-$19.90	During 2003	January 31, 2013-December 10, 2013
	858,592	$17.15/C$22.75	January 31, 2004	January 31, 2014
	107,508	$13.28-C$24.92	During 2004	January 19, 2014-November 5, 2014
	254,740	$14.86/C$18.00	December 9, 2004	December 9, 2014
	49,920	$9.71-C$16.23	During 2005	January 5, 2015-December 5, 2015
	358,063	$10.00/C$11.43	January 31, 2006	January 31, 2016
	44,943	$9.23-C$12.54	During 2006	February 6, 2016-December 5, 2016
	462,381	$6.05/C$7.10	February 2, 2007	February 2, 2017
	192,869	$5.47-C$7.76	During 2007	February 26, 2017-December 7, 2017
	610,750	$6.51/C$6.51	February 5, 2008	February 5, 2018
	202,128	$4.90-C$9.38	During 2008	March 5, 2018-December 5, 2018
	173,611	C$5.13	February 3, 2009	February 3, 2019
	64,525	$4.04-$8.05	During 2009	February 5, 2019-November 5, 2019
	90,414	$10.20/C$10.77	February 2, 2010	February 2, 2020
MSL Employees[(1)]	158,037	$9.73-$58.00	During 2000 to 2003	June 1, 2010-September 8, 2013

(1) Represents options outstanding under certain stock option plans that were assumed by Celestica on March 12, 2004.

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table sets forth certain information concerning the direct and beneficial ownership of the shares of Celestica at February 22, 2010 by each person known to Celestica to own beneficially, directly or indirectly, 5% or more of the subordinate voting shares or the multiple voting shares. In this table, multiple voting shares are referred to as "MVS" and subordinate voting shares are referred to as "SVS." Multiple voting shares and subordinate voting shares have different voting rights. Subordinate voting shares represent 31% of the aggregate voting rights attached to Celestica's shares. See Item 10, "Additional Information — Memorandum and Articles of Incorporation."

Name of Beneficial Owner[1]	Type of Ownership	Number of Shares	Percentage of Class	Percentage of all Equity Shares	Percentage of Voting Power
Onex Corporation[2][3]	Direct and Indirect	18,946,368 MVS	100.0%	8.2%	69.2%
		1,451,320 SVS	*	*	*
Gerald W. Schwartz[2][4]	Direct and Indirect	18,946,368 MVS	100.0%	8.2%	69.2%
		1,571,977 SVS	*	*	*
MacKenzie Financial Corporation[5][6]	Indirect	29,298,003 SVS	13.9%	12.7%	4.3%
Greystone Managed Investments Inc.[7][8]	Indirect	13,831,978 SVS	6.6%	6.0%	2.0%
Letko, Brosseau & Ass. Inc.[9][10]	Indirect	13,336,991 SVS	6.3%	5.8%	1.9%
Total percentage of all equity shares and total percentage of voting power				33.5%	77.7%

* 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. More than one person may be deemed to have beneficial ownership of the same securities.

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

(3) Includes 945,010 multiple voting shares held by wholly-owned subsidiaries of Onex, 1,025,148 subordinate voting shares held 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, and 102,597 subordinate voting shares directly or indirectly held by certain officers of Onex, which Onex or such other person has the right to vote.

The share provisions provide "coat-tail" protection to the holders of the subordinate voting shares by providing that the 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 by 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 by such person. 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.

(4) Includes 120,657 subordinate voting shares owned by a company controlled by Mr. Schwartz and all of the shares of Celestica beneficially owned by Onex, or in respect of which Onex exercises control or direction, of which 688,807 subordinate voting shares are subject to options granted to Mr. Schwartz pursuant to certain management incentive plans of Onex. Mr. Schwartz is a director of Celestica and the Chairman of the Board and Chief Executive Officer of Onex, and owns multiple voting shares of Onex carrying the right to elect a majority of the Onex board of directors. Accordingly, Mr. Schwartz may be deemed to be the beneficial owner of the Celestica shares owned by Onex; Mr. Schwartz, however, disclaims such beneficial ownership of the Celestica shares held by Onex and Celestica Employee Nominee Corporation.

(5) The address of this shareholder is: 180 Queen Street West, Toronto, Ontario, Canada M5V 3K1.

(6) This information reflects share ownership as of December 31, 2009 and is taken from Schedule 13G filed by MacKenzie Financial Corporation with the SEC on February 2, 2010.

(7) The address of this shareholder is: 300-1230 Blackfoot Drive, Regina, Saskatchewan, Canada S4S 7G4.

(8) This information reflects share ownership as of December 31, 2009 and is taken from Schedule 13G filed by Greystone Managed Investments Inc. with the SEC on March 1, 2010.

(9) The address of this shareholder is: 1800 McGill College Avenue, Suite 2510, Montreal, Quebec, Canada H3A 3J6.

(10) This information reflects share ownership as of December 31, 2009 and is taken from Schedule 13G filed by Letko, Brosseau & Ass. Inc. with the SEC on February 11, 2010.

During the year, Onex converted approximately 11 million multiple voting shares into subordinate voting shares. Onex sold these subordinate voting shares as part of a secondary offering, resulting in a reduction in ownership percentages from the prior year. MacKenzie Financial Corporation and Letko, Brosseau & Ass. Inc. were major shareholders in 2007, 2008 and 2009. Barclays Global Investors ceased to hold 5% of subordinate voting shares during 2009. Greystone Managed Investments Inc. became a holder of 5% or more of the subordinate voting shares during 2009.

Holders

On February 22, 2010, there were approximately 1,900 holders of record of subordinate voting shares, of which 466 holders, holding approximately 49% of the outstanding subordinate voting shares, were resident in the United States and 431 holders, holding approximately 51% of the outstanding subordinate voting shares, were resident in Canada.

B. Related Party Transactions

Onex, which, directly or indirectly, owns all of the outstanding multiple voting shares, has entered into an agreement with Celestica and with Computershare Trust Company of Canada, as trustee for the benefit of the holders of the subordinate voting shares, to ensure that the holders of the subordinate voting shares will not be deprived of any rights under applicable Ontario provincial take-over bid legislation to which they would be entitled in the event of a take-over bid as if the multiple voting shares and subordinate voting shares were of a single class of shares.

On January 1, 2009, Celestica and Onex entered into a Services Agreement for the services of Mr. Schwartz as a director of the Company. The term of the Services Agreement is for one year and shall automatically renew for successive one-year terms unless either party provides a notice of intent not to renew. Onex receives compensation under the Services Agreement in an amount equal to $200,000 per year, payable in equal quarterly instalments in arrears in DSUs. The number of DSUs is determined using the closing price of the subordinate voting shares on the NYSE on the last day of the fiscal quarter in respect of which the instalment is to be paid.

Certain information concerning other related party transactions is set forth in Item 5, "Operating and Financial Review and Prospects — Management's Discussion and Analysis of Financial Condition and Result of Operations — Liquidity and Capital Resources — Related Party Transactions."

Indebtedness of Directors and Senior Officers

As at February 22, 2010, no executive officer or member of the Board of Directors of Celestica was indebted to Celestica in connection with the purchase of subordinate voting shares or in connection with any other transaction.

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

We are party to litigation from time to time. We currently are not party to any legal proceedings which management expects will have a material adverse effect on the results of operations, business, prospects or financial condition of Celestica. We are a party to certain securities class action lawsuits commenced against Celestica that contain claims against the Company and other persons. These lawsuits allege, among other things, that during the purported class period we made statements concerning our actual and anticipated future financial results that failed to disclose certain purportedly material adverse information with respect to demand and inventory in our Mexican operations and our information technology and communications divisions. See Item 5, "Operating and Financial Review and Prospects — Management's Discussion and Analysis of Financial Condition and Results of Operations." We believe that the allegations in these claims are without merit and we intend to defend against them vigorously. However, there can be no assurance that the outcome of the litigation will be favorable to us or will not have a material adverse impact on our financial position or liquidity. In addition, we may incur substantial litigation expenses in defending these claims. We have liability insurance coverage that may cover some of our litigation expenses, potential judgments or settlement costs.

Dividend Policy

We have not declared or paid any dividends to our shareholders. We will retain earnings for general corporate purposes to promote future growth; as such, our Board of Directors does not anticipate paying any dividends for the foreseeable future. Our Board of Directors will review this policy from time to time, having regard to our financial condition, financing requirements and other relevant factors.

B. Significant Changes

None.

Item 9. The Offer and Listing

A. Offer and Listing Details

Market Information

The subordinate voting shares are listed on the New York Stock Exchange (the "NYSE") and the Toronto Stock Exchange (the "TSX"). In the following tables, subordinate voting shares are referred to as "SVS."

The annual high and low market prices for the five most recent fiscal years based on market closing prices.

	NYSE		
	High	Low	Volume
	(Price per SVS)		
Year ended December 31, 2005	$14.65	$9.26	221,567,700
Year ended December 31, 2006	12.02	7.68	189,612,500
Year ended December 31, 2007	8.01	5.32	327,398,900
Year ended December 31, 2008	9.74	3.27	424,530,000
Year ended December 31, 2009	10.09	2.59	277,960,000

	TSX		
	High	Low	Volume
	(Price per SVS)		
Year ended December 31, 2005	C$14.66	C$9.29	183,773,547
Year ended December 31, 2006	13.93	8.90	183,891,193
Year ended December 31, 2007	9.48	5.68	300,052,192
Year ended December 31, 2008	9.68	4.31	276,670,000
Year ended December 31, 2009	10.80	3.41	193,290,000

The high and low market prices for each full fiscal quarter for the two most recent fiscal years based on market closing prices.

	NYSE		
	High	Low	Volume
	(Price per SVS)		
Year ended December 31, 2008			
First quarter	$6.86	$4.92	107,030,000
Second quarter	9.74	6.46	137,190,000
Third quarter	8.64	6.44	94,330,000
Fourth quarter	6.14	3.27	85,980,000
Year ended December 31, 2009			
First quarter	$4.90	$2.59	71,890,000
Second quarter	7.74	3.73	86,630,000
Third quarter	10.09	6.15	60,450,000
Fourth quarter	9.77	7.89	58,990,000

	TSX		
	High	Low	Volume
	(Price per SVS)		
Year ended December 31, 2008			
First quarter	C$6.96	C$4.91	65,310,000
Second quarter	9.68	6.65	81,230,000
Third quarter	9.14	6.51	54,130,000
Fourth quarter	6.95	4.31	76,000,000
Year ended December 31, 2009			
First quarter	C$5.98	C$3.41	45,030,000
Second quarter	8.60	4.65	57,970,000
Third quarter	10.80	7.23	44,120,000
Fourth quarter	10.13	8.54	46,170,000

The high and low market prices for each month for the most recent six months based on market closing prices.

	NYSE		
	High	Low	Volume
	(Price per SVS)		
August 2009	$8.85	$7.75	12,467,309
September 2009	10.09	8.50	23,916,370
October 2009	9.77	7.89	20,818,851
November 2009	9.18	8.05	16,545,028
December 2009	9.63	8.19	21,626,326
January 2010	9.91	9.06	20,870,861

	TSX		
	High	Low	Volume
	(Price per SVS)		
August 2009	C$9.61	C$8.55	9,990,424
September 2009	10.80	9.39	22,626,783
October 2009	10.07	8.55	14,905,345
November 2009	9.59	8.54	9,221,702
December 2009	10.13	8.57	22,043,920
January 2010	10.54	9.63	15,499,603

B. Plan of Distribution

Not applicable.

C. Markets

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

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expense of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Incorporation

Information regarding Celestica's memorandum and articles of incorporation is hereby incorporated by reference to this Annual Report on Form 20-F for the fiscal year ended December 31, 2005, as filed with the SEC on March 21, 2006.

Shareholder Rights and Limitations

The rights and preferences attaching to our subordinate voting shares and multiple voting shares are described in the section entitled "Description of Capital Stock" of our registration statement on Form F-3 (Reg. No. 333-69278), filed with the SEC on September 12, 2001, which section is hereby incorporated by reference into this Annual Report.

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

C. Material Contracts

Information about material contracts, 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 are described in Item 5, "Operating and Financial Review and Prospects — Liquidity and Capital Resources — Capital Resources."

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 holders of Celestica's securities, except as described under Item 10(E), "Taxation," below.

E. Taxation

Material 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, is eligible for benefits under the Tax Treaty, deals at arm's length and is not affiliated with Celestica, 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 a financial institution (as defined in the Canadian Tax Act), or is an insurer to whom the subordinate voting shares are designated insurance property (as defined in the Canadian Tax Act).

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 March 4, 2010, and Celestica's understanding of the current published administrative practices of the Canada 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, which may differ significantly from the considerations described in this summary.

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 (or is deemed to be the beneficial owner) of such dividends will generally 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 (or is deemed to beneficially own) at least 10% of the voting stock of Celestica. 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., generally are exempt from Canadian non-resident withholding tax. Provided that certain administrative procedures are observed by such an organization, Celestica 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 designated 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 U.S. Holder, persons with whom the U.S. Holder did not deal at arm's length, or the U.S. Holder 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. Provided that they are listed on a designated stock exchange for purposes of the Canadian Tax Act (which includes the TSX and NYSE), 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 Celestica or the subordinate voting shares are otherwise deemed by the Canadian Tax Act to be taxable Canadian property. 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.

Material 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 other entity taxable as a corporation), partnership or limited liability company 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 United States person. If a partnership (or limited liability company that is treated as a partnership) holds subordinate voting shares, the tax treatment of a partner generally will depend upon the status of the partner and upon the activities of the partnership. If you are a partner of a partnership holding subordinate voting shares, we suggest that you consult with your tax advisor. 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, hold or dispose of 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 December 23, 2009, 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 limited liability company or through a partnership or other pass-through entity (such as an S corporation). For U.S. federal income tax purposes, income earned through a foreign or domestic partnership or similar entity is generally attributed to its owners. 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

Subject to the discussion of the passive foreign investment company (PFIC) rules below, in the event that we pay a dividend, 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 the Company's current or accumulated earnings and profits will be foreign source "passive category 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 foreign source taxable income and further limitations may apply under the alternative minimum tax. 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 or she has not held the subordinate voting shares for at least 16 days of the 31-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.

Subject to possible future changes in U.S. tax law, individuals, estates or trusts who receive "qualified dividend income" (excluding dividends from a PFIC) in taxable years beginning after December 31, 2002 and before January 1, 2011 generally will be taxed at a maximum U.S. federal rate of 15% (rather than the higher tax rates generally applicable to items of ordinary income) provided certain holding period requirements are met. Subject to the discussion of the PFIC rules below, Celestica believes that dividends paid by it with respect to its subordinate voting shares should constitute "qualified dividend income" for United States federal income tax purposes and that holders who are individuals (as well as certain trusts and estates) should be entitled to the reduced rates of tax, as applicable. Holders are urged to consult their own tax advisors regarding the impact of the "qualified dividend income" provisions of the Internal Revenue Code on their particular situations, including related restrictions and special rules.

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's adjusted tax basis in the subordinate voting shares will generally be the initial cost, but may be adjusted for various reasons including the receipt by such United States Holder of a distribution that was not made up wholly of earning and profits as described above under the heading "Taxation of Dividends Paid on subordinate voting shares." 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 15% rate of taxation for non-corporate taxpayers. A reduced rate does not apply to capital gains realized by a United States Holder that is a corporation. Capital losses are generally deductible only against capital gains and not against ordinary income. In the case of an individual, however, unused capital losses in excess of capital gains may offset up to $3,000 annually of ordinary income. 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. 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 passive foreign investment company, or 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. 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 Celestica 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 marginal tax 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; and

- 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, or IRS. 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 Celestica 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.

Despite the fact that we are engaged in an active business, we are unable to conclude that we were not a PFIC in 2009, though we believe, based on our internally performed analysis, that such status is unlikely. The tests in determining PFIC status include the determination of the value of all assets of the Company which is highly subjective. Further, 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. Accordingly, based on our current business plan, we may be a PFIC in 2010 or in a future year. 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. Although 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, 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 holder of subordinate voting shares that is not a United States Holder (non-United States Holder) 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, generally, 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 in the United States;

- the non-United States Holder is an individual who holds 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

Payments made within the United States, or by a U.S. payor or U.S. middleman, of dividends and proceeds arising from certain sales or other taxable dispositions of subordinate voting shares will be subject to information reporting. Backup withholding tax, at the rate of 28%, will apply if a United States Holder (a) fails to furnish the United States Holder's correct U.S. taxpayer identification number (generally on Form W-9), (b) is notified by the IRS that the United States Holder has previously failed to properly report items subject to backup withholding tax, or (c) fails to certify, under penalty of perjury, that the United States Holder has furnished the United States Holder's correct U.S. taxpayer identification number and that the IRS has not notified the United States Holder that the United States Holder is subject to backup withholding tax. However, United States Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a United States Holder's U.S. federal income tax liability, if any, or will be refunded, if the United States Holder follows the requisite procedures and timely furnishes the required information to the IRS. United States Holders should consult their own tax advisors regarding the information reporting and backup withholding tax 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.

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 or is incorporated by reference, 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 1580, 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of such materials from the Public Reference Section of the SEC, Room 1580, 100 F Street, N.E., 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 website (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 website 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, or the CSA, and these can be accessed electronically at the CSA's System for Electronic Document Analysis and Retrieval website (http://www.sedar.com).

You may access other information about Celestica on our website at http://www.celestica.com.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Exchange Rate Risk

We have entered into foreign currency contracts to hedge foreign currency risk. These financial instruments include, to varying degrees, elements of market risk. The table below provides information about our 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. At December 31, 2009, these contracts had a fair value net unrealized gain of U.S. $8.0 million.

	Expected Maturity Date							
	2010	2011	2012	2013	2014	2015 and thereafter	Total	Fair Value Gain (Loss)
Forward Exchange Agreements								
Contract amount in millions								
Receive C$/Pay U.S.$								
Contract amount	$ 190.5	$ 16.0	$ —	$ —	$ —	$ —	$ 206.5	$ 7.7
Average exchange rate	0.91	0.94						
Pay British Pound Sterling/Receive U.S. $								
Contract amount	$ 89.5	—	—	—	—	—	$ 89.5	$ (0.1)
Average exchange rate	1.60							
Receive Thai Baht/Pay U.S.$								
Contract amount	$ 50.1	—	—	—	—	—	$ 50.1	$ 0.2
Average exchange rate	0.03							
Receive Malaysian Ringgit/Pay U.S.$								
Contract amount	$ 47.8	—	—	—	—	—	$ 47.8	$ 0.2
Average exchange rate	0.29							
Receive Mexican Peso/Pay U.S. $								
Contract amount	$ 37.1	—	—	—	—	—	$ 37.1	$ 0.1
Average exchange rate	0.08							
Receive Singapore $/Pay U.S.$								
Contract amount	$ 18.9	—	—	—	—	—	$ 18.9	$ 0.3
Average exchange rate	0.70							
Receive U.S.$/Pay Euro								
Contract amount	$ 13.3	—	—	—	—	—	$ 13.3	$ —
Average exchange rate	1.45							
Receive Romanian Lei/Pay U.S. $								
Contract amount	$ 13.1	—	—	—	—	—	$ 13.1	$ (0.3)
Average exchange rate	0.33							
Receive Czech Koruna/Pay U.S. $								
Contract amount	$ 12.9	—	—	—	—	—	$ 12.9	$ (0.1)
Average exchange rate	0.05							
Total	$ 473.2	$ 16.0	$ —	$ —	$ —	$ —	$ 489.2	$ 8.0

At December 31, 2008, we had foreign currency contracts covering various currencies in an aggregate notional amount of $587.1 million. These contracts had a fair value net unrealized loss of U.S. $38.9 million. The change in the net unrealized gains and losses on our contracts during 2009 was due primarily to the favourable movement in the exchange rates for the currencies that we hedge and the settlement of contracts with significant losses.

Interest Rate Risk

Borrowings under our revolving credit facility bear interest at LIBOR plus a margin. If we borrow under this facility, we are exposed to interest rate risks due to fluctuations in the LIBOR rate. A one-percentage point increase in the LIBOR rate would increase interest expense, assuming maximum borrowings under our credit facility, by $2.0 million annually. See note 7 to the Consolidated Financial Statements in Item 18.

At December 31, 2009, the approximate fair value of our Senior Subordinated Notes was 103% of its face value on December 31, 2009, based on quoted market rates or prices. The Senior Subordinated Notes were redeemed on March 2, 2010. See note 22 to the Consolidated Financial Statements in Item 18.

Item 12. Description of Securities Other than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

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. Controls and Procedures

Information concerning our controls and procedures is set forth in Item 5, "Operating and Financial Review and Prospects — Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Controls and Procedures."

The attestation report from our auditors KPMG LLP is set forth on page F-2 of our financial statements.

Item 16. [Reserved.]

Item 16A. Audit Committee Financial Expert

The Board of Directors has considered the extensive financial experience of Mr. Crandall and Mr. Etherington, including their respective experiences serving as the Chief Financial Officer of a large U.S.

and/or Canadian organization, and has determined that each of them is an audit committee financial expert within the meaning of the U.S. Sarbanes Oxley Act of 2002.

The Board of Directors also determined that Messrs. Crandall and Etherington are independent directors, as that term is defined in the NYSE listing standards.

Item 16B. Code of Ethics

The Board of Directors has adopted a Finance Code of Professional Conduct for Celestica's CEO, our senior finance officers and all personnel in the finance organization to deter wrongdoing and promote honest and ethical conduct in the practice of financial management; full, fair, accurate, timely and understandable disclosure; and compliance with all applicable laws and regulations. These professionals are expected to abide by this code as well as Celestica's Business Conduct Governance policy and all of our other applicable business policies, standards and guidelines.

The Finance Code of Professional Conduct and the Business Conduct Governance policy can be accessed electronically at http://www.celestica.com. Celestica will provide a copy of such policies free of charge to any person who so requests. Requests should be directed to clsir@celestica.com, by mail to Celestica Investor Relations, 844 Don Mills Road, Toronto, Ontario, Canada M3C 1V7, or by telephone at 416-448-2211.

Item 16C. Principal Accountant Fees and Service

The external auditor is engaged to provide services pursuant to pre-approval policies and procedures established by the Audit Committee of Celestica's Board of Directors. The Audit Committee approves the external auditor's Audit Plan, the scope of the external auditor's quarterly reviews and all related fees. The Audit Committee must approve any non-audit services provided by the auditor and does so only if it considers that these services are compatible with the external auditor's independence.

Our auditors are KPMG LLP. KPMG did not provide any financial information systems design or implementation services to us during 2008 or 2009. The Audit Committee has determined that the provision of the non-audit services by KPMG does not compromise KPMG's independence.

Audit Fees

KPMG billed $3.4 million in 2009 and $4.2 million in 2008 for audit services.

Audit-Related Fees

KPMG billed $0.3 million in 2009 and $0.1 million in 2008 for audit-related services.

Tax Fees

KPMG billed $0.5 million in 2009 and $0.6 million in 2008 for tax compliance, tax advice and tax planning services.

Pre-approval Policies and Procedures Percentage of Services Approved by Audit Committee

All KPMG services and fees are approved by the Audit Committee.

Percentage of Hours Expended on KPMG's engagement not performed by KPMG's full-time, permanent employees (if greater than 50%)

N/A

Item 16D. Exemptions from the Listing Standards for Audit Committees

None.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Corporate Governance

We are subject to a variety of corporate governance guidelines and requirements enacted by the TSX, the Canadian Securities Administrators, the NYSE and by the U.S. Securities and Exchange Commission under its rules and those mandated by the United States Sarbanes Oxley Act of 2002. Today, we meet and often exceed not only corporate governance legal requirements in Canada and the United States, but also the best practices recommended by securities regulators. We are listed on the NYSE and, although we are not required to comply with all of the NYSE corporate governance requirements to which we would be subject if we were a U.S. corporation, our governance practices differ significantly in only one respect from those required of U.S. domestic issuers. Celestica complies with the TSX rules, which require shareholder approval of share compensation arrangements involving new issuances of shares, and of certain amendments to such arrangements, but do not require such approval if the compensation arrangements involve only shares purchased by the company in the open market. NYSE rules require approval of all equity compensation plans regardless of whether new issuances or treasury shares are used.

We submitted a certificate of Craig H. Muhlhauser, our CEO, to the NYSE in 2009 certifying that he was not aware of any violation by Celestica of its corporate governance listing standards.

Corporate Social Responsibility

We have a heritage of strong corporate citizenship and uphold policies and principles that focus our corporate social responsibility initiatives across five key focus areas: labour, ethics, the environment, occupational health and safety, and giving.

Our guiding policies and principles include:

- Our Values, developed with input from our employees to reflect the characteristics and behaviours that are core to our company.

- Our Business Conduct Governance Policy, which outlines the ethics and practices we consider necessary for a positive working environment and the high legal and ethical standards to which our employees are held accountable.

- The Electronics Industry Citizenship Coalition, of which we were a founding member. The EICC's Code of Conduct outlines industry standards to ensure that working conditions in the supply chain are safe, workers are treated with respect and dignity, and manufacturing processes are environmentally responsible. Celestica is continually working to implement, manage and audit our compliance with this Code.

In 2010, we are launching our first integrated Corporate Social Responsibility Information Package. This package will include our Corporate Social Responsibility Report, Environmental Sustainability Report and Business Conduct Governance Policy and will be available on our corporate website at http://www.celestica.com. These documents outline our high standards for business ethics, the policies we value and uphold, the progress we have made as a socially responsible organization and the key milestones we are working to achieve in 2010.

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:

		Incorporated by Reference				
Exhibit Number	Description	Form	File No.	Filing Date	Exhibit No.	Filed Herewith
1.	Articles of Incorporation and Bylaws as currently in effect:					
1.1	Certificate and Articles of Incorporation	F-1	333-8700	April 29, 1998	3.1	
1.2	Certificate and Articles of Amendment effective October 22, 1996	F-1	333-8700	April 29, 1998	3.2	
1.3	Certificate and Articles of Amendment effective January 24, 1997	F-1	333-8700	April 29, 1998	3.3	
1.4	Certificate and Articles of Amendment effective October 8, 1997	F-1	333-8700	April 29, 1998	3.4	
1.5	Certificate and Articles of Amendment effective April 29, 1998	F-1/A	333-8700	June 1, 1998	3.5	
1.6	Articles of Amendment effective June 26, 1998	F-1	333-10030	February 16, 1999	3.6	
1.7	Restated Articles of Incorporation effective June 26, 1998	F-1	333-10030	February 16, 1999	3.7	
1.8	Restated Articles of Incorporation effective November 20, 2001	20-F	001-14832	April 21, 2003	1.8	
1.9	Restated Article of Incorporation effective May 13, 2003	20-F	001-14832	May 19, 2004	1.9	
1.10	Restated Article of Incorporation effective June 25, 2004					X
1.11	Bylaw No. 1					X
1.12	Bylaw No. 2	F-1	333-8700	April 29, 1998	3.9	
1.13	Bylaw No. 3	20-F	001-14832	May 19, 2004	1.12	
1.14	Bylaw No. A	20-F	001-14832	May, 2004	1.14	
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	F-1/A	333-8700	June 25, 1998	4.1	
2.3	Indenture, dated as of June 16, 2004, between Celestica Inc. and JPMorgan Chase Bank, N.A., as trustee	6-K	0001-14832	June 17, 2004	4.11	
2.4	First Supplemental Indenture, dated as of June 16, 2004, between Celestica Inc. and JPMorgan Chase Bank, N.A., as trustee, to the Indenture, dated as of June 16, 2004, between Celestica Inc. and the trustee	6-K	0001-14832	June 17, 2004	4.21	
2.5	Second Supplemental Indenture, dated as of December 30, 2004, between Celestica Inc. and JPMorgan Chase Bank, N.A., as trustee, to the First Supplemental Indenture, dated as of June 16, 2004, between Celestica Inc. and the trustee, to the Indenture, dated as of June 16, 2004, between Celestica Inc. and the trustee	20-F	0001-14832	March 21, 2005	2.7	

Exhibit Number	Description	Incorporated by Reference Form	File No.	Filing Date	Exhibit No.	Filed Herewith
2.6	Third Supplemental Indenture, dated as of June 23, 2005, between Celestica Inc. and JPMorgan Chase Bank, N.A., as trustee to the Indenture, dated as of June 16, 2004, between Celestica Inc. and the trustee	6-K	0001-14832	June 27, 2005	4.22	
2.7	Fifth Revolving Term Credit Agreement, April 7, 2009, between: Celestica Inc., the Subsidiaries of Celestica Inc. specified therein as Designated Subsidiaries, CIBC World Markets, as Joint Lead Arranger, RBC Capital Markets, as Joint Lead Arranger and Co-Syndication Agent, Canadian Imperial Bank of Commerce, a Canadian Chartered Bank, as Administrative Agent, Banc of America Securities LLC, as Co-Syndication Agent and the financial institutions named in Schedule A, as lenders					X
4.	Certain Contracts:					
4.1	Services Agreement, dated as of January 1, 2009, between Celestica Inc. and Onex Corporation					X
4.2	Executive Employment Agreement, dated as of July 26, 2007, between Celestica Inc., Celestica International Inc. and Celestica Corporation and Craig H. Muhlhauser	20-F	0001-14832	March 25, 2008	4.4	
4.3	Executive Employment Agreement, dated as of July 26, 2007, between Celestica Inc., Celestica International Inc. and Paul Nicoletti	20-F	0001-14832	March 25, 2008	4.5	
4.4	Executive Employment Agreement, dated as of January 1, 2008, between Celestica Inc., Celestica International Inc. and Elizabeth L. DelBianco	20-F	0001-14832	March 25, 2008	4.6	
4.5	Amended and Restated Celestica Inc. Long-Term Incentive Plan					X
4.6	Canadian Share Unit Plan	20-F	001-14832	March 21, 2005	4.16	
4.7	D2D Employee Share Purchase and Option Plan (1997)	F-1/A	333-8700	June 1, 1998	10.20	
4.8	Celestica 1997 U.K. Approved Share Option Scheme	F-1	333-8700	April 29, 1998	10.19	
4.9	1998 U.S. Executive Share Purchase and Option Plan	S-8	333-9500	October 8, 1998	4.6	
8.1	Subsidiaries of Registrant					X
11.1	Finance Code of Professional Conduct					X
11.2	Business Conduct Governance Policy					X
12.1	Chief Executive Officer Certification					X
12.2	Chief Financial Officer Certification					X
13.1	Certification required by Rule 13a-14(b)*					X
15.1	Celestica Audit Committee Mandate	20-F	001-14832	March 21, 2006	15.1	
15.2	Consent of KPMG LLP, Chartered Accountants					X

* Pursuant to Commission Release No. 33-8212, this certification will be treated as "accompanying" this Annual Report on Form 20-F and not "filed" as part of such report for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of Section 18 of the Exchange Act, and this certification will not be incorporated by reference into any filing under the Securities Act, or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

CELESTICA INC.

By: /s/ ELIZABETH L. DELBIANCO

Elizabeth L. DelBianco
Executive Vice President
Chief Legal and Administrative Officer

Date: March 23, 2010

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Celestica Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system was designed to provide reasonable assurance to its management and Board of Directors regarding the preparation and fair presentation of published financial statements in accordance with generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management maintains a comprehensive system of controls intended to ensure that transactions are executed in accordance with management's authorization, assets are safeguarded, and financial records are reliable. Management also takes steps to see that information and communication flows are effective and to monitor performance, including performance of internal control procedures.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2009 based on the criteria set forth in the Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2009, the Company's internal control over financial reporting is effective. The Company's independent auditors, KPMG LLP, have issued an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

February 10, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Celestica Inc.

We have audited Celestica Inc.'s (the "Company") internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's report on internal control over financial reporting." Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian and U.S. generally accepted accounting principles. A Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have conducted our audits on the consolidated financial statements, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Our report dated February 10, 2010 expressed an unqualified opinion on those consolidated financial statements.

Toronto, Canada
February 10, 2010

/s/ KPMG LLP

Chartered Accountants,
Licensed Public Accountants

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Celestica Inc.

We have audited the accompanying consolidated balance sheets of Celestica Inc. (the "Company") as of December 31, 2008 and 2009 and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2008 and 2009 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2009 in conformity with Canadian generally accepted accounting principles.

Canadian generally accepted accounting principles vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in note 20 to the consolidated financial statements.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 10, 2010 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Toronto, Canada
February 10, 2010

/s/ KPMG LLP

Chartered Accountants,
Licensed Public Accountants

CELESTICA INC.

CONSOLIDATED BALANCE SHEETS

(in millions of U.S. dollars)

	As at December 31	
	2008	**2009**
Assets		
Current assets:		
Cash and cash equivalents (note 19)	$ 1,201.0	$ 937.7
Accounts receivable (note 2(e))	1,074.0	828.1
Inventories (note 2(f))	787.4	676.1
Prepaid and other assets (note 14(d)(1))	87.1	74.5
Income taxes recoverable	14.1	21.2
Deferred income taxes (note 11)	8.2	5.2
	3,171.8	2,542.8
Property, plant and equipment (note 4)	433.5	393.8
Intangible assets (note 5)	54.1	32.3
Other long-term assets (note 6)	126.8	137.2
	$ 3,786.2	$ 3,106.1
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 1,090.6	$ 927.1
Accrued liabilities (notes 10(a), 14(d)(1), 20(d) and (g))	463.1	331.9
Income taxes payable	13.5	38.0
Current portion of long-term debt (note 7)	1.0	222.8
	1,568.2	1,519.8
Long-term debt (note 7)	732.1	—
Accrued pension and post-employment benefits (notes 13 and 20(c))	63.2	75.4
Deferred income taxes (note 11)	47.4	28.0
Other long-term liabilities	9.8	7.1
	2,420.7	1,630.3
Shareholders' equity:		
Capital stock (note 8(b))	3,588.5	3,591.2
Contributed surplus	204.4	210.6
Deficit	(2,436.8)	(2,381.8)
Accumulated other comprehensive income	9.4	55.8
	1,365.5	$ 1,475.8
	$ 3,786.2	$ 3,106.1

Commitments, contingencies and guarantees (note 16).
Canadian and United States accounting policy differences (note 20).
Subsequent events (note 22).

See accompanying notes to consolidated financial statements.

CELESTICA INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Year ended December 31		
	2007	2008	2009
Revenue	$ 8,070.4	$ 7,678.2	$ 6,092.2
Cost of sales	7,648.0	7,147.1	5,662.4
Gross profit	422.4	531.1	429.8
Selling, general and administrative expenses (SG&A) (notes 2(o) and 2(s)(1))	271.7	292.0	244.5
Amortization of intangible assets (notes 2(s)(1) and 5)	44.7	26.9	21.9
Integration costs related to acquisitions (note 3)	0.1	—	—
Other charges (note 10)	47.6	885.2	68.0
Interest on long-term debt (note 7)	66.4	57.8	35.3
Interest income, net of interest expense	(15.2)	(15.3)	(0.3)
Earnings (loss) before income taxes	7.1	(715.5)	60.4
Income taxes expense (recovery) (note 11):			
Current	14.4	18.4	33.6
Deferred	6.4	(13.4)	(28.2)
	20.8	5.0	5.4
Net earnings (loss)	$ (13.7)	$ (720.5)	$ 55.0
Basic earnings (loss) per share	$ (0.06)	$ (3.14)	$ 0.24
Diluted earnings (loss) per share	$ (0.06)	$ (3.14)	$ 0.24
Shares used in computing per share amounts (in millions):			
Basic	228.9	229.3	229.5
Diluted (note 2(r))	228.9	229.3	230.9
Net earnings (loss) in accordance with U.S. GAAP (note 20)	$ (16.1)	$ (725.8)	$ 39.0
Basic earnings (loss) per share, in accordance with U.S. GAAP (note 20)	$ (0.07)	$ (3.17)	$ 0.17
Diluted earnings (loss) per share, in accordance with U.S. GAAP (note 20)	$ (0.07)	$ (3.17)	$ 0.17

See accompanying notes to consolidated financial statements.

CELESTICA INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions of U.S. dollars)

	Year ended December 31		
	2007	2008	2009
Net earnings (loss)	$ (13.7)	$ (720.5)	$ 55.0
Other comprehensive income (loss), net of tax (note 9):			
Currency translation adjustment	8.7	11.5	(1.6)
Reclass foreign currency translation to other charges	—	—	1.8
Change from derivatives designated as hedges	21.2	(58.0)	46.2
Comprehensive income (loss)	$ 16.2	$ (767.0)	$ 101.4

See accompanying notes to consolidated financial statements.

CELESTICA INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in millions of U.S. dollars)

	Capital Stock (note 8)	Warrants (note 8)	Contributed Surplus	Deficit	Accumulated other comprehensive income (note 9)
Balance — December 31, 2006	$ 3,576.6	$ 8.4	$ 179.3	$ (1,696.2)	$ 26.5(a)
Change in accounting policy	—	—	—	(6.4)	(0.5)
Shares issued	8.6	—	—	—	—
Warrants cancelled	—	(5.3)	5.3	—	—
Stock-based compensation costs (note 8)	—	—	5.1	—	—
Other	—	—	0.6	—	—
Net loss for the year	—	—	—	(13.7)	—
Change from derivatives designated as hedges	—	—	—	—	21.2
Currency translation adjustments	—	—	—	—	8.7
Balance — December 31, 2007	3,585.2	3.1	190.3	(1,716.3)	55.9
Shares issued	3.3	—	—	—	—
Warrants cancelled	—	(3.1)	3.1	—	—
Stock-based compensation costs (note 8)	—	—	10.0	—	—
Other	—	—	1.0	—	—
Net loss for the year	—	—	—	(720.5)	—
Change from derivatives designated as hedges	—	—	—	—	(58.0)
Currency translation adjustments	—	—	—	—	11.5
Balance — December 31, 2008	3,588.5	—	204.4	(2,436.8)	9.4
Shares issued	2.7	—	—	—	—
Stock-based compensation costs (note 8)	—	—	17.6	—	—
Reclass to accrued liabilities (b)	—	—	(13.3)	—	—
Other	—	—	1.9	—	—
Net earnings for the year	—	—	—	55.0	—
Change from derivatives designated as hedges	—	—	—	—	46.2
Currency translation adjustments	—	—	—	—	0.2
Balance — December 31, 2009	$ 3,591.2	$ —	$ 210.6	$ (2,381.8)	$ 55.8

(a) December 31, 2006 balance consisted of currency translation adjustments.

(b) Reclassified stock-based compensation from contributed surplus to accrued liabilities due to a change in the settlement method. See note 8(e).

See accompanying notes to consolidated financial statements.

CELESTICA INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of U.S. dollars)

	Year ended December 31		
	2007	2008	2009
Cash provided by (used in):			
Operations:			
Net earnings (loss)	$ (13.7)	$ (720.5)	$ 55.0
Items not affecting cash:			
Depreciation and amortization	130.8	109.2	100.4
Deferred income taxes (recovery) (note 11)	6.4	(13.4)	(28.2)
Stock-based compensation (notes 8(d) and (e))	13.2	23.4	28.0
Restructuring charges (note 10)	5.1	1.1	3.8
Other charges (note 10)	14.0	850.3	9.5
Other	11.8	(0.2)	(4.0)
Changes in non-cash working capital items:			
Accounts receivable	32.0	(132.8)	244.9
Inventories	406.0	4.5	110.2
Prepaid and other assets	(6.8)	22.5	21.7
Income taxes recoverable	11.4	5.7	(7.1)
Accounts payable and accrued liabilities	(237.6)	58.9	(265.2)
Income taxes payable	(21.2)	(0.5)	24.5
Non-cash working capital changes	183.8	(41.7)	129.0
Cash provided by operations	351.4	208.2	293.5
Investing:			
Purchase of property, plant and equipment	(63.7)	(88.8)	(77.3)
Proceeds from sale of operations or assets	27.0	7.7	10.0
Other	(0.2)	0.3	1.0
Cash used in investing activities	(36.9)	(80.8)	(66.3)
Financing:			
Repurchase of Senior Subordinated Notes (note 7(d))	—	(30.4)	(495.8)
Proceeds from termination of swap agreements (note 7(d))	—	—	14.7
Repayment of capital lease obligations	(0.6)	(0.4)	(1.0)
Financing costs	(1.4)	(0.5)	(2.8)
Issuance of share capital	3.5	2.1	2.7
Other	(3.0)	(13.9)	(8.3)
Cash used in financing activities	(1.5)	(43.1)	(490.5)
Increase (decrease) in cash	313.0	84.3	(263.3)
Cash and cash equivalents, beginning of year	803.7	1,116.7	1,201.0
Cash and cash equivalents, end of year	$ 1,116.7	$ 1,201.0	$ 937.7

Supplemental cash flow information (note 19).

See accompanying notes to consolidated financial statements.

1. BASIS OF PRESENTATION:

We prepare our financial statements in accordance with generally accepted accounting principles in Canada (Canadian GAAP). Except as outlined in note 20, these financial statements are, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

2. SIGNIFICANT ACCOUNTING POLICIES:

(a) Principles of consolidation:

These consolidated financial statements include our subsidiaries. Subsidiaries that are acquired during the year are consolidated from their respective dates of acquisition. Inter-company transactions and balances are eliminated on consolidation.

(b) 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 related disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. We applied significant estimates and assumptions to our valuations against inventory and income taxes, to the amount and timing of restructuring charges or recoveries, to the fair values used in testing goodwill and long-lived assets, and to valuing our pension costs. Actual results could differ materially from those estimates and assumptions, especially in light of the economic environment and uncertainties.

(c) Revenue:

We derive most of our revenue from the sale of electronic equipment that we have built to customer specifications. We recognize revenue from product sales when we deliver the goods or the goods are received by our customers; title and risk of ownership have passed; persuasive evidence of an arrangement exists; performance has occurred; receivables are reasonably assured of collection; and customer specified test criteria have been met. We have no further performance obligations after revenue has been recognized, other than our standard manufacturing warranty. We have contractual arrangements with the majority of our customers that require the customer to purchase unused inventory that we have purchased to fulfill that customer's forecasted manufacturing demand. We account for raw material returns as reductions in inventory and do not recognize revenue on these transactions.

We provide warehousing services in connection with manufacturing services to certain customers. We assess the contracts to determine whether the manufacturing and warehousing services can be accounted for as separate units of accounting. If the services do not constitute separate units of accounting, or the manufacturing services do not meet all of the revenue recognition requirements, we defer recognizing revenue until we have shipped the products to our customer.

We also derive revenue from design, engineering, fulfillment and after-market services. We recognize services revenue for short-term contracts as we perform the services and for long-term contracts on a percentage-of-completion basis.

(d) Cash and cash equivalents:

Cash and cash equivalents include cash on account and short-term investments with original maturities of less than three months. See note 19.

(in millions of U.S. dollars)

(e) Allowance for doubtful accounts:

We record an allowance for doubtful accounts against accounts receivable that management believes are impaired. We record specific allowances against customer receivables based on our knowledge of the financial condition of our customers. We also consider the aging of the receivables, customer and industry concentrations, the current business environment, and historical experience. See notes 14(a) and 18.

(f) Inventories:

We value our inventory on a first-in, first-out basis at the lower of cost and net realizable value. Cost includes direct materials, labor and overhead. In determining the net realizable value, we consider factors such as shrinkage, the aging of and future demand for the inventory, contractual arrangements with customers, and our ability to redistribute inventory to other programs or return inventory to suppliers.

	2008	2009
Raw materials	$ 533.1	$ 527.7
Work in progress	106.4	54.1
Finished goods	147.9	94.3
	$ 787.4	$ 676.1

During 2009, we recorded a net inventory valuation reversal through cost of sales of $1.0 (2008 — net provision of $19.6) to reflect changes in the value of our inventory to net realizable value.

(g) Property, plant and equipment:

We carry property, plant and equipment at cost and depreciate these assets over their estimated useful lives or lease terms on a straight-line basis. The estimated useful lives for our principal asset categories are as follows:

Buildings	25 years
Building/leasehold improvements	Up to 25 years or term of lease
Office equipment	5 years
Machinery and equipment	3 to 7 years

We expense maintenance and repair costs as incurred.

(h) Goodwill:

To the extent we have goodwill, we evaluate it annually or whenever events or changes in circumstances ("triggering events") indicate that we may not recover the carrying amount. Absent of any triggering events during the year, we conduct our goodwill assessment in the fourth quarter of the year to correspond with our planning cycle. We test impairment, using the two-step method, at the reporting unit level, by comparing the reporting unit's carrying amount to its fair value. We estimate the fair values of the reporting units using a combination of a market capitalization approach, a multiples approach and discounted cash flows. To the extent a reporting unit's carrying amount exceeds its fair value, we may have an impairment of goodwill. We measure impairment by comparing the implied fair value of goodwill, determined in a manner similar to a purchase price allocation, to its carrying amount. In the fourth quarter of 2008, we determined that the entire goodwill balance of $850.5 was impaired, and wrote it off as of December 31, 2008. See note 10(b). The process of determining fair values is subjective and requires management to exercise a significant amount of judgment in making assumptions about future results, including revenue and expense projections, discount rates and market multiples, at the reporting unit level.

(in millions of U.S. dollars)

(i) Intangible assets:

We carry intangible assets at cost and amortize these assets on a straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

Intellectual property	3 to 5 years
Other intangible assets	4 to 10 years
Computer software assets	1 to 10 years

Intellectual property assets consist primarily of certain non-patented intellectual property and process technology. Other intangible assets consist primarily of customer relationships and contract intangibles. Computer software assets consist primarily of software licenses.

(j) Impairment or disposal of long-lived assets:

We review long-lived assets (comprised of property, plant and equipment and intangible assets) for impairment on an annual basis or whenever events or changes in circumstances ("triggering events") indicate that we may not recover the carrying amount. Absent of any triggering events during the year, we conduct our long-lived assets assessment in the fourth quarter of the year to correspond with our planning cycle. We classify assets as held-for-use or available-for-sale. We recognize an impairment loss on an asset used when the carrying amount exceeds the projected undiscounted future net cash flows we expect from its use and disposal. We measure the loss as the amount by which the carrying amount exceeds its fair value, which we determine using either discounted cash flows or estimates of market value for certain assets, where available. The process of determining fair values is subjective and requires management to exercise judgment in making assumptions about future results, including revenue and expense projections and discount rates, as well as the valuation and use of appraisals for property. For assets available-for-sale, we recognize an impairment loss when the carrying amount exceeds the fair value less costs to sell. We have recorded impairment charges in 2007, 2008 and 2009. See note 10(c).

(k) Pension and non-pension post-employment benefits:

We accrue our obligations under employee benefit plans and the related costs, net of plan assets. The cost of pensions and other post-employment benefits earned by employees is actuarially determined using the projected benefit method prorated on service, and management's best estimate of expected plan investment performance, salary escalation, compensation levels at time of retirement, retirement ages, the discount rate used in measuring the liability and expected healthcare costs. Actual results could differ materially from the estimates originally made by management. Changes in these assumptions could impact future pension expense and pension funding. For the purpose of calculating the expected return on plan assets, we value assets at fair value. We amortize past service costs arising from plan amendments on a straight-line basis over the average remaining service period of employees active at the date of amendment. We amortize actuarial gains or losses exceeding 10% of a plan's accumulated benefit obligations or the fair market value of the plan assets at the beginning of the year, over the average remaining service period of active employees, except for plans where all, or almost all, of the employees are no longer active, in which we amortize over the average remaining life of the former employees. We measure plan assets and the accrued benefit obligations at December 31. The average amortization period of the pension plans is 27 years for 2008 and 2009. The average remaining service period of active employees covered by the other post-employment benefits plans is 19 years for 2008 and 2009. Curtailment gains or losses may arise from significant changes to a plan. We offset curtailment gains against unrecognized losses and record any excess gains when the curtailment occurs and all curtailment losses in the period in which it is probable that a curtailment will occur. Settlement gains or losses may arise from transactions in which we substantially discharge or settle all or part of our accrued benefit obligation thereby substantially eliminating the risks associated with the accrued benefit obligation and the assets used to effect the settlement. We recognize settlement gains or losses through operations in the period in which the settlement occurs. When the restructuring of a benefit plan gives rise to both a curtailment and a settlement, the curtailment is accounted for prior to the settlement. We record pension assets as other long-term assets and pension liabilities as accrued pension and post-employment benefits.

(l) Deferred financing costs:

We record financing costs as a reduction to the cost of the related debt which we amortize to operations using the effective interest rate method.

(m) Income taxes:

We use the asset and liability method of accounting for income taxes. We recognize deferred income tax assets and liabilities for future income tax consequences that are attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. We record a valuation allowance against deferred income tax assets when management believes it is more likely than not that some portion or all of the deferred income tax assets will not be realized. We recognize the effect of changes in tax rates in the period of substantive enactment.

We record an income tax expense or recovery based on the income earned or loss incurred in each tax jurisdiction and the substantively enacted tax rate applicable to that income or loss. In the ordinary course of business, there are many transactions for which the ultimate tax outcome is uncertain. The final tax outcome of these matters may be different from the estimates originally made by management in determining our income tax provisions. We recognize a tax benefit related to tax uncertainties when it is probable based on our best estimate of the amount that will ultimately be realized. A change to these estimates could impact the income tax provision. We recognize accrued interest and penalties relating to tax uncertainties in current income tax expense.

(n) Foreign currency translation and hedging:

Foreign currency translation:

The majority of our subsidiaries are integrated operations and have a U.S. dollar functional currency. For such subsidiaries, we translate monetary assets and liabilities denominated in foreign currencies into U.S. dollars at the year-end rate of exchange. We translate non-monetary assets and liabilities denominated in foreign currencies at historic rates, and we translate revenue and expenses at the average exchange rates prevailing during the month of the transaction. Exchange gains and losses also arise on the settlement of foreign-currency denominated transactions. We record these exchange gains and losses in our statement of operations.

We translate the accounts of our self-sustaining foreign operations, for which the functional currency is not the U.S. dollar, into U.S. dollars using the current rate method. We translate assets and liabilities at the year-end rate of exchange, and we translate revenue and expenses at the average exchange rates prevailing during the month of the transaction. We defer gains and losses arising from the translation of these foreign operations in the foreign currency translation account included in other comprehensive income (loss).

Foreign currency hedging:

We enter into forward exchange and option contracts to hedge the cash flow risk associated with firm purchase commitments and forecasted transactions in foreign currencies and foreign-currency denominated balances. We do not enter into derivatives for speculative purposes.

For relationships in which we intend to apply hedge accounting, we have formally documented the relationship between hedging instruments and hedged items, as well as our risk management objectives and strategy for undertaking various hedge transactions. This process includes linking all derivatives to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. We have also formally assessed, both at the hedge's inception and at the end of each quarter, whether the derivatives used in hedged transactions are highly effective in offsetting changes in the cash flows of hedged items.

In certain circumstances, we have not designated forward contracts as hedges and therefore have marked these contracts to market each period, resulting in a gain or loss in our consolidated statement of operations. We record the gain or loss from these forward contracts at the same location where the underlying exposures are recognized in our consolidated statement of operations. For our non-designated hedges against our balance sheet exposures denominated in foreign currencies, we record the gain or loss from these forward contracts in SG&A expenses.

Interest rate hedging:

In connection with the issuance of our Senior Subordinated Notes due 2011 (2011 Notes) in June 2004, we entered into agreements to swap the fixed interest rate for a variable interest rate. We recorded the payments or receipts under the swap agreements as interest expense on long-term debt. In February 2009, we terminated the interest rate swap agreements. See notes 7 and 14.

Financial instruments:

We recognize all financial assets and financial liabilities on our consolidated balance sheet at fair value, except for loans and receivables, held-to-maturity investments and non-trading financial liabilities, which are carried at their amortized cost. We also record certain elements of our Notes at fair value while keeping the remaining amounts at cost or amortized cost. See notes 7 and 14 for further details.

All derivatives, including embedded derivatives that must be separately accounted for, are measured at fair value in our consolidated balance sheet. We designate our hedging relationships as either cash flow hedges or fair value hedges.

In a cash flow hedge, changes in the fair value of the hedging derivative, to the extent that it is effective, are recorded in other comprehensive income (loss) (OCI) until the asset or liability being hedged is recognized in operations. Any cash flow hedge ineffectiveness is recognized in operations immediately. For hedges that are discontinued before the end of the original hedge term, the unrealized hedge gain (loss) in OCI is amortized to operations over the remaining term of the original hedge. If the hedged item ceases to exist before the end of the original hedge term, the unrealized hedge gain (loss) in OCI is recognized in operations immediately. The effective portion of hedge gain (loss) in OCI is released to operations as the hedged items are recognized in operations and at the same location where the hedged items are recorded in our consolidated statements of operations. Based on our current cash flow hedges, most of the underlying expenses that are being hedged are included in cost of sales.

In a fair value hedge, changes in the fair value of hedging derivatives are offset in operations by the changes in the fair value relating to the hedged risk of the asset, liability or cash flows being hedged. Any fair value hedge ineffectiveness is recognized in operations immediately.

Derivatives may be embedded in financial instruments (the "host instrument"). Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host instrument, the terms of the embedded derivative are similar to those of a stand-alone derivative, and the combined contract is not held for trading or designated at fair value. We have prepayment options that are embedded in our Notes which meet the criteria for bifurcation. See notes 7(d) and (e).

In determining the fair value of our financial instruments, we used a variety of methods and assumptions that are based on market conditions and risks existing on each reporting date. Broker quotes and standard market conventions and techniques, such as discounted cash flow analysis and option pricing models, are used to determine the fair value of our financial instruments, including derivatives and hedged debt obligations. In determining the fair value of our financial instruments, we also consider the credit quality of the financial instruments, including our own credit risk as well as the credit risks of our counterparties. See note 14. All methods of fair value measurement result in a general approximation of value and such value may never be realized.

(in millions of U.S. dollars)

We mark-to-market the embedded prepayment options in our Notes until the options are extinguished. We also applied the fair value hedge accounting to our interest rate swaps and our hedged debt obligation (2011 Notes) until February 2009. The changes in fair values each period are recorded in interest expense on long-term debt, except for the write-down of the embedded prepayment option due to hedge de-designation or debt redemption which we recorded in other charges. The mark-to-market adjustment fluctuates each period as it is dependent on market conditions, including future interest rates, implied volatilities and credit spreads. The impact of these adjustments on our results of operations is as follows:

	Year ended December 31		
	2007	2008	2009
Increase (decrease) in interest expense on long-term debt	$ (0.6)	$ 1.0	$ (9.0)

We are required to disclose the classifications of our financial instruments into the following specific categories:

— financial assets held-for-trading
— held-to-maturity investments
— financial liabilities held-for-trading
— loans and receivables
— available-for-sale financial assets
— financial liabilities measured at amortized cost

The classification of our financial instruments is as follows:

Our cash and cash equivalents are comprised of cash and short-term investments. See note 19. We classify accounts receivable as loans and receivables. Our derivative assets are included in prepaid and other assets and other long-term assets. Our derivative liabilities are included in accrued liabilities and other long-term liabilities. The majority of our derivative assets and liabilities arise from foreign currency forward contracts and interest rate swap agreements. Our foreign currency forward contracts are recorded at fair value and the majority of our foreign currency forward contracts are designated as cash flow hedges. Our interest rate swap agreements related to our 2011 Notes were recorded at fair value and were designated as fair value hedges, prior to their termination in the first quarter of 2009. See note 14(d)(2). Accounts payable and the majority of our accrued liabilities, excluding derivative liabilities, are classified as financial liabilities which are recorded at amortized cost. Our Notes, which are comprised of elements recorded at fair value and amortized cost, are classified as financial liabilities. See note 7. We do not currently designate any financial assets as held-for-trading or available-for-sale.

(o) Research and development:

We incur costs relating to research and development activities. We expense these costs as incurred unless development costs meet certain criteria for capitalization. Total research and development costs recorded in SG&A for 2009 were $7.0 (2008 — $7.6; 2007 — $2.5). No amounts were capitalized.

(p) Restructuring charges:

We record restructuring charges relating to workforce reductions, facility consolidations and costs associated with exiting businesses. These restructuring charges, which include employee terminations and contractual lease obligations, are only recorded when we incur the liability and can measure its fair value. The recognition of restructuring charges requires management to make certain judgments and estimates regarding the nature, timing and amounts associated with the planned restructuring activities, including estimating future sublease income and the net recoverable amount of property, plant and equipment to be disposed of. The estimated liability may change subsequent to its initial recognition, requiring adjustments to the expense and liability recorded. At the end of each reporting period, we evaluate the appropriateness of the remaining accrued balances.

(q) Stock-based compensation and other stock-based payments:

We account for employee stock options using the fair-value method of accounting. We recognize compensation expense over the vesting period, on a straight-line basis. We recognize the effect of actual forfeitures as they occur. See notes 8(d) and (e) outlining our stock-based compensation plans.

(r) Earnings (loss) per share and weighted average shares outstanding:

We follow the treasury stock method for calculating diluted per share results. The diluted per share calculation reflects the potential dilution from stock options. As a result of our net losses for 2007 and 2008, approximately 0.1 million and 0.3 million, stock options were excluded from the diluted per share calculations for 2007 and 2008, respectively.

(s) Changes in accounting policies:

(1) Goodwill and intangible assets:

On January 1, 2009, we adopted CICA Handbook Section 3064, "Goodwill and intangible assets." This revised standard establishes guidance for the recognition, measurement and disclosure of goodwill and intangible assets, including internally generated intangible assets. As required by this standard, we have retroactively reclassified computer software assets on our consolidated balance sheet from property, plant and equipment to intangible assets. We have also reclassified computer software amortization on our consolidated statement of operations from depreciation expense, included in SG&A, to amortization of intangible assets. There was no impact on previously reported net earnings or loss. See note 5.

(2) Financial instruments — disclosures:

Effective December 31, 2009, we adopted the amendment issued by the CICA to Handbook Section 3862, "Financial instruments — disclosures," which requires enhanced disclosures on liquidity risk of financial instruments and new disclosures on fair value measurements of financial instruments. These requirements correspond to the IFRS guidelines on financial instruments disclosures. See note 14. The adoption of this amendment did not have a material impact on our consolidated financial statements.

(t) Recently issued accounting pronouncements:

(1) International financial reporting standards (IFRS):

In February 2008, the Canadian Accounting Standards Board announced the adoption of International Financial Reporting Standards for publicly accountable enterprises. IFRS will replace Canadian GAAP effective January 1, 2011. IFRS is effective for our first quarter of 2011 and will require that we restate our 2010 comparative numbers under IFRS. We have started an IFRS conversion project to evaluate the impact of implementing the new standards. Our transition plan is progressing according to our implementation schedule. We have disclosed our preliminary IFRS accounting policy decisions in our 2009 management's discussion and analysis. Although we have identified key accounting policy differences, we cannot at this time determine the impact of IFRS on our consolidated financial statements.

(in millions of U.S. dollars)

(2) Business combinations:

In January 2009, the CICA issued Handbook Section 1582, "Business combinations," which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is equivalent to the IFRS on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements unless we engage in a significant acquisition.

(3) Consolidated financial statements:

In January 2009, the CICA issued Handbook Section 1601, "Consolidated financial statements," which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for 2011. We are currently evaluating the impact of adopting this standard on our consolidated financial statements.

3. INTEGRATION COSTS:

We expense integration costs relating to the establishment of business processes, infrastructure and information systems for acquired operations. None of the integration costs incurred related to existing operations.

Also see note 22.

4. PROPERTY, PLANT AND EQUIPMENT:

	2008		
	Cost	Accumulated Depreciation	Net Book Value
Land	$ 42.5	$ —	$ 42.5
Buildings	218.9	50.4	168.5
Building/leasehold improvements	83.6	57.5	26.1
Office equipment	38.4	32.4	6.0
Machinery and equipment	740.2	549.8	190.4
	$ 1,123.6	$ 690.1	$ 433.5

	2009		
	Cost	Accumulated Depreciation	Net Book Value
Land	$ 35.7	$ —	$ 35.7
Buildings	207.2	53.9	153.3
Building/leasehold improvements	90.6	63.9	26.7
Office equipment	36.1	33.1	3.0
Machinery and equipment	686.5	511.4	175.1
	$ 1,056.1	$ 662.3	$ 393.8

(in millions of U.S. dollars)

As of December 31, 2009, we have $23.0 (December 31, 2008 — $22.0) of assets that are available-for-sale, primarily land and buildings, as a result of the restructuring actions we implemented. We have programs underway to sell these assets.

Property, plant and equipment at December 31, 2009 includes $5.9 (December 31, 2008 — $6.4) of assets under capital lease and accumulated depreciation of $4.9 (2008 — $5.0) related thereto.

Depreciation and rental expense for 2009 was $75.4 (2008 — $91.1; 2007 — $106.1) and $51.6 (2008 — $49.1; 2007 — $55.9), respectively.

5. INTANGIBLE ASSETS:

	2008		
	Cost	Accumulated Amortization	Net Book Value
Intellectual property	$ 119.4	$ 118.8	$ 0.6
Other intangible assets	201.1	181.6	19.5
Computer software assets (note 2(s)(1))	256.1	222.1	34.0
	$ 576.6	$ 522.5	$ 54.1

	2009		
	Cost	Accumulated Amortization	Net Book Value
Intellectual property	$ 111.3	$ 111.3	$ —
Other intangible assets	189.9	181.0	8.9
Computer software assets (note 2(s)(1))	255.7	232.3	23.4
	$ 556.9	$ 524.6	$ 32.3

The following table details the changes in intangible assets:

	Intellectual Property	Other Intangible Assets	Computer Software Assets	Total
Balance — December 31, 2007	$ 1.7	$ 33.5	$ 38.9	$ 74.1
Amortization	(1.1)	(14.0)	(11.8)	(26.9)
Addition	—	—	6.9	6.9
Balance — December 31, 2008 (i)	0.6	19.5	34.0	54.1
Amortization	(0.2)	(8.6)	(13.1)	(21.9)
Impairment (ii)	(0.4)	(2.0)	—	(2.4)
Addition	—	—	2.5	2.5
Balance — December 31, 2009	$ —	$ 8.9	$ 23.4	$ 32.3

(i) As we finalized our 2009 plan, and in connection with our annual recoverability review of long-lived assets in the fourth quarter of 2008, we determined that there was no impairment of intangible assets for 2008.

(ii) As we finalized our 2010 plan, and in connection with our annual recoverability review of long-lived assets in the fourth quarter of 2009, we recorded an impairment charge of $1.8 to write-down other intangible assets in Asia. The impairment was measured as the excess of the carrying amount over the fair value of the assets determined using discounted cash flows.

(in millions of U.S. dollars)

In 2009, as a result of restructuring actions we implemented, we also recorded impairment charges to write-down intellectual property by $0.4 and other intangible assets by $0.2.

Amortization expense is as follows:

	Year ended December 31		
	2007	2008	2009
Amortization of intellectual property	$ 2.1	$ 1.1	$ 0.2
Amortization of other intangible assets	19.2	14.0	8.6
Amortization of computer software assets	23.4	11.8	13.1
	$ 44.7	$ 26.9	$ 21.9

We estimate our future amortization expense as follows, based on the existing intangible asset balances:

2010	$ 15.6
2011	13.9
2012	2.8
	$ 32.3

6. OTHER LONG-TERM ASSETS:

	2008	2009
Deferred pension (note 13)	$ 83.2	$ 104.4
Land rights	11.8	10.9
Fair value of interest rate swaps (note 14(d)(2))	17.3	—
Deferred income taxes (note 11)	8.0	14.4
Other	6.5	7.5
	$ 126.8	$ 137.2

7. LONG-TERM DEBT:

	2008	2009
Secured, revolving credit facility (a)	$ —	$ —
Senior Subordinated Notes due 2011 (2011 Notes) (b)(c)(d)	489.4	—
Senior Subordinated Notes due 2013 (2013 Notes) (b)(d)	223.1	223.1
Embedded prepayment option at fair value (d)(e)	(19.2)	(1.5)
Basis adjustments on debt obligation (e)	4.9	3.1
Unamortized debt issue costs	(7.0)	(1.9)
Fair value adjustment of 2011 Notes attributable to interest rate risks (d)(e)	40.9	—
	732.1	222.8
Capital lease obligations	1.0	—
	733.1	222.8
Less current portion (b)	1.0	222.8
	$ 732.1	$ —

(a) In April 2009, we renewed our revolving credit facility on generally similar terms and conditions, and reduced the size from $300.0 to $200.0, with a maturity of April 2011. Borrowings bear a higher interest rate under this facility than under the prior facility and we are required to comply with certain restrictive covenants relating to debt incurrence, the sale of assets, a change of control and certain financial covenants related to indebtedness, interest coverage and liquidity. We have pledged certain assets, including the shares of certain North American subsidiaries, as security. The facility includes a $25.0 swing-line facility that provides for short-term borrowings up to a maximum of seven days. The credit facility permits us and certain designated subsidiaries to borrow funds for general corporate purposes (including acquisitions). Borrowings under the facility bear interest at LIBOR plus a margin, except that borrowings under the swing-line facility bear interest at a base rate plus a margin. There were no borrowings outstanding under this facility at December 31, 2009. Commitment fees for 2009 were $2.1. Based on the required financial ratios at December 31, 2009, we have full access to this facility. We were in compliance with all covenants at December 31, 2009.

We also have uncommitted bank overdraft facilities available for operating requirements which total $65.0 at December 31, 2009. There were no borrowings outstanding under these facilities at December 31, 2009.

(b) In June 2004, we issued the 2011 Notes with a principal amount of $500.0 and a fixed interest rate of 7.875%. We redeemed the outstanding 2011 Notes during 2009. See note 7(d).

In June 2005, we issued the 2013 Notes with a principal amount of $250.0 and a fixed interest rate of 7.625%. The 2013 Notes are unsecured and are subordinated in right of payment to our secured debt (see note 7(a)). The 2013 Notes have restrictive covenants that limit our ability to pay dividends, repurchase our own stock or repay debt that is subordinated to these Notes. These covenants also place limitations on the sale of assets and our ability to incur additional debt. We were in compliance with all covenants at December 31, 2009. In January 2010, we announced our intention to redeem our outstanding 2013 Notes. See note 22. As a result, we reclassified our 2013 Notes from long-term debt to current portion of long-term debt on our consolidated balance sheet as at December 31, 2009.

(c) In connection with the 2011 Notes, we entered into agreements to swap the fixed interest rate for a variable interest rate based on LIBOR plus a margin. In February 2009, we terminated these interest rate swap agreements. See note 7(d). The average interest rate on the 2011 Notes was 7.0% for 2009 through to the redemption of the debt (2008 — 6.5%; 2007 — 8.3%).

(d) During 2008, we paid $30.4, excluding accrued interest, to repurchase 2011 Notes with a principal amount of $10.6 and to repurchase 2013 Notes with a principal amount of $26.9. We recognized a gain of $7.6 on the repurchase of the Notes which we recorded in other charges. See note 10. The gain on the repurchase was measured based on the carrying values of the repurchased portion of the Notes on the dates of repurchase.

In 2009, we paid $495.8, excluding accrued interest, to repurchase 2011 Notes with a principal amount of $489.4. We recognized a gain of $19.5 on the repurchase of the 2011 Notes which we recorded in other charges. See note 10. The gain was measured based on the carrying value of the repurchased portion of the 2011 Notes on the date of repurchase. In February 2009, we terminated the interest rate swap agreements related to the 2011 Notes and received $14.7 in cash, excluding accrued interest, as settlement of these agreements. In connection with the termination of the swap agreements, we discontinued fair value hedge accounting on the 2011 Notes. In 2009, we recorded a write-down, through other charges, of $16.7 in the carrying value of the embedded prepayment option on the 2011 Notes primarily to reflect the change in fair value upon hedge de-designation. See note 10. We amortized the historical fair value adjustment on the 2011 Notes until the Notes were redeemed, using the effective interest rate method. This amortization was recorded as a reduction to interest expense on long-term debt. Also see note 22.

(e) The prepayment options in the Notes qualify as embedded derivatives that we bifurcated for reporting. As of December 31, 2009, the fair value of the embedded derivative asset is $1.5 for the 2013 Notes and is recorded against the debt. The decrease in the fair value of the embedded derivative asset from December 31, 2008 primarily reflects the write-down upon hedge de-designation described in note 7(d).

As a result of bifurcating the prepayment option from the Notes, a basis adjustment was added to the cost of the debt. We amortize the basis adjustment over the term of the debt using the effective interest rate method. This amortization is recorded as a reduction of interest expense on long-term debt. The unamortized fair value adjustment on the 2011 Notes decreased from $40.9 at December 31, 2008 to zero at December 31, 2009 primarily as a result of the debt repurchases and hedge de-designation described in note 7(d). After the hedge de-designation, we amortized the fair value adjustment to interest expense on long-term debt until the 2011 Notes were redeemed. Upon redemption of the 2011 Notes in 2009, the related basis adjustment, the unamortized debt issue costs and the unamortized fair value adjustment were eliminated in determining the gain that we recorded in other charges.

We applied fair value hedge accounting to our interest rate swaps and our hedged debt obligation (2011 Notes) until February 2009. We also mark-to-market the bifurcated embedded prepayment options in our debt instruments until the options are extinguished. The changes in the fair values each period are recorded in interest expense on long-term debt, except for the write-down of the embedded prepayment option due to hedge de-designation or debt redemption which we recorded in other charges. The mark-to-market adjustment fluctuates each period as it is dependent on market conditions, including future interest rates, implied volatility and credit spreads. See note 2(n) which summarizes the impact of our mark-to-market adjustments and our fair value hedge accounting.

8. CAPITAL STOCK:

(a) Authorized:

We are authorized to issue an unlimited number of subordinate voting shares (SVS), which entitle the holder to one vote per share, and an unlimited number of multiple voting shares (MVS), which entitle the holder to 25 votes per share. Except as otherwise required by law, the SVS and MVS vote together as a single class on all matters submitted to a vote of shareholders, including the election of directors. The holders of the SVS and MVS 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 MVS is convertible at any time at the option of the holder thereof and automatically, under certain circumstances, into one SVS. We are also authorized to issue an unlimited number of preferred shares, issuable in series.

(b) Issued and outstanding:

Number of Shares (in millions)	SVS	MVS	Total SVS and MVS outstanding	Warrants (note 8(c))
Balance December 31, 2007	199.2	29.6	228.8	0.4
Other share issuances (i)	0.4	—	0.4	—
Other (ii)	—	—	—	(0.4)
Balance December 31, 2008	199.6	29.6	229.2	—
Other share issuances (iii)	0.3	—	0.3	—
Other (iv)	10.7	(10.7)	—	—
Balance December 31, 2009	210.6	18.9	229.5	—

(in millions of U.S. dollars)

Amount	SVS	MVS	Total SVS and MVS outstanding	Warrants (note 8(c))
Balance December 31, 2007	$ 3,479.8	$ 105.4	$ 3,585.2	$ 3.1
Other share issuances (i)	3.3	—	3.3	—
Other (ii)	—	—	—	(3.1)
Balance December 31, 2008	3,483.1	105.4	3,588.5	—
Other share issuances (iii)	2.7	—	2.7	—
Other (iv)	38.0	(38.0)	—	—
Balance December 31, 2009	$ 3,523.8	$ 67.4	$ 3,591.2	$ —

Capital transactions:

(i) During 2008, we issued 0.2 million SVS as a result of the exercise of employee stock options for $2.1 and we issued 0.1 million SVS for $0.7 upon the vesting of restricted share units. We also issued 0.1 million SVS for $0.5 upon the vesting of deferred share units.

(ii) During 2008, we cancelled 0.4 million warrants with an ascribed value of $3.1.

(iii) During 2009, we issued 0.3 million SVS as a result of the exercise of employee stock options for $2.7.

(iv) During 2009, Onex Corporation, our controlling shareholder who holds our outstanding MVS, converted 10.7 million MVS into 10.7 million SVS and then sold these SVS pursuant to a public offering.

(c) Warrants:

In connection with an acquisition in 2004, we issued warrants. The warrants have expired.

Long-Term Incentives:

Long-Term Incentive Plan (LTIP):

Under the LTIP, we may grant stock options, performance options, performance share units and stock appreciation rights to eligible employees, executives and consultants. Under the LTIP, up to 29.0 million SVS may be issued from treasury.

Share Unit Plan (SUP):

Under the SUP, we may grant restricted share units and performance share units to eligible employees. Under the SUP, we will satisfy the delivery of the share units by purchasing SVS in the open market or by cash, rather than issuing SVS from treasury.

(d) Stock option plans:

(i) Long-Term Incentive Plan:

We have granted stock options and performance options as part of our LTIP. Options are granted at prices equal to the market value on the day prior to the date of the grant and are exercisable during a period not to exceed 10 years from the grant date.

(ii) Employee Share Purchase and Option Plans (ESPO):

We had ESPO plans that were available to certain employees and executives. Pursuant to the ESPO plans, our employees and executives were offered the opportunity to purchase, at prices equal to market value, SVS and, in connection with such purchase, receive options to acquire an additional number of SVS based on the number of SVS acquired by them under the ESPO plans. The exercise price for the options was equal to the price per share paid for the corresponding SVS acquired under the ESPO plans. The ESPO options expired in 2008.

Stock option transactions were as follows:

Number of Options (in millions)	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2006	11.5	$ 20.62
Granted	2.7	$ 6.42
Exercised	(0.7)	$ 4.99
Forfeited/Expired	(5.3)	$ 27.25
Outstanding at December 31, 2007	8.2	$ 15.58
Granted	2.4	$ 5.97
Exercised	(0.2)	$ 7.95
Forfeited/Expired	(1.3)	$ 13.58
Outstanding at December 31, 2008	9.1	$ 12.35
Granted	2.4	$ 4.51
Exercised	(0.3)	$ 6.36
Forfeited/Expired	(0.8)	$ 21.44
Outstanding at December 31, 2009	10.4	$ 10.75
Shares reserved for issuance upon exercise of stock options or awards (in millions)	26.7	

The following options were outstanding as at December 31, 2009:

Range of Exercise Prices	Outstanding Options (in millions)	Weighted Average Exercise Price	Weighted Average Remaining Life of Outstanding Options (years)	Exercisable Options (in millions)	Weighted Average Exercise Price
$ 4.04 - $ 4.90	2.3	$ 4.47	9.1	—	$ —
$ 5.26 - $ 6.05	1.6	$ 5.94	7.4	0.8	$ 5.99
$ 6.18 - $ 6.75	2.3	$ 6.45	7.9	0.6	$ 6.53
$ 6.93 - $10.00	0.8	$ 8.88	7.0	0.5	$ 9.33
$10.13 - $17.15	1.6	$ 15.07	4.6	1.4	$ 15.14
$17.20 - $27.68	1.3	$ 22.13	3.3	1.3	$ 22.13
$27.91 - $82.12	0.3	$ 50.79	1.4	0.3	$ 50.79
$ 9.73 - $13.33	0.1	$ 11.96	2.5	0.1	$ 11.96
$13.52 - $58.00	0.1	$ 18.80	1.6	0.1	$ 18.80
	10.4			5.1	

We have applied fair-value method of accounting for stock option awards granted after January 1, 2003 and, accordingly, have recorded compensation expense. Prior to January 1, 2003, we accounted for stock option awards using the settlement method and no compensation expense was recognized.

(in millions of U.S. dollars)

We amortize the estimated fair value of options to expense over the vesting period of three to four years, on a straight-line basis. We determined the fair value of the options using the Black-Scholes option pricing model with the following weighted average assumptions:

	Year ended December 31		
	2007	2008	2009
Risk-free rate	3.6% - 4.8%	1.0% - 3.3%	1.9% - 3.0%
Dividend yield	0.0%	0.0%	0.0%
Volatility factor of the expected market price of our shares	35% - 52%	38% - 59%	38% - 47%
Expected option life (in years)	4.0 - 5.5	4.0 - 5.5	5.5
Weighted-average fair value of options granted	$2.57	$3.12	$1.60

For 2009, we expensed $5.9 (2008 — $6.6; 2007 — $7.0) relating to the fair value of options.

(e) Restricted share units awards:

We have granted restricted share units (RSUs) and performance share units (PSUs) as part of our LTIP and SUP. These grants generally entitle the holder to receive one SVS or, at our discretion, the cash equivalent of the market value of a share at the date of vesting. Historically, we have settled these awards with shares purchased in the open market. The cost of equity-settled awards is based on the market value of our SVS at the time of grant. We amortize this cost to compensation expense over the vesting period on a straight-line basis with a corresponding charge through contributed surplus.

During the fourth quarter of 2009, we decided to settle the share unit awards vesting in the first quarter of 2010 with cash. Cash-settled awards are accounted for as liabilities and remeasured based on our share price at each reporting period until the settlement date. As a result of our decision to settle these awards with cash, we reclassified the accumulated balance of $13.3, representing the grant date fair value of vested awards, from contributed surplus to accrued liabilities. We adjusted this liability to the market value of our underlying SVS at December 31, 2009, with a corresponding charge to compensation expense. We recorded a mark-to-market adjustment of $10.9 (cost of sales — $5.2; SG&A — $5.7) in the fourth quarter of 2009. Management's current intention is to settle all future share unit awards in the form of shares purchased in the open market and, as a result will continue to account for these share units as equity awards.

The weighted-average grant date fair value of the share units awarded in 2009 was $4.19 (2008 — $6.52; 2007 — $6.10). A total of $33.0, including the $10.9 mark-to-market adjustment described above, has been recognized for share unit awards in cost of sales and SG&A in 2009 (2008 — $16.8; 2007 — $6.2).

RSUs granted before 2008 completely vest at the end of their respective terms, which is generally three years. RSUs granted in 2008 and thereafter vest approximately one-third each year. PSUs vest at the end of their respective terms, generally three years, to the extent that performance conditions have been met.

Number of RSUs and PSUs (in millions)	RSUs	Vested	PSUs	Vested
Outstanding at December 31, 2006	2.1	0.1	2.0	—
Granted	1.6		0.8	
Forfeited/Expired	(0.5)		(1.0)	
Exercised	(0.8)		—	
Outstanding at December 31, 2007	2.4	—	1.8	—
Granted	3.2		2.1	
Forfeited/Expired	(0.4)		(0.5)	
Exercised	(0.8)		(0.1)	
Outstanding at December 31, 2008	4.4	—	3.3	—
Granted	4.4		4.6	
Forfeited/Expired	(0.3)		(0.2)	
Exercised	(1.9)		(0.7)	
Outstanding at December 31, 2009	6.6	—	7.0	—

9. ACCUMULATED OTHER COMPREHENSIVE INCOME, NET OF TAX:

	Year ended December 31		
	2007	2008	2009
Opening balance of foreign currency translation account	$ —	$ 35.2	$ 46.7
Transitional adjustment — January 1, 2007	26.5	—	—
Currency translation adjustment	8.7	11.5	(1.6)
Release of cumulative currency translation to other charges (note (10))	—	—	1.8
Closing balance	35.2	46.7	46.9
Opening balance of unrealized net gain (loss) on cash flow hedges	—	20.7	(37.3)
Transitional adjustment — January 1, 2007	(0.5)	—	—
Net gain (loss) on cash flow hedges (i)	37.5	(53.1)	14.4
Net loss (gain) on cash flow hedges reclassified to operations (ii)	(16.3)	(4.9)	31.8
Closing balance (iii)	20.7	(37.3)	8.9
Accumulated other comprehensive income	$ 55.9	$ 9.4	$ 55.8

(i) Net of income tax benefit of $0.1 for 2009 (2008 — $0.8 income tax benefit; 2007 — $0.2 income tax expense).

(ii) Net of income tax expense of $0.6 for 2009 (2008 — $0.2 income tax expense; 2007 — no income tax).

(iii) Net of income tax expense of $0.1 as of December 31, 2009 (December 31, 2008 — $0.4 income tax benefit; December 31, 2007 — $0.2 income tax expense).

We expect that the majority of the gains on cash flow hedges reported in the 2009 accumulated other comprehensive income balance will be reclassified to operations during 2010, primarily through cost of sales, as the underlying expenses being hedged are incurred.

(in millions of U.S. dollars)

10. OTHER CHARGES:

	Year ended December 31		
	2007	2008	2009
Restructuring (a)	$ 37.3	$ 35.3	$ 83.1
Goodwill impairment (b)	—	850.5	—
Long-lived asset impairment (c)	15.1	8.8	12.3
Gain on repurchase of Notes (note 7(d))	—	(7.6)	(19.5)
Write-down of embedded prepayment option (note 7(d))	—	—	16.7
Recovery of damages (d)	—	—	(23.7)
Release of cumulative translation adjustment (e)	—	—	1.8
Other (f)	(4.8)	(1.8)	(2.7)
	$ 47.6	$ 885.2	$ 68.0

(a) Restructuring:

Between 2001 and 2004, we announced global restructuring plans as a result of end market weakness and the shifting of manufacturing capacity from higher-cost regions in North America and Europe to lower-cost regions in Asia. During 2005 and 2006, we announced further plans to improve capacity utilization and accelerate margin improvements, primarily in our North America and Europe regions as end-market demand and profitability had not recovered to sustainable levels.

In January 2008, we estimated that additional restructuring charges of between $50 and $75 would be recorded throughout 2008 and 2009. In light of the continued uncertain economic environment, we determined that further restructuring actions were required to improve our overall utilization and reduce overhead costs, and in July 2009 we announced additional restructuring charges of between $75 and $100. Combined, we expect to incur total restructuring charges of between $150 and $175 associated with this program. We recorded $35.3 in restructuring charges in 2008 and $83.1 in 2009 related to this program. We expect to complete the remainder of the restructuring actions by the end of 2010. As we finalize the detailed plans of these restructuring actions, we will recognize the related charges. The recognition of these charges requires management to make certain judgments and estimates regarding the amount and timing of restructuring charges or recoveries. Our estimated liability could change subsequent to its recognition, requiring adjustments to our expense and the liability amounts recorded.

Our restructuring actions included consolidating facilities and reducing our workforce. Approximately 36,100 employees have been terminated since 2001. The majority of the employees terminated were manufacturing and plant employees. Approximately 65% of the employee terminations to date were in the Americas, 25% in Europe and 10% in Asia. For leased facilities that have been vacated, the lease costs included in the restructuring costs represent future lease payments less estimated sublease recoveries. Adjustments are made to lease and other contractual obligations to reflect incremental cancellation fees paid for terminating certain facility leases and to reflect higher accruals for other leases due to delays in the timing of sublease recoveries, changes in estimated sublease rates, or changes in use, relating principally to facilities in the Americas. We recorded non-cash charges to write-down certain long-lived assets (65% in the Americas, 25% in Europe and 10% in Asia) which became impaired as a result of the rationalization of facilities. We expect our long-term lease and other contractual obligations to be paid out over the remaining lease terms through 2015. Our restructuring liability is recorded in accrued liabilities.

(in millions of U.S. dollars)

Details of the activity through the accrued restructuring liability and the non-cash charge are as follows:

	Employee termination costs	Lease and other contractual obligations	Facility exit costs and other	Total accrued liability	Non-cash charge	Total charge
January 1, 2001	$ —	$ —	$ —	$ —	$ —	$ —
Provision	90.7	35.3	12.4	138.4	98.6	237.0
Cash payments	(51.2)	(1.6)	(2.9)	(55.7)	—	—
December 31, 2001	39.5	33.7	9.5	82.7	98.6	237.0
Provision /adjustments	124.7	63.1	5.8	193.6	191.8	385.4
Cash payments	(77.1)	(14.7)	(7.5)	(99.3)	—	—
December 31, 2002	87.1	82.1	7.8	177.0	290.4	622.4
Provision /adjustments	68.8	24.4	4.0	97.2	(2.3)	94.9
Cash payments	(112.0)	(44.4)	(8.9)	(165.3)	—	—
December 31, 2003	43.9	62.1	2.9	108.9	288.1	717.3
Provision /adjustments	101.3	10.9	6.2	118.4	35.3	153.7
Cash payments	(110.6)	(32.0)	(4.1)	(146.7)	—	—
December 31, 2004	34.6	41.0	5.0	80.6	323.4	871.0
Provision /adjustments	122.7	20.7	5.7	149.1	11.0	160.1
Cash payments	(106.6)	(12.7)	(9.0)	(128.3)	—	—
December 31, 2005	50.7	49.0	1.7	101.4	334.4	1,031.1
Provision /adjustments	115.2	9.1	5.9	130.2	47.9	178.1
Cash payments	(89.8)	(16.7)	(6.1)	(112.6)	—	—
Settlement	(23.2)	—	—	(23.2)	—	—
December 31, 2006	52.9	41.4	1.5	95.8	382.3	1,209.2
Provision /adjustments	20.7	8.6	2.9	32.2	5.1	37.3
Cash payments	(64.6)	(13.5)	(3.8)	(81.9)	—	—
December 31, 2007	9.0	36.5	0.6	46.1	387.4	1,246.5
Provision /adjustments	31.9	1.4	0.9	34.2	1.1	35.3
Cash payments	(22.2)	(11.2)	(1.3)	(34.7)	—	—
December 31, 2008	18.7	26.7	0.2	45.6	388.5	1,281.8
Provision /adjustments	69.9	6.5	2.9	79.3	3.8	83.1
Cash payments	(64.9)	(12.4)	(2.6)	(79.9)	—	—
December 31, 2009	$ 23.7	$ 20.8	$ 0.5	$ 45.0	$ 392.3	$ 1,364.9

(b) *Goodwill:*

Our goodwill balance prior to the impairment charge described below was $850.5 and was established primarily as a result of an acquisition in 2001. All goodwill was allocated to the Asia reporting unit.

During the fourth quarter of 2008, we performed our annual goodwill impairment assessment. We completed our step one analysis using a combination of valuation approaches including a market capitalization approach, a multiples approach and a discounted cash flow. The market capitalization approach used our publicly traded stock price to determine fair value, adjusted upward for a control premium, which we allocated to the Asia reporting unit on a prorata basis based on earnings. The multiples approach used an average of comparable trading multiples of our major competitors to arrive at a fair value, adjusted upward for a control premium. We applied a 20% control premium to the fair values, which we believe is a reasonable estimate based on past transactions in the EMS industry at December 31, 2008. The discounted cash flow method used revenue and expense projections and risk-adjusted discount rates to determine fair value. The process of determining fair value is subjective and required management to exercise a significant amount of judgment in determining future growth rates, discount rates and tax rates, among other factors. At that time, the economic environment had negatively impacted our ability to forecast future demand which in turn resulted in our use of higher discount rates, reflecting the risk and uncertainty in the markets. We discounted our three-year projections using a 27% discount rate. We averaged the fair values derived from the above approaches to determine the estimated fair value of the Asia reporting unit. The results of our step one analysis indicated potential impairment in our Asia reporting unit, which was corroborated by a combination of factors including a significant and sustained decline in our market capitalization, which was significantly below our book value, and the then deteriorating macro environment, which resulted in a decline in expected future demand. We performed the second step of the goodwill impairment assessment to quantify the amount of impairment. We engaged an independent third-party consultant to assist with our step two analysis. This involved calculating the implied fair value of goodwill, determined in a manner similar to a purchase price allocation, and comparing the residual amount to the carrying amount of goodwill. Based on our analysis incorporating the declining market capitalization in 2008, as well as the significant end market deterioration and economic uncertainties impacting expected future demand at that time, we concluded that the entire goodwill balance as of December 31, 2008 of $850.5 was impaired. The goodwill impairment charge was non-cash in nature and did not affect our liquidity, cash flows from operating activities, or our compliance with debt covenants. The goodwill impairment charge was not deductible for income tax purposes and, therefore, we did not record a corresponding tax benefit in 2008.

(c) Long-lived asset impairment:

In 2007, we recorded a non-cash impairment charge of $15.1 primarily against property, plant and equipment in the Americas and Europe. In 2008, we recorded a non-cash impairment charge of $8.8 against property, plant and equipment in the Americas and Europe. In 2009, we recorded a non-cash impairment charge of $12.3 against property, plant and equipment primarily in Japan.

We tested impairment of long-lived assets in the fourth quarter of each year. We used the two-step method, by comparing the carrying amount of an asset, or group of assets, to the undiscounted cash flows from the use and eventual disposal of the asset. If the carrying amount exceeded the undiscounted cash flows, we performed step two by comparing the fair value of the asset to its carrying amount to determine the amount of impairment. We estimated fair value using discounted cash flows or estimates of market value for certain assets, where available. We used revenue and expense projections based on site submissions which were discounted using risk-adjusted rates. We worked with independent brokers to obtain the market prices to support our real property values.

(d) Recovery of damages:

In 2009, we received a recovery of damages related to certain purchases we made in prior periods as a result of the settlement of a class action lawsuit. When the cash was received, we recorded the recovery, net of estimated reserves, of $23.7 through other charges. Future adjustments to our estimated reserves, if any, will be recorded through other charges.

(e) Release of cumulative translation adjustment:

We recorded a net loss of $1.8 for the release of the cumulative currency translation adjustment related to a liquidated foreign subsidiary.

(in millions of U.S. dollars)

(f) Other:

We recognized recoveries on the sale of certain assets that were previously written down through other charges.

11. INCOME TAXES:

	Year ended December 31		
	2007	2008	2009
Earnings (loss) before income tax:			
Canadian operations	$ (143.2)	$ 252.7	$ (318.6)
Foreign operations	150.3	(968.2)	379.0
	$ 7.1	$ (715.5)	$ 60.4
Current income tax expense (recovery):			
Canadian operations	$ 15.6	$ 0.4	$ 29.5
Foreign operations	(1.2)	18.0	4.1
	$ 14.4	$ 18.4	$ 33.6
Deferred income tax expense (recovery):			
Canadian operations	$ 8.7	$ (4.9)	$ (23.1)
Foreign operations	(2.3)	(8.5)	(5.1)
	$ 6.4	$ (13.4)	$ (28.2)

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

	Year ended December 31		
	2007	2008	2009
Combined Canadian federal and provincial income tax rate	36.1%	33.5%	33.0%
Income tax expense (recovery) based on earnings or loss before income taxes at statutory rate	$ 2.6	$ (239.7)	$ 19.9
Impact on income taxes from:			
Manufacturing and processing deduction	5.2	(4.9)	2.5
Foreign income taxed at lower rates	(92.4)	297.2	(119.2)
Foreign exchange	71.2	(131.9)	79.2
Other, including non-taxable and non-deductible items	10.9	46.6	32.3
Change in valuation allowance	23.3	3.1	(9.3)
Write-down of non-deductible goodwill	—	34.6	—
Income tax expense	$ 20.8	$ 5.0	$ 5.4

(in millions of U.S. dollars)

Deferred income tax assets and liabilities are recognized for future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred income tax assets and liabilities are comprised of the following:

	December 31	
	2008	2009
Deferred income tax assets:		
Income tax effect of operating losses carried forward	$ 555.1	$ 583.4
Accounting provisions not currently deductible	45.6	28.8
Property, plant and equipment, intangible and other assets	78.5	98.4
Restructuring accruals	12.4	13.5
	691.6	724.1
Valuation allowance	(591.9)	(582.6)
	99.7	141.5
Deferred income tax liabilities:		
Deferred pension asset	(15.1)	(14.3)
Unrealized foreign exchange gains	(113.1)	(134.0)
Share issue and debt issue costs	(2.7)	(1.6)
	(130.9)	(149.9)
Deferred income tax liability, net	$ (31.2)	$ (8.4)

The net deferred income tax asset (liability) is classified as follows:

	December 31	
	2008	2009
Current	$ 8.2	$ 5.2
Long-term	(39.4)	(13.6)
Total	$ (31.2)	$ (8.4)

In certain jurisdictions, we currently have significant operating losses and other deductible temporary differences that will reduce taxable income in these jurisdictions in future periods. We have determined that a valuation allowance of $582.6 is required in respect of our deferred income tax assets as at December 31, 2009 (December 31, 2008 — $591.9).

The aggregate amount of undistributed earnings of our foreign subsidiaries, for which no deferred income tax liability has been recorded, is $443.1 as at December 31, 2009 (December 31, 2008 — $980.0). We intend to indefinitely re-invest income in these foreign subsidiaries.

We have been granted tax incentives, including tax holidays, for our China, Czech Republic, Malaysia, Philippines and Thailand subsidiaries. The tax benefit arising from these incentives is approximately $26.2, or $0.11 per diluted share, for 2009, $42.6, or $0.19 per diluted share, for 2008 and $45.0, or $0.20 per diluted share, for 2007. As of December 31, 2009, we have tax incentives that expire between 2010 and 2015, and are subject to certain conditions with which we intend to comply.

(in millions of U.S. dollars)

As at December 31, 2009, our operating loss carry forwards by year of expiry are as follows:

Year of Expiry	Americas	Europe	Asia	Total
2010	$ 1.6	$ 289.4	$ —	$ 291.0
2011	6.2	164.6	—	170.8
2012	14.7	29.1	10.4	54.2
2013	21.2	22.9	9.5	53.6
2014	23.6	17.0	5.6	46.2
2015	30.7	—	1.8	32.5
2016 - 2028	810.5	62.5	—	873.0
Indefinite	373.3	228.6	38.6	640.5
	$ 1,281.8	$ 814.1	$ 65.9	$ 2,161.8

See note 16 regarding income tax contingencies.

12. RELATED PARTY TRANSACTIONS:

In 2008, we entered into a manufacturing agreement with a company under the control of our controlling shareholder. During 2009, we recorded revenue of $42.3 (2008 — $19.3) from this related party. As at December 31, 2009, we had $3.9 due from this related party. All transactions with this related party were in the normal course of operations and were recorded at the exchange amount, being the amount agreed to by the parties.

See note 8(b)(iv).

13. PENSION AND NON-PENSION POST-EMPLOYMENT BENEFIT PLANS:

We provide pension and non-pension post-employment benefit plans for our employees. Pension benefits include traditional pension plans as well as supplemental pension plans. Some employees in Canada, Japan and the United Kingdom participate in defined benefit plans. Defined contribution plans are offered to employees, mainly in Canada and the U.S.

We provide non-pension post-employment benefits (other benefit plans) to retired and terminated employees in Canada, the U.S., Mexico and Thailand. These benefits include one-time retirement and termination benefits, medical, surgical, hospitalization coverage, supplemental health, dental and group life insurance.

Our pension funding policy is to contribute amounts sufficient to meet minimum local statutory funding requirements that are based on actuarial calculations. We may make additional discretionary contributions based on actuarial assessments. Contributions made by us to support ongoing plan obligations have been included in the deferred asset or liability accounts on the balance sheet. The most recent statutory pension actuarial valuations were completed using measurement dates as of April 2007 and December 2008. The measurement dates to be used for the next actuarial valuation for pensions will be April 2010 and December 2011.

We currently fund our non-pension post-employment benefit plans as we incur benefit payments. The most recent actuarial valuations for non-pension post-employment benefits were completed using measurement dates of January 2008 and October 2009. The measurement dates of the next actuarial valuations for non-pension post-employment benefits will be January 2010 and October 2012. We accrue the expected costs of providing non-pension post-employment benefits during the periods in which the employees render service.

(in millions of U.S. dollars)

The measurement date used for the accounting valuation for pension and non-pension post-employment benefits is December 31, 2009.

Pension fund assets are invested primarily in fixed income and equity securities. Asset allocation between fixed income and equity is adjusted based on the expected life of the plan and the expected retirement of the plan participants. Currently, the asset allocation allows for 45%-53% investment in fixed income, 45%-53% investment in equities through mutual funds, and 1% in real estate/other investments. We employ passive investment approaches in our pension plan asset management strategy. Our pension funds do not invest directly in equities or derivative instruments. Our pension funds do not invest directly in our shares, but may invest indirectly as a result of the inclusion of our shares in certain market investment funds. All of our plan assets are measured at their fair value using quoted prices in active markets and can be classified as level 1 of the fair value hierarchy. These plan assets are held with counterparty financial institutions each having a Standard and Poor's rating of A or above at December 31, 2009. We believe that the counterparty concentration risk is low.

The table below presents the market value of the assets as follows:

	Fair Market Value at December 31		Actual Asset Allocation (%) at December 31	
	2008	2009	2008	2009
Equities through mutual funds	$ 133.0	$ 171.3	46%	48%
Fixed income	134.8	181.1	47%	51%
Other	18.7	4.9	7%	1%
Total	$ 286.5	$ 357.3	100%	100%

The following tables provide a summary of the estimated financial position of our pension and non-pension post-employment benefit plans:

	Pension Plans Year ended December 31		Other Benefit Plans Year ended December 31	
	2008	2009	2008	2009
Plan assets, beginning of year	$ 429.7	$ 286.5	$ —	$ —
Employer contributions	22.0	22.3	2.7	3.2
Actual return on assets	(56.9)	41.6	—	—
Voluntary employee contributions	0.1	0.1	—	—
Plan settlements	—	(8.6)	—	—
Benefits paid	(23.8)	(20.8)	(2.7)	(3.2)
Foreign currency exchange rate changes	(84.6)	36.2	—	—
Plan assets, end of year	$ 286.5	$ 357.3	$ —	$ —

(in millions of U.S. dollars)

	Pension Plans Year ended December 31		Other Benefit Plans Year ended December 31	
	2008	2009	2008	2009
Accrued benefit obligations, beginning of year	$ 473.3	$ 326.7	$ 81.1	$ 66.1
Service cost	2.4	2.9	2.5	2.2
Interest cost	23.0	20.0	4.2	4.4
Voluntary employee contributions	0.1	0.1	—	—
Actuarial losses (gains)	(54.1)	26.8	(4.6)	(6.8)
Plan curtailments	—	(0.2)	(1.2)	(0.7)
Plan settlements	—	(8.1)	—	—
Benefits paid	(23.8)	(20.8)	(2.7)	(3.2)
Foreign currency exchange rate changes	(94.2)	39.1	(13.2)	7.9
Accrued benefit obligations, end of year	$ 326.7	$ 386.5	$ 66.1	$ 69.9
Excess of accrued benefit obligations over plan assets	$ (40.2)	$ (29.2)	$ (66.1)	$ (69.9)
Unrecognized actuarial losses	117.5	124.1	21.3	16.3
Unrecognized net transition obligation and prior service cost	(4.9)	(4.1)	(7.6)	(8.2)
Deferred (accrued) pension cost	$ 72.4	$ 90.8	$ (52.4)	$ (61.8)

The following table reconciles the deferred (accrued) pension balances to those reported as of December 31, 2008 and 2009:

	2008			2009		
	Pension Plans	Other Benefit Plans	Total	Pension Plans	Other Benefit Plans	Total
Accrued pension and post-employment benefits	$ (10.8)	$ (52.4)	$ (63.2)	$ (13.6)	$ (61.8)	$ (75.4)
Deferred pension assets (note 6)	83.2	—	83.2	104.4	—	104.4
	$ 72.4	$ (52.4)	$ 20.0	$ 90.8	$ (61.8)	$ 29.0

The following table outlines the net periodic benefit cost as follows:

	Pension Plans Year ended December 31			Other Benefit Plans Year ended December 31		
	2007	2008	2009	2007	2008	2009
Service cost	$ 4.9	$ 2.4	$ 2.9	$ 2.8	$ 2.5	$ 2.2
Interest cost	23.1	23.0	20.0	3.8	4.2	4.4
Expected return on assets	(22.7)	(23.1)	(15.9)	—	—	—
Net amortization of prior service cost	(0.1)	(0.1)	(0.3)	(0.8)	(0.7)	(0.7)
Net amortization of actuarial losses	5.0	3.9	4.1	1.1	1.0	0.8
Curtailment/settlement loss (gain)	(0.2)	0.1	2.1	(0.3)	(0.5)	(0.5)
	10.0	6.2	12.9	6.6	6.5	6.2
Defined contribution pension plan expense	11.5	11.8	10.7	—	—	—
Total expense for the year	$ 21.5	$ 18.0	$ 23.6	$ 6.6	$ 6.5	$ 6.2

(in millions of U.S. dollars)

The following table outlines the actuarial assumption percentages used in measuring the accrued benefit obligations at December 31 and the net periodic benefit costs for the year ended December 31 as follows:

	Pension Plans			Other Benefit Plans		
	2007	2008	2009	2007	2008	2009
Weighted average discount rate (i) for:						
Accrued benefit obligations	5.4	5.9	5.7	5.6	6.5	6.4
Net periodic benefit cost	5.0	5.4	5.9	5.5	5.6	6.5
Weighted average rate of compensation increase for:						
Accrued benefit obligations	3.7	3.2	3.5	3.4	4.7	4.7
Net periodic benefit cost	3.5	3.7	3.2	3.6	3.4	4.7
Weighted average expected long-term rate of return on plan assets (ii) for:						
Net periodic benefit cost	5.8	5.9	5.8	—	—	—
Healthcare cost trend rate (iii) for:						
Accrued benefit obligations	—	—	—	7.8	7.3	7.6
Net periodic benefit cost	—	—	—	8.0	7.8	7.3
Estimated rate for the following 12-month net periodic benefit cost	—	—	—	7.8	7.3	7.6

Management applied significant judgment in determining these assumptions. We evaluate these assumptions on a regular basis taking into consideration current market conditions and historical market data. Actual results could differ materially from those estimates and assumptions.

(i) The weighted average discount rate is determined using publicly available rates for high yield corporate bonds and government bonds for each country where there is a pension or non-pension benefit plan. A lower discount rate would increase the present value of the benefit obligation.

(ii) The weighted average rate of return for each asset class contained in our approved investment strategy is used to derive the expected long-term rate of return on assets. For fixed income securities, the long-term rate of return on bonds for each country is used. The duration of the long-term rate of return on the bonds coincides with the estimated maturity of the plan obligations. For equity securities, an expected equity risk premium is aggregated with the long-term rate of return on bonds. The expected equity risk premium is specific for each country and is based on historic equity returns. There is no assurance that the plans will earn the assumed rate of return on plan assets.

(iii) The ultimate healthcare trend rate used to determine the cost of the benefits is estimated to steadily decline to 4.8% and is expected to be achieved in 2019.

Assumed healthcare trend rates impact the amounts reported for healthcare plans. A one-percentage point change in the assumed healthcare trend rates has the following impact:

	Other Benefit Plans Year ended December 31	
	2008	2009
1% Increase		
Effect on accrued benefit obligation	$ 10.8	$ 7.8
Effect on service cost and interest cost	1.2	1.2
1% Decrease		
Effect on accrued benefit obligation	$ (7.8)	$ (6.5)
Effect on service cost and interest cost	(0.9)	(0.8)

(in millions of U.S. dollars)

At December 31, 2009, we have pension plans that have accrued benefit obligations of $255.2 in excess of plan assets of $211.0. We also have pension plans with plan assets of $146.3 that are in excess of accrued benefit obligations of $131.3.

At December 31, 2009, the total accumulated benefit obligations for the pension plans was $385.3 and the accrued benefit obligations for the non-pension post-employment benefit plans was $69.9.

In 2009, we made contributions to the pension plans of $33.0, of which $10.7 was for defined contribution plans and $22.3 was for defined benefit plans. We may, from time to time, make voluntary contributions to the pension plans. In 2009, we made contributions to the non-pension post-employment benefit plans of $3.2 to fund benefit payments.

In conjunction with certain restructuring activities, we settled the pension obligations of two plans for an aggregate of $8.6.

The estimated future benefit payments for the next 10 years, which reflect expected future service, and estimated employer contributions are as follows:

	Year	Pension Benefits	Other Benefits
Expected benefit payments:	2010	$ 18.3	$ 3.8
	2011	18.6	3.8
	2012	18.9	3.9
	2013	19.1	4.0
	2014	19.3	4.1
	2015 - 2019	100.2	23.6
Expected employer contributions:	2010	$ 32.6	$ 3.8

14. FINANCIAL INSTRUMENTS:

(a) Financial risk management objectives:

We have exposures to a variety of financial risks through our operations. We regularly monitor these risks and have established policies and business practices to mitigate the adverse effects of these potential exposures. We have used certain types of derivative financial instruments to reduce the effects of some of these risks. We do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Currency risk: Due to the nature of our international operations, we are exposed to exchange rate fluctuations on our cash receipts, cash payments and balance sheet exposures denominated in various foreign currencies. The majority of currency risk is driven by the operational costs incurred in local currencies by our subsidiaries. We manage our currency risk through our hedging program using forecasts of future cash flows and balance sheet exposures denominated in foreign currencies. See note 2(n).

Our major currency exposures, as of December 31, 2009, are summarized in U.S. dollars equivalents in the following table. For purposes of this table, we have excluded items such as pensions, post-employment benefits and income taxes, in accordance with the financial instruments standard. The local currency amounts have been converted to U.S. dollar equivalents using the spot rates as of December 31, 2009.

(in millions of U.S. dollars)

	Mexican peso	Thai baht	Malaysian ringgit	Canadian dollar
Cash and cash equivalents	$ 0.5	$ 1.0	$ 0.9	$ 54.8
Accounts receivable	—	—	0.2	—
Other financial assets	—	1.3	0.3	0.3
Accounts payable and accrued liabilities	(20.4)	(14.0)	(12.6)	(44.0)
Net financial assets (liabilities)	$ (19.9)	$ (11.7)	$ (11.2)	$ 11.1

At December 31, 2009, a one-percentage point strengthening or weakening of the following currencies against the U.S. dollar for our financial instruments denominated in non-functional currencies has the following impact:

	Mexican peso	Thai baht	Malaysian ringgit	Canadian dollar
1% Strengthening				
Net earnings	$ —	$ (0.1)	$ (0.2)	$ —
Other comprehensive income	0.1	0.5	0.4	2.0
1% Weakening				
Net earnings	—	0.1	0.2	—
Other comprehensive income	(0.1)	(0.5)	(0.4)	(2.0)

Interest rate risk: We are exposed to interest rate risks as we have significant cash balances invested at floating rates. Borrowings under our revolving credit facility bear interest at LIBOR plus a margin. If we borrow under this facility, we will be exposed to interest rate risks due to fluctuations in the LIBOR rate. A one-percentage point increase in the LIBOR rate would increase interest expense, assuming maximum borrowings under our credit facility, by $2.0 annually.

Credit risk: Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss to us. With respect to our financial market activities, we have adopted a policy of dealing only with creditworthy counterparties to mitigate the risk of financial loss from defaults. We monitor the credit risk of the counterparties with whom we conduct business, through a combined process of credit rating reviews and portfolio reviews. To mitigate the risk of financial loss from defaults under our foreign currency forward contracts, these counterparty financial institutions each had a Standard and Poor's rating of A or above at December 31, 2009. In November 2009, we renewed our accounts receivable sales program on similar terms and conditions for an additional year. This financial institution had a Standard and Poor's rating of A+ at December 31, 2009. At December 31, 2009, no accounts receivable were sold under this program. We believe the credit risk of counterparty non-performance is low.

Concentration of credit risk: We also provide credit to our customers in the normal course of business. Financial instruments that potentially subject us to concentrations of credit risk are primarily accounts receivable, inventory repurchase obligations of customers, and non-cancelable purchases of inventory. We perform ongoing credit evaluations of our customers' financial conditions. In certain instances, we may obtain letters of credit or other forms of security from our customers. We consider our concentrations of credit risk in determining our estimates of reserves for potential credit losses. In addition, we maintain cash and short-term investments in high-quality investments or on deposit with major financial institutions.

(in millions of U.S. dollars)

The carrying amount of financial assets recorded in the financial statements, net of any allowances or reserves for losses, represents our estimate of maximum exposure to credit risk. As of December 31, 2009, less than 1% of our gross accounts receivable are over 90 days past due. Accounts receivable are net of an allowance for doubtful accounts of $7.5 at December 31, 2009 (December 31, 2008 — $13.7).

Liquidity risk: Liquidity risk is the risk that we may not have cash available to satisfy our financial obligations as they come due. The majority of our financial liabilities recorded in accounts payable and accrued liabilities are due within 90 days. The maturity analysis of our derivative financial liabilities is included in note 14(d)(1). We manage liquidity risk by maintaining a portfolio of liquid funds and investments and a revolving credit facility that includes overdraft facilities. We funded the repurchases and redemption of our 2011 Notes from existing cash resources. In January 2010, we announced our intention to redeem our outstanding 2013 Notes. See note 22. We believe that cash flow from operations, together with cash on hand, cash from the sales of accounts receivable, and borrowings available under our credit facility and bank overdraft facilities will be sufficient to support our financial obligations.

(b) Fair values:

We used the following methods and assumptions to estimate the fair value of each class of financial instruments:

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments. The fair values of foreign currency contracts are estimated using generally accepted valuation models based on discounted cash flow analysis with inputs of observable market data, including currency rates and discount factors. Discount factors are adjusted by our own credit risk or the credit risk of the counterparty, depending if the fair values are in liability or asset positions, respectively.

The carrying amounts and fair values of our financial instruments, where there are differences, are as follows:

	2008		2009	
	Carrying Amount	Fair Value (ii)	Carrying Amount	Fair Value (ii)
2011 Notes (i)	$ 512.6	$ 452.7	$ —	$ —
2013 Notes (i)	226.5	185.2	224.7	230.9

(i) The carrying amount of the Notes excludes unamortized debt issue costs and accrued interest. All outstanding 2011 Notes were redeemed during 2009. We intend to redeem the outstanding 2013 Notes in the first quarter of 2010. See note 22.

(ii) Based on quoted market rates or prices.

The carrying values of our Notes are comprised of elements recorded at fair value and amortized cost. Our 2013 Notes are recorded at amortized cost except for the embedded prepayment options which are recorded at fair value. The fair values of the prepayment options are estimated using option pricing models with inputs of observable market data, including future interest rates, implied volatilities and credit spreads. For our 2011 Notes, we previously applied fair value hedge accounting and changes in the fair value due to the hedged interest rate risk were reflected in the carrying value of the 2011 Notes.

(c) Fair value measurements:

Effective December 31, 2009, we adopted the amendment issued by the CICA to Handbook Section 3862, "Financial instruments — disclosures," which requires enhanced disclosures on fair value measurements of financial instruments. The amendment establishes a three-level fair value hierarchy that reflects the significance of the inputs used to measure fair value. The three levels of fair value hierarchy based on the reliability of inputs are as follows:

(in millions of U.S. dollars)

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly (*i.e.* prices) or indirectly (*i.e.* derived from prices); and
- level 3 inputs are inputs for the asset or liability that are not based on observable market data (*i.e.* unobservable inputs).

In the table below, we have segregated all financial assets and liabilities that are measured at fair value into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. We have no financial assets or liabilities measured using level 3 inputs.

Financial assets and liabilities measured at fair value as at December 31, 2008 and 2009 in the financial statements are summarized below:

	2008			2009		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets:						
Cash equivalents (money market funds)	$ 390.1	$ —	$ 390.1	$ 321.6	$ —	$ 321.6
Derivatives — foreign currency forward contracts	—	4.2	4.2	—	9.4	9.4
Derivatives — interest rate swap agreements	—	17.3	17.3	—	—	—
	$ 390.1	$ 21.5	$ 411.6	$ 321.6	$ 9.4	$ 331.0
Liabilities:						
Derivatives — foreign currency forward contracts	$ —	$ 43.1	$ 43.1	$ —	$ 1.4	$ 1.4
	$ —	$ 43.1	$ 43.1	$ —	$ 1.4	$ 1.4

Money market funds are valued using a market approach based on the quoted market prices of identical instruments. Derivatives include foreign currency forward contracts and interest rate swap agreements. Foreign currency forward contracts are valued using an income approach by comparing the current quoted market forward rates to our contract rates and discounting the values with appropriate market observable credit risk adjusted rates. The fair values of our cancelable interest rate swap agreements were estimated using a discounted cash flow analysis with inputs of observable market data including future interest rates, implied volatilities and credit spreads. The interest rate swap agreements were terminated in February 2009. There were no transfers of fair value measurements between level 1 and level 2 of the fair value hierarchy in 2008 and 2009.

(in millions of U.S. dollars)

(d) Derivatives and hedging activities:

(1) We enter into foreign currency contracts to hedge foreign currency risks primarily relating to cash flows. At December 31, 2009, we had forward exchange contracts to trade U.S. dollars in exchange for the following currencies:

Currency	Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months	Fair value gain/(loss)
Canadian dollar	$ 206.5	$ 0.92	15	$ 7.7
British pound sterling	89.5	1.60	4	(0.1)
Thai baht	50.1	0.03	12	0.2
Malaysian ringgit	47.8	0.29	12	0.2
Mexican peso	37.1	0.08	12	0.1
Singapore dollar	18.9	0.70	12	0.3
Euro	13.3	1.45	3	—
Romanian lei	13.1	0.33	12	(0.3)
Czech koruna	12.9	0.05	6	(0.1)
Total	$ 489.2			$ 8.0

At December 31, 2009, the fair value of these contracts was a net unrealized gain of $8.0 (December 31, 2008 — net unrealized loss of $38.9). This is comprised of $9.4 of derivative assets recorded in prepaid and other assets and other long-term assets, and $1.4 of derivative liabilities recorded in accrued liabilities. The change in the fair value of these forward exchange contracts for 2009 is due primarily to the favourable movement in foreign exchange rates for the currencies that we hedge and the settlement of contracts with significant losses. The unrealized gains or losses are a result of fluctuations in foreign exchange rates between the time the currency forward contracts were entered into and the valuation date at period end.

We have not designated certain forward contracts to trade U.S. dollars as hedges, most significantly our British pound sterling contract, and have marked these contracts to market each period through operations.

(2) In connection with our 2011 Notes, we entered into agreements in June 2004 to swap the fixed rate of interest for a variable rate. These swap agreements were designated as fair value hedges. The fair value of the interest rate swap agreements at December 31, 2008 was an unrealized gain of $17.3 which was recorded in other long-term assets. We terminated the interest rate swap agreements in February 2009 and received $14.7 in cash, excluding accrued interest, as settlement of these agreements.

Fair value hedge ineffectiveness arose when the change in the fair values of our swap agreements, our hedged debt obligation and its embedded derivatives, and the amortization of the related basis adjustments did not offset each other during a reporting period. The fair value hedge ineffectiveness for our 2011 Notes was recorded in interest expense on long-term debt and amounted to a loss of $1.4 for 2009. This fair value hedge ineffectiveness was primarily driven by the difference in the credit risk used to value our hedged debt obligation as compared to the credit risk used to value our interest rate swaps. As a result of discontinuing our fair value hedge on our 2011 Notes in 2009, no further fair value hedge ineffectiveness will occur. See note 2(n) which summarizes the impact of our mark-to-market adjustments and our fair value hedge accounting.

15. CAPITAL MANAGEMENT:

Our main objectives in managing our capital resources are to ensure liquidity and to have funds available for working capital or other investments required to grow our business. Our capital resources consist of cash, short-term investments, access to credit facilities and bank overdraft facilities, senior subordinated notes and share capital.

(in millions of U.S. dollars)

We manage our capitalization levels and make adjustments, as available, for changes in economic conditions. We have full access to a $200.0 credit facility, access to bank overdraft facilities and we could sell up to $250.0 in accounts receivable, on a committed basis, under an accounts receivable sales program to provide short-term liquidity. Our credit facility has restrictive covenants relating to debt incurrence, the sale of assets and a change of control. The facility also contains financial covenants that may limit the amount of debt that can be incurred under the facility. We closely monitor our business performance to evaluate compliance with our covenants. Our 2013 Notes, which we intend to redeem in the first quarter of 2010, also have restrictions on financing activities. We continue to monitor and review the most cost-effective methods for raising capital, taking into account these restrictions and covenants. Our credit facility expires in April 2011 and our accounts receivable sales program is available until November 2010.

During 2009, we redeemed our outstanding 2011 Notes. In January 2010, we announced our intention to redeem our outstanding 2013 Notes. See note 22. We have not distributed, nor do we have any current plan to distribute, any dividends to our shareholders. We have and expect to, from time to time, purchase shares in the open market for the settlement of share unit awards to employees under our long-term incentive plans.

Our strategy on capital risk management has not changed since 2008. Other than the restrictive covenants associated with our debt obligations noted above, we are not subject to any contractual or regulatorily imposed capital requirements. While some of our international operations are subject to government restrictions on the flow of capital into and out of their jurisdictions, these restrictions have not had a material impact on our operations.

16. COMMITMENTS, CONTINGENCIES AND GUARANTEES:

At December 31, 2009, we have operating leases that require future payments as follows:

	Operating Leases
2010	$ 39.5
2011	24.3
2012	11.7
2013	9.2
2014	6.9
Thereafter	26.2

We have contingent liabilities in the form of letters of credit, letters of guarantee and surety bonds which we provided to various third parties. These guarantees cover various payments, including customs and excise taxes, utility commitments and certain bank guarantees. At December 31, 2009, these contingent liabilities amounted to $50.2 (December 31, 2008 — $55.4).

In addition to the above guarantees, we have also provided routine indemnifications, whose terms range in duration and often are not explicitly defined. These may include indemnifications against adverse impacts due to changes in tax laws, third party intellectual property infringement claims and third party claims for property damage from negligence. We have also provided indemnifications in connection with the sale of certain businesses and real property. The maximum potential liability from these indemnifications cannot be reasonably estimated. In some cases, we have recourse against other parties to mitigate our risk of loss from these indemnifications. Historically, we have not made significant payments relating to these types of indemnifications.

Litigation:

In the normal course of our operations, we are subject to litigation and claims from time to time. We may also be subject to lawsuits, investigations and other claims, including environmental, labor, product, customer disputes and other matters. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not always possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such contingencies will not have a material adverse impact on our results of operations, financial position or liquidity.

In 2007, securities class action lawsuits were commenced against the Company and our former Chief Executive and Chief Financial Officers, in the United States District Court of the Southern District of New York by certain individuals, on behalf of themselves and other unnamed purchasers of our stock, claiming that they were purchasers of our stock during the period January 27, 2005 through January 30, 2007. The plaintiffs allege violations of United States federal securities laws and seek unspecified damages. They allege that during the purported class period we made statements concerning our actual and anticipated future financial results that failed to disclose certain purportedly adverse information with respect to demand and inventory in our Mexican operations and our information technology and communications divisions. In an amended complaint, the plaintiffs have added one of our directors and Onex Corporation as defendants. All defendants have filed motions to dismiss the amended complaint. Those motions are pending. A parallel class proceeding has also been issued against the Company and our former Chief Executive and Chief Financial Officers in the Ontario Superior Court of Justice, but neither leave nor certification of the action has been granted by that court. We believe that the allegations in these claims are without merit and we intend to defend against them vigorously. However, there can be no assurance that the outcome of the litigation will be favorable to us or that it will not have a material adverse impact on our financial position or liquidity. In addition, we may incur substantial litigation expenses in defending these claims. We have liability insurance coverage that may cover some of our litigation expenses, potential judgments or settlement costs.

Income taxes:

We are subject to tax audits and reviews by local tax authorities of historical information which could result in additional tax expense in future periods relating to prior results. Reviews by tax authorities generally focus on, but are not limited to, the validity of our inter-company transactions, including financing and transfer pricing policies which generally involve subjective areas of taxation and a significant degree of judgment. If any of these tax authorities are successful with their challenges, our income tax expense may be adversely affected and we could also be subject to interest and penalty charges.

In connection with ongoing tax audits in Canada, tax authorities have taken the position that income reported by one of our Canadian subsidiaries in 2001 through 2003 should have been materially higher as a result of certain inter-company transactions. The successful pursuit of that assertion could result in that subsidiary owing significant amounts of tax, interest and possibly penalties. We believe we have substantial defenses to the asserted position and have adequately accrued for any probable potential adverse tax impact. However, there can be no assurance as to the final resolution of this claim and any resulting proceedings, and if this claim and any ensuing proceedings are determined adversely to us, the amounts we may be required to pay could be material.

In connection with a tax audit in Brazil, in the fourth quarter of 2009, tax authorities took the position that income reported by our Brazilian subsidiary in 2004 should have been materially higher as a result of certain inter-company transactions. We believe we have substantial defenses to the asserted position. However, there can be no assurance as to the final resolution of this matter and, if it is determined adversely to us, the amounts we may be required to pay for taxes, interest and penalties could be material.

We have and will continue to recognize the future benefit of certain Brazilian tax losses on the basis that these tax losses can and will be fully utilized in the fiscal period ending on the date of dissolution of our Brazilian subsidiary. We regularly review Brazilian laws and assess the likelihood of the realization of the future benefit of the tax losses. A change to the benefit realizable on these Brazilian losses could result in a substantial increase to our net future tax liabilities.

(in millions of U.S. dollars)

17. SEGMENT AND GEOGRAPHIC INFORMATION:

The accounting standards establish the criteria for the disclosure of certain information in the interim and annual financial statements regarding operating segments, products and services, geographic areas and major customers. Operating segments are defined as components of an enterprise for which separate financial information is available that is regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Our operating segment is comprised of our electronics manufacturing services business. Our chief operating decision maker is our Chief Executive Officer.

(i) The following table indicates revenue by end market as a percentage of total revenue. Our revenue fluctuates from period to period depending on numerous factors, including but not limited to: seasonality of business, the level of program wins or losses with new, existing and disengaging customers, the phasing in or out of programs, and changes in customer demand.

	Year ended December 31		
	2007	2008	2009
Consumer	19%	23%	29%
Enterprise Communications	28%	25%	21%
Telecommunications	14%	15%	15%
Servers	19%	16%	13%
Storage	10%	10%	12%
Industrial, Aerospace and Defense, and Healthcare	10%	11%	10%

(ii) The following table details our external revenue allocated by manufacturing location among countries exceeding 10%:

	Year ended December 31		
	2007	2008	2009
China	18%	19%	16%
Thailand	17%	18%	18%
Mexico	14%	14%	23%
Canada	12%	11%	*

* less than 10% in the period indicated

(iii) The following table details our property, plant and equipment allocated among countries exceeding 10%:

	December 31		
	2007	2008	2009
China	23%	25%	24%
Canada	11%	10%	10%
Thailand	18%	14%	13%
Mexico	*	14%	19%

* less than 10% in the period indicated

18. SIGNIFICANT CUSTOMERS:

During 2007, two customers individually comprised 11% and 10% of total revenue. At December 31, 2007, no customer represented more than 10% of total accounts receivable.

(in millions of U.S. dollars)

During 2008, no customer represented more than 10% of total revenue. At December 31, 2008, two customers individually represented more than 10% of total accounts receivable.

During 2009, one customer individually comprised 17% of total revenue. At December 31, 2009, one customer represented more than 10% of total accounts receivable.

19. SUPPLEMENTAL CASH FLOW INFORMATION:

	Year ended December 31		
	2007	2008	2009
Paid during the year:			
Interest (a)	$ 76.6	$ 65.4	$ 64.8
Taxes (b)	$ 23.2	$ 17.0	$ 16.6

(a) This includes interest paid on the Notes. Interest on the Notes is payable in January and July of each year until maturity or earlier repurchase or redemption. See notes 7(b) and (c). The interest paid on the 2011 Notes reflected the amounts received or paid relating to the interest rate swap agreements. During 2009, we redeemed our outstanding 2011 Notes. In January 2010, we announced our intention to redeem our outstanding 2013 Notes. See note 22.

(b) Cash taxes paid are net of income taxes recovered.

Cash is comprised of the following:

	December 31	
	2008	2009
Cash (i)	$ 406.2	$ 259.8
Cash equivalents (i)	794.8	677.9
	$ 1,201.0	$ 937.7

(i) Our current portfolio consists of certificates of deposit and certain money market funds that are secured exclusively by U.S. government securities. The majority of our cash and cash equivalents are held with financial institutions each of which had at December 31, 2009 a Standard and Poor's rating of A-1 or above.

20. CANADIAN AND UNITED STATES ACCOUNTING POLICY DIFFERENCES:

Our consolidated financial statements have been prepared in accordance with Canadian GAAP. The significant differences between Canadian and U.S. GAAP, and their effects on our consolidated financial statements, are described below:

Consolidated statements of operations:

The following table reconciles net earnings (loss) and other comprehensive income (loss), as reported in the accompanying consolidated statements of operations and consolidated statements of other comprehensive income (loss), respectively, to net earnings (loss) and other comprehensive income (loss) that would have been reported had the consolidated financial statements been prepared in accordance with U.S. GAAP:

	Year ended December 31		
	2007	2008	2009
Net earnings (loss) in accordance with Canadian GAAP	$ (13.7)	$ (720.5)	$ 55.0
Gain on foreign exchange contract, net of tax (a)	—	(15.3)	—
Impact of debt instruments and interest rate swaps, net of tax (b)	(1.4)	2.4	(8.9)
Tax uncertainties (h)	—	7.6	(7.6)
Stock-based compensation expense (e)	(1.0)	—	0.5
Net earnings (loss) in accordance with U.S. GAAP	$ (16.1)	$ (725.8)	$ 39.0
Other comprehensive income (loss):			
Other comprehensive income (loss) in accordance with Canadian GAAP	29.9	(46.5)	46.4
Changes to funded status of defined benefit pension and other post-employment benefit plans (c)	6.5	16.3	(1.8)
Comprehensive income (loss) in accordance with U.S. GAAP	$ 20.3	$ (756.0)	$ 83.6

The following table details the computation of U.S. GAAP basic and diluted earnings (loss) per share:

	Year ended December 31		
	2007	2008	2009
Net earnings (loss) attributable to common shareholders — basic and diluted	$ (16.1)	$ (725.8)	$ 39.0
Weighted average shares — basic (in millions)	228.9	229.3	229.5
Weighted average shares — diluted (in millions) (1)	228.9	229.3	230.9
Basic earnings (loss) per subordinate voting share (2)	$ (0.07)	$ (3.17)	$ 0.17
Basic earnings (loss) per multiple voting share (2)	$ (0.07)	$ (3.17)	$ 0.17
Diluted earnings (loss) per share	$ (0.07)	$ (3.17)	$ 0.17

(1) Excludes the effect of all options and warrants in 2007 and 2008 as they were anti-dilutive due to the loss reported in the year.

(2) Basic earnings (loss) per share:

Under U.S. GAAP, we applied the two-class method which requires the disclosure of basic per share amounts for each class of shares assuming 100% of earnings are distributed as dividends to each class of shares based on their contractual rights. For purposes of this calculation, our MVS and SVS holders share ratably, as a single class, in any dividends declared. See note 8(a). Canadian GAAP does not require similar disclosures.

(in millions of U.S. dollars)

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

	As at December 31		
	2007	2008	2009
Shareholders' equity in accordance with Canadian GAAP	$ 2,118.2	$ 1,365.5	$ 1,475.8
Gain on foreign exchange contract, net of tax (a)	15.3	—	—
Impact of debt instruments and interest rate swaps, net of tax (b)	5.5	7.9	(1.0)
Recognition of funded status of benefit plans, net of tax (c)	(142.5)	(126.2)	(128.0)
Tax uncertainties (h)	—	7.6	—
Shareholders' equity in accordance with U.S. GAAP	$ 1,996.5	$ 1,254.8	$ 1,346.8

(a) In 2001, we entered into a forward exchange contract to hedge the cash portion of the purchase price for one acquisition. This transaction did not qualify for hedge accounting treatment under U.S. GAAP, which specifically precludes hedges of forecasted business combinations. We recorded a gain on the exchange contract in operations in 2001 for U.S. GAAP. For Canadian GAAP, we deferred this gain by reducing goodwill. Goodwill was lower for Canadian GAAP than U.S. GAAP. In 2008, we wrote off our entire goodwill balance for Canadian and U.S. GAAP, thereby releasing that gain to operations for Canadian GAAP purposes. As a result, this is no longer a reconciling item for U.S. GAAP.

(b) In 2004, we entered into interest rate swap agreements to hedge the fair value of our 2011 Notes by swapping the fixed rate of interest for a variable interest rate. We applied fair value hedge accounting to our 2011 Notes and interest rate swaps using the "shortcut" method for U.S. GAAP.

Effective January 1, 2007, the prepayment options in our Notes qualified as embedded derivatives under Canadian GAAP and were bifurcated for reporting. This bifurcation was not required under U.S. GAAP and therefore, the transitional adjustments related to the bifurcation of embedded prepayment options recorded against opening deficit, as well as the subsequent fair value adjustments recorded in operations for the embedded derivatives and amortization of the related basis adjustments due to the bifurcation, were reversed for U.S. GAAP. Under U.S. GAAP, we recorded a gain of $1.3 ($1.9 less $0.6 in taxes) in 2007 to reverse the transitional adjustment recorded in opening deficit for Canadian GAAP. This was offset by a loss of $1.3 ($1.9 less $0.6 in taxes) in 2007 in operations to reverse the fair value adjustments and amortization of basis adjustments recorded for Canadian GAAP. There was no net impact on shareholders' equity under U.S. GAAP in 2007. Under U.S. GAAP, we recorded a loss of $0.2 ($0.3 less $0.1 in taxes) in 2009 (2008 — loss of $10.1 ($14.2 less $4.1 in taxes)) to operations to reverse the fair value adjustments and amortization of basis adjustments recorded for Canadian GAAP.

Due to the bifurcation of the embedded prepayment options, our prior hedge relationship between the 2011 Notes and the interest rate swaps became a non-qualified type for fair value hedge accounting under Canadian GAAP. Under Canadian GAAP, we recorded a derivative liability of $7.9 as of January 1, 2007 for the interest rate swaps. A loss of $5.6 ($7.9 less $2.3 in taxes) was added back to shareholders' equity for U.S. GAAP. On January 1, 2007, we redesignated a new hedging relationship between our 2011 Notes and the interest rate swaps, together with the bifurcated embedded prepayment options, to qualify for fair value hedge accounting under Canadian GAAP. For Canadian GAAP, we adopted the "long-haul" method to evaluate the effectiveness of this hedge relationship on an ongoing basis and to calculate the changes in the fair values of the hedging instrument and related hedged item due to the hedged risks. The difference in the changes in fair values between the interest rate swaps and the hedged debt obligation amounted to a loss of $14.2 ($15.2 less $1.0 in taxes) for 2008 (2007 — loss of $3.5 ($1.3 plus $2.2 in taxes)) for Canadian GAAP which was added back to operations for U.S. GAAP. For 2009, the difference in the changes in fair values between the interest rate swaps and the hedged debt obligation amounted to a gain of $1.8 ($1.8 less nil in taxes) prior to hedge de-designation under Canadian GAAP which was deducted from operations for U.S. GAAP.

Since bifurcation of our embedded prepayment options is not required under U.S. GAAP, we continued to apply fair value hedge accounting to our 2011 Notes and interest rate swaps, using the "shortcut" method with the assumption that there is no ineffectiveness for U.S. GAAP. In 2007, we recorded an increase of $16.6 in the fair value of the interest rate swap, with a corresponding gain of $11.8 ($16.6 less $4.8 in taxes) to operations. We also recorded an increase of $16.6 in the fair value of the 2011 Notes attributable to the interest rate risk being hedged, and a corresponding loss of $15.4 ($16.6 less $1.2 in taxes) to operations. The difference in the tax rates applied resulted in a loss of $3.6 charged to operations under U.S. GAAP for 2007. In 2008, we recorded an increase of $8.6 in the fair value of the interest rate swap, with a corresponding gain of $6.1 ($8.6 less $2.5 in taxes) to operations. During the fourth quarter of 2008, we repurchased a portion of our 2011 Notes. As a result, under U.S. GAAP we de-designated a fair value hedge relationship of $50.0 with one of our counterparty banks on the date of repurchase. We continued to apply the "shortcut" method to the remaining $450.0 of 2011 Notes. In 2008, we also recorded an increase of $8.5 in the fair value of the 2011 Notes attributable to the interest rate risk being hedged, and a corresponding loss of $7.3 ($8.5 less $1.2 in taxes) to operations for U.S. GAAP. The difference in the tax rates applied resulted in a loss of $1.2 charged to operations under U.S. GAAP for 2008. In February 2009, we terminated our interest rate swap agreements and discontinued fair value hedge accounting on the 2011 Notes. In 2009, we recorded a decrease of $2.6 in the fair value of the interest rate swap agreements prior to termination, with a corresponding loss of $2.0 ($2.6 less $0.6 in taxes) to operations for U.S. GAAP. In 2009, we also recorded a decrease of $2.4 in the fair value of the remaining designated portion of $450.0 of 2011 Notes prior to hedge de-designation, with a corresponding gain of $2.1 ($2.4 less $0.3 in taxes) to operations for U.S. GAAP. The difference in the tax rates applied resulted in a gain of $0.1 to operations under U.S. GAAP for 2009.

In connection with the termination of the interest rate swap agreements in February 2009, we discontinued fair value hedge accounting and amortized the cumulative fair value adjustment over the remaining term of the Notes. For 2009, the difference in the amount of amortization between Canadian and U.S. GAAP resulted in a loss of $3.2 ($3.7 less $0.5 in taxes) charged to operations under U.S. GAAP.

The gain on the repurchase of Notes was adjusted under U.S. GAAP since the carrying values of the Notes were not affected by the bifurcation of embedded derivatives, or by the subsequent fair value adjustments under Canadian GAAP. In addition, differences occurred as we applied the "long-haul" method under Canadian GAAP compared to the "shortcut" method under U.S. GAAP. We also accounted for the amortization of the cumulative fair value adjustment to the hedged debt obligation on a different basis due to the timing differences in the hedge de-designation under U.S. GAAP. In 2008, we recorded a loss of $0.5 ($0.6 less $0.1 in taxes) to operations to adjust the gain on debt repurchases for U.S. GAAP. In 2009, we redeemed all of the outstanding 2011 Notes with a principal amount of $489.4. We recorded a loss of $16.3 ($18.7 less $2.4 in taxes) to operations to adjust the gain on debt repurchase recorded under Canadian GAAP. We also reversed the write-down in the carrying value of the embedded prepayment option on the 2011 Notes due to hedge de-designation and debt repurchase by $12.5 ($16.7 less $4.2 in taxes) for U.S GAAP. For 2009, this resulted in a net charge of $3.8 ($2.0 plus $1.8 in taxes) to operations for U.S. GAAP.

(c) As a result of adopting the pension standards in 2006, we recorded a net pension liability for U.S. GAAP, representing the funded status of pension and other post-retirement benefit plans, and charged accumulated other comprehensive loss. Changes to the funded status after initial adoption are recognized through comprehensive income (loss) in the year of the change. The estimated amounts that will be amortized from accumulated other comprehensive income (loss) during 2010 are as follows: a $2.7 gain in prior service costs and a net loss of $5.7. There are no pension plan assets that are expected to be returned to us during 2010.

(in millions of U.S. dollars)

(d) Accrued liabilities include $97.2 at December 31, 2009 (December 31, 2008 — $146.0) relating to payroll and benefit accruals.

Other disclosures required under U.S. GAAP:

(e) Stock-based compensation:

Effective January 1, 2006, we adopted the standard "Share-based payments." This standard requires companies to expense the fair value of stock-based compensation awards through operations, including estimating forfeitures at the time of grant in order to estimate the amount of stock-based awards that will ultimately vest. We applied the fair value method of accounting for awards granted subsequent to December 31, 2005.

As of December 31, 2009, we have total compensation costs relating to unvested awards that have not yet been recognized of $33.6 (December 31, 2008 — $30.4), net of estimated forfeitures. Compensation cost will be amortized on a straight-line basis over the remaining weighted-average period of approximately two years and will be adjusted for subsequent changes in estimated forfeitures. We recorded an additional $1.0 to our U.S. GAAP compensation expense for 2007. There was no difference between Canadian and U.S. GAAP for 2008. We recorded a reduction of $0.5 to our U.S. GAAP compensation expense for 2009.

As of December 31, 2009, the weighted average remaining life of exercisable options is 5.0 years.

(f) Accumulated other comprehensive loss:

	Year ended December 31		
	2007	2008	2009
Accumulated other comprehensive income in accordance with Canadian GAAP	$ 55.9	$ 9.4	$ 55.8
Opening balance of accumulated net loss on cash flow hedges	$ (0.5)	$ —	$ —
Transitional adjustment — January 1, 2007 (note 9)	0.5	—	—
Closing balance	—	—	—
Opening balance related to pension and non-pension post-employment benefit plans	$ (149.0)	$ (142.5)	$ (126.2)
Recognition of funded status of defined benefit pension and other post-employment benefit plans, net of tax (c)	6.5	16.3	(1.8)
Closing balance	(142.5)	(126.2)	(128.0)
Accumulated other comprehensive loss in accordance with U.S. GAAP	$ (86.6)	$ (116.8)	$ (72.2)

(g) Warranty liability:

We record a liability for future warranty costs based on management's best estimate of probable claims under our product or service warranties. The accrual is based on the terms of the warranty which vary by customer, product or service and historical experience. We regularly evaluate the appropriateness of the remaining accrual.

(in millions of U.S. dollars)

The following table details the changes in the warranty liability:

	2007	2008	2009
Balance at January 1	$ 23.2	$ 24.8	$ 20.7
Accruals	15.5	14.0	3.9
Payments	(13.9)	(18.1)	(10.8)
Balance at December 31	$ 24.8	$ 20.7	$ 13.8

(h) Accounting for uncertainty in income taxes:

Effective 2007, we adopted the standard "Accounting for uncertainty in income taxes," for U.S. GAAP. This standard prescribes a recognition and measurement model for the accounting of uncertain tax positions and clarifies the accounting for income taxes by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. The standard also provides guidance on de-recognition of tax benefits, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The adoption of this standard did not have a material impact on our U.S. GAAP results.

In 2008, we recorded a provision of $7.6 to account for tax uncertainties under Canadian GAAP, which we did not recognize under U.S. GAAP due to timing. We recognized these tax uncertainties for U.S. GAAP in 2009.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits, inclusive of interest and penalties, is as follows:

	2007	2008	2009
Balance at January 1	$ 88.3	$ 79.8	$ 70.8
Additions based on tax provisions related to the current year	12.8	3.8	1.4
Increases (reductions) due to foreign exchange	9.8	(9.8)	9.3
Increases for tax positions of prior years	—	9.3	64.8
Reductions relating to settlements	(31.1)	(12.3)	(11.4)
Balance at December 31	$ 79.8	$ 70.8	$ 134.9

The total amount of unrecognized tax benefits for 2009 of $108.9 (2008 — $61.5; 2007 — $79.8), if recognized, would reduce our annual effective tax rate. We expect our unrecognized tax benefits to change significantly over the next 12 months as a result of ongoing Canadian and foreign tax audits. However, we are unable to estimate the range of possible change.

We recognize accrued interest and penalties related to unrecognized tax benefits in current tax expense. We accrued net potential interest and penalties of $30.7 related to the unrecognized tax benefits during 2009 (2008 — $3.2; 2007 — $5.7) and in total, as of December 31, 2009, we have recorded a net liability for potential interest and penalties of $55.8 (December 31, 2008 — $20.3).

We are subject to taxes in the following jurisdictions: Canada, United States, Mexico, Brazil, Spain, Czech Republic, Romania, Hungary, Switzerland, France, the United Kingdom, Hong Kong, China, Japan, Thailand, Singapore and Malaysia, all with varying statutes of limitations.

(in millions of U.S. dollars)

Generally, the tax years 2001 through 2009 remain subject to examination by tax authorities with the exception of the following jurisdictions in which earlier years remain subject to examination by tax authorities:

	Years
Canada (specific item under waiver)	1998 - 2000
Hong Kong	1998 - 2000

(i) Fair value measurements:

In 2008, we adopted the standard "Fair value measurements," which defines fair value and prescribes methods for measuring fair value, including a three level hierarchy of the inputs used to measure fair value. See note 14 for the disclosure of our financial assets and liabilities which are measured at fair value as at December 31, 2008 and 2009.

Effective January 1, 2009, these standards also applied to non-financial assets and liabilities. In 2009, we recorded an impairment charge to write-down certain assets included in property, plant and equipment to fair value. The fair value of those assets at December 31, 2009 was $18.4 which we measured using level 3 inputs in the fair value hierarchy.

We carry property, plant and equipment at amortized cost. We record impairment losses when the carrying amount of assets exceed the undiscounted future net cash flows we expect from their use and disposal. The process of determining fair values is subjective and we exercise judgment in making assumptions about future results, including revenue and expense projections and discount rates, as well as the valuation and use of appraisals for property. The process and assumptions used to determine these fair values qualify as level 3 unobservable inputs. We will continue to amortize these assets using their new fair values, over the remaining useful lives of the assets.

(j) Recently adopted United States accounting pronouncements:

In 2008, we adopted the standard "The fair value option for financial assets and financial liabilities," which permitted entities to elect to measure its financial instruments and certain other eligible items at fair value, with unrealized gains and losses resulting from changes in fair value to be recognized in operations at each subsequent reporting date. The fair value election may be applied on an instrument by instrument basis, with a few exceptions. The adoption of this standard did not have a material impact on our consolidated financial statements. We have chosen not to elect the fair value option for any items that are not already required to be measured at fair value in accordance with U.S. GAAP.

Effective January 1, 2009, we adopted the standard "Business combinations (revised 2007)," which requires the use of fair value accounting for business combinations. Equity securities issued as consideration in a business combination are recorded at fair value as of the acquisition date as opposed to the date when the terms of the business combination were agreed to and announced. In addition, transaction costs are expensed under this standard. This standard is applied prospectively for acquisitions closing after January 1, 2009. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements unless we engage in a significant acquisition.

Effective for 2009, we adopted the standard "Disclosures about derivative instruments and hedging activities (an amendment)," which changes the disclosure requirements related to an entity's derivative instruments and hedging activities. Entities are required to provide enhanced disclosures with respect to (1) how and why they use derivative instruments, (2) how derivative instruments and related hedged items are accounted for under the existing standards, and (3) how derivative instruments and related hedged items affect its financial position, financial performance and its cash flows. See notes 2(n), 7 and 14.

Effective for 2009, we adopted the standard "Subsequent events," which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The adoption of this standard did not have a material impact on our consolidated financial statements.

Effective for 2009, we adopted the standard "The FASB accounting standards codification and the hierarchy of generally accepted accounting principles," which establishes the source of authoritative accounting principles recognized by the FASB to be applied in the presentation of financial statements in conformity with U.S. GAAP. The adoption of this standard did not have a material impact on our consolidated financial statements.

Effective for 2009, we adopted the standard "Employers disclosure about post-retirement benefit plan assets," which requires additional disclosures about plan assets for defined benefit pension and other post-retirement benefit plans. Disclosures are required on investment policies and strategies, categories of plan assets, fair value measurement of plan assets and concentration risks. See note 13. This standard also requires plan sponsors to classify their plan assets using the fair value hierarchy to determine fair value. The three levels of fair value hierarchy, based on the reliability of inputs, is described in note 14. All of our plan assets were measured at fair value using level 1 inputs, such as quoted prices in active markets. The adoption of this standard did not have a material impact on our consolidated financial statements.

21. COMPARATIVE INFORMATION:

We have reclassified certain prior year information to conform to the current year's presentation.

22. SUBSEQUENT EVENTS:

In January 2010, we completed the acquisition of Scotland-based, Invec Solutions Limited. Invec provides warranty management, repair and parts management services to companies in the information technology and consumer electronics markets. The cash purchase price was $6.4.

In January 2010, we announced our intention to redeem the outstanding 2013 Notes with a principal amount of $223.1. In accordance with the terms of the 2013 Notes, we will redeem the Notes at a price of 103.813% of the principal amount, together with accrued and unpaid interest to the redemption date. Based on the carrying value at December 31, 2009 of $222.8, we expect to incur a loss of approximately $9 on redemption, which we will record through other charges. We expect to complete the redemption during the first quarter of 2010 using existing cash resources. As a result, we have reclassified the 2013 Notes from long-term debt to current portion of long-term debt on our consolidated balance sheet.

Exhibit 1.10

For Ministry Use Only / À l'usage exclusif du ministère

Ministry of Consumer and Business Services / Ministère des Services aux consommateurs et aux entreprises

Ontario Corporation Number / Numéro de la société en Ontario

1201522

1

CERTIFICATE
This is to certify that these articles are effective on

CERTIFICAT
Ceci certifie que les présents statuts entrent en vigueur le

JUNE 25 JUIN, 2004

Director / Directrice
Business Corporations Act / Loi sur les sociétés par actions

Form 5 Business Corporations Act

Formule 5 Loi sur les compagnies

RESTATED ARTICLES OF INCORPORATION
STATUTS MIS À JOUR

1. The name of the corporation is: *Dénomination sociale de la compagnie :*

CELESTICA INC.

2. Date of incorporation/amalgamation: *Date de la constitution ou de la fusion :*

27 SEPTEMBER 1996

(Day, Month, Year) *(jour, mois, année)*

3. The address of the registered office is: *Adresse du siège social :*

1150 EGLINTON AVENUE EAST

(Street & Number or R.R. Number & if Multi-Office Building give Room No.)
(Rue et numéro ou numéro de la R.R. et, s'il s'agit d'un édifice à bureaux, numéro du bureau)

TORONTO, ONTARIO — M3C 1H7

(Name of Municipality or Post Office) *(Nom de la municipalité ou du bureau de poste)* — (Postal Code) *(Code postal)*

4. Number (or minimum and maximum number) of directors is: *Nombre (ou nombres minimal et maximal) d'administrateurs :*

A minimum of 3 directors and a maximum of 20 directors.

5. The director(s) is/are: *Administrateur(s) :*

First name, initials and surname *Prénom, initiales et nom de famille*	Address for service, giving Street & No. or R.R. No., Municipality and Postal Code. *Domicile élu, y compris la rue et le numéro, le numéro de la R.R., ou le nom de la municipalité et le code postal*	Resident Canadian State Yes or No *Résident canadien Oui/Non*
Robert L. Crandall	The Claridge 3510 Turtle Creek, #4D Dallas, TX U.S.A. 75219	No
William Etherington	912-38 Avenue Road Toronto, ON M5R 2G2	Yes

Annex / *Annexe*

5. The director(s) is/are: *Administrateur(s)*:

First name, initials and surname *Prénom, initiales et nom de famille*	Address for service, giving Street & No. or R.R. No., Municipality and Postal Code. *Domicile élu, y compris la rue et le numéro, le numéro de la R.R., ou le nom de la municipalité et le code postal*	Resident Canadian State Yes or No *Résident canadien Oui/Non*
Richard S. Love	28100 Story Hill Lane Los Altos Hills, CA U.S.A. 94022	No
Anthony R. Melman	11 Dewbourne Avenue Toronto, ON M5P 1Z3	Yes
Gerald W. Schwartz	37 Cluny Drive Toronto, ON M4W 2P9	Yes
Charles W. Szuluk	41 Lost Beach Lane Vero Beach, FL U.S.A. 32963	No
Don Tapscott	65 Highland Avenue Toronto, ON M4W 2A2	Yes

6. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.

Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.

None

7. The classes and any maximum number of shares that the corporation is authorized to issue:

Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:

(i) an unlimited number of shares of a class designated as subordinate voting shares ("Subordinate Voting Shares");

(ii) an unlimited number of shares of a class designated as multiple voting shares ("Multiple Voting Shares"); and

(iii) an unlimited number of Preferred Shares, issuable in series.

8. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:

Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série:

8.1 Rights Attaching to Subordinate Voting Shares and Multiple Voting Shares

The Multiple Voting Shares and the Subordinate Voting Shares of the Corporation shall carry and have attached thereto the following rights, privileges, restrictions and conditions:

(a) Dividends. Subject to the prior rights of the holders of Preferred Shares, the holders of Subordinate Voting Shares and Multiple Voting Shares shall be entitled to receive dividends, and the Corporation shall pay dividends on the Subordinate Voting Shares and the Multiple Voting Shares, as and when declared by the board of directors of the Corporation (the "Board"), in such amount and in such form as the Board may from time to time determine. Except as hereinafter provided with respect to dividends consisting of Subordinate Voting Shares and Multiple Voting Shares, all dividends that the Board may declare from time to time on the Subordinate Voting Shares and the Multiple Voting Shares shall be declared and paid in an equal amount per share on all Subordinate Voting Shares and Multiple Voting Shares then outstanding. Dividends consisting of Subordinate Voting Shares and Multiple Voting Shares shall be declared by the Board and shall be paid by the Corporation only as follows: (i) dividends consisting of Subordinate Voting Shares shall only be declared and paid to holders of Subordinate Voting Shares and dividends consisting of Multiple Voting Shares shall only be declared and paid to holders of Multiple Voting Shares; and (ii) the number of Multiple Voting Shares declared and paid as a dividend with respect to each outstanding Multiple Voting Share shall be equal to the number of Subordinate Voting Shares declared and paid as a dividend with respect to each outstanding Subordinate Voting Share.

(b) Voting Rights. The holders of Subordinate Voting Shares and Multiple Voting Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation and to vote together at all such meetings, except meetings at which only the holders of one class or series of shares are entitled to vote separately as a class or series, as the case may be. At any meeting at which the holders of Subordinate Voting Shares and the holders of Multiple Voting Shares are entitled to vote together, the Subordinate Voting Shares shall carry one vote per share and the Multiple Voting Shares shall carry 25 votes per share. The holders of Multiple Voting Shares shall be entitled to one vote per share held at any meeting of holders of Multiple Voting Shares at which they are entitled to vote separately as a class. The holders of Subordinate Voting Shares shall be entitled to one vote per share at any meeting of holders of Subordinate Voting Shares at which they are entitled to vote separately as a class.

(c) Conversion of Multiple Voting Shares

(i) Each Multiple Voting Share shall be convertible at any time at the option of the holder thereof into one Subordinate Voting Share.

(ii) Multiple Voting Shares will be converted automatically into Subordinate Voting Shares upon any transfer thereof, except (A) a transfer to Onex Corporation ("Onex") or any affiliate of Onex or (B) a transfer of 100% of the outstanding Multiple Voting Shares to a purchaser who 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, provided that the Multiple Voting Shares held by such purchaser thereafter shall be subject to the provisions of this subparagraph (c) as if all references to Onex in this subparagraph (c) were references to such purchaser.

(iii) If any holder of Multiple Voting Shares ceases to be an affiliate of Onex, the Multiple Voting Shares held by such holder shall convert automatically into Subordinate Voting Shares on a one-for-one basis.

(iv) If Onex and its affiliates, collectively, 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.

(v) 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 automatically be converted at such time into Subordinate Voting Shares on one-for-one basis.

(vi) For the purposes of this subparagraph (c), (A) "Onex" includes any successor corporation resulting from an amalgamation, merger, arrangement, sale of all or substantially all of the 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; (B) a corporation shall be deemed to be a subsidiary of another corporation if, but only if, (1) 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 (2) it is a subsidiary of a corporation that is that other's subsidiary; (C) "affiliate" means a subsidiary of Onex or a corporation controlled by the same person or company that controls Onex; (D) "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; and (E) a person is deemed to beneficially own any security which is beneficially owned by a corporation controlled by such person.

(d) Modification, Sub-division and Consolidation. Any modification to the provisions attaching to either the Subordinate Voting Shares or the Multiple Voting Shares shall 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 a separate class. The Corporation may not subdivide or consolidate the Subordinate Voting Shares or the Multiple Voting Shares without at the same time proportionately subdividing or consolidating the shares of the other class.

(e) Rights on Dissolution. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, subject to the prior rights of the holders of Preferred Shares, the holders of the Subordinate Voting Shares and Multiple Voting Shares then outstanding shall be entitled to receive the remaining property and assets of the Corporation rateably according to the number of shares of both class of shares held by each holder.

8.2 Preferred Shares

The Preferred Shares shall be attached thereto, as a class, the following rights, privileges, restrictions and conditions:

(a) Issuable in Series. The Board may issue the Preferred Shares at any time or from time to time in one or more series.

(b) Board to Fix Terms of Each Series. Before the issuance of shares of any such series, the Board shall (i) fix the number of shares in such series, (ii) determine, subject to the provisions attaching to the Preferred Shares as a class, the designation of, and the rights, privileges, restrictions and conditions attaching to, the Preferred Shares of such series (including, without limiting the generality of the foregoing, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the price and terms and conditions of any purchase for cancellation, retraction or redemption rights, voting rights (subject to section 8 hereof), any conversion or exchange rights and any sinking fund, or other provisions) and (iii) send to the Director under the *Business Corporations Act* (Ontario), as the same may be amended, re-enacted or replaced from time to time (the "Act"), articles of amendment in the prescribed form setting out such number, designation, rights, privileges, restrictions and conditions.

(c) Ranking. The Preferred Shares of each series shall rank as to dividends (to the extent, if any, that cumulative dividends are provided for in the provisions attaching thereto as a series) and capital on a parity with the Preferred Shares of every other series. The Preferred Shares of each series shall rank as to dividends and capital senior to the Subordinate Voting Shares and the Multiple Voting Shares.

(d) Rights on Dissolution. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Preferred Shares of each series shall be entitled to receive from the assets of the Corporation in respect of each such share held a sum equal to the amount in the stated capital account for such series divided by the number of shares in such series then outstanding, together with any accrued (in the case of cumulative dividends) or declared (in the case of non-cumulative dividends) and unpaid dividends thereon, before any amount shall be paid or any assets of the Corporation shall be distributed to the holders of Subordinate Voting Shares or Multiple Voting Shares. Upon the receipt of such sum by the holders of the Preferred Shares of each series, such holders shall not be entitled to share in the distribution of the remaining assets of the Corporation and their Preferred Shares shall be cancelled.

(C) "affiliate" means a subsidiary of Onex or a corporation controlled by the same person or company that controls Onex; (D) "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; and (E) a person is deemed to beneficially own any security which is beneficially owned by a corporation controlled by such person.

(d) Modification, Sub-division and Consolidation. Any modification to the provisions attaching to either the Subordinate Voting Shares or the Multiple Voting Shares shall 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 a separate class. The Corporation may not subdivide or consolidate the Subordinate Voting Shares or the Multiple Voting Shares without at the same time proportionately subdividing or consolidating the shares of the other class.

(e) Rights on Dissolution. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, subject to the prior rights of the holders of Preferred Shares, the holders of the Subordinate Voting Shares and Multiple Voting Shares then outstanding shall be entitled to receive the remaining property and assets of the Corporation rateably according to the number of shares of both class of shares held by each holder.

8.2 Preferred Shares

The Preferred Shares shall be attached thereto, as a class, the following rights, privileges, restrictions and conditions:

(a) Issuable in Series. The Board may issue the Preferred Shares at any time or from time to time in one or more series.

(b) Board to Fix Terms of Each Series. Before the issuance of shares of any such series, the Board shall (i) fix the number of shares in such series, (ii) determine, subject to the provisions attaching to the Preferred Shares as a class, the designation of, and the rights, privileges, restrictions and conditions attaching to, the Preferred Shares of such series (including, without limiting the generality of the foregoing, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the price and terms and conditions of any purchase for cancellation, retraction or redemption rights, voting rights (subject to section 8 hereof), any conversion or exchange rights and any sinking fund, or other provisions) and (iii) send to the Director under the *Business Corporations Act* (Ontario), as the same may be amended, re-enacted or replaced from time to time (the "Act"), articles of amendment in the prescribed form setting out such number, designation, rights, privileges, restrictions and conditions.

(c) Ranking. The Preferred Shares of each series shall rank as to dividends (to the extent, if any, that cumulative dividends are provided for in the provisions attaching thereto as a series) and capital on a parity with the Preferred Shares of every other series. The Preferred Shares of each series shall rank as to dividends and capital senior to the Subordinate Voting Shares and the Multiple Voting Shares.

(d) Rights on Dissolution. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Preferred Shares of each series shall be entitled to receive from the assets of the Corporation in respect of each such share held a sum equal to the amount in the stated capital account for such series divided by the number of shares in such series then outstanding, together with any accrued (in the case of cumulative dividends) or declared (in the case of non-cumulative dividends) and unpaid dividends thereon, before any amount shall be paid or any assets of the Corporation shall be distributed to the holders of Subordinate Voting Shares or Multiple Voting Shares. Upon the receipt of such sum by the holders of the Preferred Shares of each series, such holders shall not be entitled to share in the distribution of the remaining assets of the Corporation and their Preferred Shares shall be cancelled.

9. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:

L'émission, le transfert ou la propriété d'actions est/n'est pas restreint. Les restrictions, s'il y a lieu, sont les suivantes:

The Corporation shall 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 Subordinate Voting Shares and Multiple Voting Shares, respectively, voting as separate classes.

10. Other provisions (if any):

Autres dispositions, s'il y a lieu:

The board of directors of the Corporation may, without authorization of the shareholders of the Corporation, from time to time, in such amounts and on such terms as it deems expedient:

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

(b) issue, reissue, sell or pledge debt obligations of the Corporation;

(c) give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and

(d) charge, mortgage, hypothecate, pledge or otherwise create a security interest in all or any of the currently owned or subsequently acquired real and personal, movable and immovable, property of the Corporation, including book debts, rights, powers, franchises and undertaking, to secure any obligation of the Corporation.

The board of directors may from time to time by resolution delegate to a committee of directors or to one or more of the directors or officers of the Corporation all or any of the powers hereby conferred upon the board to such extent and in such manner as the board shall determine at the time of each such delegation. Nothing in this section shall limit or restrict the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

11. These restated articles of incorporation correctly set out the corresponding provisions of the articles of incorporation as amended and supersede the original articles of incorporation and all the amendments thereto.

Les présents statuts mis à jour énoncent correctement les dispositions correspondantes des statuts constitutifs telles qu'elles sont modifiées et remplacent les statuts constitutifs et les modifications qui y ont été apportées.

These articles are signed in duplicate.

Les présents statuts sont signés en double exemplaire.

CELESTICA INC.

(Name of Corporation)
(Dénomination sociale de la société)

By/*Par*

Corporate Secretary

(Signature) *(Signature)* (Description of Office) *(Fonction)*

Exhibit 1.11

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

I. 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

II. 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

III. 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

IV. 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. At least 25 percent of the directors shall be resident Canadians. 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, 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.

V. Duties. Every director and officer of the Corporation in exercising his powers and discharging his duties to the Corporation 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.

VI. 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.

VII. 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.

VIII. 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.

IX. 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.

X. 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

XI. 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.

XII. 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.

XIII. 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.

XIV. 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.

XV. 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.

XVI. 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. 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. 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

XVII. General. The directors may from time to time appoint from their number a committee of directors 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 takeover 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.

XVIII. Audit committee. The board of directors shall 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

XIX. 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

XX. 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

XXI. 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

XXII. Subject to 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, or an individual acting in a similar capacity, of another entity, 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, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity, if he acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interests of the other entity for which he acted as a director or officer or in a similar capacity at the Corporation's request.

The Corporation may advance money to a director, officer or other person for the costs, charges and expenses of a proceeding referred to above, but the person shall repay the money if the person does not fulfil the conditions set forth above.

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

XXIII. 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.

XXIV. 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.

XXV. 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.

XXVI. 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.

XXVII. 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.

XXVIII. 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.

XXIX. 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.

XXX. 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.

XXXI. 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.

XXXII. 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.

XXXIII. 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.

XXXIV. 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.

XXXV. 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

XXXVI. Annual or special meetings. The directors of the Corporation,

A. shall call an annual meeting of shareholders not later than 18 months after holding the last preceding annual meeting; and

B. may at any time call a special meeting of shareholders.

XXXVII. Place of meetings. Subject to the articles, 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.

XXXVIII. 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.

XXXIX. 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.

XL. 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.

XLI. 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 60 days or by less than 30 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

1. at the close of business on the day immediately preceding the day on which notice is given; or

2. if no notice is given, the day on which the meeting is held.

XLII. <u>Votes</u>. 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.

XLIII. <u>Proxies</u>. 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.

XLIV. 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.

XLV. 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

XLVI. Issuance. Subject to the articles of the Corporation, shares in the Corporation may be issued at such time and issued to such persons and for such consideration as the directors may determine.

XLVII. Security certificates. Shares issued by the Corporation may be represented by a security certificate or may be an uncertificated security. 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.

XLVIII. 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, uncertificated securities 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.

XLIX. Transfer of Securities. Subject to the Act, and other applicable law relating to the transfer of securities, no transfer of a security issued by the Corporation shall be recorded or registered unless and until

A. in the case of a security other than an uncertificated security, (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;

B. in the case of an uncertificated security, an instruction in accordance with applicable law relating to the transfer of securities is presented; and

C. other reasonable requirements of the Corporation which are in compliance with the Act and other applicable law are satisfied.

L. 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

LI. 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.

LII. 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

LIII. 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

LIV. 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.

LV. 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.

LVI. 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.

LVII. 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.

LVIII. 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.

LIX. 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.

LX. Signatures to notices. The signature of any director or officer of the Corporation to any notice may be written, printed or otherwise mechanically reproduced.

LXI. 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.

LXII. 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.

LXIII. 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

LXIV. 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.

LXV. 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

LXVI. 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.

PASSED by the directors of the Corporation on January 31, 2001, and amended by the directors of the Corporation on August 1, 2007 and October 25, 2007.

EXHIBIT 2.7

EXECUTION COPY

FIFTH AMENDED AND RESTATED
REVOLVING TERM CREDIT AGREEMENT

CELESTICA INC. AND THE SUBSIDIARIES SPECIFIED AS DESIGNATED SUBSIDIARIES HEREIN,
as Borrowers

- and -

CIBC WORLD MARKETS,
as Co-Lead Arranger and Bookrunner

- and -

RBC CAPITAL MARKETS,
as Co-Lead Arranger and Co-Syndication Agent

- and -

CANADIAN IMPERIAL BANK OF COMMERCE,
as Administrative Agent

- and -

BANC OF AMERICA SECURITIES LLC
as Co-Syndication Agent

- and -

THE FINANCIAL INSTITUTIONS NAMED IN SCHEDULE A,
as Lenders

UP TO U.S.$200,000,000
REVOLVING TERM CREDIT FACILITY

Made as of April 7, 2009

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FIFTH AMENDED AND RESTATED REVOLVING TERM CREDIT AGREEMENT

MADE as of April 7, 2009.

B E T W E E N:

CELESTICA INC.,
a corporation incorporated under the laws of the Province of Ontario,

- and -

THE SUBSIDIARIES OF CELESTICA INC. SPECIFIED HEREIN AS DESIGNATED SUBSIDIARIES,

- and -

CIBC WORLD MARKETS,
as Co-Lead Arranger,

- and -

RBC CAPITAL MARKETS,
as Co-Lead Arranger and Co-Syndication Agent,

- and -

CANADIAN IMPERIAL BANK OF COMMERCE,
a Canadian chartered bank, as Administrative Agent,

- and -

BANC OF AMERICA SECURITIES LLC
as Co-Syndication Agent

- and -

THE FINANCIAL INSTITUTIONS NAMED IN SCHEDULE A, as Lenders.

WHEREAS Celestica Inc., the Subsidiaries of Celestica Inc. designated therein as Designated Subsidiaries, CIBC World Markets, as Joint-Lead Arranger, RBC Capital Markets, as Joint-Lead Arranger and Co-Syndication Agent, Canadian Imperial Bank of Commerce as Administrative Agent, Banc of America Securities LLC, as Co-Syndication Agent and the financial institutions named therein as the Lenders are parties to a Fourth Amended and Restated Revolving Term Credit Agreement dated as of April 12, 2007 (the "**Existing Credit Agreement**"), which amended and restated a Third Amended and Restated Revolving Term Credit Agreement dated as of June 4, 2004 between Celestica Inc., the Subsidiaries of Celestica Inc. designated therein as Designated Subsidiaries, Canadian Imperial Bank of Commerce, as the Administrative Agent, CIBC World Markets as, Joint-Lead Arranger, RBC Capital Markets, as Joint-Lead Arranger and Co-Syndication Agent, Banc of America Securities LLC as Co-Syndication Agent, The Bank of Nova Scotia, as Documentation Agent, and the financial institutions named therein as the Lenders which amended and restated a Second Amended and Restated Revolving Term Credit Agreement dated as of December 17, 2002 (as amended by the First Amendment to Second Amended and Restated Revolving Term Credit Agreement dated as of October 31, 2003 and by the Second Amendment to Second Amended and Restated Revolving Term Credit Agreement dated as of March 30, 2004) between Celestica Inc., the Subsidiaries of Celestica Inc. designated therein as Designated Subsidiaries, The Bank of Nova Scotia as the Administrative Agent, CIBC World Markets, as Joint-Lead Arranger and Syndication Agent, RBC Capital Markets and Banc of America Securities LLC, as Joint-Lead Arrangers and Co-Documentation Agents, and the financial institutions named therein as the Lenders, which amended and restated an Amended and Restated Revolving Term Credit Agreement dated as of June 8, 2001 among Celestica Inc., the Subsidiaries of Celestica Inc. designated therein as Designated Subsidiaries, The Bank of Nova Scotia, as the Administrative Agent, the Canadian Facility Agent, the U.S. Facility Agent and the U.K. Facility Agent and the financial institutions named therein as the Lenders, which amended and restated a Credit Agreement among Celestica Inc., the Subsidiaries of Celestica Inc. designated therein as Designated Subsidiaries, The Bank of Nova Scotia as the Administrative Agent, the Canadian Facility Agent, the U.S. Facility Agent and the U.K. Facility Agent and the financial institutions named therein as the Lenders dated as of April 22, 1999;

AND WHEREAS the parties hereto wish to amend and restate the Existing Credit Agreement on the terms set forth herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the premises, the covenants herein contained and other valuable consideration, the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement:

"**Acceptance Note**" means a non-interest bearing promissory note of a Borrower substantially in the form of Schedule L delivered to a Lender in the circumstances set out in Section 4.7(a);

"**Acquired Indebtedness**" means Indebtedness of any Person (i) which is outstanding at the time that such Person becomes a Restricted Subsidiary or is amalgamated with, or merged with or into, a Borrower or a Restricted Subsidiary; or (ii) which is outstanding at the time that assets of a Person are acquired by a Borrower or a Restricted Subsidiary and the obligation for repayment of which is assumed by such Borrower or Restricted Subsidiary in connection with the acquisition of such assets;

"**Additional Compensation**" has the meaning specified in Section 5.2;

"**Administrative Agent**" means Canadian Imperial Bank of Commerce when acting in its capacity as administrative agent hereunder;

“**Advance**” means a Prime Rate Advance, a Bankers’ Acceptance Advance, a LIBOR Advance, or a Base Rate Canada Advance made by the Lenders or a Lender, as applicable, or the issuance of a Letter of Credit and “**Advances**” means all of them;

“**Affected Lender**” has the meaning specified in Section 5.4(b);

“**Affiliate**” means an affiliated body corporate and, for the purposes of this Agreement, (i) one body corporate is affiliated with another body corporate if one such body corporate is the Subsidiary of the other or both are Subsidiaries of the same body corporate or each of them is controlled by the same Person and (ii) if two bodies corporate are affiliated with the same body corporate at the same time, they are deemed to be affiliated with each other; for greater certainty for the purposes of this definition, “**body corporate**” shall include a Canadian chartered bank;

“**Agents**” means the Administrative Agent and the Co-Syndication Agents and “**Agent**” shall mean any one of them;

“**Agreement**” means this agreement and all Schedules attached hereto as the same may be amended, restated, replaced or superseded from time to time;

“**Applicable Law**” means, with respect to any Person, property, transaction or event, all applicable laws, statutes, rules, regulations, codes, treaties, conventions, judgments, orders, awards or determinations of courts, arbitrators or mediators, and decrees in any applicable jurisdiction which are binding on such Person, property, transaction or event;

“**Applicable Margin**” shall have the meaning specified in Schedule C;

“**Approved Credit Rating Agency**” means any one of Standard & Poor’s, Moody’s and any other similar agency agreed to by Celestica and the Administrative Agent;

“**Arm’s Length**” has the meaning ascribed thereto under the *Income Tax Act* (Canada) in effect as of the date hereof;

“**Assenting Lender**” has the meaning specified in Section 5.4(b);

“**Available Swing Line Commitment**” means the monetary amount which is the commitment of the Swing Line Lender as may be increased or decreased from time to time pursuant to Section 2.22(j);

“**Bankers’ Acceptance**” means a draft or other bill of exchange in Canadian Dollars including, without limitation, a depository bill subject to the *Depository Bills and Notes Act* (Canada), drawn by Celestica or a Canadian Designated Subsidiary and accepted by a Lender in accordance with Article 4;

“**Bankers’ Acceptance Advance**” means the advance of funds to a Borrower by way of creation and issuance of Bankers’ Acceptances or by way of the issuance of an Acceptance Note, in each case in accordance with the provisions of Article 4;

“**Banking Day**” means a day, other than a Saturday or a Sunday and, where used in the context of a notice, delivery, payment or other communication addressed to the Administrative Agent, which is also a day on which banks are not required or authorized to close in Toronto, Canada and:

(i) in the case of Base Rate Canada Advances in United States Dollars, which is also a day on which banks are not required or authorized to close in New York, New York; or

(ii) in the case of LIBOR Advances in United States Dollars, which is also a day on which banks are not required or authorized to close in New York, New York or London, England, or which is a day on which dealings are carried on in the London interbank market;

"**Base Rate Canada**" means, on any day on which such rate is determined, the greater of (i) the variable rate of interest per annum, expressed on the basis of a year of 365 or 366 days, as the case may be, established or quoted from time to time by the Administrative Agent as the reference rate of interest then in effect for determining interest rates on United States Dollar denominated commercial loans made by it in Canada; and (ii) the Federal Funds Effective Rate plus ½ of 1% per annum;

"**Base Rate Canada Advance**" means a loan made by the Lenders to a Borrower on which interest is payable based on the Base Rate Canada plus the Applicable Margin;

"**Borrowers' Counsel**" means Davies Ward Philips & Vineberg LLP, Toronto, Ontario or such other firm of legal counsel as the Borrowers may from time to time designate;

"**Borrowers**" means Celestica and each Designated Subsidiary from time to time and their respective permitted successors and assigns and "**Borrower**" means any of them;

"**Business**" means the business of:

(a) conducting a broad range of electronics manufacturing services, including front end design and product development, manufacturing, assembly and testing of printed circuit boards, printed circuit board assembly, backplanes, electro-mechanical sub-assembly, memory modules, photonics, opto-electronic assembly, full system assembly, product testing, quality assurance, failure analysis, packaging and direct order fulfilment, after market service and support, and other related manufacturing services;

(b) a full range of supply chain management services such as materials procurement, inventory management, logistics, packaging, distribution, after-market support and refurbishment;

(c) design services including concept and product design, product documentation and data management, prototype services, product qualification, design for manufacturability and new product introduction;

(d) the design, production, distribution and sale of reference designs and power products; and

(e) any incidental businesses conducted by businesses acquired by a Borrower or a Restricted Subsidiary whose principal business involves one or more of the businesses described in paragraphs (a) through (d) of this definition;

"**Canadian BA Rate**" means, for a particular term, the discount rate per annum, calculated on the basis of a year of 365 days, for Canadian Dollar Bankers' Acceptances having such term:

(a) in respect of the Bankers' Acceptances to be accepted by a Schedule I Lender, that appears as the CDOR average rate on the display page designated as the CDOR page (or any replacement page) by Reuters Money Market Service (or its successor) as of 10:00 a.m. (Toronto, Canada time) on the first day of such term; and

(b) in respect of the Bankers' Acceptances or Acceptance Notes to be accepted by a Non-Schedule I Lender, as are quoted by such Non-Schedule I Lender as of 10:00 a.m. (Toronto, Canada time) on the first day of such term, provided that such quoted rate shall in no event exceed the rate determined for Bankers' Acceptances accepted by a Schedule I Lender pursuant to paragraph (a) of this definition plus ten basis points, each as determined by the Administrative Agent.

"**Canadian Dollars**" and "**Cdn.$**" mean the lawful currency of Canada in immediately available funds;

"**Canadian Designated Subsidiary**" means a Designated Subsidiary, (a) which was incorporated, continued, amalgamated or otherwise created in accordance with and continues to be governed by the laws of a Province of Canada or the federal laws of Canada and which is domiciled in Canada; and (b) which has satisfied and complied with the terms of Section 7.1(b);

"**Capital Lease**" means any leasing or similar arrangement which, in accordance with GAAP, would be classified a capital lease;

"**Capital Lease Obligations**" means all monetary obligations of Celestica or a Subsidiary under a Capital Lease and for the purposes of this Agreement and each other Loan Document, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP;

"**Cash and Cash Equivalents**" means cash (including balances in bank accounts) or investments in the following:

(a) direct obligations issued or unconditionally guaranteed by the government of Canada or the United States of America or issued by any agency or instrumentality thereof and backed by the full faith and credit of the government of Canada or the United States of America;

(b) certificates of deposit, time deposits or bankers' acceptances issued by any major chartered bank or any other domestic or foreign commercial bank with a combined capital surplus of Cdn. $1 billion or the Equivalent Amount thereof and whose long term unsecured and unguaranteed debt is rated by Standard & Poor's, Moody's or any other Approved Credit Rating Agency at a grade at least equal to any Non-Defaulting Lender's credit rating, with respect to long term unsecured and unguaranteed debt, provided by Standard & Poor's, Moody's and such other Approved Credit Rating Agency, respectively;

(c) corporate and other bonds rated at least AA- (or the then equivalent grade) by Standard & Poor's; and at least Aa3 (or the then equivalent grade) by Moody's.

"**Celestica**" means Celestica Inc., a corporation duly incorporated, organized and subsisting under the laws of the Province of Ontario, and any successor or continuing corporation;

"**Celestica International**" means Celestica International Inc., a corporation duly incorporated, organized and subsisting under the laws of the Province of Ontario, and any successor or continuing corporation;

"**CERCLA**" means the United States *Comprehensive Environmental Response, Compensation and Liability Act of 1980*;

"**CERCLIS**" means the United States Comprehensive Environmental Response Compensation Liability Information System List;

"**Chinese Material Restricted Subsidiary**" has the meaning specified in Section 8.4(a);

"**CIBC**" means Canadian Imperial Bank of Commerce, a Canadian chartered bank;

"**Claims**" has the meaning specified in Section 12.4(a);

"**Closing**" means the satisfaction of the conditions precedent set out in Section 6.1;

"**Closing Date**" means the date of Closing;

"**Co-Lead Arrangers**" means CIBC World Markets and RBC Capital Markets;

"**Code**" means the United States *Internal Revenue Code of 1986*;

"**Commitment**" means the commitment of each Lender to loan a portion of the aggregate amount of the Facility, in the amount set opposite its name in Schedule B, as such Schedule B may be amended by a Transfer Notice pursuant to Section 13.11;

"**Consent Designated Subsidiaries**" means a Designated Subsidiary; (a) which was not incorporated, continued, amalgamated or otherwise created in accordance with the laws of a Province of Canada or the federal laws of Canada; and (b) which has satisfied and complied with the terms of Section 7.1(c);

"**Contingent Liability**" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable for the Indebtedness of any other Person, such Indebtedness being any of the types referred to in paragraphs (a), (b), (c), (e), (f) and (g) of the definition of Indebtedness (in the case of paragraphs (f) and (g), only to the extent that the Indebtedness described in such paragraphs comprises or relates to Indebtedness of the types referred to in paragraphs (a), (b), (c) and (e) of the definition of Indebtedness);

“**control**” means, with respect to control of a body corporate by a Person, the holding (other than by way of security only) by or for the benefit of that Person, or Affiliates of that Person of securities of such body corporate or the right to vote or direct the voting of securities of such body corporate to which, in the aggregate, are attached more than 50% of the votes that may be cast to elect directors of the body corporate, provided that the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of the body corporate;

“**Controlled Group**” means all members of a controlled group of corporations and all members of a controlled group of trades or business (whether or not incorporated) under common control which, together with the Borrowers, are treated as a single employer under Section 414(b) or Section 414(c) of the Code;

“**Conversion**” means the conversion of one type of Advance into another type of Advance pursuant to Section 2.15;

“**Conversion Notice**” means a notice substantially in the form set out in Schedule E;

“**Corporate Reorganization**” has the meaning specified in Section 13.12;

“**DB Receivables Purchase Agreement**” means the revolving trade receivables purchase agreement dated as of November 23, 2005 among Celestica, Celestica Corporation, Celestica Raječko s.r.o., Celestica Holdings Pte Ltd., Celestica Valencia S.A., Celestica Hong Kong Ltd., each of the purchasers listed therein and Deutsche Bank AG New York Branch, as the same may be amended, restated, supplemented or modified from time to time;

“**Debt Rating**” means, at any time, Celestica’s issuer credit rating provided by Standard & Poor’s, or Celestica’s senior implied rating provided by Moody’s, or the equivalent rating provided by any other Approved Credit Rating Agency;

“**Debt Rating Downgrade**” means the Debt Rating of Celestica being downgraded to below BB+ by Standard & Poor’s or Ba1 by Moody’s;

“**Debt Rating Upgrade**” means the Debt Rating of Celestica being upgraded to BBB- by Standard & Poor’s and Baa3 by Moody’s or better;

“**Default**” means an event which, with the giving of notice or the passage of time or the making of any determination or any combination thereof as provided for herein, would constitute an Event of Default;

“**Defaulting Lender**” means any Lender that (i) has failed to fund any portion of any Advance, participations in Letters of Credit or participations in Swing Line Advances required to be funded by it hereunder within one (1) Banking Day of the date required to be funded by it hereunder, unless the subject of a good faith dispute (or a good faith dispute that is subsequently cured), (ii) has notified the Borrower, the Administrative Agent, the Issuing Bank or the Swing Line Lender in writing that it does not intend to comply with its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement, (iii) has failed, within two (2) Banking Days after written request by the Administrative Agent, to provide written confirmation that it will comply with the terms of this Agreement relating to its obligations to fund participations in then outstanding Letters of Credit or Swing Line Advances, (iv) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two (2) Banking Days of the date when due, unless the subject of a good faith dispute (or a good faith dispute that is subsequently cured) or (v) is unable to meet its obligations as they generally become due, becomes insolvent or generally fails to pay its debts as they generally become due, or that has applied for, assigned itself into, permitted, consented to or suffered to exist, any bankruptcy, insolvency, liquidation or winding up process in respect of itself;

"**Designated Account**" means an account of a Borrower of which the Administrative Agent is notified by such Borrower from time to time for the purposes of transactions under this Agreement;

"**Designated Subsidiary**" means a directly or indirectly wholly-owned Restricted Subsidiary of Celestica designated by Celestica as a Canadian Designated Subsidiary or a Consent Designated Subsidiary in accordance with and which complies with the applicable terms of Section 7.1 of this Agreement;

"**Designated Subsidiary Agreement**" means an agreement substantially in the form set out in Schedule F;

"**Disbursement**" has the meaning specified in Section 3.4;

"**Disbursement Date**" has the meaning specified in Section 3.4;

"**Domestic Material Restricted Subsidiary**" means a Material Restricted Subsidiary that was incorporated, continued, amalgamated, merged or otherwise created in accordance with and continues to be governed by the laws of a Province of Canada or the federal laws of Canada or the laws of any state of the United States of America;

"**Domestic Restricted Subsidiary**" means a Restricted Subsidiary that was incorporated, continued, amalgamated, merged or otherwise created in accordance with and continues to be governed by the laws of a Province of Canada or the federal laws of Canada or the laws of any state of the United States of America;

"**Drawdown**" means a drawdown of an Advance;

"**Drawdown Date**" means, in relation to any Advance, the date, which shall be a Banking Day, on which the Drawdown of such Advance is made by a Borrower pursuant to a Drawdown Notice;

"**Drawdown Notice**" means a notice substantially in the form set out in Exhibit 1 to Schedule G;

"**EBITDA**" means, for any particular period, the aggregate of:

(a) Net Income for such period;

(b) all amounts deducted in the calculation of Net Income in respect of Taxes, whether paid or deferred (in accordance with GAAP);

(c) all amounts deducted in the calculation of Net Income in respect of depreciation;

(d) all amounts deducted in the calculation of Net Income in respect of amortization;

(e) all amounts deducted in the calculation of Net Income in respect of Interest Expense, other than the implicit financing costs of synthetic leases;

(f) all amounts deducted in the calculation of Net Income in determining all non-recurring charges; and

(g) non-cash charges and purchase accounting deductions,

provided that, in the event of the acquisition by Celestica or a Restricted Subsidiary of (i) a corporation which becomes a new Restricted Subsidiary or (ii) any other entity or a group of assets or an operation, provided that such operation comprises a going concern which becomes a division or part of the business of Celestica or a Restricted Subsidiary (an "**operation**"), EBITDA will, subject to (x) and (y), include the EBITDA for the newly acquired Restricted Subsidiary or operation for its immediately preceding four fiscal quarters completed prior to such acquisition.

(x) If such newly acquired Restricted Subsidiary or operation was, immediately prior to such acquisition, accounted for on a stand-alone basis, EBITDA for such newly acquired Restricted Subsidiary or operation shall only be included in the above calculation if EBITDA for such newly acquired Restricted Subsidiary or operation, as the case may be, can be determined by reference to historical financial statements satisfactory to the Administrative Agent; and

(y) If such newly acquired Restricted Subsidiary or operation:

(A) was not, immediately prior to such acquisition, accounted for on a stand-alone basis; or

(B) was immediately prior to such acquisition, accounted for on a stand-alone basis but, in the determination of the Administrative Agent acting reasonably, the business of such newly acquired Restricted Subsidiary or operation will not be conducted by Celestica or its Restricted Subsidiary, as the case may be, in substantially the same form or the same manner as conducted by the vendor immediately prior to such acquisition,

then subject to the satisfaction of the Administrative Agent and the Majority Lenders with the method of determination thereof acting reasonably, EBITDA for such newly acquired Restricted Subsidiary or operation will be determined having regard to historical financial results together with, and having regard to, contractual arrangements and any other changes made or proposed to be made by Celestica or its Restricted Subsidiary, as the case may be, to the business of such newly acquired Restricted Subsidiary or operation;

"**EDC**" has the meaning specified in Section 2.22(i);

“**Eligible Hedging Agreement**” means any Hedging Agreement entered into between Celestica or any of its Subsidiaries and any Lender or any Affiliate of any Lender (collectively, the “**Hedge Lenders**”), provided that any Hedging Agreement entered into by Celestica or any of its Subsidiaries and any Person at the time that such Person was a “**Lender**” hereunder shall continue to be an Eligible Hedging Agreement (and such Person shall continue to be a Hedge Lender) notwithstanding that such Person ceases, at any time, to be a “**Lender**” hereunder;

“**Eligible Hedging Obligations**” means the obligations of Celestica or any of its Subsidiaries in respect of any Eligible Hedging Agreement;

“**Environmental Laws**” means applicable federal, provincial, state, municipal or other local law, statute, regulation or by-law, code, ordinance, decree, directive, standard, policy, guideline, rule, order, treaty, convention, judgment, award or determination for the protection of the environment or human health or relating to the manufacture, processing, distribution, use, treatment, storage, Release, transport or handling of Hazardous Materials;

“**Equivalent Amount**” on any given date in one currency (the “**first currency**”) of any amount denominated in another currency (the “**second currency**”) means the amount of the first currency which could be purchased with such amount of the second currency at the rate of exchange quoted by the Administrative Agent at 10:00 a.m. (Toronto, Canada time)) or, in the case of an Equivalent Amount to be determined in accordance with Article 3 hereof, by the Issuing Bank at 10:00 a.m. (local time in the jurisdiction where the applicable Letter of Credit is issued) on such date for the purchase of the first currency with the second currency;

“**ERISA**” means the United States *Employee Retirement Income Security Act of 1974*;

“**Euro**” means the single currency of the Participating Member States introduced on January 1, 1999;

“**Event of Default**” means any of the events described in Section 10.1;

“**Exempted Jurisdiction**” has the meaning specified in Section 13.12;

“**Existing Credit Agreement**” has the meaning specified in the first recital hereto;

“**Face Amount**” means, in respect of a Bankers’ Acceptance, the amount payable to the holder thereof on the maturity thereof and means, in respect of a Letter of Credit, the maximum amount payable to a beneficiary thereunder;

“**Facility**” means the revolving term credit facility in an aggregate principal amount of U.S.$200,000,000 to be made available to the Borrowers as set forth in Article 2;

“**Facility Fee**” has the meaning specified in Section 2.14(a) and calculated in accordance with Schedule C;

“**Federal Funds Effective Rate**” means, for any particular day, the variable rate of interest per annum, calculated on the basis of a 360-day year as determined by the Administrative Agent for the actual number of days elapsed, equal to:

(a) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers as published for such day (or, if such day is not a Banking Day, for the next preceding Banking Day) by the Federal Reserve Bank of New York, or

(b) for any Banking Day on which such rate is not so published by the Federal Reserve Bank of New York, the average of the quotations for such day for such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by the Administrative Agent in consultation with Celestica;

“**Fee Letter**” means the letter dated February 19, 2009 from CIBC to Celestica;

“**GAAP**” means those Canadian generally accepted accounting principles as now or hereafter adopted by the Canadian Institute of Chartered Accountants or any successor thereto;

“**Global Rateable Portion**” means, with respect to any Lender, at any time, the ratio, expressed as a decimal fraction, of:

(a) such Lender’s Commitment at such time to

(b) the aggregate of the Commitments of all of the Lenders at such time;

“**Grantors**” means (i) each Borrower, and (ii) each Restricted Subsidiary with Material Assets located in Canada and/or the United States of America, and “**Grantor**” means any of them;

“**Gross Funded Debt**” of Celestica, on a consolidated basis, means at any particular time and without duplication, the aggregate of:

(a) the following amounts determined in accordance with GAAP:

(i) the outstanding monetary Obligations at such time;

(ii) the Capital Lease Obligations outstanding at such time;

(iii) any other obligations for borrowed money (including, without limitation and without duplication, all obligations (contingent or otherwise) in respect of bankers’ acceptances and letters of credit) outstanding at such time but excluding Permitted Subordinated

Indebtedness which, in accordance with GAAP as at the date of each determination, qualifies as equity; and

(iv) any Acquired Indebtedness outstanding at such time;

plus

(b) Contingent Liabilities of Celestica or any Restricted Subsidiary of the type referred to in paragraphs (i) to (iii) above, in existence at such time,

but excluding the outstanding amounts under any Permitted Securitization Transaction;

“**Guarantees**” means the guarantees of each of the Guarantors and the Grantors substantially in the form set forth in Schedule H;

“**Guarantor**” means each Person which, on the date of this Agreement, is or, after the date of this Agreement, becomes a Material Restricted Subsidiary and “**Guarantors**” means two or more of them;

“**Hazardous Material**” means any contaminant, pollutant, waste of any nature, hazardous or toxic substance or material or dangerous good as defined, judicially interpreted or identified in any Environmental Law or any substance that causes harm or degradation to the surrounding environment or injury to human health and, without restricting the generality of the foregoing, includes any pollutant, contaminant, waste, hazardous waste, deleterious substance or dangerous good present in such quantity or state that it contravenes any Environmental Laws or gives rise to any liability or obligation under any Environmental Law;

“**Hedge Lenders**” has the meaning specified in the definition of Eligible Hedging Agreements;

“**Hedging Agreements**” means, with respect to any Person, currency swap agreements, foreign exchange forward agreements, interest rate swap agreements, interest rate cap agreements, interest rate collar agreements and all such other agreements or arrangements entered into by such Person, designed to protect such Person against fluctuations in interest rates or currency exchange rates;

“**Hedging Obligations**” means, with respect to any Person, all liabilities of such Person under any Hedging Agreement;

“**Indebtedness**” of any Person means, without duplication:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(b) all obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether drawn or undrawn, and bankers’ acceptances issued for the account of such Person;

(c) all obligations of such Person as lessee under leases which have been or should be, in accordance with GAAP, recorded as Capital Leases, including liabilities in respect of Capital Leases incurred by such Person in connection with sale/leaseback transactions;

(d) net liabilities of such Person under all Hedging Obligations or net liabilities of such Person under currency, swap, forward or other foreign exchange hedging agreements;

(e) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services, and indebtedness (excluding prepaid interest thereon), secured by a lien on the property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) all Contingent Liabilities of such Person; and

(g) any Acquired Indebtedness.

For all purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer;

"**Indemnified Person**" has the meaning specified in Section 5.5(b);

"**Indemnifying Party**" has the meaning specified in Section 12.4(c);

"**Indemnitee**" has the meaning specified in Section 12.4(a);

"**Interest Expense**" means, for any period, the aggregate consolidated interest expense of Celestica on a consolidated basis as determined in accordance with GAAP including the portions of any payment made in respect of Capital Leases allocable to interest expenses but excluding (i) interest expense incurred under any Permitted Securitization Transaction; and (ii) deferred financing costs and other non-cash interest expense;

"**Interest Payment Date**" shall have the meaning set out in Section 2.9;

"**Interest Period**" means relative to any LIBOR Advance, Bankers' Acceptance or Advance by way of an Acceptance Note, the period commencing on (and including) the date on which such LIBOR Advance is made or continued as, or converted into, a LIBOR Advance or such Bankers' Acceptance or Acceptance Note is issued, and ending on (but excluding) the day which is, in the case of a Bankers' Acceptance or Acceptance Note, approximately 30, 60, 90 or 180 days thereafter, or which in the case of any LIBOR Advance, numerically corresponds to such date one, two, three or six months thereafter (or, if such month has no numerically corresponding date, on the last Banking Day of such month), in each case as the Borrower may select; provided, however, that:

(a) if such Interest Period would otherwise end on a day which is not a Banking Day, such Interest Period shall end on the next following Banking Day (unless, if such Interest Period applies to LIBOR Advances, and such next following Banking Day is the first Banking Day of a calendar month, in which case such Interest Period shall end on the Banking Day next preceding such numerically corresponding day);

(b) the Borrowers shall not be permitted to select, collectively or in the aggregate, Interest Periods to be in effect at any one time which have expiration dates occurring on more than ten different dates, unless otherwise previously consented to in writing by the Administrative Agent; and

(c) no Interest Period may end later than the Maturity Date;

“**Issuance Request**” means a request and certificate duly executed by an authorized officer of Celestica in substantially the form of Schedule K attached hereto;

“**Issuing Bank**” means CIBC or such other Lender as Celestica may designate with such Lender’s agreement from time to time;

“**LC Fee**” has the meaning specified in Schedule C;

“**Lenders**” means (i) the financial institutions set out in Schedule A to this Agreement; and (ii) any assignee under a Transfer Notice in accordance with Section 13.11, and “**Lender**” shall mean any such financial institution;

“**Lenders’ Counsel**” means the firm of Osler, Hoskin & Harcourt LLP, Toronto, Ontario, or such other firm of legal counsel as the Administrative Agent may from time to time designate;

“**Letter of Credit**” means a standby letter of credit or a letter of guarantee issued by an Issuing Bank at the request of Celestica pursuant to Section 3.1;

“**Letter of Credit Availability**” means U.S.$75,000,000;

“**Letter of Credit Shortfall**” has the meaning specified in Section 2.23(b);

“**LIBO Rate**” means, relative to any LIBOR Advance:

(a) the rate of interest per annum of the offered quotations for deposits in United States Dollars for a period equal or comparable to the Interest Period in an amount comparable to the Advance as such rate is reported on the display designated as “Reuter Screen LIBOR1 Page” (or any replacement pages) by Reuters Money Market Service (or its successor) (or such other company or service as may be nominated by the British Bankers’ Association as the information vendor for the purpose of displaying British Bankers’ Association Interest Settlement Rates for deposits in United States Dollars) at or about 10:00 a.m. (London, England time) on the applicable Rate Fixing Day; or

(b) if a rate cannot be determined under paragraph (a) above, the rate determined by the Administrative Agent to be the arithmetic average (rounded up if necessary, to the nearest 1/16 of 1%) of such rates as reported on the LIBO page by Reuters Money Market Service (or its successor) for a period equal to or comparable to the Interest Period and in an amount comparable to the Advance at or about 10:00 a.m. (London, England time) on the applicable Rate Fixing Day provided that at least two such rates are reported on such page; or

(c) if a rate cannot be determined under either of paragraphs (a) and (b) above, the rate determined by the Administrative Agent for a particular Interest Period to be the arithmetic average of the rates per annum at which deposits in United States Dollars in immediately available funds are offered by prime London banks to the LIBOR Offices in the London interbank market for a period equal to or comparable to the Interest Period and an amount comparable to the Advance at or about 10:00 a.m. (London, England time) on the applicable Rate Fixing Day.

For the purposes of this definition, "**Rate Fixing Day**" means in respect of each Interest Period, the second Banking Day before the first day of such Interest Period;

"**LIBOR Advance**" means a loan made by the Lenders to a Borrower on which interest is payable at the LIBO Rate plus the Applicable Margin;

"**LIBOR Office**" means, relative to any Lender, the office of such Lender designated as such in Schedule A, if applicable, or designated in the Transfer Notice by which a financial institution becomes a Lender pursuant to Section 13.11, or such other office of a Lender (or any successor, assign or Affiliate of such Lender) as designated from time to time by notice from such Lender to Celestica and the Administrative Agent, whether or not outside Canada, which may be making or maintaining the LIBOR Advances of such Lender;

"**Liens**" means any security interest, mortgage, pledge, hypothec, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise) or charge against or interest in property to secure payment of a debt or performance of an obligation (including the interest of a vendor or lessor under any conditional sale agreement, or of a lessor under any lease including a Capital Lease or other title retention agreement);

"**Loan Documents**" means (i) this Agreement, (ii) the Guarantees, (iii) the other Security Documents, (iv) the Designated Subsidiary Agreements provided for herein, and (v) all other agreements, documents or instruments to be executed and delivered to the Administrative Agent, the Lenders or any of them by the Borrowers, the Grantors, the Guarantors or any of them hereunder or thereunder or pursuant hereto or thereto;

"**Losses**" has the meaning specified in Section 12.4(a);

"**Main Facility Commitment**" means, at any time, the amount, if any, by which the Commitment of the Swing Line Lender exceeds the Available Swing Line Commitment at that time;

"**Main Facility Rateable Portion**" means, with respect to any Lender, at any time, subject to adjustment by the Administrative Agent in accordance with Section 11.16 of this Agreement and also subject to Sections 2.3 and 4.1 of this Agreement, the ratio, expressed as a decimal fraction, of;

(a) such Lender's Commitment at such time (or, if such Lender is the Swing Line Lender, the Main Facility Commitment) to

(b) the aggregate of the Commitments of all of the Lenders (other than the Swing Line Lender) at such time and the Main Facility Commitment at such time;

"**Majority Lenders**" means at any time, the Lenders (other than any Defaulting Lenders), the Commitments of which account in the aggregate for more than 51% of the aggregate amount of Commitments without regard to the Commitments of a Defaulting Lender at such time;

"**Mandatory Cost**" means, in relation to a LIBOR Advance, an amount determined in accordance with Schedule N;

“**Material Adverse Change**” means any change of circumstances or any event which would reasonably be likely to have a Material Adverse Effect;

“**Material Adverse Effect**” means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of Celestica and of the Restricted Subsidiaries taken as a whole, or (b) the ability of any Borrower to perform any of its Obligations, or (c) the rights of the Administrative Agent and the Lenders against the Obligors on a consolidated basis pursuant to the Loan Documents;

“**Material Assets**” means, in respect of a Borrower or a Restricted Subsidiary, assets owned by such Borrower or Restricted Subsidiary having an aggregate book value of more than U.S. $50,000,000, on the date referenced in the most recent set of financial statements delivered pursuant to Section 9.1(a)(i), and in the event that a Restricted Subsidiary has Material Assets located in Canada and/or the United States of America on the date referenced in such financial statements, Celestica shall set out the name of such Restricted Subsidiary in a Schedule to the Officer’s Certificate to be delivered with such financial statements in accordance with Section 9.1(a)(iii);

“**Material Restricted Subsidiary**” means (i) each Designated Subsidiary and (ii) any other Restricted Subsidiary of Celestica whose assets total greater than U.S.$150,000,000 on an unconsolidated basis on the date referenced in the most recently delivered set of financial statements delivered pursuant to Section 9.1(a)(i); provided, however, that, subject to Section 8.4(c), the unconsolidated assets of all Restricted Subsidiaries which are not Material Restricted Subsidiaries shall not exceed on the date referenced in such financial statements, in the aggregate, ten per cent (10%) of the unconsolidated assets of the Borrowers and the Restricted Subsidiaries on such date, and in the event that (a) a Restricted Subsidiary has assets greater than U.S.$150,000,000 on the date referenced in such financial statements, or (b) the unconsolidated assets of all Restricted Subsidiaries which are not Material Restricted Subsidiaries exceeds, on the date referenced in such financial statements, in the aggregate, ten percent (10%) of the unconsolidated assets of the Borrowers and Restricted Subsidiaries, Celestica shall set out in a Schedule to the Officer’s Certificate to be delivered with such financial statements in accordance with Section 9.1(a)(iii): (x) the name of each Restricted Subsidiary whose assets total greater than U.S.$150,000,000 on such date; and (y) the Restricted Subsidiaries which it wishes to designate as Material Restricted Subsidiaries such that unconsolidated assets of all of the Restricted Subsidiaries which are not Material Restricted Subsidiaries shall not exceed ten percent (10%) of the unconsolidated assets of the Borrowers and Restricted Subsidiaries on such date;

“**Maturity Date**” means April 12, 2011;

“**Moody’s**” means Moody’s Investors Service, Inc.;

“**Net Income**” means, for any particular period, net income of Celestica for such period determined on a consolidated basis in accordance with GAAP;

“**Non-Defaulting Lender**” means a Lender that is not a Defaulting Lender;

“**Non-Domestic Material Restricted Subsidiary**” means a Material Restricted Subsidiary that is not a Domestic Material Restricted Subsidiary;

"**Non-Schedule I Lenders**" means Lenders which are not Canadian chartered banks that are listed on Schedule I to the *Bank Act* (Canada);

"**Notice of Amount**" has the meaning specified in Section 5.2;

"**Notice of Swing Line Borrowing**" means a notice substantially in the form set out in Exhibit 2 to Schedule G;

"**Notification Date**" has the meaning specified in Section 12.5(c);

"**Notional BA Proceeds**" means, with respect to a Bankers' Acceptance Advance, the aggregate Face Amount of the Bankers' Acceptances or principal amount of the Acceptance Notes comprising such Bankers' Acceptance Advance, if applicable, less the aggregate of:

(a) a discount from the aggregate face amount of such Bankers' Acceptances or principal amount of such Acceptance Notes, if applicable, calculated in accordance with normal market practices based on the Canadian BA Rate for the term of such Bankers' Acceptances or Acceptance Notes, if applicable; and

(b) the amount of the acceptance fees determined in accordance with Section 4.2 in respect of such Bankers' Acceptance Advance;

"**Obligations**" means all obligations (monetary and otherwise) arising under or in connection with this Agreement and each other Loan Document;

"**Obligors**" means, collectively, the Borrowers, the Grantors and the Guarantors and "**Obligor**" means any one of them;

"**Officer's Certificate**" means a certificate signed by any one of the Chairman of the Board, the President, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, any Senior Vice-President, any Vice-President, the Treasurer, the Controller, the Assistant Treasurer, the Secretary or the Assistant Secretary of Celestica;

"**Official Body**" means any national, federal or provincial government or any government of any political subdivision thereof, or any agency, authority, board, central bank, monetary authority, commission, department or instrumentality thereof, or any court, tribunal, grand jury, mediator or arbitrator, whether foreign or domestic, or any non-governmental regulatory authority to the extent that the rules, regulations and orders of such body have the force of law;

"**Organic Document**" means, relative to any body corporate, its articles of incorporation, its by-laws and all shareholder agreements, voting trusts and similar arrangements applicable to any of its Shares;

"**Other Taxes**" means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, any of the Loan Documents, or any other document in connection herewith;

"**Outstanding Amount**" has the meaning specified in Section 2.3(c);

"**Participating Member State**" means a member state of the European Communities that adopts or has adopted the Euro as its lawful currency under the legislation of the European Union for European Monetary Union;

"**PBGC**" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA;

"**Pension Plan**" means:

(a) any plan, program, *agreement* or arrangement that is a pension plan for the purposes of any federal or provincial pension benefit law or under the *Income Tax Act* (Canada) (whether or not registered under such law) which is maintained or contributed to, or to which there is or may be an obligation to contribute by any of the Borrowers in respect of its employees in Canada; and

(b) a "**pension plan**", as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multi-employer plan as defined in Section 4001(a)(3) of ERISA), and to which the Borrowers or any of the *Subsidiaries* or any corporation, trade or business that is, along with the Borrowers, a member of a Controlled Group, may have liability;

"**Permitted Encumbrances**" means any one or more of the following with respect to the assets of Celestica or any Restricted Subsidiary:

(a) inchoate or statutory Liens for Taxes, assessments and other governmental charges or levies which are not delinquent (taking into account any relevant grace periods) or the validity of which are currently being contested in good faith by appropriate proceedings and in respect of which there shall have been set aside a provision or reserve (to the extent required by GAAP) in an amount which is adequate therefor;

(b) 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 Celestica or the relevant Restricted Subsidiary, or otherwise arising in the ordinary course provided that such Liens are related to obligations not due or delinquent (taking into account any applicable grace or cure periods), are not registered as encumbrances against title to any of the assets of Celestica or the relevant Restricted Subsidiary and adequate holdbacks are being maintained as required by applicable legislation or such Liens are being contested in good faith by appropriate proceedings and in respect of which there shall have been set aside a provision or reserve (to the extent required by GAAP) in an amount which is adequate with respect thereto and provided further that such Liens do not, in the aggregate, materially detract from the value of the assets of Celestica or any Material Restricted Subsidiary or any Grantor encumbered thereby or materially interfere with the use thereof in the operation of the business of Celestica or any Material Restricted Subsidiary or any Grantor;

(c) easements, rights-of-way, servitudes, restrictions and similar rights in real property comprised in the assets of Celestica or the relevant Restricted Subsidiary or interests therein granted or reserved to other persons, provided that such rights do not, in the aggregate, materially detract from the value of the assets of Celestica or any Material Restricted Subsidiary or any Grantor or materially interfere with the use thereof in the operation of the business of Celestica or any Material Restricted Subsidiary or any Grantor;

(d) title defects or irregularities which are of a minor nature and which do not, in the aggregate, materially detract from the value of the assets of Celestica or any Material Restricted Subsidiary or any Grantor or materially interfere with the use thereof in the operation of the business of Celestica or any Material Restricted Subsidiary or any Grantor;

(e) Liens incidental to the conduct of the business or the ownership of the assets of Celestica or the relevant Restricted Subsidiary (other than those described in Clauses (f) and (g) of this definition) which were not incurred in connection with the borrowing of money or the obtaining of advances of credit (including, without limitation, unpaid purchase price), and which do not, in the aggregate, materially detract from the value of the assets of Celestica or any Material Restricted Subsidiary or any Grantor or materially interfere with the use thereof in the operation of the business of Celestica or any Material Restricted Subsidiary or any Grantor;

(f) Liens securing appeal bonds or other similar Liens arising in connection with court proceedings (including, without limitation, surety bonds, security for costs of litigation where required by law and letters of credit) or any other instrument serving a similar purpose;

(g) attachments, judgments and other similar Liens arising in connection with court proceedings; provided, however, that such Liens are in existence for less than 30 days after the entry thereof or the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings;

(h) Liens given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the operation of the business or the ownership of the assets of Celestica or the relevant Restricted Subsidiary, provided that such Liens do not have a Material Adverse Effect;

(i) Purchase Money Obligations arising in the ordinary course of business, provided that such Lien is limited to the property so acquired and is created, issued or assumed substantially concurrently with the acquisition of such property;

(j) the right reserved to or vested in any Official Body by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of any of Celestica or the relevant Restricted Subsidiary, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;

(k) the interests of lessors (including without limitation, security interests granted in favour of lessors) pursuant to all leases, including Capital Leases and synthetic leases, under which Celestica or the relevant Restricted Subsidiary is the lessee;

(l) the extension, renewal or refinancing of any Permitted Encumbrance, provided that the amount so secured does not exceed the original amount secured immediately prior to such extension, renewal or refinancing;

(m) Liens granted in connection with any Permitted Securitization Transaction to the extent required to permit the operation of such Permitted Securitization Transaction facility which, for greater certainty, includes the Liens granted in connection with the DB Receivables Purchase Agreement;

(n) Liens granted by Celestica and/or any Restricted Subsidiary pursuant to future subsidized financing by development entities on terms and conditions satisfactory to the Administrative Agent and the Majority Lenders;

(o) Liens granted to secure Acquired Indebtedness, to the extent that (i) such Liens exist at the time such person or the assets subject to such Lien are acquired by Celestica or a Restricted Subsidiary; (ii) such Liens were not created in contemplation of the transaction by which the subject Indebtedness became Acquired Indebtedness; and (iii) such Liens either (A) only extend to the assets acquired or the assets of the Person acquired, as applicable, in the transaction pursuant to which the Acquired Indebtedness became an obligation of a Borrower or a Restricted Subsidiary or (B) are discharged within 60 days of such acquisition;

(p) Liens granted in respect of Shares of Unrestricted Subsidiaries;

(q) Liens of the nature contemplated in (b), (c), (d), or (e) above, but exceeding the materiality thresholds specified therein, securing indebtedness in the aggregate not greater than U.S.$25,000,000;

(r) Liens in favour of the Administrative Agent, on behalf of any Issuing Bank, or any one of them, arising in connection with any collateral security provided in connection with the cash collateralization of Letters of Credit pursuant to the terms of this Agreement;

(s) Liens in favour of the Administrative Agent, on behalf of itself, the Lenders and the Hedge Lenders, granted pursuant to this Agreement or any other Loan Document; and

(t) Liens not of the nature contemplated in (a) to (p) above, securing indebtedness in the aggregate not greater than U.S.$15,000,000.

"**Permitted Encumbrance Certificate**" means a certificate in the form of Schedule P;

"**Permitted Securitization Transaction**" means the transactions contemplated under the DB Receivables Purchase Agreement and any transaction providing for the sale, securitization or other asset-backed financing (collectively, "**Securitization Transactions**") of trade accounts receivable of or owing to Celestica or any Restricted Subsidiary (and/or contractual rights relating thereto). The terms and conditions of all Permitted Securitization Transactions shall be on an Arm's Length basis and on commercially reasonable and usual terms (except any interim transfer or sale to an Unrestricted Subsidiary made in the course of a Permitted Securitization Transaction which results in a sale, securitization or other asset-backed financing by such Unrestricted Subsidiary on an Arm's Length basis and on commercially reasonable terms). Except to the extent mandated under any Permitted Securitization Transaction, no new assets may become Securitized Assets during the occurrence and continuance of a Default unless (a) there are no monetary Obligations outstanding under this Agreement or (b) the only monetary Obligations outstanding under this Agreement are one or more Letters of Credit and such Letters of Credit are cash collateralized by a Borrower;

"**Permitted Subordinated Indebtedness**" means all unsecured Indebtedness of Celestica, which, in respect of principal, is subordinated in right of payment to the payment in full in cash of all monetary Obligations and, in respect of interest, is only so subordinated upon the occurrence and during the continuance of a Default, in each case, on terms satisfactory to the Administrative Agent and the Majority Lenders, and the terms of which permit Celestica at Celestica's sole option in all circumstances to satisfy such indebtedness by the issue of Shares or other securities convertible in all circumstances at the sole option of Celestica into Shares of Celestica;

"**Person**" means an individual, company, partnership (whether or not having separate legal personality), corporation (including a business trust and a Canadian chartered bank), joint stock company, trust, unincorporated association, joint venture or other entity, or a government, state or political subdivision thereof or any agency of such government, state or political subdivision;

"**Pledge Agreement**" means (i) pledge agreements pledging all of the Pledged Shares of each Domestic Material Restricted Subsidiary directly held by the applicable Grantor, substantially in the form set forth in Schedule U, and (ii) subject to consultation with local legal counsel to the Administrative Agent and Lenders with respect to the pledge of any Pledged Shares of a Non- Domestic Material Restricted Subsidiary or by a Grantor that is not a Domestic Restricted Subsidiary, a pledge agreement governed by the laws of the jurisdiction of formation of such Non-Domestic Material Restricted Subsidiary and/or such Grantor (or, if such jurisdiction of formation is a state of the United States, such pledge agreement shall be governed by the laws of the State of New York), as the case may be, such pledge agreements to be in form and substance satisfactory to the Lenders' Counsel and such local legal counsel, each acting reasonably;

"**Pledged Shares**" means the Shares in the capital of a Material Restricted Subsidiary;

"**Pounds Sterling**" and "**£**" means the lawful currency of the United Kingdom;

"**Predecessor Corporation**" has the meaning described thereto in Section 13.12;

“**Predecessor Guarantee**” has the meaning described thereto in Section 13.12;

“**Prime Rate**” means the greater of (i) the variable rate of interest per annum, expressed on the basis of a year of 365 or 366 days, as the case may be, established or quoted from time to time by the Administrative Agent as the reference rate of interest then in effect for determining interest rates on Canadian Dollar denominated commercial loans made by it in Canada and (ii) the sum of (x) the rate per annum for Canadian Dollar bankers’ acceptances having a term of 30 days that appears on the display page designated as the CDOR Page (or any replacement page) by Reuters Money Market Service (or its successor) as of 10:00 a.m. on the date of determination as reported by the Administrative Agent, and (y) ½ of 1% per annum;

“**Prime Rate Advance**” means a loan made by the Lenders to a Borrower in Canadian Dollars on which interest is payable based on the Prime Rate plus the Applicable Margin;

“**Property**” has the meaning ascribed thereto in Section 12.5;

“**Purchase Money Obligations**” means any Lien created, issued or assumed by Celestica or any Subsidiary to secure indebtedness assumed as part of, or issued or incurred to pay or provide funds to pay, all or a part of the purchase price of any property (other than the shares, stock or other securities of any Subsidiary or of any corporation which becomes a Subsidiary upon such purchase, except for an Unrestricted Subsidiary);

“**Reimbursement Obligation**” has the meaning specified in Section 3.4;

“**Release**” has the meaning specified in Section 8.1(h)(i);

“**Relevant Period**” has the meaning specified in Section 2.14(a);

“**Restricted Subsidiary**” means each and every Subsidiary of Celestica which is not at the time an Unrestricted Subsidiary. For greater certainty, a Subsidiary of an Unrestricted Subsidiary shall not be a Restricted Subsidiary;

“**Rollover**” means a rollover of a LIBOR Advance or a Bankers’ Acceptance pursuant to and in accordance with Sections 2.12, 4.4 and 4.5;

“**Rollover Notice**” means a notice substantially in the form of Schedule I;

“**Schedule I Lenders**” means Lenders which are Canadian chartered banks that are listed on Schedule I to the *Bank Act* (Canada);

“**Securitized Assets**” means assets securitized under Permitted Securitization Transactions and includes:

(a) an account receivable arising from a sale of goods by Celestica or a Subsidiary of Celestica which is the subject of a Permitted Securitization Transaction (a “**Securitized Receivable**”);

(b) the interest of Celestica or any Subsidiary of Celestica in any goods (including returned goods), and documentation of title evidencing the shipment or storage of any goods (including returned goods), relating to any sale by Celestica or any Subsidiary of Celestica giving rise to such Securitized Receivable;

(c) all guarantees, indemnities, letters of credit, insurance and other agreements (including any and all contracts, understandings, instruments, agreements, leases, invoices, notes or other writings pursuant to such Securitized Receivable arises or which evidences such Securitized Receivable or under which the applicable customer becomes or is obligated to make payment to Celestica or a Subsidiary of Celestica in respect of such Securitized Receivable) or arrangements of whatever character from time to time supporting or securing payment of such Securitized Receivable;

(d) all collections and other proceeds received and payment or application by Celestica or a Subsidiary of Celestica of any amounts owed in respect of Securitized Receivables, including, without limitation, purchase price, finance charges, interests, and all other similar charges which are net proceeds of the sale or other disposition of repossessed goods or other collateral or property available to be applied thereon; and

(e) all proceeds of, and all amounts received or receivable under, any or all of the foregoing;

"**Security**" means the security interests granted by a Grantor in the assets and property of such Grantor in favour of the Administrative Agent on behalf of itself, the Lenders and the Hedge Lenders to secure the payment and performance of its Obligations and its Eligible Hedging Obligations, for so long as such security interests have not been released pursuant to Section 7.3, 9.1(p) or 13.12;

"**Security Agreement**" means the general security agreement substantially in the form set forth in Schedule T;

"**Security Documents**" means the guarantee and security documentation provided from time to time by each Grantor to the Administrative Agent on behalf of itself, the Lenders and the Hedge Lenders, pursuant to this Agreement to secure the payment and performance by such Grantor of its Obligations and its Eligible Hedging Obligations, including (i) the Guarantee; (ii) the Security Agreement; (iii) the Pledge Agreement; and (iv) any hypothecs and other documentation necessary or desirable under the laws of Quebec;

"**Senior Funded Debt**" means Gross Funded Debt less (i) all Gross Funded Debt that does not rank in right of payment at least *pari passu* with the monetary Obligations plus (ii) all monetary obligations of Celestica on a consolidated basis under operating leases entered into in the context of sale lease back transactions with the amount of such obligations being the amount that would, had the lease been a Capital Lease, be the capitalized amount thereof determined in accordance with GAAP;

"**Shares**", as applied to the shares of any corporation or other entity, means the shares or other ownership interests of every class whether now or hereafter authorized, regardless of whether such shares or other ownership interests shall be limited to a fixed sum or percentage with respect to the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding-up of such corporation or other entity;

"**Standard & Poor's**" means Standard & Poor's Ratings Services (a division of The McGraw-Hill Companies, Inc.);

"**Stated Expiry Date**" has the meaning specified in Section 3.1(b);

"**Subsidiary**" means, with respect to any Person, any corporation, company or other similar business entity (including, for greater certainty, a Canadian chartered bank) of which more than fifty per cent (50%) of the outstanding Shares or other equity interests (in the case of Persons other than corporations) having ordinary voting power to elect a majority of the board of directors or the equivalent thereof of such corporation, company or similar business entity (irrespective of whether at the time Shares of any other class or classes of the Shares of such corporation, company or similar business entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person;

"**Substitute Lenders**" has the meaning specified in Section 11.14;

"**Successor Agent**" has the meaning specified in Section 11.10;

"**Successor Corporation**" has the meaning specified in Section 13.12(a);

"**Super Majority Lenders**" means at any time, the Lenders (other than any Defaulting Lenders), the Commitments of which account in the aggregate for more than $66^{2/3}$% of the aggregate amount of the Commitments without regard to the Commitments of a Defaulting Lender at such time;

"**Swing Line Advance**" means an Advance made pursuant to the provisions of Section 2.22(a);

"**Swing Line Lender**" means CIBC or such other Lender as may have agreed to act as a Swing Line Lender and to which CIBC and Celestica may have agreed to acting as a Swing Line Lender from time to time.

"**Take-over Bid**" means an offer to acquire made by Celestica or any Restricted Subsidiary, alone or acting jointly or in concert with any other Person or Persons (collectively, the "**offeror**") to any holder of Shares or securities convertible, exchangeable or exercisable into Shares (the "**Target Shares**") of the offeree issuer, which has not been solicited by or made at the request of the board of directors of the offeree issuer or with respect to which the board of directors of the offeree issuer has not recommended acceptance, where the Target Shares subject to the offer to acquire, together with the Target Shares held by or on behalf of the offeror on the date of the offer, constitute, in aggregate, 20% (or such lesser percentage as would require compliance with the formal requirements governing take-over bids (such as the delivery of circulars or equivalent disclosure documents to shareholders under Applicable Law)) or more of the outstanding Target Shares at the date of the offer to acquire, but excluding any such offer which, under the Applicable Law of the jurisdiction in which such offer is made, would be exempt from such formal requirements;

"**Take-over Bid Notice**" has the meaning specified in Section 2.3(d);

"**Taxes**" includes all present and future income, corporation, capital gains, capital and value-added and goods and services taxes and all stamp, franchise and other taxes and levies, imposts, deductions, duties, charges and withholdings whatsoever together with interest thereon and penalties with respect thereto, if any, and charges, fees and other amounts made on or in respect thereof;

"**Toronto Office**" means the office of the Administrative Agent located at 161 Bay Street, BCE Place, 8th Floor, Toronto, Ontario, Canada M5J 2S8 (facsimile: 416-956-3830) or such other address as either of the Administrative Agent may designate by notice to Celestica;

"**Transfer Notice**" means a notice substantially in the form of Schedule J;

"**Trigger Event**" means the occurrence of a Debt Rating Downgrade after the Security has been released in accordance with Section 9.1(p)(v);

"**United States Dollars**" and "**U.S.$**" means the lawful currency of the United States of America in immediately available funds;

"**Unrestricted Subsidiary**" means a Subsidiary of Celestica designated by Celestica as such in accordance with Section 7.4 of this Agreement and any Subsidiary of an Unrestricted Subsidiary;

"**Upfront Fee**" has the meaning specified in Section 2.14(c);

"**US Grantor**" means a Grantor that was incorporated, continued, amalgamated, merged or otherwise created in accordance with and continues to be governed by the laws of any state of the United States of America; and

"**Utilization Fee**" has the meaning specified in Section 2.14(b) and calculated in accordance with Schedule C.

1.2 Headings

The division of this Agreement into Articles and Sections and the insertion of an index and headings are for convenience of reference only and shall not affect the construction or interpretation hereof. The terms "**this Agreement**", "**hereof**", "**hereunder**" and similar expressions refer to this Agreement and not to any particular Article, Section, paragraph or other portion hereof and include any agreement supplemental hereto. Save as expressly provided herein, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Use of Defined Terms

Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in each Drawdown Notice, Conversion Notice, Rollover Notice, Loan Document, notice and other communication delivered from time to time in connection with this Agreement or any other Loan Document.

1.4 Extended Meanings

Words importing the singular number only shall include the plural and vice versa, and words importing any gender shall include all genders.

1.5 Cross References

Unless otherwise specified, references in this Agreement and in each other Loan Document to any Article or Section are references to such Article or Section of this Agreement or such other Loan Document, as the case may be, and unless otherwise specified references in the Article, Section or definition to any Clause are references to such Clause of such Article, Section or definition.

1.6 Reference to Agents or Lenders

Any reference in this Agreement to an Agent or a Lender shall be construed so as to include its permitted successors, transferees or assigns hereunder in accordance with their respective interests.

1.7 Accounting Terms

Unless otherwise specified, all accounting terms used herein or in any other Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder shall be made, and all financial statements required to be delivered hereunder or thereunder shall be prepared in accordance with GAAP and all financial data submitted pursuant to this Agreement shall be prepared in accordance with such principles, consistently applied; provided that, if Celestica notifies the Administrative Agent that it wishes to amend any covenant in Section 9.3 to eliminate the effect of any change in GAAP or any change in the application of accounting policies on the operation of such covenant (or the Administrative Agent notifies Celestica that the Majority Lenders wish to amend Section 9.3 for such purpose), Celestica's compliance with such covenant shall be determined on the basis of GAAP or accounting policies in effect immediately before the relevant change in GAAP or change in accounting policies became effective, until either such notices are withdrawn or such covenant is amended in a manner satisfactory to Celestica, the Administrative Agent and the Majority Lenders.

1.8 Consolidated Financial Statements and Consolidated Accounts

Notwithstanding Section 1.7, wherever in this Agreement reference is made to a consolidated financial statement of Celestica or to a determination to be made on a consolidated basis, such reference shall be deemed to be to a consolidated financial statement or consolidated basis, determined in accordance with GAAP, which consolidates only the financial statements or accounts of Celestica and its Subsidiaries, excluding all Unrestricted Subsidiaries, with investments by Celestica or any Restricted Subsidiary in Unrestricted Subsidiaries accounted for using equity accounting. At any time that Celestica and all Restricted Subsidiaries have no Unrestricted Subsidiaries, all references to consolidated financial statements herein shall be deemed to be references to the fully consolidated financial statements of Celestica.

1.9 Non-Banking Days

Except as otherwise specified herein, whenever any payment to be made hereunder shall be stated to be due or any action to be taken hereunder shall be stated to be required to be taken on a day other than a Banking Day, such payment shall be made or such action shall be taken on the next succeeding Banking Day and, in the case of the payment of any monetary amount, the extension of time shall be included for the purposes of computation of interest or fees thereon.

1.10 References to Time of Day

Except as otherwise specified herein, a time of day shall be construed as a reference to Toronto, Canada time.

1.11 Severability

In the event that one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect under any Applicable Law, the validity, legality or enforceability of the remaining provisions hereof shall not be affected or impaired thereby.

1.12 Currency

All monetary amounts in this Agreement refer to United States Dollars unless otherwise specified.

1.13 References to Statutes

Except as otherwise provided herein, any reference in this Agreement to a statute shall be construed to be a reference to such statute as the same may have been, or may from time to time be, amended, reformed or otherwise modified or re-enacted from time to time.

1.14 References to Agreements

Except as otherwise provided herein, any reference herein to this Agreement, any other Loan Document or any other agreement or document shall be construed to be a reference to this Agreement, such Loan Document or such other agreement or document, as the case may be, as the same may have been, or may from time to time be, amended, restated, extended, supplemented or replaced.

1.15 Consents and Approvals

Whenever the consent in writing or approval in writing of a party hereto is required in a particular circumstance, unless otherwise expressly provided for therein, such consent or approval shall not be unreasonably withheld or delayed by such party.

1.16 Schedules

The following are the Schedules attached hereto and incorporated by reference and deemed to be part hereof:

Schedule A	-	Lenders
Schedule B	-	Lenders' Commitments
Schedule C	-	Applicable Margin, Facility Fee, Utilization Fee and LC Fee
Schedule D	-	Quarterly Certificate on Covenants
Schedule E	-	Conversion Notice

Schedule F	-	Designated Subsidiary Agreement
Schedule G	-	Drawdown Notice and Notice of Swing Line Borrowing
Schedule H	-	Guarantees
Schedule I	-	Rollover Notice
Schedule J	-	Transfer Notice
Schedule K	-	Issuance Request
Schedule L	-	Acceptance Note
Schedule M	-	Consent Lender Notice
Schedule N	-	Mandatory Cost Calculation
Schedule O	-	**[Intentionally deleted]**
Schedule P	-	Permitted Encumbrance Certificate
Schedule Q	-	**[Intentionally deleted]**
Schedule R	-	Permitted Dissolutions
Schedule S	-	Permitted Mergers
Schedule T	-	Security Agreement
Schedule U	-	Pledge Agreement

ARTICLE 2
THE FACILITY

2.1 Establishment of the Facility

Upon the terms and subject to the conditions hereof, each of the Lenders hereby severally agrees to make its Global Rateable Portion or its Main Facility Rateable Portion, as applicable, of the Facility available to the Borrowers as specified in Sections 2.2, 2.3 and 2.22.

2.2 Purpose, Nature and Term of the Facility

(a) The Facility is being made available to the Borrowers by the Lenders for the business and operations of the Borrowers and their respective Restricted Subsidiaries, including, without limitation and for greater certainty, to finance acquisitions of companies which, after the acquisition thereof, will become Restricted Subsidiaries or assets which, after the acquisition thereof, will be owned by Celestica or a Restricted Subsidiary.

(b) Advances under the Facility shall not be used by any Borrower to finance the acquisition of, investment in, loan to or to provide working capital to an Unrestricted Subsidiary. Letters of Credit shall not be available to support or secure any Indebtedness of an Unrestricted Subsidiary, including, without limitation, a loan or other advance to an Unrestricted Subsidiary.

(c) Subject to the terms and conditions of this Agreement (including, without limitation, Section 2.8) the Facility shall be a revolving credit facility and the Borrowers may borrow, repay and reborrow under the Facility as they see fit at any time prior to the Maturity Date. The Facility shall terminate on the Maturity Date.

2.3 Availability of Advances

(a) The Facility shall be available for Drawdowns by the Borrowers, at the option of the Borrowers, as follows:

(i) to Celestica or any Designated Subsidiary, Drawdowns from Lenders, each in a minimum amount of Cdn.$5,000,000 and integral multiples of Cdn.$100,000 in excess thereof, in Canadian Dollars by way of Prime Rate Advances;

(ii) to Celestica or any Designated Subsidiary, Drawdowns from Lenders, each in a minimum amount of Cdn.$5,000,000 and integral multiples of Cdn.$100,000 in excess thereof, in Canadian Dollars by way of Bankers' Acceptance Advances;

(iii) to Celestica or any Designated Subsidiary, Drawdowns from Lenders, each in a minimum amount of U.S.$5,000,000 and integral multiples of U.S.$100,000 in excess thereof, in United States Dollars by way of Base Rate Canada Advances;

(iv) to Celestica or any Designated Subsidiary, Drawdowns from Lenders, each in a minimum amount of U.S.$5,000,000 and integral multiples of U.S.$100,000 in excess thereof, in United States Dollars by way of LIBOR Advances; and

(v) to Celestica, Letters of Credit from the Issuing Bank on behalf of the Lenders in, at the option of Celestica, Canadian Dollars, United States Dollars, Euros or Pounds Sterling or such other currency as Celestica may request, in accordance with Article 3.

(b) Each Drawdown of an Advance pursuant to Section 2.3(a)(i) to (iv) shall be made by irrevocable Drawdown Notice, which Drawdown Notice shall be given by the applicable Borrower to the Administrative Agent, not later than (x) 10:00 a.m. Toronto, Canada time on the Banking Day prior to the relevant Drawdown Date in the case of Prime Rate Advances, Bankers' Acceptance Advances, and Base Rate Canada Advances, and (y)10:00 a.m. London, England time and 10:00 a.m.

New York, New York time on the third Banking Day prior to the relevant Drawdown Date in the case of a LIBOR Advance in United States Dollars.

(c) The Borrowers shall have the right to convert one currency into another as they see fit, but subject to the terms of this Agreement, including, without limitation, those provisions set out in items (i) to (iv) of subsection (a) above if the Conversion relates to an Advance other than a Swing Line Advance, providing for the manner in which the Facility is available to each Borrower. A Borrower may not make a Drawdown under the Facility if, as a result of such Drawdown, the sum of (i) the Equivalent Amount, expressed in United States Dollars, of the aggregate principal amount of all Prime Rate Advances and Acceptance Notes outstanding under the Facility, plus (ii) the Equivalent Amount, expressed in United States Dollars, of the aggregate Face Amount of all Bankers' Acceptances outstanding under the Facility, plus (iii) the Equivalent Amount, expressed in United States Dollars, of the maximum amount which may be drawn under all Letters of Credit outstanding under the Facility, plus (iv) the aggregate principal amount of all Base Rate Canada Advances outstanding under the Facility, plus (iv) the aggregate principal amount of all LIBOR Advances outstanding under the Facility (collectively, the "**Outstanding Amount**") would exceed the aggregate of all Commitments of the Lenders at such time (or such lesser amount as may be available following a cancellation in part of the Facility pursuant to Section 2.7).

(d) If a Borrower wishes to make a Drawdown under the Facility for the purpose of financing a Take-over Bid, such Borrower shall deliver to the Administrative Agent a written notice (a "**Take-over Bid Notice**") thereof at least ten (10) Banking Days prior to the day on which it gives to the Administrative Agent a Drawdown Notice requesting such Drawdown. Such Take-over Bid Notice shall include the details of such Take-over Bid. As soon as possible, but in any event within five (5) Banking Days of the giving of the Take-over Bid Notice, each Lender shall, acting reasonably and in good faith, determine whether or not it wishes to fund its Main Facility Rateable Portion of such Drawdown. Notwithstanding any other provisions hereof, if any Lender determines that it does not wish to fund its Main Facility Rateable Portion of such Drawdown, such Lender shall not be required to fund its Main Facility Rateable Portion of such Drawdown and the Drawdown shall be reduced accordingly, and such Lender shall be considered to be acting reasonably and in good faith if it determines that it does not wish to fund such Drawdown based on any of its internal regulatory, take-over bid and credit policies and procedures.

(e) This Section 2.3 shall not apply to Swing Line Advances.

2.4 Lenders' Obligations

(a) The obligations of the Lenders hereunder are several and not joint.

(b) Save as otherwise specifically provided herein, each Lender shall participate in each Advance (other than, for certainty, any Swing Line Advance) referred to in the applicable provisions of Section 2.3 in accordance with its Main Facility Rateable Portion.

(c) The failure of any Lender to make available its share of any Advance required to be made by it under this Agreement shall not relieve any other Lender of its obligation to make available its share of any Advance required to be made under this Agreement.

2.5 Repayment of Advances by Former Designated Subsidiaries

Provided that the Facility is not earlier accelerated in accordance with Article 10, a Subsidiary which is no longer a Designated Subsidiary by virtue of the delivery of a notice in writing to the Administrative Agent to that effect by Celestica in accordance with Section 7.1(d) of this Agreement shall repay to the Administrative Agent the principal amount of Advances made by the Lenders to such Subsidiary, together with all accrued and unpaid interest thereon, on the day which is five (5) Banking Days after the date of delivery of such notice by Celestica to the Administrative Agent in accordance with Section 7.1(d) of this Agreement.

2.6 Repayment of Facility

(a) In the event that, at any time, the Outstanding Amount exceeds the maximum amount allowed pursuant to Section 2.3 due to changes in exchange rates, then Celestica shall forthwith repay to the Administrative Agent or cause another Borrower to forthwith repay to the Administrative Agent that portion of the Outstanding Amount which is in excess of the maximum amount allowed pursuant to Section 2.3; provided, however, that unless the Outstanding Amount exceeds One Hundred and Five Per Cent (105%) of the aggregate Commitments under the Facility, there shall be no such obligation to make a repayment hereunder until the earlier of (i) 15 days and (ii) the next following Interest Payment Date, Drawdown Date, date of Rollover or date of Conversion, in each case, following receipt of written notice of determination of such Outstanding Amount by the Administrative Agent to Celestica, and provided further that if such repayment would result in the repayment of a Bankers' Acceptance Advance prior to its maturity date or the repayment of an Acceptance Note or a LIBOR Advance prior to the last day of its Interest Period, Celestica may, or may cause another Borrower to, at its option and in lieu of repayment of such Advances, deposit with the Administrative Agent cash collateral in an amount equal to the required repayment amount to be held by the Administrative Agent for distribution to the Lenders as repayment of a Bankers' Acceptance Advance on its maturity date (or the last day of its then current Interest Period in the case of an Acceptance Note) or repayment of an Acceptance Note or a LIBOR Advance on the last day of its then current Interest Period, as the case may be.

(b) Provided that the Facility is not prepaid or accelerated in accordance with Article 10, each Borrower shall repay the principal amount of all Advances made to it outstanding under the Facility, together with accrued and unpaid interest thereon, on the Maturity Date to the Administrative Agent and, in the event that the expiry date of any Letter of Credit is after the Maturity Date, Celestica shall on or before the Maturity Date, deposit with the Administrative Agent, on behalf of the Issuing Bank, an amount equal to the undrawn Face Amount of any such issued and outstanding Letter of Credit. Such amount shall be held by the Administrative Agent in an interest-bearing account and shall be applied to satisfy Celestica's obligations pursuant to Section 3.4 in the event that the Issuing Bank is called upon by a beneficiary to honour a Letter of Credit. Following the expiry of all such Letters of Credit, the Administrative Agent shall pay to Celestica the amounts so deposited, together with any interest accrued thereon less any amount paid by the Administrative Agent to the Issuing Bank. At any time that any Letter of Credit shall be reduced in accordance with Section 3.1(c)(ii), Celestica's obligations under this Section 2.6(b) shall be reduced accordingly, subject to reinstatement in the event any payment in respect of such Letter of Credit is recovered by any beneficiary in any manner from the Issuing Bank.

(c) All repayments of the Facility by the Borrowers shall be in a minimum amount equal to the minimum amount of a Drawdown of each type of Advance set out in Section 2.3 and amounts in excess thereof in integral multiples of U.S.$ 100,000, or the Equivalent Amounts thereof in the currency in which each Advance is denominated except in the event of a Rollover of an Advance into a lesser amount than the Advance then outstanding or a repayment pursuant to paragraphs (a) and (b) of Section 2.6 which may be in any amount. Repayments of any Advance outstanding under the Facility shall be made in the currency in which such Advance is denominated.

2.7 Payments/Cancellation or Reduction

Celestica may at any time, upon giving at least three (3) Banking Days' prior notice to the Administrative Agent, repay, or cause another Borrower to repay and, in each case, cancel, any drawn portion of the Facility or cancel in full or, from time to time, in part, any undrawn portion of the Facility; provided, however, that:

(a) if any such repayment relates to Bankers' Acceptances, Acceptance Notes or Letters of Credit, which have not matured, the Borrower to which such Advance was made shall, at such time, deposit in a cash collateral account opened and maintained by the Administrative Agent such amount as may be required to yield an amount equal to the aggregate undiscounted Face Amount of such instruments on the maturity dates thereof;

(b) in the event that any such repayment relates to a LIBOR Advance other than on the scheduled last day of the applicable Interest Period, the Borrower to which such Advance was made shall contemporaneously pay to the Administrative Agent all applicable breakage costs, being any loss or expense incurred by the Lenders by reason of the resulting liquidation or re-employment of deposits of funds;

(c) any such reduction shall be in a minimum amount of U.S.$ 5,000,000 and cancellations in excess thereof shall be in increments of U.S.$ 100,000;

(d) any cancellation shall reduce the Commitment of each Lender on a *pro rata* basis having regard to the Commitment of each Lender; and

(e) any such cancellation shall permanently reduce the Facility and may not be reinstated.

2.8 Maturity Date

Subject to Section 2.7, Section 10.2 and Section 10.5, the Facility shall be available until the Maturity Date. Notwithstanding the termination of availability of the Facility, until all of the Obligations (other than contingent indemnity obligations) of the Borrowers shall have been fully and indefeasibly paid and satisfied and all financing arrangements among the Borrowers and the Lenders with respect to the Obligations shall have been cancelled or terminated, all of the rights and remedies of the Lenders and the Agents under this Agreement and the other Loan Documents shall survive.

2.9 Interest on Prime Rate Advances

Interest on each Prime Rate Advance shall accrue at a rate per annum equal to the Prime Rate in effect from time to time during the period of time that the Prime Rate Advance is outstanding plus the Applicable Margin. Such interest shall be payable to the Administrative Agent at its Toronto Office in Canadian Dollars monthly in arrears on the first Banking Day of the following month (each herein referred to as an "**Interest Payment Date**") in each year for the period from and including the Drawdown Date for such Advance (or, if applicable, the date on which such Advance was converted into a Prime Rate Advance) or the preceding Interest Payment Date for such Prime Rate Advance, as the case may be, to and including the day preceding such Interest Payment Date and shall be calculated on the principal amount of the Prime Rate Advance from time to time outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 or 366 days (in the case of an Interest Payment Date occurring in a leap year). Changes in the Prime Rate shall cause an automatic and immediate adjustment of the interest rate payable on Prime Rate Advances without the necessity of any notice to the Borrowers.

2.10 Interest on Base Rate Canada Advances

Interest on each Base Rate Canada Advance shall accrue at a rate per annum equal to the Base Rate Canada in effect from time to time during the period of time that the Base Rate Canada Advance is outstanding plus the Applicable Margin. Such interest shall be payable to the Administrative Agent at its Toronto Office in United States Dollars monthly in arrears on each Interest Payment Date in each year for the period from and including the Drawdown Date for such Advance (or, if applicable, the date on which such Advance was converted into a Base Rate Canada Advance) or the preceding Interest Payment Date for such Base Rate Canada Advance, as the case may be, to and including the day preceding such Interest Payment Date and shall be calculated on the principal amount of the Base Rate Canada Advance from time to time outstanding during such period and on the basis of the actual number of days elapsed and the number of days deemed to be included in a year by the definition of the rate used to set Base Rate Canada. Changes in the Base Rate Canada shall cause an automatic and immediate adjustment of the interest rate payable on Base Rate Canada Advances without the necessity of any notice to the Borrowers.

2.11 [Intentionally Deleted]

2.12 LIBOR Advances

(a) LIBOR Advances shall be available for Drawdown, Conversion or Rollover in United States Dollars in minimum principal amounts of U.S.$5,000,000 and integral multiples of U.S.$100,000 in excess thereof. Each Drawdown Notice shall specify the applicable Interest Period for the LIBOR Advance. The duration of each such Interest Period shall be for a period of approximately one, two, three or six months, or any other period, if available and agreed to by the Administrative Agent on behalf of the Lenders, as the Borrower requesting such Drawdown, Conversion or Rollover may select in the applicable Drawdown Notice, Conversion Notice or Rollover Notice. No LIBOR Advance may have an Interest Period ending after the Maturity Date. If any Interest Period would end on a day which is not a Banking Day, such Interest Period shall be extended to the next succeeding Banking Day unless such next succeeding Banking Day falls in the next calendar month, in which case such Interest Period shall be shortened to end on the immediately preceding Banking Day.

(b) If a Lender determines that deposits of the necessary amount in the requested currency for the applicable Interest Period are not available in the London interbank market or if for any other reason the Administrative Agent, acting reasonably, is unable to determine the applicable LIBO Rate, then the relevant LIBOR Advance will not be made, and the Administrative Agent will discuss with such Borrower the particular circumstances and implications of such event. In the event that such determination is made by the Administrative Agent in the case of a proposed Rollover of an existing LIBOR Advance or a proposed Conversion of another type of Advance into a LIBOR Advance, the proposed LIBOR Advance will automatically be deemed to be a Base Rate Canada Advance.

(c) Interest on any LIBOR Advance shall be calculated at a rate per annum equal to the LIBO Rate plus the Applicable Margin, plus any applicable Mandatory Cost then in effect, shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed (including the first day of each Interest Period but excluding the last day thereof) and divided by 360. Interest on any LIBOR Advance shall be payable to the Administrative Agent in United States Dollars in arrears on the last day of the Interest Period relating thereto; provided, however, that if the Interest Period is for a term of more than three months, interest shall be payable on the last Banking Day of the first three-month period and on the last Banking Day of each three-month period thereafter, as well as on the last day of the Interest Period.

(d) If a LIBOR Advance to a Borrower is neither repaid on the last day of an Interest Period nor converted into another type of Advance on such date pursuant to Section 2.15, and if the Administrative Agent has not received a Rollover Notice or a Conversion Notice specifying the term of the next Interest Period for such LIBOR Advance at or before 10:00 a.m. (local time in Toronto, Canada) on the third Banking Day prior to the last day of the then current Interest Period, then the outstanding LIBOR Advance shall be deemed to be converted, by way of Conversion on the last day of the then current Interest Period, into a Base Rate Canada Advance.

(e) Except as otherwise provided herein, LIBOR Advances shall not be repaid, prepaid or converted into another type of Advance except on the last day of any Interest Period relating thereto.

(f) If the Majority Lenders determine in good faith that the LIBO Rate for any requested Interest Period with respect to a proposed LIBOR Advance does not adequately and fairly reflect the cost to such Lenders of funding such Advance, the Administrative Agent will promptly so notify the Borrower and each Lender in writing. Thereafter, the obligation of the Lenders to make or maintain LIBOR Advances shall be suspended until the Administrative Agent (upon the instruction of the Majority Lenders) revokes such notice; provided that, at any time and from time to time, the Borrower shall have the right to request the Administrative Agent to request that the Lenders determine whether at such time the circumstances causing the suspension continue to exist and if the Majority Lenders determine, in good faith, that such circumstances no longer continue to exist then the Administrative Agent shall notify the Borrower in writing of such determination and immediately revoke such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a borrowing, conversion or continuation of LIBOR Advance or, failing that, will be deemed to have converted such request into a request for a Base Rate Canada Advance in the amount specified therein.

2.13 Method and Place of Payment

(a) Each payment to be made by a Borrower under this Agreement shall be made without deduction, set-off or counterclaim.

(b) Except as provided in Section 4.2 with respect to Acceptance Fees and Section 3.8 with respect to fees for Letters of Credit, all payments of principal, interest and fees hereunder shall be made for value at or before 12:00 noon (local time in Toronto, Canada) on the day such amount is due by deposit or transfer thereof to the account of the Administrative Agent maintained at its Toronto Office. Payments received after such time shall be deemed to have been made on the next following Banking Day.

(c) Subject to Section 11.16, each Lender shall be entitled to its Main Facility Rateable Portion of each repayment or prepayment of principal of a Prime Rate Advance (other than a Swing Line Advance), a LIBOR Advance, Acceptance Note, Base Rate Canada Advance (other than a Swing Line Advance) or payment of the Face Amount of Bankers' Acceptances made to Celestica or a Canadian Designated Subsidiary.

(d) Notwithstanding Section 2.12(c), in the event that a Borrower is required to pay Additional Compensation to a Lender, such Borrower may prepay all or any portion of the Advances made by such Lender to such Borrower, without any obligation to prepay any portion of the Advances made by other Lenders to whom the Borrower is not required to pay Additional Compensation; provided, however, that any prepayment of a Bankers' Acceptance Advance or LIBOR Advance shall be subject to the provisions of Section 12.2.

2.14 Fees

(a) During the period commencing on the date hereof and ending on the Maturity Date (in this Section 2.14, the "**Relevant Period**"), Celestica on behalf of itself and the other Borrowers shall pay to the Administrative Agent for the account of the Lenders a fee (the "**Facility Fee**") calculated at the rate per annum set forth in Schedule C on the sum of (i) the aggregate Commitments of the Non-Defaulting Lenders (after giving effect to any cancellation and reduction pursuant to Section 2.7) hereunder and (ii) the aggregate outstanding Advances of the Defaulting Lenders hereunder during the Relevant Period from day to day which fee shall be payable quarterly in arrears. Each Lender shall be entitled to its Global Rateable Portion of the Facility Fee provided that in circumstances where a Defaulting Lender has outstanding Advances, such Defaulting Lender shall, until such time as it again becomes a Non-Defaulting Lender, only be entitled to a portion of the Facility Fee calculated on the basis of such Advances only and not its Commitment.

(b) During the Relevant Period, Celestica on behalf of itself and the other Borrowers shall pay to the Administrative Agent for the account of the Lenders in accordance with each Lender's Global Rateable Portion a fee (the "**Utilization Fee**") calculated at the rate per annum set forth in Schedule C on the aggregate principal amount of all outstanding Advances hereunder for each day during the Relevant Period on which the aggregate principal amount of all outstanding Advances exceed 50% of the aggregate Commitments less the undrawn portion of any Defaulting Lender's Commitment (after giving effect to any increase, cancellation or reduction pursuant to Sections 2.3, 2.7 and 2.23) hereunder, which fee shall be payable quarterly in arrears.

(c) On or prior to the Closing Date, Celestica on behalf of itself and the other Borrowers shall pay to the Administrative Agent for the account of the Lenders in accordance with each Lender's Global Rateable Portion a fee (the "**Upfront Fee**") in an amount equal to 1.0% of the aggregate Commitments in accordance with the Fee Letter.

2.15 Conversion Options

Subject to the provisions of this Agreement (including, without limitation, Section 4.5), provided that no Event of Default has occurred and is continuing, a Borrower may convert any type of Advance outstanding under the Facility as follows:

(a) provided that the relevant Borrower thereunder is Celestica or a Canadian Designated Subsidiary, a Prime Rate Advance or a portion thereof into a Bankers' Acceptance Advance by giving the Administrative Agent a Conversion Notice no later than 10:00 a.m. one (1) Banking Day prior to the date of the proposed Conversion;

(b) provided that the relevant Borrower thereunder is Celestica or a Canadian Designated Subsidiary, the Face Amount of a Bankers' Acceptance or the principal amount of any Acceptance Notes, as applicable, or a portion thereof into a Prime Rate Advance on the maturity date of the Bankers' Acceptance or the last day of the then current Interest Period of such Acceptance Note by giving the Administrative Agent a Conversion Notice no later than 10:00 a.m. one (1) Banking Day prior to the date of the proposed Conversion;

(c) a Base Rate Canada Advance or a portion thereof into a LIBOR Advance by giving the Administrative Agent a Conversion Notice no later than 10:00 a.m. three (3) Banking Days prior to the date of the proposed Conversion; and

(d) a LIBOR Advance or a portion thereof into a Base Rate Canada Advance on the last day of the Interest Period of the relevant LIBOR Advance by giving the Administrative Agent a Conversion Notice no later than 10:00 a.m. one (1) Banking Day prior to the date of the proposed Conversion.

An Advance may not be converted into an Advance denominated in a currency other than the currency in which the original Advance was made; however, an Advance denominated in one currency may be repaid concurrently with the Drawdown of an Advance denominated in another currency.

2.16 Execution of Notices

All Drawdown Notices, Conversion Notices, Rollover Notices and notices of repayment or cancellation and, unless otherwise provided herein, all other notices, requests, demands or other communications to be given to the Administrative Agent by a Borrower hereunder shall be executed by any one officer or director of the Borrower making each such Drawdown Notice, Conversion Notice, Rollover Notice or notice of repayment or cancellation.

2.17 Evidence of Indebtedness

The Administrative Agent shall open and maintain in accordance with its usual practice books of account evidencing all Advances and all other amounts owing by the Borrowers to the Administrative Agent and the Lenders hereunder. The Administrative Agent shall also enter in the foregoing accounts details of every Letter of Credit issued on behalf of Celestica, details of every Drawdown Date in respect of each Advance and all amounts from time to time owing or paid by a Borrower to the Administrative Agent for its own account or for the account of the Lenders hereunder, the amounts of principal, interest and fees payable from time to time hereunder and the unused portion of each Lenders' Commitment available to be drawn down by the Borrowers or in respect of which Advances may be made in connection with reimbursement of the Issuing Bank pursuant to calls on a Letter of Credit. The information entered in the foregoing accounts shall constitute, in the absence of manifest error, *prima facie* evidence of the obligations of the Borrowers to the Administrative Agent and the Lenders hereunder, the date the Lenders made each Advance available to the Borrowers, the date the Issuing Bank issued or was called to honour a Letter of Credit and the amounts the Borrowers have paid from time to time on account of the principal of and interest on the Advances.

2.18 Interest on Unpaid Costs and Expenses

Unless the payment of interest is otherwise specifically provided for herein, where a Borrower fails to pay any amount required to be paid by a Borrower hereunder when due, having received notice that such amount is due, such Borrower shall pay interest to the Administrative Agent on such unpaid amount, including overdue interest from the time such amount is due until paid at an annual rate equal to the sum of (i) 2%, plus (ii) the Prime Rate, in the case of overdue amounts payable in Canadian Dollars, or the Base Rate Canada, in the case of overdue amounts payable in United States Dollars. Such interest shall be determined daily, compounded quarterly in arrears on each Interest Payment Date in each year and payable on demand.

2.19 Criminal Rate of Interest

Notwithstanding the foregoing provisions of this Article 2, the Borrowers shall in no event be obliged to make any payments of interest or other amounts payable to the Lenders hereunder in excess of an amount or rate which would be prohibited by law or would result in the receipt by the Lenders of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

2.20 Compliance with the *Interest Act* (Canada)

For the purposes of this Agreement, whenever any interest is calculated on the basis of a period of time other than a calendar year, the annual rate of interest to which each rate of interest determined pursuant to such calculation is equivalent for the purposes of the *Interest Act* (Canada) is such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in the basis of such determination.

2.21 Nominal Rate of Interest

The parties acknowledge and agree that all calculations of interest under the Loan Documents are to be made on the basis of the nominal interest rate described herein and not on the basis of effective yearly rates or on any other basis which gives effect to the principle of deemed reinvestment of interest. The parties acknowledge that there is a material difference between the stated nominal interest rates and the effective yearly rates of interest and that they are capable of making the calculations required to determine such effective yearly rates of interest.

2.22 Swing Line Facility

(a) **Swing Line Advances**. Subject to subsections (b) and (k), the Swing Line Lender hereby agrees, on the terms and conditions set forth in this Agreement, to make Swing Line Advances in Canadian Dollars or United States Dollars to Celestica or any Canadian Designated Subsidiary from time to time from the date hereof to the Maturity Date but in any event not later than the Maturity Date.

(b) **Limitation on Swing Line Advances**. No Swing Line Advance shall be made by the Swing Line Lender if:

(i) the sum of (A) the amount of such Swing Line Advance and (B) the aggregate principal amount of all Swing Line Advances outstanding on such day exceeds the Available Swing Line Commitment;

(ii) immediately after such Swing Line Advance is made, the aggregate outstanding principal amount of all Advances exceeds the aggregate Commitments; or

(iii) a Trigger Event has occurred, no Debt Rating Upgrade has ensued and is continuing following the Trigger Event, and the obligations set out in Sections 9.1(p)(i) and 9.1(p)(ii) have not been satisfied.

(c) **Amount of Each Swing Line Advance**. Each Swing Line Advance in Canadian Dollars and each Swing Line Advance in United States Dollars shall be in an aggregate principal amount of Cdn.$ 1,000,000 or U.S.$ 1,000,000, as the case may be, or any integral multiple thereof.

(d) **Interest Rates**. Each Swing Line Advance shall bear interest on the outstanding principal amount thereof, for each day from the date such Swing Line Advance is made until it becomes due, at a rate per annum equal to, in the case of Swing Line Advances in Canadian Dollars, the Prime Rate plus the Applicable Margin, and, in the case of Swing Line Advances in United States Dollars, the Base Rate Canada plus the Applicable Margin.

(e) **Procedure for Requesting Swing Line Advances**. The relevant Borrower shall give to the Administrative Agent telephonic notice no later than 10:00 a.m. (local time) on the date of each Swing Line Advance specifying (i) the date of such Swing Line Advance, which shall be a Banking Day in Toronto, Canada; and (ii) the currency and amount of such Swing Line Advance. Such telephonic notice shall be followed by delivery by the relevant Borrower by no later than 3:00 p.m. local time on the same day of a Notice of Swing Line Borrowing. Promptly after receiving such Notice of Swing Line Borrowing, the Administrative Agent shall notify the relevant Swing Line Lender of the contents thereof and such Notice of Swing Line Borrowing shall not thereafter be revocable by such Borrower.

(f) **Funding of Swing Line Advances**. On the date of each Swing Line Advance, the Swing Line Lender shall make available such Swing Line Advance no later than 12:00 noon, Toronto, Canada time.

(g) **Optional Prepayment of Swing Line Advances**. Any Borrower may prepay its Swing Line Advance in whole at any time or from time to time in part in a minimum principal amount of Cdn.$1,000,000 or U.S.$1,000,000, as the case may be, or any integral multiple thereof, by giving notice of such prepayment to the Administrative Agent not later than 10:00 a.m. Toronto, Canada time on the date of prepayment and paying the principal amount to be prepaid (together with interest accrued thereon to the date of prepayment) to the Administrative Agent for the account of the Swing Line Lender.

(h) **Maturity of Swing Line Advances**. Any Swing Line Advance outstanding on the seventh day after such Swing Line Advance, if not repaid by such Borrower on such seventh day, shall convert to, in the case of a Swing Line Advance in Canadian Dollars, a Prime Rate Advance or, in a case of a Swing Line Advance in United States Dollars, a Base Rate Canada Advance, as the case may be. If, prior to the seventh day after such Swing Line Advance was made, the Administrative Agent declares the Advances to be immediately due and payable or the Commitments automatically terminate, each as set out in Section 10.2, such Swing Line Advance shall be due and payable on the date of such declaration by the Administrative Agent or automatic termination.

(i) **Refunding Unpaid Swing Line Advances**. If any Swing Line Advance is converted, pursuant to subsection (h), to another form of Advance, the Swing Line Lender shall forthwith notify the Administrative Agent and the Administrative Agent shall, by notice to the Lenders (including the Swing Line Lender in its capacity as Lender), require the Lenders to pay to the Administrative Agent, for the account of the Swing Line Lender, their Main Facility Rateable Portion of the aggregate amount of such other form of Advance. Such other form of Advance shall constitute, in the case of a Swing Line Advance in Canadian Dollars, a Prime Rate Advance and, in the case of a Swing Line Advance in United States Dollars, a Base Rate Canada Advance, provided that if the Lenders are prevented from making such Advances by provisions of applicable bankruptcy laws or otherwise, the amount so paid by each Lender shall constitute a purchase by it of a participation in the unpaid principal amount of such converted Swing Line Advances. Any such notice to the Lenders shall specify the date on which such payments are to be made by them. No later than 12:00 noon Toronto, Canada time on the date so specified each Lender shall pay the amount so notified to it in immediately available funds to the Administrative Agent for the account of the Swing Line Lender. Each Lender's obligations to make payments for the account of the Swing Line Lender under this subsection shall be absolute and unconditional and shall not be affected by any circumstance provided that no Lender shall be obligated to make any payment to the Administrative Agent under this Section with respect to a Swing Line Advance made by the Swing Line Lender at a time when such Swing Line Lender had received written notice from Celestica or the Administrative Agent that a Default had occurred and was continuing. Notwithstanding the provisions of this Section 2.22(i), if Export Development Canada ("**EDC**") is prevented from making such Advances or from purchasing such participation by any Applicable Law, EDC's Main Facility Rateable Portion of such Swing Line Advance to be so converted shall not be converted and shall remain outstanding as a Swing Line Advance, and EDC shall provide to the Swing Line Lender a guarantee of payment of such amount, which guarantee shall be in form and substance satisfactory to the Swing Line Lender.

(j) **Increasing or Decreasing Available Swing Line Commitment**. At any time and from time to time, Celestica may, by written notice to the Administrative

Agent, increase or decrease the Available Swing Line Commitment, provided that the Available Swing Line Commitment shall at no time exceed U.S.$ 25,000,000 less the amount, if any, that the Commitment of the Swing Line Lender has been reduced pursuant to Section 2.7 or be less than zero.

(k) **Take-over Bids.** If a Borrower wishes to make a Drawdown of a Swing Line Advance for the purpose of financing a Take-over Bid, such Borrower shall deliver to the Swing Line Lender a Take-over Bid Notice at least ten (10) Banking Days prior to the day on which it gives to the Swing Line Lender a telephonic notice or Notice of Swing Line Borrowing requesting such Drawdown. Such Take-over Bid Notice shall include the details of such Take-over Bid. As soon as possible, but in any event within five (5) Banking Days of the giving of the Take-over Bid Notice, the Swing Line Lender shall, acting reasonably and in good faith, determine whether or not it wishes to fund such Swing Line Advance. Notwithstanding any other provisions hereof, if the Swing Line Lender determines that it does not wish to fund such Swing Line Advance, the Swing Line Lender shall not be required to fund such Swing Line Advance, and the Swing Line Lender shall be considered to be acting reasonably and in good faith if it determines that it does not wish to fund such Swing Line Advance based on any of its internal regulatory, take-over bid and credit policies and procedures.

2.23 Defaulting Lender

Notwithstanding any other provision in this Agreement to the contrary, if at any time a Lender becomes a Defaulting Lender, then the following provisions shall apply so long as any Lender is a Defaulting Lender:

(a) If any Swing Line Advances are outstanding hereunder at any time that one or more Lenders is a Defaulting Lender upon two (2) Banking Days written notice by the Administrative agent, the Borrower shall, prepay such outstanding Swing Line Advances. For greater certainty, at any time that all Defaulting Lenders at such time cease to be Defaulting Lenders or are removed or replaced in accordance with the provisions of Section 2.24, so that there are no longer Defaulting Lenders, the Borrowers shall be entitled to resume requesting Swing Line Advances in accordance with Section 2.23.

(b) If any Letters of Credit are outstanding at any time that one or more Lenders is a Defaulting Lender (the Defaulting Lenders' participation in such Letters of Credit hereinafter referred to as the "**Letter of Credit Shortfall**"), upon two (2) Banking Days written notice by the Administrative Agent, Celestica shall cash collateralize the amount of the Letter or Credit Shortfall by depositing an amount equal to the Letter of Credit Shortfall with the Administrative Agent, on behalf of the Issuing Bank, at or before 1:00 p.m. Toronto, Canada time, on the date that is two (2) Banking Days following notice by the Administrative Agent. Any such amount received by the Administrative Agent, on behalf of the Issuing Bank, shall be held as collateral security for the repayment of all Obligations in connection with the applicable Letter of Credit and upon the drawing of such Letter of Credit, such amount shall be applied to reimburse the Issuing Bank. The Administrative Agent, on behalf of the Issuing Bank, shall return to Celestica the amount by which the aggregate cash collateral then on deposit with the Administrative Agent pursuant to this Section 2.23(b) together with any interest thereon, exceeds the Letter of Credit Shortfall, if, at any time (i) the amount of the Letter of Credit Shortfall decreases as a result of the termination, reduction or cancellation of a Letter of Credit; (ii) the Defaulting Lender ceases to be a Defaulting Lender; or (iii) the Defaulting Lender is removed or replaced in accordance with the provisions of Section 2.24.

(c) The Swing Line Lender shall not be required to fund any Swing Line Advance, and the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that any repayment required to be made in accordance with paragraph (a) above or any cash collateral required to be deposited in accordance with (b) above has been and/or will be provided by the Borrower or Celestica, as applicable, in accordance with this Section 2.23.

2.24 Replacement and Removal of Defaulting Lender

(a) Celestica shall be permitted to replace any Lender that becomes a Defaulting Lender (A) if the Defaulting Lender is a Defaulting Lender by reason of paragraph (v) of the definition thereof, without the consent of the Lenders, or (B) if for any other reason, with the consent of the Majority Lenders, acting reasonably, with a replacement lender; provided that (i) such replacement does not constitute a breach of Applicable Law, (ii) no Default shall have occurred and be continuing at the time of such replacement, (iii) the replacement lender shall purchase, at par (unless the replacement lender and the replaced Lender otherwise agree), all Advances and other amounts owing to such replaced Lender on or prior to the date of replacement, (iv) the Borrower shall be liable to such replaced Lender if any LIBOR Advance owing to such replaced Lender shall be purchased other than on the last day of the Interest Period relating thereto, (v) the replacement lender shall be reasonably satisfactory to the Administrative Agent, the Swing Line Lender and the Issuing Bank, (vi) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 13.11 (provided that the Borrower shall be obligated to pay the registration and processing fee referred to in Section 13.11(c)(iii)), and (vii) any such replacement shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender or that the replaced Lender shall have against any other Person.

(b) Celestica may (A) if the Defaulting Lender is a Defaulting Lender by reason of paragraph (v) of the definition thereof, without the consent of the Lenders, or (B) if for any other reason, with the consent of the Majority Lenders, acting reasonably, at any time, upon at least three (3) Banking Days' prior written notice to the Administrative Agent, repay, or cause another Borrower to repay, all amounts outstanding to a Defaulting Lender and thereupon the Commitment of such Defaulting Lender shall be permanently cancelled, the Commitment of each of the other Lenders shall remain the same and the Facility shall be permanently reduced by the amount of the Commitment of the Defaulting Lender; provided, however, that:

(i) If any such repayment relates to the Bankers' Acceptances or Acceptance Notes, which have not matured, the Borrower to which such Advance was made shall, at such time, deposit in a cash collateral account opened and maintained by the Administrative Agent such amount as may be required to yield an amount equal to the aggregate undiscounted Face Amount of such instruments on the maturity dates thereof; and

(ii) In the event that any such repayment relates to a LIBOR Advance other than on the scheduled last day of the applicable Interest Period, the Borrower to which such Advance was made shall contemporaneously pay to the Administrative Agent all applicable breakage costs, being any loss or expense incurred by the Lenders by reason of the resulting liquidation or re-employment of deposits of funds.

Upon the repayment of all amounts owing to any Defaulting Lender and the termination of such Defaulting Lender's Commitment, such Defaulting Lender shall no longer constitute a Lender for purposes of this Agreement; provided, that the removal of the Defaulting Lender shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against or in respect of the Defaulting Lender or that the Defaulting Lender shall have against or in respect of any other Person.

ARTICLE 3
LETTERS OF CREDIT

3.1 Issuance Request

By delivering to the Administrative Agent and the Issuing Bank an Issuance Request at or before 12:00 noon, Toronto, Canada time, Celestica may request, from time to time prior to the Maturity Date and on not less than three nor more than ten Banking Days' notice, that the Issuing Bank issue an irrevocable standby letter of credit or letter of guarantee in such form as may be requested by Celestica and approved by the Issuing Bank (each a "**Letter of Credit**") in support of financial obligations of a Restricted Subsidiary incurred in such Restricted Subsidiary's ordinary course of business and which are described in such Issuance Request, provided that, if the form of the letter of credit requested by Celestica is in a language other than English, Celestica shall provide to the Administrative Agent and the Issuing Bank not less than ten nor more than twenty Banking Days notice. Upon receipt of an Issuance Request, the Administrative Agent shall, within twenty (20) days of the receipt thereof, notify the Lenders thereof. Each Letter of Credit shall, by its terms:

(a) be issued in a Face Amount which when aggregated with the Face Amounts of all other outstanding Letters of Credit does not exceed (or would not, upon its issuance, exceed) the then Letter of Credit Availability;

(b) be stated to expire on a date (its "**Stated Expiry Date**") not later than one year from the Maturity Date; and

(c) on or prior to its Stated Expiry Date:

(i) terminate immediately upon notice to the Issuing Bank thereof from the beneficiary thereunder that all obligations covered thereby have been terminated, paid or otherwise satisfied in full, and

(ii) reduce, in part, immediately and to the extent that the beneficiary thereunder has notified the Issuing Bank thereof that the obligations covered thereby have been paid or otherwise satisfied in part.

Celestica may request Letters of Credit to be denominated in Canadian Dollars, in United States Dollars, and in Pounds Sterling or, if the Issuing Bank in its sole and absolute discretion agrees, in Euros or such other currency as Celestica may request in the Issuance Request. In the event that the currency in which a Letter of Credit is expressed to be drawn is a currency other than United States Dollars or Canadian Dollars, for the purposes of determining whether the Face Amount of all outstanding Letters of Credit exceeds (or would, upon its issuance, exceed) the Letter of Credit Availability, the Face Amount payable under such Letter of Credit shall be deemed to be the Equivalent Amount in United States Dollars of such other currency on the date of such determination. The provisions of Section 6.2 shall apply to Letters of Credit issued contemporaneously on the first Drawdown Date and, thereafter, Section 6.3 (with the exception of Section 6.3(a)) shall apply at the time of issuance of any Letter of Credit as if such issuance were a Drawdown.

3.2 Issuances

On the terms and subject to the conditions of this Agreement, the Issuing Bank shall issue Letters of Credit in accordance with the Issuance Requests made therefor. The Issuing Bank will make available the original of each Letter of Credit which it issues in accordance with the Issuance Request therefor to the beneficiary thereof. The Issuing Bank shall notify the Administrative Agent of each issuance of or amendment to any Letter of Credit on the day upon which such issuance or amendment occurs and will promptly provide each of the Administrative Agent and the Lenders with a copy of such Letter of Credit or amendment thereof.

3.3 Other Lenders' Participation

Each Letter of Credit issued pursuant to Section 3.2 shall, effective upon its issuance and without further action, be issued on behalf of all Lenders (including the Issuing Bank) in their respective Main Facility Rateable Portions. Each Lender shall, to the extent of its Main Facility Rateable Portion, be deemed irrevocably to have participated in the issuance of the Letter of Credit and shall be deemed to have purchased from the Issuing Bank an interest in each Letter of Credit equal to its Main Facility Rateable Portion of the Face Amount of each Letter of Credit; provided, however, that in the event that any Letter of Credit is denominated in a currency other than United States Dollars, each of the Lenders, other than the Issuing Bank, shall be deemed to have purchased from the Issuing Bank an interest in each Letter of Credit equal to its Main Facility Rateable Portion of the Equivalent Amount, expressed in United States Dollars and determined on the date of issuance, of the Letter of Credit. Each Lender shall be responsible to reimburse promptly the Issuing Bank for Reimbursement Obligations which have not been reimbursed by Celestica in accordance with Section 3.4 or which have been reimbursed by Celestica but must be returned, restored or disgorged by the Issuing Bank for any reason and each Lender shall, to the extent of its Main Facility Rateable Portion, be entitled to receive from the Administrative Agent its Main Facility Rateable Portion of the fee received by the

Administrative Agent with respect to each Letter of Credit payable pursuant to Section 3.8(b). In the event that Celestica shall fail to reimburse the Issuing Bank or if for any reason Advances shall not be made to fund any Reimbursement Obligation, all as provided in Section 3.4 and in an amount equal to the amount of any drawing on or by the Issuing Bank under a Letter of Credit, or in the event the Issuing Bank must, for any reason, return, restore or disgorge such reimbursement, the Issuing Bank shall promptly notify each Lender of the unreimbursed amount of such drawing and such Lender's respective Main Facility Rateable Portion of the Face Amount of such Letter of Credit. Each Lender shall make available to the Issuing Bank, whether or not any Default shall have occurred and be continuing, an amount equal to its respective Main Facility Rateable Portion of the Face Amount of such Letter of Credit in same day or immediately available funds at the office of the Issuing Bank specified in such notice not later than 10:00 a.m. local time on the Banking Day after the date notified by the Issuing Bank. In the event that any Lender fails to make available to the Issuing Bank the amount of such Lender's participation in such Letter of Credit as provided herein, the Issuing Bank shall be entitled to recover such amount on demand from such Lender together with interest at a daily rate consistent with market practice. Nothing in this Section shall be deemed to prejudice the right of any Lender to recover from the Issuing Bank any amounts made available by such Lender to the Issuing Bank pursuant to this Section in the event that it is determined by a court of competent jurisdiction in a final, non-appealable decision that the payment with respect to such Letter of Credit by the Issuing Bank in respect of which payment was made by such Lender constituted gross negligence or wilful misconduct on the part of the Issuing Bank. The Issuing Bank shall distribute to each other Lender which has paid all amounts payable by it under this Section with respect to any Letter of Credit issued by the Issuing Bank such other Lender's Main Facility Rateable Portion of all payments received by the Issuing Bank from Celestica in reimbursement of drawings honoured by the Issuing Bank under such Letter of Credit when such payments are received.

3.4 Reimbursement

The Issuing Bank will notify Celestica and the Administrative Agent promptly following the presentment for payment of any drawing under a Letter of Credit which notice shall include the date (a "**Disbursement Date**") such payment shall be made. Subject to the terms and provisions of such Letter of Credit, the Issuing Bank shall make such payment to the beneficiary (or its designee) of such Letter of Credit (each, a "**Disbursement**"). Unless Celestica has made alternative arrangements with the Issuing Bank with respect to payment to the Administrative Agent of an amount sufficient to permit the Issuing Bank to discharge its obligations under the Letter of Credit together with that amount equal to any and all charges and expenses which the Issuing Bank may pay or incur in respect to such Letter of Credit, at or prior to 12:00 noon, Toronto, Canada time on the Disbursement Date, Celestica will reimburse the Issuing Bank for all amounts disbursed under the Letter of Credit together with that amount equal to any and all charges and expenses which the Issuing Bank may pay or incur in respect of such drawing under such Letter of Credit, failing which any such payment so payable shall be deemed to be (i) a Drawdown of a Prime Rate Advance if payment under such Letter of Credit was made in Canadian Dollars; (ii) a Drawdown of a Base Rate Canada Advance if payment under such Letter of Credit was made in United States Dollars; or (iii) a Drawdown of a Base Rate Canada Advance in the Equivalent Amount in United States Dollars on the date of such Disbursement of the aggregate of the amount so disbursed and all such charges and expenses if payment under such Letter of Credit was made in a currency other than United States Dollars or Canadian

Dollars; provided that the provisions of Section 6.3 regarding conditions for subsequent Drawdowns shall not apply to such Advances. In the event that any amount so payable by the Issuing Bank exceeds the amount available to be drawn down by Celestica under the Facility, then forthwith upon receipt of such notice, Celestica shall provide to the Issuing Bank an amount equal to such excess amount. Celestica's obligation (a "**Reimbursement Obligation**") to reimburse the Issuing Bank with respect to each Disbursement, and each Lender's obligation to make participation payments in each drawing which has not been reimbursed by Celestica, shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim, or defence to payment which Celestica may have or have had against any Lender or any beneficiary of a Letter of Credit, including any defence based upon the occurrence of any Default, any draft, demand or certificate or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient, the failure of any Disbursement to conform to the terms of the applicable Letter of Credit (if, in the Issuing Bank's good faith opinion, such Disbursement is determined to be appropriate) or any non-application or misapplication by the beneficiary of the proceeds of such Disbursement, or the legality, validity, form, regularity, or enforceability of such Letter of Credit; provided, however, that nothing herein shall adversely affect the right of Celestica to commence any proceeding against the Issuing Bank for any wrongful Disbursement made by the Issuing Bank under a Letter of Credit as a result of gross negligence or wilful misconduct (as determined by a final, non-appealable decision of a court of competition jurisdiction) on the part of the Issuing Bank.

3.5 Deemed Disbursements

Upon the declaration by the Administrative Agent that all Advances are immediately due and payable or are due and payable on demand pursuant to Section 10.2, Celestica shall immediately deposit with the Administrative Agent, on behalf of the Issuing Bank, an amount equal to the undrawn Face Amount of all issued and outstanding Letters of Credit. If such deposit is not received by the Administrative Agent, on behalf of the Issuing Bank, within 15 days of such declaration by the Administrative Agent, the Administrative Agent may, with the consent of the Majority Lenders, deem a Drawdown Notice to have been delivered by Celestica requesting (i) a Drawdown of a Prime Rate Advance in an amount equal to the undrawn Face Amount of outstanding Letters of Credit denominated in Canadian Dollars, (ii) a Drawdown of a Base Rate Canada Advance in an amount equal to the undrawn Face Amount of outstanding Letters of Credit denominated in U.S. Dollars, and (iii) a Drawdown of a Base Rate Canada Advance in the Equivalent Amount in United States Dollars (on the date preceding the date that such Drawdown Notice is deemed to have been delivered by Celestica and from time to time thereafter) of the undrawn Face Amount of outstanding Letters of Credit denominated in a currency other than United States Dollars or Canadian Dollars. Such Advances shall be made and the Lenders shall fund such Advances in accordance with Section 11.2 notwithstanding the provisions of Section 6.3. Any amounts so received by the Administrative Agent, on behalf of the Issuing Bank, from Celestica pursuant to this Section shall be held as collateral security for the repayment of all Obligations in connection with the Letters of Credit issued by the Issuing Bank. At any time when such Letters of Credit shall terminate pursuant to Section 3.1(c)(i) or be reduced pursuant to Section 3.1(c)(ii), the obligations of Celestica under this Section shall be reduced accordingly (subject, however, to reinstatement in the event any payment in respect of such Letters of Credit is recovered by any beneficiary in any manner from the Issuing Bank), and the Administrative Agent, on behalf of the Issuing Bank, will return to Celestica the amount, if any, by which the aggregate amount deposited by Celestica with the Administrative Agent, together with any interest accrued thereon, exceeds the aggregate amount paid by the Administrative Agent for application by the Issuing Bank to any Reimbursement Obligation of Celestica and the aggregate amount of any unpaid Reimbursement Obligations of Celestica.

If, pursuant to Section 10.2, the Administrative Agent withdraws its declaration that all Advances are immediately due and payable or are due and payable on demand, or at such time when all Events of Default shall have been cured or waived, the Administrative Agent, on behalf of the Issuing Bank, shall return to Celestica all amounts then on deposit with the Administrative Agent (together with any interest thereon) pursuant to this Section 3.5.

3.6 Nature of Reimbursement Obligations

Celestica shall assume all risks of the acts, omissions, or misuse of any Letter of Credit it has requested by the beneficiary thereof. Neither the Issuing Bank nor any Lender (except to the extent of its own gross negligence or wilful misconduct, as determined by a final, non-appealable decision of a court of competent jurisdiction) shall be responsible for:

(a) the form, validity, sufficiency, accuracy, genuineness, or legal effect of any Letter of Credit or any document submitted by any party in connection with the application for or issuance of a Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent, or forged;

(b) the form, validity, sufficiency, accuracy, genuineness, or legal effect of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof in whole or in part, which may prove to be invalid or ineffective for any reason;

(c) failure of the beneficiary to comply fully with conditions required in order to demand payment under a Letter of Credit;

(d) errors, omissions, interruptions, or delays in transmission or delivery of any messages, by mail, telecopier, or otherwise; or

(e) any loss or delay in the transmission or otherwise of any document or draft required in order to make a Disbursement under a Letter of Credit or of the proceeds thereof.

None of the foregoing shall affect, impair, or prevent the vesting of any of the rights or powers granted to the Issuing Bank or any Lender hereunder. Any action taken or omitted to be taken by the Issuing Bank in good faith shall be binding upon Celestica and shall not subject the Issuing Bank to any resulting liability to Celestica.

3.7 Indemnity for Costs

Celestica shall indemnify the Issuing Bank against any and all costs, damages, expenses, taxes (other than taxes on overall net income, assets or capital), claims and demands which the Issuing Bank may incur or sustain by reason of or arising in any way whatsoever in connection with the operating, establishing or paying of the amounts payable under a Letter of Credit or arising in connection with any amounts payable by the Issuing Bank thereunder.

3.8 Fees

(a) At the time of issuance of a Letter of Credit, Celestica shall pay to the Administrative Agent, for the account of the Issuing Bank, an issuing fee in an amount equal to the product of (i) the Face Amount of the Letter of Credit, (ii) 0.1%, and (iii) a fraction, the numerator of which is the number of days in the term of the Letter of Credit and the denominator of which is 365 (or 366 in the case of a leap year).

(b) Celestica shall pay to the Administrative Agent for the rateable account of the Non-Defaulting Lenders, in respect of each Letter of Credit issued hereunder, a quarterly fee calculated daily on each day in each fiscal quarter during the term of such Letter of Credit in an amount equal to the sum of the products obtained on each such day by multiplying (i) the undrawn portion of the Face Amount of the Letter of Credit on such day less the amount of any cash collateral deposited by Celestica in respect of such Letter of Credit pursuant to Section 2.23, (ii) the LC Fee and (iii) a fraction, the numerator of which is one (1) and denominator of which is 365 (or 366 in the case of a day occurring in a leap year). Such fee shall be payable by Celestica to the Administrative Agent on the first Business Day of the next following fiscal quarter. The fee shall in turn be distributed by the Administrative Agent to the Non-Defaulting Lenders on the first Business Day of each fiscal quarter in accordance with the Lenders' respective Main Facility Rateable Portions as at the last day of the prior fiscal quarter.

(c) Celestica shall pay to the Administrative Agent, for the account of the Issuing Bank, an amendment fee in United States Dollars in respect of each amendment to any Letter of Credit in such amount as is usual and customary for the Issuing Bank to charge its customers, and such fee shall be payable by Celestica to the Administrative Agent, for the account of the Issuing Bank, at the time of request for such amendment.

(d) In the event that the currency in which a Letter of Credit is expressed to be drawn is a currency other than United States Dollars or Canadian Dollars, for the purposes of assessing the fees payable under this Section 3.8, the Face Amount payable under the Letter of Credit shall be deemed to be the Equivalent Amount in United States Dollars of such other currency on the date on which such fee is to be assessed.

ARTICLE 4
BANKERS' ACCEPTANCES AND ACCEPTANCE NOTES

4.1 Funding of Bankers' Acceptances

If the Administrative Agent receives from Celestica or a Canadian Designated Subsidiary a Drawdown Notice or a Rollover Notice or a Conversion Notice requesting an Advance or a Rollover or a Conversion into a Bankers' Acceptance Advance, the Administrative Agent shall notify each of the Lenders, prior to 11:30 a.m. (Toronto, Canada time) on the first Banking Day prior to the date of such Advance, of such request and each Lender's Main Facility Rateable Portion of such Advance except that, if the Face Amount of a draft which would otherwise be accepted by a Lender would not be Cdn.$100,000, or an integral multiple thereof, such Face Amount shall be increased or reduced by the Administrative Agent in its sole and unfettered discretion to the nearest integral multiple of Cdn.$100,000. Each Lender shall, not later than 11:30 a.m. (Toronto, Canada time) on the date of each Advance by way of Bankers' Acceptance under the Facility (whether in respect of a Drawdown or pursuant to a Rollover or Conversion), accept drafts of such Borrower who has delivered such Drawdown Notice, Rollover Notice or Conversion Notice which are presented to it for acceptance and which have an aggregate face amount equal to such Lender's Main Facility Rateable Portion of the total Advance being made by way of Bankers' Acceptances on such date. With respect to each Drawdown of or Rollover of or Conversion into Bankers' Acceptances, each Lender shall not be required to accept any draft which has a Face Amount which is not an integral multiple of Cdn.$100,000. Subject to this Section and Section 2.3, each Lender shall purchase its Main Facility Rateable Portion of any Bankers' Acceptances. Concurrently with the acceptance of drafts of such Borrower as aforesaid, each Lender shall make available to the Administrative Agent its Main Facility Rateable Portion of the Notional BA Proceeds with respect to such Advance. The Administrative Agent shall, upon fulfilment by such Borrower of the conditions set out in Section 6.2 or Section 6.3, as applicable, make such Notional BA Proceeds available to such Borrower on the date of such Advance by crediting the Designated Account of such Borrower.

4.2 Acceptance Fees

With respect to each draft of Celestica or a Canadian Designated Subsidiary accepted pursuant hereto, such Borrower shall pay to the Administrative Agent for the account of the Lenders, as the case may be, in advance, an acceptance fee calculated at the rate per annum, on the basis of a year of 365 days or 366 days in the case of a leap year, equal to the Applicable Margin pertaining to the Canadian BA Rate on the Face Amount of such Bankers' Acceptance or the principal amount of an Acceptance Note, as applicable for its term, being the actual number of days in the period commencing on the date of acceptance of such Borrower's draft or the date of such Acceptance Note and ending on but excluding the maturity date of the Bankers' Acceptance or Acceptance Note. Such acceptance fees shall be non-refundable and shall be fully earned on the first day of the Interest Period of the Acceptance Note. Such acceptance fees shall be paid by the Borrower whose draft has been accepted by the Administrative Agent deducting the amount thereof on behalf of the Lenders from what would otherwise be Notional BA Proceeds funded pursuant to Section 4.1.

4.3 Presigned Draft Forms

(a) Subject to paragraph (b) of this Section 4.3, in order to enable the Lenders to create Banker's Acceptances or Acceptance Notes in the manner specified in this Article 4, Celestica and each Canadian Designated Subsidiary shall supply each Lender with such number of drafts as it may reasonably request, duly signed on behalf of such Borrower. Each Lender hereby indemnifies each such Borrower from and against any damages, losses, costs, expenses or other claims incurred by such Borrower and arising by reason of or resulting from any loss or improper use thereof by such Lender, will exercise and cause its agents to exercise such care in the custody and safekeeping of such drafts as it would exercise in the custody and safekeeping of similar property owned by it and will, upon request by any such Borrower, promptly advise such Borrower of the number and designations, if any, of uncompleted drafts held by it for and on behalf of such Borrower. The signature of any officer of the applicable Borrower on a draft may be mechanically reproduced by the applicable Borrower and any Banker's Acceptance or Acceptance Note bearing a facsimile signature of a duly authorized officer of a Borrower shall be binding upon the applicable Borrower as if it had been manually signed by such person even if such person no longer holds office on the date of its acceptance by the Lender or at any time after such date. No Lender shall be liable for its failure to accept a draft as required hereby if the cause of such failure is, in whole or in part, due to the failure of the applicable Borrower to provide drafts to such Lender on a timely basis in accordance with the terms hereof.

(b) Each of Celestica and each Canadian Designated Subsidiary hereby irrevocably appoints each Lender as its attorney to sign and endorse on its behalf, manually or by facsimile or mechanical signature, any Banker's Acceptance or Acceptance Note necessary to enable each Lender to make Advances in the manner specified in this Article 4. All Banker's Acceptances or Acceptance Notes signed or endorsed on behalf of the applicable Borrower by a Lender shall be binding on such Borrower, all as if duly signed or endorsed by such Borrower. Each Lender shall (i) maintain a record with respect to any Banker's Acceptance or Acceptance Note completed in accordance with this Section 4.3(b), voided by it for any reason, accepted and purchased or purchased or exchanged, and cancelled at its respective maturity; and (ii) retain such records in the manner and for the statutory periods provided by Applicable Law and make such records available to Celestica and each Canadian Designated Subsidiary acting reasonably. On request by Celestica or any Canadian Designated Subsidiary, a Lender shall cancel and return to the possession of such Borrower all Banker's Acceptances or Acceptance Notes which have been pre-signed or pre-endorsed on behalf of such Borrower and which are held by such Lender and are not required to make Advances in accordance with this Article 4.

4.4 Term and Interest Periods

The Interest Period of any Bankers' Acceptance shall be specified in the draft and in the Drawdown Notice, Conversion Notice or Rollover Notice related thereto and the Interest Period for any Acceptance Note shall be specified in the Drawdown Notice, Conversion Notice or Rollover Notice related thereto and Interest Period of any Bankers' Acceptance and the Interest Period of an Acceptance Note shall be for periods of approximately 30, 60, 90 or 180 days, unless otherwise agreed to by the Administrative Agent. The Interest Period of each Bankers' Acceptance shall mature, and the Interest Period of an Acceptance Note shall end, on a Banking Day. Each Borrower who delivers a Drawdown Notice, Rollover Notice or Conversion Notice shall ensure that no Bankers' Acceptance issued pursuant thereto shall have an Interest Period ending after the Maturity Date and that no Acceptance Note issued pursuant thereto shall have an Interest Period ending after the Maturity Date.

4.5 Payment on Maturity

A Borrower which has received a Bankers' Acceptance Advance shall pay to the Administrative Agent, for the account of the Lenders, on the maturity date of such Bankers' Acceptance and the last day of the Interest Period of an Acceptance Note an amount equal to the Face Amount of

such maturing Bankers' Acceptance or the principal amount of such Acceptance Note, as the case may be; provided that such Borrower may, at its option, so reimburse the Lenders, in whole or in part, by delivering to the Administrative Agent no later than 10:00 a.m. two (2) Banking Days prior to the maturity date of a maturing Bankers' Acceptance or the last day of the Interest Period of an Acceptance Note, as the case may be, a Rollover Notice specifying the term of the Bankers' Acceptances or the next Interest Period for such Acceptance Note, as the case may be, and presenting drafts or Acceptance Notes to the Lenders for acceptance and purchase having, in the case of reimbursement in whole by replacement Bankers' Acceptances or Acceptance Notes, an aggregate Face Amount equal to the Face Amount of the maturing Bankers' Acceptances or principal amount of the Acceptance Notes. In the event that a Borrower fails to deliver a Conversion Notice or Rollover Notice and fails to make payment to the Administrative Agent in respect of the maturing Bankers' Acceptance Advance, the Face Amount of the maturing Bankers' Acceptances and the principal amount of the Acceptance Notes forming part of such Bankers' Acceptance Advance shall be deemed to be converted to a Prime Rate Advance on the relevant maturity date.

4.6 Waiver of Days of Grace

Each of Celestica and any Canadian Designated Subsidiary Borrower renounces and shall not claim any days of grace for the payment of any Bankers' Acceptance or Acceptance Notes.

4.7 Special Provisions Relating to Acceptance Notes

(a) Each Borrower and each Lender hereby acknowledges and agrees that from time to time certain Lenders which are Non-Schedule I Lenders may not be authorized to or may, as a matter of general corporate policy, elect not to accept or purchase Bankers' Acceptance drafts, and the Borrowers and each Lender agree that any such Lender may purchase Acceptance Notes of any of Celestica or any Canadian Designated Subsidiary in accordance with the provisions of Section 4.7(b) in lieu of creating Bankers' Acceptances for its account.

(b) In the event that any Lender described in Section 4.7(a) above is unable to, or elects as a matter of general corporate policy not to, accept or purchase Bankers' Acceptances hereunder, such Lender shall not be required to accept or purchase Bankers' Acceptances hereunder, but rather, if Celestica or any Canadian Designated Subsidiary requests the acceptance of such Bankers' Acceptances, that Borrower shall deliver to such Lender an Acceptance Note or Acceptance Notes of such Borrower having the same maturity as the Bankers' Acceptances to be accepted and in an aggregate principal amount equal to the face amount of such Bankers' Acceptances. Each such Lender hereby agrees to purchase Acceptance Notes from such Borrower at a purchase price equal to the Notional BA Proceeds which would have been applicable if a Bankers' Acceptance draft had been accepted by it and such Acceptance Notes shall be governed by the provisions of this Article 4 as if they were Bankers' Acceptances.

4.8 No Market

If the Administrative Agent determines in good faith and notifies Celestica in writing that, by reason of circumstances affecting the Canadian money market, there is no market for Bankers'

Acceptances, then the right of Celestica or any Canadian Designated Subsidiary to request Bankers' Acceptance Advances shall be suspended until the Administrative Agent, acting reasonably, determines that the circumstances causing such suspension no longer exists and the Administrative Agent so notifies Celestica. In such circumstances, any Drawdown Notice for a Bankers' Acceptance Advance which is outstanding shall be cancelled and the Drawdown requested therein shall, at the option of Celestica or any Canadian Designated Subsidiary delivering such Drawdown Notice, either not be made or be made as a Prime Rate Advance.

ARTICLE 5
CHANGE OF CIRCUMSTANCES
AND INDEMNIFICATION

5.1 Intentionally Deleted

5.2 Increased Costs

In the event of (i) any Applicable Law coming into force after the date hereof, (ii) any change in any Applicable Law, or in the interpretation or application thereof by any court or by any governmental, regulatory, other authority or central bank charged with the administration thereof, or (iii) compliance by any Lender with any direction, request or requirement (whether or not having the force of law but, if not having the force of law, one with which a responsible bank acting reasonably would comply) of any government, monetary authority, central bank or comparable agency which now or hereafter:

(a) subjects a Lender to any Tax or changes the basis of taxation, or increases any existing Tax (in each case, except for the coming into force of any Tax or change in the basis of taxation in respect of or the change in the rate of Tax charged on net income as a whole, on franchises or capital applicable to the relevant jurisdictions of the Lender), on payments of principal, interest or other amounts payable by the Borrowers to such Lender under any Loan Document or on or by reference to the amount of any Advances made or to be made by any Lender hereunder or on or by reference to the Commitment of any Lender, or

(b) imposes, modifies or deems applicable any reserve, liquidity, cash margin, deposit, deposit insurance, assessment, ratio or similar requirements against assets held by, or deposits in or for the account of, or loans by, or otherwise imposes any cost on, any Lender in agreeing to make or making, funding or maintaining all or any of the Advances or its Commitment (including, without limitation, any such requirement imposed by the Board of Governors of the United States Federal Reserve System or by the Bank of England or The Financial Services Authority), or

(c) has the effect of increasing the amount of overall capital required to be maintained by a Lender or any corporation controlling such Lender, taking into account the existence of such Lender's participation in any Advance or any of its obligations under any Loan Document (including, without limitation, all or any part of its Commitment), and the result of any of the foregoing is to increase the cost to a Lender, reduce the income receivable by it or reduce the effective return on the capital of such Lender in respect of any Advances and/or its Commitment to an extent which such Lender believes to be material (after consultation with Celestica), the Lender shall give notice thereof to the Administrative Agent and the Administrative Agent shall give notice thereof to the Borrowers (herein called a "**Notice of Amount**") stating the event by reason of which it believes it is entitled to Additional Compensation (as hereinafter defined), such cost and/or such reduction in such return (or such proportion of such reduction as is, in the reasonable and *bona fide* opinion of such Lender, attributable to its obligations hereunder), the amount of such Additional Compensation (as hereinafter defined) incurred by such Lender and supplying reasonable supporting evidence (including, in the event of change of Applicable Law, a photocopy of the Applicable Law evidencing such change together with a certificate of a duly authorized officer of the Lender setting forth the Additional Compensation and the basis for calculation of such Additional Compensation and an opinion in writing of such Lender's counsel confirming such change); provided that the Lender shall not be required to disclose any information required to be kept confidential by Applicable Law (in which case the requirement of such confidentiality shall be supported by an opinion of such Lender's counsel) within ten (10) Banking Days of the date of receipt of any Notice of Amount, the amount set out therein (in this Article 5 referred to as "**Additional Compensation**") shall be paid to the Lender by Celestica (if applicable, on behalf of the relevant Designated Subsidiary) to the Lender. In the event such Lender subsequently recovers all or part of the Additional Compensation paid by the Borrowers, it shall repay an equal amount to such Borrowers.

5.3 Illegality

If, with respect to any Lender, the implementation of any existing provision of Applicable Law or the adoption of any Applicable Law, or any change therein or in the interpretation or application thereof by any court or by any statutory board or commission now or hereafter makes it unlawful for such Lender to make, fund or maintain all or any portion of an outstanding Advance, to maintain all or any part of its Commitment hereunder or to give effect to its obligations in respect of all or any portion of an outstanding Advance, such Lender may, by written notice thereof to the Borrowers and the other Lenders through the Administrative Agent (supported, at the request and expense of the Borrowers, by an opinion of such Lender's counsel), declare the obligations of such Lender under this Agreement to be terminated whereupon the same shall forthwith terminate, and the Borrowers to whom such Lender has made Advances shall repay within the time required by such law (or as promptly as practicable if already unlawful or at the end of such longer period, if any, as such Lender in its *bona fide* opinion may agree) the principal of the Advances made by such Lender. If any such change shall affect only that portion of such Lender's obligations under this Agreement that is, in the *bona fide* opinion of such Lender, severable from the remainder of this Agreement so that the remainder of this Agreement may be continued in full force and effect without otherwise affecting any of the obligations of such Lender or the Borrowers hereunder, such Lender shall declare its obligations under only that portion so terminated.

5.4 Mitigation

(a) If, in respect of any Lender, circumstances arise which would result, upon the giving of notice, in:

(i) Additional Compensation being paid by a Borrower to a Lender under Section 5.2; or

(ii) a reduction of all or any of an Advance by such Lender or the Lender's Commitment pursuant to Section 5.3; or

(iii) the prepayment of the portion of the Advances outstanding to it pursuant to Section 5.3; or

(iv) the payment of any amount by an Obligor under Section 5.5;

then such Lender, promptly upon becoming aware of the same and the possible results thereof, shall notify the Administrative Agent thereof and the Administrative Agent shall notify the Borrowers thereof and, in consultation with the Borrowers shall take such steps, if any, as such Lender in its *bona fide* opinion considers appropriate to mitigate the effects of such circumstances. Without limiting the generality of the foregoing, if it is commercially reasonable, such Lender shall make reasonable efforts to limit the incidence of any such Additional Compensation and seek recovery for the account of the Borrowers upon the Borrower's request and at the Borrower's expense; provided that such Lender in its reasonable determination suffers no appreciable economic, legal, regulatory or other disadvantage. In all events, the Lenders shall promptly co-operate with the Borrowers to the extent possible, to rearrange the affected availment to one that may not be affected by such change, but failure to effect a change in availment shall not relieve the relevant Borrower of its obligation to pay the Additional Compensation. Notwithstanding the foregoing provisions, a Lender shall only be entitled to rely upon the provisions of Section 5.2 if and for so long as it is not treating the Borrowers in any materially different or in any less favourable manner than is applicable to any other customers of any relevant Lender, where such other customers are bound by similar provisions to the foregoing provisions of Section 5.2.

(b) If any Lender seeks Additional Compensation pursuant to Section 5.2 hereof (the "**Affected Lender**"), then the relevant Borrowers may indicate to the Administrative Agent in writing that they desire to (i) replace the Affected Lender with one or more of the other Lenders, and/or (ii) amend a Drawdown Notice or Notice of Swing Line Borrowing to reduce the amount sought to be borrowed to reflect the reduced amount hereunder, and the Administrative Agent shall then forthwith give notice to the other Lenders that any Lender or Lenders may, in the aggregate, advance all or part of the Affected Lender's Main Facility Rateable Portion of such Advance and, in the aggregate, assume all or part of the Affected Lender's Commitment and obligations hereunder and acquire all or part of the rights of the Affected Lender and assume all or part of the obligations of the Affected Lender under each of the other Loan Documents (but in no event shall any other Lender or the Administrative Agent be obliged to do so). If a Lender shall so agree in writing (herein collectively called the "**Assenting Lenders**" and individually called an "**Assenting Lender**") with respect to such advance, acquisition and assumption, the Main Facility Rateable Portion of such Advance of each Assenting Lender (other than a Swing Line Advance) and the

Commitment and the obligations of such Assenting Lender under this Agreement and the rights and obligations of such Assenting Lender under each of the other Loan Documents shall be increased accordingly on a date mutually acceptable to such Assenting Lender and the Borrowers. On such date, the Assenting Lender shall advance to the relevant Borrowers the relevant portion of the Affected Lender's Main Facility Rateable Portion of the outstanding Advances (other than Swing Line Advances) and the relevant Borrowers shall prepay to the Affected Lender the Advances of the Affected Lender then outstanding, together with all interest accrued thereon and all other amounts owing to the Affected Lender hereunder, and, upon such advance and prepayment, the Affected Lender shall cease to be a "Lender" for purposes of this Agreement and shall no longer have any obligations hereunder. Upon the assumption of the Affected Lender's Commitment as aforesaid by an Assenting Lender, Schedule B hereto shall be deemed to be amended to increase the Commitment of such Assenting Lender by the amount of such assumption and to reduce the Commitment of the Affected Lender by a like amount. If no Assenting Lender is found, then in such event, the relevant Borrower is entitled to repay the Affected Lender and reduce its obligations hereunder by such amount so repaid.

5.5 Taxes

(a) All payments by any Obligor under this Agreement, the Guarantees or any other Loan Document shall be made free and clear of and without deduction or withholding for any and all Taxes, unless required by law. If an Obligor shall be required by law, rule, regulation or the interpretation thereof by the relevant governmental authority to deduct or withhold any such Taxes from or in respect of any sum payable under this Agreement,

(i) the sum payable shall be increased by such additional amount as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to additional amounts paid under this Section 5.5), the relevant Lenders or the Administrative Agent, as applicable, receive a net amount equal to the full amount they would have received if no deduction or withholding had been made;

(ii) the Obligor shall make such required deductions or withholdings;

(iii) the Obligor shall pay the full amount deducted or withheld to the relevant taxation or other authority in accordance with Applicable Law; and

(iv) such Obligor shall deliver to the relevant Lender or Administrative Agent, as applicable, as soon as practicable after it has made such payment to the applicable authority (x) a copy of such receipt as is issued by such authority evidencing the deduction or withholding of all amounts required to be deducted or withheld from the sum payable hereunder or (y) if such a receipt is not available from such authority, notice of the payment of such amount deducted or withheld;

provided that the obligations of an Obligor to pay additional amounts pursuant to this Section 5.5 shall not apply with respect to Taxes arising solely by reason of a Lender or the Administrative Agent, as applicable, having a connection with the jurisdiction that imposes the Taxes other than merely by the execution of this Agreement, receipt of payments under this Agreement, the holding and disposition of Advances, the performance of its obligations or the enforcement of its rights under this Agreement.

(b) Without prejudice to the foregoing provisions of this Section 5.5, if the Administrative Agent or any Lender (in this Section 5.5, an "**Indemnified Person**") is required at any time (whether before or after any Obligor has discharged all of its other obligations hereunder) to make any payment on account of any Tax which an Obligor is required to withhold in accordance with Section 5.5(a) hereof or for which an Obligor is otherwise required to indemnify a Lender or the Administrative Agent pursuant to Sections 5.5(a), (c) or (d) hereof, or if any liability in respect of any such payment is asserted, imposed, levied or assessed against such Indemnified Person, the Obligor in respect of which such sum was received or receivable shall, within 30 days of written demand of the Administrative Agent or Lender, promptly indemnify such Indemnified Person against such payment or liability, together with interest, penalties and expenses payable or incurred in connection therewith including, without limitation, any Tax imposed by any jurisdiction on or in relation to any amounts paid to or for the account of such Indemnified Person pursuant to this Section 5.5. An Indemnified Person intending to make a claim pursuant to this Section 5.5 shall notify the Obligor of the event in respect of which it believes it is entitled to make such claim and supply reasonable supporting evidence including a copy of the relevant portion of any written assessment, provided that any such Indemnified Person shall not be required to disclose any information required to be kept confidential by regulation or contract (in which case the basis of such confidentiality, at the request and expense of the Borrowers, shall be supported by an opinion of counsel of reputable standing).

(c) If an Obligor fails to pay any Taxes required to be paid by it pursuant to this Section 5.5 when due to the appropriate taxing authority or fails to remit to the Administrative Agent, for the account of the respective Lenders, for the account of the Administrative Agent or for the Administrative Agent's own account, as applicable, the required receipts or other documentary evidence required by Section 5.5(a)(ii), the Obligor shall indemnify the Lenders or the Administrative Agent, as applicable, for any incremental Taxes, interest or penalties that may become payable by any Lender or the Administrative Agent as a result of any such failure. For purposes of this Section 5.5, a distribution by the Administrative Agent or any Lender to or for the account of any Lender shall be deemed a payment by the Obligor.

(d) Each Obligor will indemnify the Lenders and the Administrative Agent for the full amount of Taxes imposed by any jurisdiction and paid by such Lender or the Administrative Agent, as applicable with respect to any amounts payable pursuant to this Section 5.5, and any liability arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally asserted. This indemnification shall be made within 30 days from the date such Lender or the Administrative Agent, as applicable makes written demand therefor which demand shall identify the nature and amount of Taxes for which indemnification is being sought and shall include a copy of the relevant portion of any written assessment from the relevant taxing authority demanding payment of such Taxes.

(e) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 5.5 shall survive the payment in full of principal, interest, fees and any other amounts payable hereunder and the termination of this Agreement, the Guarantees and the other Security Documents.

5.6 Tax Refund

(a) If, following the imposition of any Tax on any payment by any Obligor in consequence of which such Obligor pays an additional amount under Section 5.5(a), any Lender receives or is granted a refund of any Tax actually paid by it which in such Lender's sole opinion (acting in good faith) is attributable to such additional amount paid by such Obligor and is both identifiable and quantifiable by it without requiring such Lender or its professional advisers to expend a material amount of time or incur a material cost in so identifying or quantifying (any of the foregoing, to the extent so identifiable and quantifiable, being referred to as a "**refund**"), such Lender shall, to the extent that it can do so without prejudice to the retention of the relevant refund and subject to such Obligor's obligation to repay promptly on demand by the Lender the amount to such Lender if the relevant refund is subsequently disallowed or cancelled, reimburse such Obligor promptly after receipt of such refund by such Lender with such amount as such Lender shall in its sole opinion but in good faith have concluded to be the amount or value of the relevant refund.

(b) Nothing contained in this Agreement shall interfere with the right of any Lender to arrange its Tax and other affairs in whatever manner it thinks fit. No Lender shall be required to disclose any confidential information relating to the organization of its affairs.

ARTICLE 6
CONDITIONS PRECEDENT

6.1 Conditions for Closing

The following conditions shall be satisfied on or prior to Closing:

(a) each Grantor shall have duly authorized, executed and delivered to the Administrative Agent each of the Loan Documents to which it is a party including: (i) (x) a confirmation of its Guarantee if such Grantor has previously provided a Guarantee or, (y) a Guarantee;
(ii) confirmation of all Security Documents required to be delivered pursuant to the terms of the Existing Credit Agreement; and (iii) in the case of the Borrowers, this Agreement;

and each such Loan Document shall constitute a legal, valid and binding obligation of such Grantor, enforceable against such Grantor in accordance with its terms;

(b) each Grantor shall have delivered to the Administrative Agent:

(i) a certified copy of its Organic Documents;

(ii) a certified copy of the resolutions authorizing it to enter into, execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder;

(iii) a certificate as to the incumbency of its officers signing the Loan Documents to which it is a party; and

(iv) a certificate of status, good standing or like certificate with respect to such Grantor issued by the appropriate government officials of the jurisdiction of its incorporation;

(c) there shall have been no Material Adverse Change since December 31, 2008;

(d) no Default or Event of Default shall have occurred and be continuing;

(e) opinions of Borrowers' Counsel and local counsel, as applicable, to each Grantor, in form and substance satisfactory to the Lenders' Counsel and the Administrative Agent, each acting reasonably, shall have been delivered to the Administrative Agent;

(f) none of the undertaking, property or assets of any of the Grantors shall be subject to any Liens other than (i) Permitted Encumbrances or (ii) Liens with respect to which the Administrative Agent shall have received satisfactory evidence of the repayment of the underlying obligation and fully executed discharges and releases thereof (in registrable form where appropriate), and each of the Grantors shall have delivered to the Administrative Agent a Permitted Encumbrance Certificate if any of the undertaking, property or assets of such Grantor is subject to any registered Liens;

(g) the Borrowers shall have paid all fees and expenses relating to the Facility provided for in this Agreement as set out in Section 2.14 and any other Loan Document, to the extent then owing;

(h) each Security Document required to be delivered or remain in place on the Closing Date shall have been registered, filed, recorded or otherwise perfected in the manner required by the law applicable to such Security Document to the satisfaction of the Administrative Agent and Lenders' Counsel, each acting reasonably. Each of the Grantors shall have delivered to the Administrative Agent all certificates evidencing all of the Pledged Shares required to be pledged pursuant to the provisions of the Existing Credit Agreement, together with such stock powers, powers of transfer or such other instruments or documents and such actions taken as the Administrative Agent shall deem necessary or desirable, acting reasonably, to perfect its first priority security interest in such Pledged Shares, provided such Pledged Shares are in certificated form or, if such Pledged Shares are not in certificated form, the issuer of such Pledged Shares shall have entered into a securities control agreement with the Administrative Agent, in form and substance satisfactory to the Administrative Agent and Lenders' Counsel, each acting reasonably; and

(i) Celestica shall have delivered to the Administrative Agent an Officer's Certificate certifying as of the Closing Date:

(i) as to the matters in Section 6.1(c) and 6.1(d); and

(ii) that the applicable schedule attached to such Officer's Certificate sets out a complete list of (A) all Material Restricted Subsidiaries and the jurisdiction of formation for each such Material Restricted Subsidiary; (B) all Restricted Subsidiaries (other than Material Restricted Subsidiaries) and the jurisdiction of formation of each such Restricted Subsidiary; and (C) all Grantors and (x) the jurisdiction of formation of each such Grantor, and (y) each province and/or state in which each such Grantor's tangible assets in Canada and the United States of America are located.

The conditions set forth in this Section 6.1 are inserted for the sole benefit of the Lenders and may be waived by the Administrative Agent on behalf of the Lenders in whole or in part, with or without terms or conditions. Prior to waiving any condition set forth in this Section 6.1, the Administrative Agent shall consult with the Co-Lead Arrangers and shall act reasonably given the views of each of the Co-Lead Arrangers with respect of such waiver.

6.2 Conditions for First Drawdown

The following conditions shall be satisfied by the Borrowers on or prior to the earlier of the first Drawdown Date and the first deemed Drawdown pursuant to Section 3.4 or 3.5:

(a) the representations and warranties set forth in Section 8.1 shall be true and correct in all material respects on and as of the Drawdown Date, both before and after giving effect to the Drawdown of such Advance and to the application of proceeds therefrom on the Drawdown Date;

(b) no Default or Event of Default shall have occurred and be continuing, nor shall any such event occur as a result of making the Advances or the application of proceeds therefrom on the Drawdown Date;

(c) any Borrower which intends to make a Drawdown shall have given the appropriate Drawdown Notice to the Administrative Agent in accordance with the provisions of Section 2.3;

(d) each Domestic Material Restricted Subsidiary that is not a Grantor shall have executed and delivered to the Administrative Agent (i) a confirmation of its Guarantee if previously provided in connection with the Existing Credit Agreement, or (ii) a Guarantee;

(e) opinions of Borrowers' Counsel or local counsel, as applicable, to each Domestic Material Restricted Subsidiary that is not a Grantor, in form and substance satisfactory to the Lenders' Counsel and the Administrative Agent, each acting reasonably, shall have been delivered to the Administrative Agent;

(f) none of the undertaking, property or assets of any Domestic Material Restricted Subsidiary that is not a Grantor shall be subject to any Liens other than (i) Permitted Encumbrances or (ii) Liens with respect to which the Administrative Agent shall have received satisfactory evidence of the repayment of the underlying obligation and fully executed discharges and releases thereof (in registrable form where appropriate), and each such Domestic Material Restricted Subsidiary shall have delivered to the Administrative Agent a Permitted Encumbrance Certificate if any of the undertaking, property or assets of such Domestic Material Restricted Subsidiary is subject to any registered Liens;

(g) if, as at the first Drawdown Date, the Trigger Event has occurred and no Debt Rating Upgrade has ensued and is continuing following the Trigger Event, the obligations set out in Sections 9.1(p)(i) and 9.1(p)(ii) shall have been satisfied, provided that if such obligations have not been satisfied, the Issuing Bank shall issue each Letter of Credit in accordance with any Issuance Request made therefor upon (i) satisfaction of all other requirements in this Section 6.2, and (ii) receipt by the Administrative Agent, on behalf of the Issuing Bank, of an amount equal to the undrawn Face Amount of such requested Letter of Credit to be held as collateral security for the repayment of all Obligations arising under or in connection with such Letter of Credit; and

(h) the aggregate book value of the trade accounts receivable owing to Celestica or any Restricted Subsidiary (and/or contractual rights relating thereto) that are subject to any Securitization Transaction does not exceed the limit set out in Section 9.1(o).

6.3 Conditions for Subsequent Drawdowns

The following conditions shall be satisfied by the Borrower requesting an Advance at or prior to the time of each Drawdown of an Advance under the Facility (other than a deemed Drawdown pursuant to the provisions of Section 3.4 or 4.5) subsequent to the first Drawdown after the date hereof:

(a) a Borrower shall have given to the Administrative Agent a Drawdown Notice in accordance with the provisions of Section 2.3;

(b) the representations and warranties set forth in Section 8.1 shall be, *mutatis mutandis*, true and correct in all material respects on and as of the Drawdown Date, both before and after giving effect to the Drawdown of such Advance and to the application of proceeds therefrom on the Drawdown Date;

(c) no Default or Event of Default shall have occurred and be continuing, nor shall any such event occur as a result of making the Advances or the application of proceeds therefrom on the Drawdown Date;

(d) if the Borrower requesting the Advance is a Restricted Subsidiary that has become a Designated Subsidiary, the Guarantee required by Section 9.1(m) to have been delivered by that Designated Subsidiary shall have been delivered to the Administrative Agent notwithstanding that the 45 day period referred to therein may not have expired;

(e) if, as at such Drawdown Date, the Trigger Event has occurred and no Debt Rating Upgrade has ensued following the Trigger Event, the obligations set out in Sections 9.1(p)(i) and 9.1(p)(ii) shall have been satisfied, provided that if such obligations have not been satisfied, the Issuing Bank shall issue each Letter of Credit in accordance with any Issuance Request made therefor upon (i) satisfaction of all other requirements in this Section 6.3, and (ii) receipt by the Administrative Agent, on behalf of the Issuing Bank, of an amount equal to the undrawn Face Amount of such requested Letter of Credit to be held as collateral security for the repayment of all Obligations arising under or in connection with such Letter of Credit; and

(f) the aggregate book value of the trade accounts receivable owing to Celestica or any Restricted Subsidiary (and/or contractual rights relating thereto) that are subject to any Securitization Transaction does not exceed the limit set out in Section 9.1(o).

6.4 Conditions for Certain Material Restricted Subsidiaries and Restricted Subsidiaries

Within 45 days after the Closing Date, or such later date as Celestica and the Administrative Agent, for and on behalf of the Lenders, may agree, each Non-Domestic Material Restricted Subsidiary that is not a Grantor shall have executed and delivered to the Administrative Agent (i) a confirmation of its Guarantee if previously provided in connection with the Existing Credit Agreement, or (ii) a Guarantee.

The conditions set forth in this Section 6.4 are inserted for the sole benefit of the Lenders and may be waived by the Administrative Agent on behalf of the Lenders in whole or in part, with or without terms or conditions. Prior to waiving any condition set forth in this Section 6.4, the Administrative Agent shall consult with the Co-Lead Arrangers and shall act reasonably given the views of each of the Co-Lead Arrangers with respect of such waiver.

ARTICLE 7
PROVISIONS RELATING TO SUBSIDIARIES

7.1 Designated Subsidiaries

(a) The Administrative Agent and the Lenders acknowledge and agree and Celestica hereby confirms that Celestica has designated Celestica International as a Canadian Designated Subsidiary and that there are not, on the date hereof, any other Designated Subsidiaries.

(b) Celestica may, from time to time and at any time hereafter, designate any other wholly-owned qualifying Restricted Subsidiary as a Canadian Designated Subsidiary provided that:

(i) all Lenders shall have previously consented in writing to the designation of such Subsidiary as a Canadian Designated Subsidiary;

(ii) such Subsidiary was incorporated, continued, amalgamated or otherwise created in accordance with and continues to be governed by the laws of a province of Canada or the federal laws of Canada and which is domiciled in Canada;

(iii) such Restricted Subsidiary, prior to becoming a Designated Subsidiary, shall have executed and delivered to the Administrative Agent: (A) a Designated Subsidiary Agreement; (B) if it has not already done so, a Guarantee substantially in the form of Schedule H; and (C) unless a Debt Rating Upgrade has occurred and no Trigger Event has ensued following such Debt Rating Upgrade, if it has not already done so, the other applicable Security Documents; and

(iv) the Restricted Subsidiary which is proposed to become a Designated Subsidiary shall have delivered to the Administrative Agent:

(A) a certified copy of the proposed Designated Subsidiary's Organic Documents;

(B) a certified copy of the resolutions authorizing it to enter into, execute and deliver the Designated Subsidiary Agreement, the Guarantee and the other applicable Security Documents, if applicable, and to perform its obligations thereunder;

(C) a certificate as to the incumbency of its officers signing the Designated Subsidiary Agreement, the Guarantee and the other applicable Security Documents, if applicable;

(D) a certificate of status, good standing or like certificate with respect to such Designated Subsidiary issued by appropriate government officials of the jurisdiction of its incorporation; and

(E) an opinion of counsel to the Designated Subsidiary in form and substance satisfactory to the Lenders' Counsel and the Administrative Agent, each acting reasonably;

(c) Celestica may, from time to time and at any time hereafter, designate any other wholly-owned Restricted Subsidiary which does not fall within the definition of "**Canadian Designated Subsidiary**" as a Consent Designated Subsidiary, provided that:

(i) all Lenders shall have previously consented in writing to the designation of such Subsidiary as a Consent Designated Subsidiary;

(ii) Celestica shall have obtained the agreement in writing of a Lender located in the jurisdiction where such Consent Designated Subsidiary is resident, to utilize, subject to the terms of this Agreement, a portion of the Commitment of such Lender or its Affiliate to make Advances to the Consent Designated Subsidiary and such Lender shall have delivered a notice to the Administrative Agent in the form of Schedule M;

(iii) such Subsidiary, prior to becoming a Consent Designated Subsidiary, shall have executed and delivered to the Administrative Agent: (A) a Designated Subsidiary Agreement substantially in the form of Schedule F; (B) a Guarantee substantially in the form of Schedule H, with such changes as the Administrative Agent and the Consent Designated Subsidiary may reasonably require on the advice of their respective counsel to reflect local legal requirements; and (C) unless a Debt Rating Upgrade has occurred and no Trigger Event has ensued following such Debt Rating Upgrade, if it has not already done so, the other applicable Security Documents; and

(iv) the Restricted Subsidiary which is proposed to be designated as a Consent Designated Subsidiary shall have provided to the Administrative Agent such number of copies as the Administrative Agent may request of:

(A) a certified copy of the proposed Consent Designated Subsidiary's Organic Documents;

(B) the resolutions authorizing it to enter into, execute and deliver the Designated Subsidiary Agreement, the Guarantee and the other applicable Security Documents, if applicable, and to perform its obligations thereunder;

(C) a certificate to the incumbency of its officers signing the Consent Designated Subsidiary Agreement, the Guarantee and other applicable Security Documents, if applicable;

(D) a certificate of status, good standing or like certificate with respect to such Consent Designated Subsidiary issued by appropriate government officials of the jurisdiction of its incorporation; and

(E) an opinion of counsel to the Consent Designated Subsidiary in form and substance satisfactory to the Lenders' Counsel and the Administrative Agent, each acting reasonably; and

(d) Celestica may, from time to time and at any time hereafter, terminate the designation of a Designated Subsidiary as such by the delivery of written notice to the Administrative Agent and from and after the day which is five (5) Banking Days after receipt of such notice, the subject Subsidiary shall no longer be a Designated Subsidiary and shall have no further right or ability to obtain further Advances under the Facility.

7.2 Intentionally Deleted

7.3 Material Restricted Subsidiaries to Provide Guarantees

(a) Each Subsidiary of Celestica which is or becomes a Material Restricted Subsidiary shall comply with the requirements of Section 9.1(m).

(b) In the event that a Material Restricted Subsidiary ceases to be a Material Restricted Subsidiary as a result of the diminution of the value of its assets such that the aggregate value thereof does not meet the applicable threshold set out in the definition of Material Restricted Subsidiary under this Agreement, Celestica may request and the Administrative Agent shall, in its reasonable discretion, release the Guarantee executed by such Material Restricted Subsidiary unless such Guarantee is required to render the Security granted by such Material Restricted Subsidiary valid and enforceable; provided that any Security granted by such Material Restricted Subsidiary shall be released in accordance with Section 9.1(p)(vi) if it also ceases to be a Grantor.

7.4 Unrestricted Subsidiaries

Celestica may, from time to time and at any time hereafter, designate any Subsidiary as an Unrestricted Subsidiary so long as:

(a) (i) such Subsidiary shall not be a Subsidiary existing as at the date of this Agreement; (ii) such Subsidiary shall never have been a Designated Subsidiary; and (iii) such Subsidiary shall never have been a Restricted Subsidiary;

(b) neither Celestica nor any of its Subsidiaries (other than Unrestricted Subsidiaries) shall be liable, contingently or otherwise, for any indebtedness or other liability or obligation of the Unrestricted Subsidiary, except for guarantees provided by the immediate parent of such Unrestricted Subsidiary in respect of indebtedness of such Unrestricted Subsidiary, where such guarantees are:

(i) made solely for the purpose of facilitating a pledge by the guarantor of Shares of such Unrestricted Subsidiary; and

(ii) the recourse under such guarantees are limited to such pledged Shares; and

(c) neither Celestica nor any of its Restricted Subsidiaries shall have applied the proceeds of any Advance under the Facility to fund the equity of, or otherwise capitalize the Unrestricted Subsidiary.

Provided that an Event of Default has not occurred and is not continuing, Celestica may from time to time and at any time hereafter, designate an Unrestricted Subsidiary as a Restricted Subsidiary provided that:

(i) immediately upon giving effect to such designation, Celestica shall remain in compliance with all covenants set out in Section 9.3 on a pro-forma (four quarter) basis; and

(ii) the designation of such Unrestricted Subsidiary as a Restricted Subsidiary would not otherwise result in the occurrence of a Default or an Event of Default.

ARTICLE 8
REPRESENTATIONS AND WARRANTIES

8.1 Representations and Warranties

Each Borrower represents and warrants as follows to the Administrative Agent and the Lenders and acknowledges and confirms that the Administrative Agent and the Lenders are relying upon such representations and warranties:

(a) **Organization, etc.** Each Obligor is validly organized and existing and in good standing under the laws of the jurisdiction of its incorporation, creation or continuance, is duly qualified to do business and is qualified as a foreign corporation, company or other entity in each jurisdiction where the nature of its business requires such qualification, except where the failure to be so qualified would not reasonably be likely to have Material Adverse Effect, and has full power and authority and holds all requisite governmental licences, permits and other approvals to enter into and perform its obligations under the Loan Documents to which it is a party and except where failure to hold such licenses, permits or approvals would not reasonably be likely to have a Material Adverse Effect to own or hold under lease its property and to conduct its business substantially as currently conducted by it.

(b) **Validity, etc.** Each Obligor has duly executed and delivered each Loan Document to which it is a party and, except as set out in Section 8.4(a), each such Loan Document constitutes a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms.

(c) **Due Authorization, Non-contravention etc.** The execution, delivery and performance by each Obligor of each Loan Document to which it is a party are within its corporate powers, have been duly authorized by all necessary corporate action by it, and do not

(i) contravene its Organic Documents;

(ii) contravene any Applicable Law or contractual restriction; or

(iii) result in, or require the creation or imposition of, any Lien on any of its properties.

(d) **Government Approval, Regulation, etc.** Except as set out in Section 8.4(a), no authorization or approval or other action by, and no consent from, notice to or filing with, any Official Body or other Person is required for the due execution, delivery or performance by any Obligor of any Loan Document to which it is a party or in order to render any such Loan Document legal, valid, binding or enforceable against such Obligor.

(e) **Financial Statements.** The consolidated audited financial statements of Celestica and its Subsidiaries as at December 31, 2008 fairly present the financial condition of Celestica and its Subsidiaries as at such date and the results of their operations for the fiscal year then ended, in accordance with GAAP consistently applied. Since December 31, 2008 there has been no Material Adverse Change.

(f) **Litigation, Labour Controversies, etc.** There is no pending or, to the knowledge of Celestica and the Restricted Subsidiaries, threatened litigation, action, proceeding, or labour controversy affecting Celestica or any of the Restricted Subsidiaries, or any of their respective properties, businesses, assets or revenues, which would reasonably be likely to have a Material Adverse Effect or purports to affect the legality, validity or enforceability of any Loan Document.

(g) **Licences, etc. and Compliance with Laws.** All material licences, franchises, certificates, consents, rights, approvals, authorizations, registrations, orders and permits required under Applicable Law (other than Environmental Laws) to enable each of the Borrowers and each Restricted Subsidiary to carry on their respective businesses as now conducted by them and to own or lease their respective properties have been duly obtained and are currently subsisting. Each of the Borrowers and each Restricted Subsidiary have complied in all material respects with the terms and provisions presently required to be complied with by them in all such material licences, franchises, certificates, consents, rights, approvals, authorizations, registrations, orders and permits and with Applicable Law (other than Environmental Laws) and are not in violation of any of the respective provisions thereof if such non-compliance or violation would reasonably be likely to have a Material Adverse Effect.

(h) **Compliance with Environmental Laws.** Each of the Borrowers and the Subsidiaries and all facilities and property now or formerly owned, operated or leased by them:

(i) are and have been in compliance with all Environmental Laws, including, without limitation, with respect to the release, spill, leak, pumping, pouring, emptying, injection, escape, leaching, dumping, spraying, burial, abandonment, incineration, seepage, placement, emission, deposit, issuance, discharge, transportation or disposal ("**Release**") of any Hazardous Material in or over the water, atmosphere or soil other than for non-compliance with Environmental Laws which would not reasonably be likely to have a Material Adverse Effect;

(ii) have no contingent liabilities in connection with any Release or likely Release of Hazardous Materials and have not Released or caused or permitted the Release of Hazardous Materials, and have no knowledge of Releases by others, at, on or under any property now or previously owned, operated or leased by Celestica and its Material Restricted Subsidiaries that, with respect to any of the foregoing, singly or in the aggregate, would reasonably be likely to have a Material Adverse Effect;

(iii) have not received notice of and are not aware of any pending or threatened claims, complaints, notices, orders, directions, instructions or requests for information with respect to any alleged violation of or potential liability under any Environmental Law which would reasonably be likely to have a Material Adverse Effect;

(iv) have been issued and are in compliance with all permits, certificates, approvals, licences and other authorizations relating to environmental matters and necessary or desirable for the Business other than for any such non-issuances and non-compliances which would not reasonably be likely to have a Material Adverse Effect and each such permit, certificate, approval, licence or other authorization the absence of which would reasonably be likely to have a Material Adverse Effect is in good standing and there are no proceedings pending or, to the knowledge of the Borrowers, threatened to revoke, amend or limit in any material respect any such permit, certificate, approval, licence or other authorization;

(v) have no underground storage tanks, active or, to the knowledge of the Borrowers, abandoned, including petroleum storage tanks, on or under any such property that, singly or in the aggregate, would reasonably be likely to have a Material Adverse Effect;

(vi) have not directly transported or directly arranged for the transportation of any Hazardous Substances in violation of Environmental Laws or to any location which would reasonably be likely to lead to claims against them for any remedial work, damage to the environment or natural resources or personal injury, including claims under CERCLA, which in any such case would reasonably be likely to have a Material Adverse Effect;

(vii) have no polychlorinated biphenyls or friable asbestos present at any such property that, singly or in the aggregate, would reasonably be likely to have a Material Adverse Effect;

(viii) have no conditions which exist at, on or under any such property which, with or without the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Laws which would reasonably be likely to have a Material Adverse Effect; and

(ix) is not listed or proposed for listing on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list of sites or Persons requiring investigation or clean up where the liability imposition and allocation regime provided for in the applicable state Environmental Law is similar to CERCLA, including, without limitation, the ability of governments and other parties to recover costs from other responsible or potentially responsible persons, except for any such listing or proposed listing which would not reasonably be likely to have a Material Adverse Effect.

(i) **Encumbrances.** There are no Liens on any of the assets or undertaking of the Borrowers or any Restricted Subsidiary other than Permitted Encumbrances.

(j) **No Default or Event of Default.** No Default or Event of Default has occurred and is continuing.

(k) **Accuracy of Information.** All factual information heretofore or contemporaneously furnished by or on behalf of Celestica in writing to the Administrative Agent for the purposes of or in connection with this Agreement is true and accurate in every material respect on the date as of which such information is dated or certified and as of the date of execution and delivery of this Agreement, and such information is not incomplete by omitting to state any material fact necessary to make such information not misleading.

(l) **No Action for Winding-Up or Bankruptcy.** There has been no involuntary action taken against any of the Borrowers or any Restricted Subsidiary for any such corporation's winding-up, dissolution, liquidation, bankruptcy, receivership, administration or similar or analogous events in respect of such corporation or all or any material part of its assets or revenues.

(m) **Taxes.** Each Borrower and each of its Subsidiaries have duly filed on a timely basis all tax returns required to be filed by them except where such failure to file would not reasonably be likely to have a Material Adverse Effect and have paid all Taxes which are due and payable by them, and all assessments and re-assessments, and all other Taxes, governmental charges, governmental royalties, penalties, interest and fines claimed against them, other than those for which liability is being contested by them in good faith by appropriate proceedings and for which adequate provision has been made where required in accordance with GAAP or in respect of which such failure to pay would not reasonably be likely to have a Material Adverse Effect, and all required instalment payments have been made in respect of Taxes payable for the current period for which returns are not yet required to be filed except where such failure to pay would not reasonably be likely to have a Material Adverse Effect; there are no agreements, waivers or other arrangements providing for an extension of time with respect of the filing of any tax returns by them or the payment of any Taxes except where such agreements, waivers or other arrangements would not reasonably be likely to have a Material Adverse Effect; there are no actions or proceedings to be taken by any taxation authority of any jurisdiction to enforce the payment of any Taxes by them other than those which are being contested by them in good faith by appropriate proceedings and which proceedings have been stayed for the duration of such contestation.

(n) **Pension Plans.** Except as would not be reasonably likely to have a Material Adverse Effect, (i) all Pension Plans are duly established, registered, qualified, administered and invested in compliance with the terms thereof, any applicable collective agreements and Applicable Law; (ii) no events have occurred and no action has been taken by any Person which would reasonably be likely to result in the termination or partial termination of any Pension Plan, whether by declaration of any Superintendent of Pensions or otherwise; (iii) none of the Borrowers have withdrawn any assets held in respect of any Pension Plan except as permitted under the terms thereof and Applicable Laws; (iv) no Pension Plan has a "**solvency deficiency**" or "**going concern unfunded liability**" as defined in the *Pension Benefits Act* (Ontario) and the regulations enacted thereunder, as amended; (v) all contributions, premiums and other payments required to be paid to or in respect of each Pension Plan have been paid in a timely fashion in accordance with the terms thereof and Applicable Law and no taxes, penalties or fees are owing or exigible in respect of any Pension Plan; and (vi) no actions, suits, claims, or proceedings are pending or, to the knowledge of the Borrower, threatened in respect of any Pension Plan or its assets, other than routine claims for benefits. For the purposes of this section, and for greater certainty, "**Applicable Law**" shall include, without limitation, any federal or provincial pension benefits legislation and the *Income Tax Act* (Canada).

(o) **Regulations U and X.** No Borrower is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock. None of the proceeds from the Facility will be used for the purpose of purchasing or carrying directly or indirectly margin stock or for any other purpose that would constitute this transaction a "**Purpose Credit**" within the meaning of Regulations U and X of the Board of Governors of the Federal Reserves System, as any of them may be amended from time to time.

(p) ***Investment Company Act.*** No Obligor is an "***investment company***" within the meaning of, or subject to regulations under, the United States Investment *Company Act of 1940*.

(q) ***Public Utility Holding Company Act.*** No Obligor is an "affiliate" or a "subsidiary company" of a "public utility company" for a "holding company" or an "affiliate" or a "subsidiary company" of a "public utility company" as such terms are defined in the United States *Public Utility Holding Company Act of 1935*.

8.2 Survival of Representations and Warranties

The representations and warranties set out in this Article 8 and in any Loan Document shall survive the execution and delivery of this Agreement and the making of any Advances to the Borrowers, notwithstanding any investigations or examinations which may be made by the Administrative Agent or any Lender or any counsel to any of them.

8.3 Deemed Repetition of Representations and Warranties

Each of the representations set out in Section 8.1 and in any Security Document shall be true and correct in all material respects and shall be deemed to be given on the occurrence of (i) the Drawdown, Conversion or Rollover of an Advance, (ii) the acceptance of drafts presented for acceptance as Bankers' Acceptances or Acceptance Notes, and (iii) the issuance of a Letter of Credit, in each case by reference to the facts and circumstances existing on the date of such Drawdown or acceptance or issuance.

8.4 Guarantees from Chinese Material Restricted Subsidiaries

(a) Pursuant to the Applicable Laws of the People's Republic of China ("PRC"), it is necessary to obtain the verification and approval of the relevant local branch of the State Administration of Foreign Exchange ("SAFE") in respect of any currency conversions and any payments out of the PRC or any payments to foreign-invested financial institutions in the PRC pursuant to any Guarantee provided by a Material Restricted Subsidiary established under the Applicable Laws of the PRC (a "Chinese Material Restricted Subsidiary") and in order to ensure the legality, validity, effectiveness, enforceability or admissibility in evidence of a Guarantee made by it, a Chinese Material Restricted Subsidiary must register such Guarantee, or any change, amendment or modification of such Guarantee with the SAFE (such verification and approval of, and registration with, the relevant local branch of the SAFE with respect to a Guarantee, a "SAFE Registration").

(b) In connection with Section 9.1(m), Celestica shall cause each Chinese Material Restricted Subsidiary to file as soon as reasonably practicable after execution of a Guarantee or any confirmation, change, amendment or modification of a Guarantee any necessary documents with the relevant local branch of the SAFE and to use commercially reasonable efforts in order to complete the SAFE Registration. Notwithstanding the foregoing, it is acknowledged and agreed that a Chinese Material Restricted Subsidiary is not required to execute and deliver a Guarantee, or any confirmation, change, amendment or modification of a Guarantee, or deliver documents listed in Section 9.1(m)(i)(B)(II) and Section 9.1(m)(i)(B)(III) unless counsel to such Chinese Material Restricted Subsidiary is of the opinion that a SAFE Registration for such Guarantee, or confirmation, change, amendment or modification of a Guarantee, will subsequently be effected.

(c) For the purposes of the proviso in the definition of Material Restricted Subsidiary, the unconsolidated assets of any Chinese Material Restricted Subsidiary that: (i) has provided a Guarantee or any confirmation, change, amendment or modification of a Guarantee for which no SAFE Registration has been obtained; or (ii) has not provided a Guarantee or any confirmation, change, amendment or modification of a Guarantee in accordance with the last sentence of Section 8.4(b), shall be considered to be unconsolidated assets of a Restricted Subsidiary that is not a Material Restricted Subsidiary, until such time as the SAFE Registration of such Guarantee or such confirmation, change, amendment or modification of such Guarantee has been completed.

ARTICLE 9
COVENANTS

9.1 Affirmative Covenants

Celestica covenants and agrees with each of the Lenders that, unless the Majority Lenders otherwise consent in writing, so long as any amount payable hereunder or under the Loan Documents is outstanding or any of the Lenders has any Commitment hereunder:

(a) Financial Reporting. Celestica shall deliver to the Administrative Agent, with sufficient copies for distribution to each of the Administrative Agent and each of the Lenders:

(i) within 60 days after the end of each of its fiscal quarters in each fiscal year, commencing with the fiscal quarter ending March 31, 2009, the unaudited financial statements of Celestica on a consolidated basis, each consisting of a balance sheet, statement of income and statement (in the form customarily prepared by Celestica for internal reporting purposes) of changes in financial position as at the end of such fiscal quarter and for the period commencing with the end of the previous fiscal quarter and ending with the end of such fiscal quarter, together with the figures for the year-to-date and setting forth, in each case, in comparative form to the figures for the corresponding fiscal quarter of the previous fiscal year;

(ii) within 120 days after the end of each fiscal year of Celestica, the audited consolidated financial statements of Celestica for such year setting forth the corresponding figures for the previous fiscal year in comparative form, together with the report thereon of an independent auditor of recognized national standing, each consisting of a balance sheet, statement of income and statement of changes in financial position;

(iii) within 60 days after the end of each fiscal quarter of Celestica in each fiscal year, commencing with the fiscal quarter ending March 31, 2009, an Officer's Certificate of Celestica substantially in the form of Schedule D stating that:

(A) Celestica is in compliance with the covenants set forth in this Article 9 and that no Default or Event of Default has occurred and is continuing (or specifying such non-compliance or Default or Event of Default and stating what action, if any, Celestica is taking or is causing to be taken in connection therewith) and providing: (x) a calculation of the ratios referred to in Sections 9.3(a) and (b), in each case as at the last day of the relevant period; and (y) a calculation of the available disposition allowance referred to in Section 9.2(b)(vii) as at the last day of such fiscal quarter; and

(B) Celestica has determined that the unconsolidated assets of all Restricted Subsidiaries which are not Material Restricted Subsidiaries do not, or will not, after giving effect to the Guarantees delivered by the Restricted Subsidiaries listed in a schedule thereto, exceed ten per cent (10%) of the unconsolidated assets of the Borrowers and the Restricted Subsidiaries on the date referenced in the most recently delivered set of financial statements delivered pursuant to Section 9.1(a)(i);

(iv) in the event that Celestica delivers filings other than the financial statements referred to in clauses (i) to (iii) above to any securities commission, stock exchange or similar regulatory authority, such filings concurrently with the delivery of such filings to the securities commission, stock exchange or similar regulatory authority; and

(v) such other information respecting the condition or operations, financial or otherwise, of Celestica or any Subsidiary (other than an Unrestricted Subsidiary) as any Lender through the Administrative Agent may from time to time reasonably request.

(b) **Corporate Status.** Subject to transactions undertaken in compliance with Section 13.12, Celestica shall remain a corporation duly incorporated and validly subsisting under the laws of the Province of Ontario or the federal laws of Canada and each of the Restricted Subsidiaries shall remain validly organized and existing and in good standing under the laws of its jurisdiction of formation or continuance.

(c) **Maintenance of Business and Properties.** Each of Celestica and each Restricted Subsidiary shall, and shall cause each of its Subsidiaries (except for Unrestricted Subsidiaries) to, continue its business, maintain, preserve, protect and keep its properties in good repair, working order and condition, reasonable wear and tear excepted, and make necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times unless Celestica or such Restricted Subsidiary determines in good faith that the continued maintenance of any of its properties is no longer desirable.

(d) **Notice of Event of Default.** Celestica shall deliver to the Administrative Agent, forthwith upon becoming aware of any Default or Event of Default, a certificate of an officer of Celestica specifying such Default or Event of Default together with a statement of an officer of Celestica setting forth details of such Default or Event of Default and the action which has been, or is proposed to be, taken with respect thereto.

(e) **Other Notifications.** Celestica shall at any time upon request of the Administrative Agent, acting reasonably, provide to the Administrative Agent an up to date corporate chart showing Celestica and all of its Subsidiaries and shall promptly notify the Administrative Agent of:

(i) (x) any change in the name or organization of any Obligor; and; (y) any change in the location of the registered office or executive office of any Obligor;

(ii) the non-compliance with any Environmental Law or any environmental claim, complaint, notice or order issued to any of the Borrowers, or any of the Subsidiaries, or any other environmental condition or event where such non-compliance, condition or event would reasonably be likely to have a Material Adverse Effect. As soon as practicable thereafter, Celestica shall advise the Administrative Agent as to the actions which the Borrowers or any such Subsidiary intends to take in connection with any such claim, complaint, notice or order;

(iii) the institution of any steps by the Borrower or any other Person to terminate any Pension Plan which would reasonably be likely to have a Material Adverse Effect, failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under Section 3.02(f) of ERISA, the taking of any action with respect to a Pension Plan which could reasonably be expected to result in the requirement that a Borrower furnish a bond or other security to the PBGC or such Pension Plan, the occurrence of any event with respect to any Pension Plan which would reasonably be likely to have a Material Adverse Effect and copies of all documentation relating thereto; and

(iv) the entering into by Celestica or any Restricted Subsidiary of any Permitted Securitization Transaction (together with such information regarding such Permitted Securitized Transaction as the Administrative Agent may reasonably request).

(f) **Compliance with Laws, etc.** Each of Celestica and the Restricted Subsidiaries will, and will cause each of its Subsidiaries to, comply in all material respects with Applicable Laws, such compliance to include (without limitation) its qualification as a foreign corporation in all jurisdictions in which such qualification is legally required for the conduct of its business.

(g) **Payment of Taxes.** The Borrowers shall, and the Borrowers shall cause each of the Subsidiaries to, pay or cause to be paid, when due, all Taxes including, property taxes, business taxes, social security premiums, assessments and governmental charges or levies imposed upon it or upon its income, sales, capital or profit or any property belonging to it unless any such Tax, social security premiums, assessment, charge or levy is contested by it in good faith with adequate provision or reserve, where required by GAAP, and to withhold and remit when due all payroll and withholding taxes.

(h) **Insurance.** Each of Celestica and the Restricted Subsidiaries will, and will cause each of its Subsidiaries (except for Unrestricted Subsidiaries) to, maintain or cause to be maintained insurance with responsible insurance companies with respect to its properties and business against such casualties and contingencies, of such types, and in such amounts as is customary in the case for similar businesses operating in similar geographic locations. Notwithstanding the foregoing, Celestica and each of the Restricted Subsidiaries shall be permitted to self-insure only where self-insurance is usual and customary for the type of risk, and for companies in substantially the same line of business and operating in the same geographic location as Celestica or the Restricted Subsidiary, as applicable, and where customary and usual reserves or provisions are taken in respect of such self-insurance by Celestica or the Restricted Subsidiary, as applicable. Upon request of the Administrative Agent, Celestica will furnish to the Administrative Agent for distribution to the Lenders at reasonable intervals a certificate of an authorized officer of Celestica setting forth the nature and extent of all insurance maintained by Celestica and the Restricted Subsidiaries in accordance with this Section which certificate shall specify the risks for which Celestica or any

Restricted Subsidiary have self-insured and the amount of the provisions or reserves, if any, held or made in respect of such self-insurance.

(i) **Books and Records.** Celestica and each Restricted Subsidiary will, and will cause each of its Subsidiaries to, keep books and records which accurately reflect all of its business affairs and transactions. Celestica will permit the Administrative Agent and each Lender or any of their respective representatives, at reasonable times and customary intervals during normal business hours, to visit Celestica's offices and to discuss its financial matters with Celestica's financial officers. Upon the occurrence of and during the continuation of a Default, Celestica and each Restricted Subsidiary shall permit the Administrative Agent and each Lender or any of their respective representatives at any time to visit all of its offices, to discuss its financial matters with its officers and its independent chartered accountant (and each of Celestica and each Restricted Subsidiary hereby authorizes such independent chartered accountant to discuss their financial matters with the Administrative Agent and each Lender or its representatives whether or not any representative of Celestica or the Restricted Subsidiary is present) and to examine (and, at the expense of the Borrowers, photocopy extracts from) any of its books or corporate records. The Borrowers shall pay any fees of such independent chartered accountant incurred in connection with the Administrative Agent's or any Lender's exercise of its rights pursuant to this Section.

(j) **Designated Subsidiaries to Remain Subsidiaries.** Each Designated Subsidiary (or its Successor Corporation within the meaning of Section 13.12) shall remain a directly or indirectly wholly-owned Subsidiary of Celestica, except where the laws of the jurisdiction of incorporation of such Designated Subsidiary require qualifying shares of such Designated Subsidiary to be owned by another Person.

(k) **Punctual Payment.** Celestica will, and will cause each Obligor to duly and punctually pay or cause to be paid all amounts due under this Agreement and the other Loan Documents at the dates and places, in the currencies and in the manner provided in this Agreement and any other Loan Documents.

(l) **Ratings Maintenance.** Celestica shall maintain a credit rating with the Approved Credit Rating Agencies and shall forthwith notify the Administrative Agent in the event that any rating by an Approved Credit Rating Agency is downgraded or in the event that the rating of Celestica shall have been placed under review by an Approved Credit Rating Agency.

(m) **Material Restricted Subsidiary Guarantees.**

(i) Subject to clauses (ii) and (iii) and Section 8.4(b), Celestica shall:

(A) within 45 days of the acquisition or incorporation of a Subsidiary which is a Restricted Subsidiary, whose assets total greater than U.S.$150,000,000 on an unconsolidated basis on the date of such acquisition or incorporation; and

(B) upon the designation of a Restricted Subsidiary as a Material Restricted Subsidiary on the Schedule to the Officer's Certificate delivered pursuant to Section 9.1(a)(iii) within 45 days of such delivery of the Officer's Certificate making such designation,

cause such Material Restricted Subsidiary to: (I) authorize, execute and deliver a Guarantee to the Administrative Agent substantially in the form of Schedule H with such changes as the Administrative Agent and the Material Restricted Subsidiary may necessarily require on the advice of their respective counsel to reflect local legal requirements; (II) deliver to the Administrative Agent certified copies of its Organic Documents and a resolution authorizing the Guarantee, a certificate of its officers signing the Guarantee and a certificate of status, good standing or like certificate with respect to it issued by appropriate government officials of its jurisdiction of incorporation; (III) cause to be delivered an opinion of counsel to such Material Restricted Subsidiary in form and substance satisfactory to the Lenders' Counsel and the Administrative Agent, each acting reasonably; and (IV) comply with Section 8.4(b) in the case of any Chinese Material Restricted Subsidiary.

(ii) In the event that any Material Restricted Subsidiary is not a wholly-owned Subsidiary of Celestica, on the later of (i) the date of execution of a Guarantee or (ii) the date of acquisition by any Person which is not Celestica or a Subsidiary of Celestica of any Share of such Material Restricted Subsidiary, Celestica shall deliver an acknowledgement addressed by such Person to the Administrative Agent acknowledging the Guarantee executed by such Material Restricted Subsidiary and the enforceability thereof against the Material Restricted Subsidiary to the full extent set out in the Guarantee (subject to the same qualifications as set out in the opinion of legal counsel to such Material Restricted Subsidiary with respect to such Guarantee) notwithstanding the ownership of Shares of the Material Restricted Subsidiary by such Person and any agreement between such Person and Celestica or any Subsidiary of Celestica.

(iii) The Borrowers and Guarantors shall, and the Borrowers shall cause each of its Subsidiaries to, take all such steps and do such things as may be necessary, in the opinion of the Administrative Agent, to ensure the continuous enforceability of each Guarantee granted by each Borrower and each Material Restricted Subsidiary.

(n) **Accuracy of Information.** All factual information hereafter furnished by or on behalf of Celestica in writing to the Administrative Agent for the purposes of or in connection with this Agreement shall be true and accurate in every material respect on the date as of which such information is dated or certified and shall not be incomplete by the omission to state any material fact necessary to make such information not misleading.

(o) **Securitization Transactions.** On the date of any Permitted Securitization Transaction, the aggregate book value of the trade accounts receivable of or owing to Celestica or any Restricted Subsidiary (and/or contractual rights relating thereto) that are subject to any Securitization Transaction will not exceed:

(i) 30% of the aggregate book value of the trade accounts receivable of or owing to Celestica and its Restricted Subsidiaries determined on a consolidated basis, before giving effect to prior Securitization Transactions of trade accounts receivable that have not been collected, on or prior to the date on which the relevant Securitization Transaction is completed; or

(ii) as long as (A) there are no Advances (other than Letters of Credit) outstanding under this Agreement and no advances (other than letters of credit) under any other credit agreement under which Celestica or any Restricted Subsidiary is a borrower (excluding, for greater certainty, overdraft facilities and Acquired Indebtedness), and (B) the Debt Rating of Celestica is BB- by Standard & Poor's and Ba3 by Moody's or better, 50% of the aggregate book value of the trade accounts receivable of or owing to Celestica and its Restricted Subsidiaries determined on a consolidated basis, before giving effect to prior Securitization Transactions of trade accounts receivable that have not been collected, on or prior to the date on which the relevant Securitization Transaction is completed.

(p) **Security Documents.**

(i) Each Borrower shall, and each Borrower shall cause each other Grantor to, grant to the Administrative Agent on behalf of itself, the Lenders and the Hedge Lenders:

(A) within 30 days after the date of a Trigger Event, (unless a Debt Rating Upgrade has ensued and is continuing prior to the granting of such security interest) a first priority (subject to Permitted Encumbrances) perfected security interest in (i) its personal property located in Canada and/or the United States of America (other than (x) Pledged Shares which are directly held by such Grantor (except as provided in (ii) below), and (y) Securitized Assets; provided that the security interest will attach to any amounts owing to such Grantor pursuant to any Permitted Securitization Transaction, other than any deferred purchase price payable pursuant to the DB Receivables Purchase Agreement), and (ii) the Pledged Shares of each Domestic Material Restricted Subsidiary which are directly held by such Grantor;

(B) to the extent permitted by Applicable Law, within 60 days after the date of a Trigger Event (unless a Debt Rating Upgrade has ensued and is continuing prior to the granting of such security interest), a first priority (subject to Permitted Encumbrances) perfected security interest (or its substantive equivalent) in the Pledged Shares in each Non-Domestic Material Restricted Subsidiary which are directly held by such Grantor; provided that, in the case of a US Grantor, the Pledged Shares shall be limited to that number of Pledged Shares representing not more than 65% of the then issued and outstanding Shares of each such Non-Domestic Material Restricted Subsidiary;

(C) upon the designation of a Restricted Subsidiary as a Grantor on the Schedule to the Officer's Certificate delivered pursuant to Section 9.1(a)(iii) (unless a Debt Rating Upgrade has occurred and no Trigger Event has ensued following such Debt Rating Upgrade): (i) as soon as reasonably practicable and, in any event, within 30 days after the date on which the Officer's Certificate making such designation is delivered to the Administrative Agent, a first priority (subject to Permitted Encumbrances) perfected security interest in the personal property of such Grantor described in Section 9.1(p)(i)(A) above; and (ii) as soon as reasonably practicable and, in any event, within 60 days after the date on which the Officer's Certificate making such designation is delivered to the Administrative Agent, a first priority (subject to Permitted Encumbrances) perfected security interest (or its substantive equivalent) in the personal property of such Grantor described in Section 9.1(p)(i)(B) above;

(D) with respect to any Pledged Shares acquired by any Grantor after the date hereof (unless a Debt Rating Upgrade has occurred and no Trigger Event has ensued following such Debt Rating Upgrade): (i) as soon as reasonably practicable and, in any event, within 30 days after such Grantor becomes the direct holder of any Pledged Shares in any Domestic Material Restricted Subsidiary, a first priority (subject to Permitted Encumbrances) perfected security interest in such Pledged Shares; and (ii) as soon as reasonably practicable and, in any event, within 60 days after such Grantor becomes the direct holder of any Pledged Shares in any Non-Domestic Material Restricted Subsidiary, a first priority (subject to Permitted Encumbrances) perfected security interest (or its substantive equivalent) in such Pledged Shares; provided that, in the case of a US Grantor, the Pledged Shares shall be limited to that number of Pledged Shares representing not more than 65% of the then issued and outstanding Shares of each such Non-Domestic Material Restricted Subsidiary.

(ii) (A) The applicable Security Documents shall be delivered to the Administrative Agent, on behalf of itself, the Lenders and the Hedge Lenders, and all filings and registrations in all applicable jurisdictions shall be completed in accordance with foregoing clause (i). In addition, within 30 days after the date of a Trigger Event (unless a Debt Rating Upgrade has ensued and is continuing prior to delivery of such guarantee), each Grantor that has not already provided a Guarantee as a Material Restricted Subsidiary shall deliver a guarantee, substantially in the form of Schedule H, if such guarantee is required to render the Security granted by such Grantor valid and enforceable. In the event that any such Grantor is not a Material Restricted Subsidiary, the recourse of the Administrative Agent pursuant to the guarantee granted by such Grantor shall be limited to enforcement of the Security, and the Administrative Agent shall have no right to sue such Grantor on the covenant of such guarantee, except to the extent necessary in connection with the enforcement of the Security. The Security Documents shall be accompanied by opinions of counsel to the applicable Grantor, in form and substance satisfactory to Lenders' Counsel and the Administrative Agent, acting reasonably.

(B) Each Borrower shall, and each Borrower shall cause each other Grantor to, promptly, and from time to time on demand, execute and deliver or cause to be executed and delivered all such other and further documents, agreements, certificates and instruments which in the opinion of the Administrative Agent or Lenders' Counsel, acting reasonably, may be necessary or reasonably desirable in connection with the grant of the Security.

(iii) Any Security granted by a Grantor in favour of the Administrative Agent on behalf of itself and the Lenders in any asset, property or investment that is disposed of by such Grantor in accordance with the terms of this Agreement shall be released by the Administrative Agent, at the expense of Celestica, following the receipt by the Administrative Agent of a written request for same by Celestica.

(iv) Assets which become Securitized Assets following attachment of the Liens under a Permitted Securitization Transaction shall be automatically released from the Security such that all such assets shall be securitized under such Permitted Securitization Transaction free and clear of the Security.

(v) The Security shall be released without the requirement for further consent within 30 days after the date of a Debt Rating Upgrade, provided that a Debt Rating Downgrade has not occurred after such Debt Rating Upgrade and prior to such release.

(vi) In the event that a Grantor ceases to be a Grantor as a result of the diminution of the value of its assets such that the aggregate value thereof does not meet the applicable threshold set out in the definition of Material Assets under this Agreement, Celestica may request and the Administrative Agent shall, in its reasonable discretion, release any Security granted by such Grantor.

(q) **Lien Acknowledgments.** Upon written request from the Administrative Agent delivered to Celestica, Celestica shall use all commercially reasonable efforts to obtain and deliver to the Administrative Agent estoppel certificates or acknowledgements in respect of Lien registrations effected by the secured parties identified by the Administrative Agent in such request.

(r) **Maintenance of Minimum Cash Balance.** Celestica and the Material Restricted Subsidiaries shall maintain the minimum cash requirements referenced in Section 9.3(c) exclusively in accounts established by Celestica and the Material Restricted Subsidiaries with any one or more of the Lenders.

9.2 Negative Covenants

Celestica covenants and agrees with each of the Lenders that, unless the Majority Lenders otherwise consent in writing, so long as any amount payable hereunder is outstanding or the Lenders shall have any Commitment hereunder:

(a) **No Merger, Amalgamation, etc.** None of the Borrowers or any Restricted Subsidiary shall, directly or indirectly, merge, amalgamate or enter into any similar or other business combination pursuant to statutory authority or otherwise with any other Person except upon compliance with Section 13.12.

(b) **Restriction on Disposition of Assets.** None of the Borrowers or any Restricted Subsidiary shall sell, assign, transfer, lease, convey or otherwise dispose of any property, assets or investments, (in each case a "**sale**") other than:

(i) sales made in compliance with Section 13.12; or

(ii) sales of obsolete equipment in the ordinary course of business; or

(iii) sales, assignments and transfers pursuant to a Permitted Securitization Transaction; or

(iv) sale/leaseback transactions:

(A) any real property owned by a Borrower or Restricted Subsidiary; and

(B) any property or assets acquired by a Borrower or Restricted Subsidiary, as the case may be, which is completed within six months of the date on which such property or assets were acquired, provided that any Borrowing made to finance such acquisition shall be repaid within two Banking Days of the completion of such sale/leaseback transaction; or

(v) sales of Shares of any Unrestricted Subsidiary; or

(vi) sales of assets and property, including inventory, in the ordinary course of business; or

(vii) sales of any fixed assets together with associated intellectual property not otherwise permitted in clauses (i) to (vi) above, subject to an aggregate limit of sales under this clause and sales under Sections 9.2(b), (ix)(C) and 9.2(b)(ix)(D) by the Borrowers and Restricted Subsidiaries in any fiscal year in an amount equal to 10% of the aggregate net book value of the fixed assets plus 10% of the aggregate net book value of intellectual property of Celestica on a consolidated basis (the "**disposition allowance**") and provided that, in any fiscal year commencing with fiscal year ending on December 31, 2008 in which the Borrowers and Restricted Subsidiaries do not sell fixed assets and associated intellectual property under this clause (vii) and Shares and assets under Sections 9.2(b)(ix)(C) and 9.2(b)(ix)(D) having aggregate net book values totalling the disposition allowance, the Borrowers and Restricted Subsidiaries may carry forward into the following fiscal years the unused disposition allowance, which unused disposition allowance is deemed to be U.S.$136,330,194 for the fiscal year ending December 31, 2008, and further provided that none of the Borrowers or Restricted Subsidiaries shall sell any intellectual property under this clause (vii) unless such sale is incidental to a sale of fixed assets;

(viii) sales of assets, property or investments from a Borrower or Restricted Subsidiary to another Borrower or Restricted Subsidiary provided that no Borrower or Restricted Subsidiary shall so sell assets, property or investments during the occurrence and continuance of a Default or where such sale, alone or as part of a series of previously or concurrently occurring sales, would reasonably be likely to have a Material Adverse Effect; or

(ix) (A) the sale of the Shares of a Material Restricted Subsidiary or the sale of all or substantially all of the undertaking, property and assets of a Material Restricted Subsidiary used in conducting a business, with the consent of the Super Majority Lenders; (B) the sale of the Shares of a Domestic Restricted Subsidiary (other than a Material Restricted Subsidiary) with Material Assets or the sale of all or substantially all of the undertaking, property and assets of such a Domestic Restricted Subsidiary used in conducting a business, with the consent of the Majority Lenders; (C) subject to compliance with the disposition allowance provisions set out in Section 9.2(b)(vii), the sale of the Shares in the capital of a Domestic Restricted Subsidiary (other than a Material Restricted Subsidiary) that does not have Material Assets or the sale of all or substantially all of the undertaking, property and assets of such a Restricted Subsidiary used in conducting a business; and (D) subject to compliance with the disposition allowance provisions set out in Section 9.2(b)(vii), the sale of the Shares of a Restricted Subsidiary (other than a Material Restricted Subsidiary or a Domestic Restricted Subsidiary) or the sale of all or substantially all of the undertaking, property and assets of such a Restricted Subsidiary.

(c) **Restriction on Certain Inter-Company Transactions.** Except as otherwise permitted by this Section 9.2, none of the Borrowers or any Restricted Subsidiary shall enter into any agreement or complete any transaction with any other

Borrower or any Restricted Subsidiary during the occurrence and continuance of a Default or where such agreement or transaction, alone or as part of a series of previously or concurrently occurring agreements or transactions, would reasonably be likely to have a Material Adverse Effect.

(d) **Negative Pledge/*Pari Passu* Ranking.** None of the Borrowers or any of the Restricted Subsidiaries shall create, incur, assume or permit to exist any Lien, other than Permitted Encumbrances, on any of its property, undertaking or assets now owned or hereafter acquired. Each Obligor's monetary Obligations shall rank at least *pari passu* with all unsecured Indebtedness (or other unsecured Indebtedness during such time as the Obligations are unsecured) of such Obligor and no Obligor shall, or shall agree with any other Person to, pay any other Indebtedness in priority to payment of all monetary Obligations as and when due.

(e) **Restriction on Non-Arm's Length Transactions.** The Borrowers shall not, and shall not permit any Restricted Subsidiary to, enter into any transaction or agreement with any Person which is not at Arm's Length with the Borrowers or such Restricted Subsidiary (other than other Borrowers, Restricted Subsidiaries or Unrestricted Subsidiaries) unless,

(i) such transaction or agreement is in the ordinary course of business and is on terms no less favourable to the Borrowers or such Restricted Subsidiary as would be obtainable in a comparable transaction with a Person which is at Arm's Length with the Borrower or such Restricted Subsidiary, and

(ii) such transaction or agreement complies with the terms of Section 9.2(c).

(f) **Restriction on Change of Business.** None of the Borrowers or the Restricted Subsidiaries shall, either directly or indirectly, enter into any business other than the Business without the prior written consent of the Majority Lenders.

(g) **No Change in Accounting Treatment or Reporting Practices.** Subject to the provisions of Section 1.7, none of the Borrowers nor any Restricted Subsidiary shall make any material change in its accounting or reporting or financial reporting practices, except as consistent with GAAP or Applicable Law, which changes shall be disclosed to the Lenders.

(h) **Restrictions on Transactions with Unrestricted Subsidiaries.** No Borrower shall, or shall permit any Restricted Subsidiary to:

(i) sell assets or lend monies to any Unrestricted Subsidiary unless such sale (A) meets the criteria set out in the second sentence of the definition of Permitted Securitization Transaction in Section 1.1; (B) is permitted pursuant to Section 9.2(b)(vi) and such sale or loan is in the ordinary course of business and is on terms no less favourable to such Borrower or such Restricted Subsidiary as would be obtainable in a comparable transaction with a Person which is at Arm's Length with the Borrower or such Restricted Subsidiary; (C) is permitted pursuant to Section 9.2(b)(vii); or (D) is permitted pursuant to Section 9.2(b)(ix); or

(ii) provide financial assistance by means of a guarantee to an Unrestricted Subsidiary unless the financial assistance is in the form of a guarantee granted by the immediate parent of such Unrestricted Subsidiary, where such guarantee is (A) made solely for the purpose of facilitating a pledge by the guarantor of Shares of such Unrestricted Subsidiary; and (B) the recourse thereunder is limited to the Shares of the Unrestricted Subsidiary; and (C) a pledge of the Shares of the Unrestricted Subsidiary.

(i) **Hedging Agreements.** No Borrower shall, or shall permit any Subsidiary to, enter into any Hedging Agreement for speculative purposes.

9.3 Financial Covenants

(a) **Minimum EBITDA:Interest Expense Ratio.** Celestica shall maintain an EBITDA:Interest Expense ratio, calculated on a rolling four quarter basis, of at least 3.25:1.0.

(b) **Maximum Gross Funded Debt:EBITDA Ratio.** Celestica shall maintain a Gross Funded Debt:EBITDA ratio, calculated on a rolling four quarter basis, of not more than 4.0:1.0.

(c) **Minimum Cash Balance.** Celestica and the Material Restricted Subsidiaries shall, at all times, collectively maintain Cash and Cash Equivalents in an aggregate amount that is not less than the aggregate of Celestica's Senior Funded Debt plus U.S.$100,000,000 or the Equivalent Amount.

(d) **Calculation of Financial Ratios.** For the purposes of Sections 9.3(a), (b) and (c), all of the calculations shall be made on a consolidated basis in accordance with the provisions of Sections 1.7 and 1.8.

ARTICLE 10
DEFAULT AND ACCELERATION

10.1 Events of Default

The occurrence of any one or more of the following events (each such event and the expiry of the cure period, if any, provided in connection therewith, being herein referred to as an "**Event of Default**") shall constitute a default under this Agreement:

(a) if any Borrower shall default in (i) the payment when due of any principal of any Advance; (ii) the payment when due of any interest on any Advance (and such default shall continue unremedied, in the case of interest, for a period of three (3) days); or (iii) the payment when due of any fee or any other Obligation (and any of such defaults described in item (iii) shall continue unremedied for a period of five (5) days);

(b) any representation or warranty made or deemed to be made hereunder or in any other Loan Document or any other writing or certificate furnished by or on behalf of an Obligor to the Administrative Agent for the purposes of or in connection with this Agreement or any such other Loan Document is or shall be incorrect when made in any material respect;

(c) any Obligor shall default in the observance or performance of any agreement, covenant or condition contained in Sections 9.1(p)(i) or 9.1(p)(ii);

(d) any Obligor shall default in the service or performance of any agreement, covenant or condition contained herein or in any other Loan Document (other than as set forth above) and such failure shall remain unremedied for a period of thirty (30) days after notice in writing has been given by the Administrative Agent to Celestica;

(e) if, on, prior to or in connection with any Indebtedness having a principal amount, individually or in the aggregate, in excess of U.S.$50,000,000 becoming Acquired Indebtedness, (i) a default shall have occurred in the payment when due, whether by acceleration or otherwise, of any such Acquired Indebtedness, or (ii) a default shall occur or shall have occurred in the performance or observance of any obligation or condition with respect to such Indebtedness or as a result of such Indebtedness becoming Acquired Indebtedness, if the effect of such default is to accelerate the maturity of such Acquired Indebtedness or such default shall continue unremedied and unwaived for any applicable grace period of time sufficient to permit the holder or holders of such Acquired Indebtedness, or any trustee or agent for such holders, to have the right to cause such Acquired Indebtedness to become due and payable prior to its expressed maturity; provided that where such Acquired Indebtedness has a principal amount individually or in the aggregate, of up to and including U.S.$100,000,000, a default described in clauses (i) or (ii) shall only be an Event of Default under this Agreement if unremedied for 60 days from the date such Indebtedness becomes Acquired Indebtedness;

(f) a default shall occur in the payment when due, whether by acceleration or otherwise, of any Indebtedness (other than as set forth in Sections 10.1(a) and (e) above) of any Borrower or any Restricted Subsidiary having a principal amount, individually or in the aggregate, in excess of U.S.$50,000,000, or a default shall occur in the performance or observance of any obligation or condition with respect to any such Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied and unwaived for any applicable grace period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to have the right to cause such Indebtedness to become due and payable prior to its expressed maturity;

(g) any judgment or order for the payment of money in excess of U.S.$25,000,000, which is not covered by insurance, shall be rendered against any Borrower or any Restricted Subsidiary and either:

(i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order; or

(ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect and such judgment shall not have been paid or otherwise satisfied;

(h) any Borrower or any Restricted Subsidiary shall:

(i) become (or be deemed by any Applicable Law to be) insolvent or generally fail to pay, or admit in writing its inability or unwillingness to pay its debts as they generally become due;

(ii) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, receiver and manager, liquidator, sequestrator, administrator or other custodian in connection with the insolvency of a Borrower or a Restricted Subsidiary or any property of any thereof except as permitted under Section 13.12, or make a general assignment for the benefit of creditors;

(iii) in the absence of an application referred to in Section 10.1(h)(ii), consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, receiver and manager, liquidator, sequestrator, administrator or other custodian for a Borrower or a Restricted Subsidiary or for a substantial part of the property of any of them except as permitted under Section 13.12, and such trustee, receiver, receiver and manager, liquidator, sequestrator, administrator or other custodian shall not be discharged within 60 days, provided that the Borrowers hereby expressly authorize the Administrative Agent and each Lender to appear in any court conducting any relevant proceeding relating to any of them or any Restricted Subsidiary during such 60-day period to preserve, protect and defend their rights under the Loan Documents;

(iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement, administration or other case or proceeding under any bankruptcy, insolvency or similar law, or any dissolution, winding up, administration or liquidation proceeding, in respect of any Borrower or any Restricted Subsidiary (except as permitted under Section 13.12), and, if any such case or proceeding is not commenced by such Borrower or such Restricted Subsidiary, such case or proceeding shall be consented to or acquiesced in by such Borrower or such Restricted Subsidiary or shall result in the entry of an order for relief or shall remain for 60 days undismissed, provided that each Borrower and each Restricted Subsidiary is hereby deemed to expressly authorize the Administrative Agent and each Lender to appear in any court conducting any such case or proceeding relating to any of them or any Restricted Subsidiary during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or

(v) take any corporate action authorizing, or in furtherance of, any of the matters referred to in clauses (ii), (iii) or (iv) above;

(i) Onex Corporation shall cease to control Celestica unless the Shares of Celestica become widely held such that no one Person or group of Persons acting jointly or in concert (within the meaning of Part XX of the *Securities Act* (Ontario)) controls Celestica, provided that any Person or group of Persons acting jointly or in concert which owns or controls securities of Celestica to which are attached more than 20% of the votes that may be cast to elect the directors of Celestica shall, in the absence of evidence satisfactory to the Administrative Agent, acting reasonably, be deemed to control Celestica;

(j) any Loan Document shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Obligor that is a party thereto; or any Obligor shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability of any Loan Document; or any Security shall, in whole or in part, cease to be a perfected, first priority (subject to Permitted Encumbrances) Lien and such failure shall remain unremedied for a period of 10 days after the Borrower becomes aware that such Security has ceased to be a perfected, first priority (subject to Permitted Encumbrances) Lien;

(k) any Borrower or any governmental authority declares, orders or proposes to order a full or partial wind up of any Pension Plan which, in either case, would reasonably be likely to have a Material Adverse Effect or if any of the following events shall occur with respect to a Pension Plan:

  (i) the institution of any step by a Borrower, any member of its Controlled Group or any other Person to terminate a Pension Plan if, as a result of such termination, the Borrowers or any such member of its Controlled Group would reasonably be likely to be required to make a contribution to such Pension Plan or could reasonably expect to incur a liability or obligation to such Pension Plan which, in either case, would reasonably be likely to have a Material Adverse Effect; or

  (ii) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA.

10.2 Acceleration

Upon the occurrence of an Event of Default (other than as set forth in Section 10.1(h) or (i)) and at any time thereafter while an Event of Default is continuing, the Administrative Agent may, in consultation with the Lenders (and, if so instructed by the Majority Lenders, shall) by written notice to the Borrowers:

(a) declare the Advances made to the Borrowers to be immediately due and payable (whereupon the same shall become so payable together with accrued interest thereon and any other sums then owed by the Borrowers hereunder or under any other Loan Document) or declare such Advances to be due and payable on demand of the Administrative Agent; and/or

(b) if not theretofore terminated, declare that all of the Commitments shall be cancelled, whereupon the same shall be cancelled and the Commitment of each Lender shall be reduced to zero.

If, pursuant to this Section 10.2, the Administrative Agent declares any Advances made to the Borrowers to be due and payable on demand, then, and at any time thereafter, the Administrative Agent may (and, if so instructed by the Majority Lenders, shall) by written notice to the Borrowers call for repayment of such Advances on such date or dates as it may specify in such notice (whereupon the same shall become due and payable on such date together with accrued interest thereon and any other sums then owed by the Borrowers hereunder or under any other Loan Document and the provisions of Section 10.4 shall apply) or withdraw its declaration with effect from such date as it may specify in such notice.

Upon the occurrence of an Event of Default set forth in Section 10.1(h) or (i), the Commitments shall automatically terminate and the outstanding principal amount of all outstanding Advances (together with accrued interest thereon and any other sums then owed by the Borrowers hereunder or under any other Loan Document and the provisions of Section 10.4 shall apply) shall automatically be and become immediately due and payable, without notice or demand.

10.3 Remedies with Respect to Bankers' Acceptance Advances and Letters of Credit

If any Event of Default shall occur and be continuing such that the entire principal amount of the Advances then outstanding and all accrued and unpaid interest thereon and all other payments due hereunder or under any other Loan Document which are unpaid shall become immediately due and payable in accordance with the provisions of Section 10.2, then the Administrative Agent may (and, if so instructed by the Majority Lenders shall), by written notice to the Borrowers, require the Borrowers to pay to the Administrative Agent (i) on behalf of the Lenders, an amount equal to the Face Amount of outstanding Bankers' Acceptances and the principal amount of all outstanding Acceptance Notes and (ii) on behalf of the Issuing Bank, an amount equal to the undrawn Face Amount of any Letters of Credit issued and outstanding under the Letter of Credit Facility.

10.4 Remedies Cumulative and Waivers

It is expressly understood and agreed that the rights and remedies of the Lenders, the Administrative Agent and each of them hereunder or under any other Loan Document or other instrument executed pursuant to this Agreement are cumulative and are in addition to and not in substitution for any rights or remedies provided by law or by equity; and any single or partial exercise by the Lenders, the Administrative Agent or any of them of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or any other Loan Document shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lenders, the Administrative Agent or any of them may be lawfully entitled for such default or breach. Any waiver by the Lenders, the Administrative Agent or any of them of the strict observance, performance or compliance with any term, covenant, condition or other matter contained herein or in any other Loan Document and any indulgence granted, either expressly or by course of conduct, by the Lenders, the Administrative Agent or any of them shall be effective only in the specific instance and for the purpose for which it was given and shall be deemed not to be a waiver of any rights and remedies of the Lenders, the Administrative Agent or any of them under this Agreement or any other Loan Document as a result of any other default or breach hereunder or thereunder.

10.5 Suspension of Lenders' Obligations

Without prejudice to the rights which arise out of this Agreement or by law, the occurrence of an Event of Default shall, while such Event of Default shall be continuing, relieve the Lenders of all obligations to make any Advances hereunder (whether or not any Drawdown Notice in respect of any such Advance shall have been received by the Administrative Agent prior to the occurrence of an Event of Default) or to accept or comply with any Drawdown Notice, Conversion Notice or Rollover Notice or accept or purchase drafts or Bankers' Acceptances or Acceptance Notes in replacement of maturing Bankers' Acceptances or Acceptance Notes. Without prejudice to the rights which arise out of this Agreement or by law, the occurrence of an Event of Default shall, while such Event of Default is continuing, relieve the Issuing Lender of all obligations to issue Letters of Credit hereunder (whether or not any Issuance Request in respect of any such Letter of Credit shall have been received by the Administrative Agent and the Issuing Bank prior to the occurrence of an Event of Default) or to comply with any Issuance Request.

10.6 Application of Payments After an Event of Default

If any Event of Default shall occur and be continuing, all payments made by the Borrowers hereunder, payments made pursuant to any of the provisions of any of the Guarantees or the other Security Documents or from the proceeds of realization of the Security shall be applied in the following order:

(a) to amounts due hereunder or under any other Loan Document as costs and expenses of the Administrative Agent;

(b) to amounts due hereunder or under any other Loan Document as costs and expenses of the Lenders;

(c) to amounts due hereunder or under any other Loan Document as fees;

(d) to any other amounts (other than amounts in respect of interest or principal due hereunder or under any other Loan Document;

(e) to amounts due hereunder or under any other Loan Document as interest or pursuant to any Eligible Hedging Agreement (other than in connection with an early termination of any Eligible Hedging Agreement); and

(f) to amounts due hereunder or under any other Loan Document as principal or payable in connection with an early termination of any Eligible Hedging Agreement.

ARTICLE 11
THE ADMINISTRATIVE AGENT AND
ADMINISTRATION OF THE FACILITY

11.1 Authorization of Action

Each Lender hereby irrevocably appoints and authorizes the Administrative Agent to be its agent in its name and on its behalf and to exercise such rights or powers granted to the Administrative Agent under this Agreement and the Loan Documents to the extent specifically provided herein and therein and on the terms hereof and thereof, together with such rights, powers and discretions as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement or the Loan Documents, the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected as against the Lenders in so acting or refraining from acting) upon the instructions of the Majority Lenders or the Super Majority Lenders, as applicable, and such instructions shall be binding upon all Lenders; provided, however, that the Administrative Agent shall not be required to take any action which exposes the Administrative Agent to liability in such capacity, which could result in the Administrative Agent incurring any costs and expenses or which is contrary to this Agreement or Applicable Law.

11.2 Procedure for Making Advances

(a) The Administrative Agent shall make Advances available to the relevant Borrowers as required hereunder by debiting the account of the Administrative Agent to which the Lenders' Main Facility Rateable Portions of such Advances have been credited in accordance with Section 11.2(b) (or causing such account to be debited) and, in the absence of other arrangements agreed to by the Administrative Agent and Celestica in writing, by transferring (or causing to be transferred) like funds in accordance with the instructions of the Borrower as set forth in the Drawdown Notice in respect of each Advance; provided that the obligation of the Administrative Agent hereunder shall be limited to taking such steps as are commercially reasonable to implement such instructions, which steps once taken shall constitute conclusive and binding evidence that such funds were advanced hereunder in accordance with the provisions relating thereto and the Administrative Agent shall not be liable for any damages, claims or costs which may be suffered by the Borrower and occasioned by the failure of such Advance to reach the designated destination, except to the extent such damages, claims or costs are the result of the gross negligence or wilful misconduct (as determined by a final, non-appealable decision of a court of competent jurisdiction) of the Administrative Agent.

(b) Unless the Administrative Agent has been notified by a Lender on the Banking Day prior to the Drawdown Date requested by a Borrower that such Lender will not make available to the Administrative Agent its Main Facility Rateable Portion of such Advance, the Administrative Agent may assume that such Lender has made such portion of the Advance available to the Administrative Agent on the Drawdown Date in accordance with the provisions hereof and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent such Lender shall not have so made its Main Facility Rateable Portion of the Advance available to the Administrative Agent, then such Lender shall pay to the Administrative Agent forthwith on demand such Lender's Main Facility Rateable Portion of the Advance and all reasonable costs and expenses incurred by the Administrative Agent in connection therewith together with interest thereon (at the rate payable thereunder by the Borrower in respect of such Advance) for each day from the date such amount is made available to the Borrower until the date such amount is paid to the Agent; provided, however, that notwithstanding such obligation, if such Lender fails to so pay, the Borrower covenants and agrees that without prejudice to any rights such Borrower may have against such Lender, it shall reimburse such amount to the Administrative Agent forthwith after demand therefor by the Administrative Agent. The amount payable to the Administrative Agent pursuant hereto shall be as set forth in a certificate delivered by the Administrative Agent to such Lender and such Borrower (which certificate shall contain reasonable details of how the amount payable is calculated) and shall be conclusive and binding, for all purposes, in the absence of manifest error. If such Lender makes the payment to the Administrative Agent required herein, such Lender shall be considered to have made its Main Facility Rateable Portion of the Advance for purposes of this Agreement and the Administrative Agent shall make appropriate entries in the books of account maintained by the Administrative Agent.

(c) The failure of any Lender to make its Main Facility Rateable Portion of any Advance shall not relieve any other Lender of its obligation, if any, hereunder to make its Main Facility Rateable Portion of such Advance on the Drawdown Date, but no Lender shall be responsible for the failure of any other Lender to make the Main Facility Rateable Portion of the Advance to be made by such other Lender on the date of any Advance.

(d) Where a Drawdown under the Facility and a repayment of an Advance under the Facility are to occur on the same day, the Administrative Agent shall not make available to the relevant Borrower the amount of the Advance to be drawn down until the Administrative Agent is satisfied that it has received irrevocable and irreversible payment of the amount to be prepaid or repaid. Notwithstanding the foregoing, in the absence of gross negligence or wilful misconduct (as determined by a final, non-appealable decision of a court of competent jurisdiction) on the part of the Administrative Agent, the risk of non-receipt of the amount to be repaid is that of the Lenders and not of the Administrative Agent.

(e) This Section 11.2 shall not apply to Swing Line Advances.

(f) Any amount payable to a Defaulting Lender under this Agreement (whether on account of principal, interest, fees or otherwise) shall, in lieu of being distributed to such Defaulting Lender, be retained by the Administrative Agent in a segregated account and, subject to any applicable requirements of law, be applied at such time or times as may be determined by the Administrative Agent,

(i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder;

(ii) second, to the payment of any amounts owing by such Defaulting Lender to the Issuing Bank hereunder;

(iii) third, to the funding of any Advance or the funding or cash collateralization of any participating interest in any Letter of Credit or Swing Line Advance; and

(iv) fourth, held in such account as cash collateral for future funding obligations of the Defaulting Lender under this Agreement.

11.3 Remittance of Payments

Forthwith after receipt of any repayment of principal or payment of interest or fees pursuant to any provision of this Agreement, the Administrative Agent which has received such repayment or payment shall remit to each Lender its Main Facility Rateable Portion thereof; provided, however, that the Administrative Agent shall be entitled to set off against and deduct from any amount payable to a Lender any outstanding amounts payable by such Lender to the Administrative Agent pursuant to Section 11.2(b). Forthwith after receipt of any payment of Facility Fees pursuant to Section 2.14(a), the Administrative Agent shall remit to each Lender its portion of such payment as determined in accordance with Section 2.14(a). If the Administrative Agent, on the assumption that it will receive on any particular date a payment of principal, interest or fees hereunder, remits such payment to the Lenders and the Borrowers fail to make such payment, each of the Lenders agrees to repay to the Administrative Agent forthwith on demand the amount received by it together with all reasonable costs and expenses incurred by the Administrative Agent in connection therewith to the extent not reimbursed by the Borrower and interest thereon at the rate and calculated in the manner applicable to the Advance in respect of which such payment was made for each day from the date such amount is remitted to the Lenders, the exact amount of the repayment required to be made by the Lenders pursuant hereto to be as set forth in a certificate delivered by the Administrative Agent to each Lender, which certificate shall be conclusive and binding for all purposes in the absence of manifest error. The Administrative Agent shall make appropriate entries in the register maintained by it to reflect the foregoing.

11.4 Redistribution of Payment

(a) If any Lender receives or recovers (whether by payment or combination of accounts or otherwise) an amount owed to it by a Borrower under this Agreement otherwise than through the Administrative Agent, then such Lender shall, within two Banking Days following such receipt or recovery, notify the Administrative Agent (who shall in turn notify the other Lenders) of such fact.

(b) Subject to the other terms and conditions of this Agreement, if at any time the proportion which any Lender (a "**Recovering Lender**") has received or recovered (whether by payment or combination of accounts or otherwise) in respect of its portion of any payment to be made under this Agreement by a Borrower for the account of such Recovering Lender and one or more other Lenders is greater (the amount of the excess being in this Section 11.4 called the "**excess amount**") than the proportion thereof received or recovered by the Lender or Lenders receiving or recovering the smallest proportion thereof, then:

(i) the Recovering Lender shall, within two Banking Days following such receipt or recovery, pay to the Administrative Agent an amount equal to the excess amount; and

(ii) the Agent shall treat the amount received by it from the Recovering Lender pursuant to paragraph (i) above as if such amount had been received by it from such Borrower pursuant to its obligations under this Agreement and shall pay the same to the Persons entitled thereto (including such Recovering Lender) *pro rata* to their respective entitlements thereto in which event, for all purposes in connection herewith, the Recovering Lender shall be deemed only to have received or recovered from such Borrower that portion of the excess amount which is actually paid to the Recovering Lender by the Administrative Agent pursuant to this Section 11.4(b)(ii).

(c) If a Lender that has paid an excess amount to the Administrative Agent in accordance with Section 11.4(b)(i) is required to refund the whole (or a portion) of such excess amount to the Borrower, then each of the other Lenders shall pay to the Administrative Agent for the account of that Lender the whole (or that proportion) of the amount received by it as a result of the distribution in respect of that excess amount made by the Administrative Agent pursuant to Section 11.4(b)(ii).

11.5 Duties and Obligations

(a) None of the Agents nor any of their respective directors, officers, agents or employees (and, for purposes hereof, each of the Agents shall be deemed to be contracting for and on behalf of such Persons) shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement except for its or their own gross negligence or wilful misconduct, as determined by a final, non-appealable decision of a court of competent jurisdiction. Without limiting the generality of the foregoing, each Agent:

(i) may assume that there has been no assignment or transfer by any means by any Lender of its rights hereunder, unless and until the Administrative Agent has received a duly completed and executed assignment in form satisfactory to it;

(ii) may consult with legal counsel (including the Lenders' Counsel), independent public accountants and other experts of reputable standing selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts;

(iii) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing believed by it to be genuine and signed or sent by the proper party or parties or by acting upon any representation or warranty of the Borrowers or any Guarantor made or deemed to be made hereunder;

(iv) may assume that no Event of Default has occurred and is continuing unless an appropriate officer charged with the administration of this Agreement has actual notice or knowledge to the contrary;

(v) may rely as to any matters of fact which might reasonably be expected to be within the knowledge of any Person upon a certificate signed by or on behalf of such Person; and

(vi) shall incur no liability for its failure to distribute to any Lender the financial statements or other information provided to the Administrative Agent by the Borrowers or any Guarantor.

Further, each Agent (a) shall not have any duty to ascertain or to enquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of any of the Borrowers or any Guarantor or to inspect the property (including the books and records) of any of the Borrowers or any Guarantor and (b) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any instrument or document furnished pursuant hereto.

(b) No Agent makes any warranty or representation to any Lender nor shall any Agent be responsible to any Lender for the accuracy or completeness of the data made available to any of the Lenders in connection with the negotiation of this Agreement, or for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement.

(c) Except as otherwise provided for herein, an Agent may, but is not obligated to, seek the approval of the Majority Lenders to any consents required to be given by an Agent hereunder.

11.6 Prompt Notice to the Lenders

Subject to the provisions of Section 11.5(a)(vi), the Administrative Agent agrees to provide to the Lenders, copies where appropriate, of all information, notices and reports required to be given to the Administrative Agent by the Borrowers and the Guarantors hereunder or pursuant to any other Loan Document, promptly upon receipt of same, excepting therefrom information and notices relating solely to the role of the Administrative Agent hereunder.

11.7 Agent's Authority

With respect to its Commitment and the Advances made by it as a Lender, an Agent shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not an Agent. An Agent may accept deposits from, lend money to, and generally engage in any kind of business with the Borrowers and the Subsidiaries or any corporation or other entity owned or controlled by any of them and any Person which may do business with any of them, all as if the Agent was not an Agent hereunder and without any duties to account therefor to the Lenders.

11.8 Lender’s Independent Credit Decision

It is understood and agreed by each Lender that it has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, condition, affairs, status and nature of the Borrowers and its Subsidiaries. Accordingly, each Lender confirms with the Agents that it has not relied, and will not hereafter rely, on the Agents (i) to check or enquire on its behalf into the adequacy, accuracy or completeness of any information provided by the Borrowers or any other Person under or in connection with this Agreement, the other Loan Documents or the transactions herein or therein contemplated (whether or not such information has been or is hereafter distributed to such Lender by an Agent), or (ii) to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Borrowers or any Subsidiary. Each Lender acknowledges that a copy of this Agreement has been made available to it for review and each Lender acknowledges that it is satisfied with the form and substance of this Agreement.

11.9 Indemnification

Each Lender hereby agrees to indemnify the Agents (to the extent not reimbursed by the Borrowers) in its Global Rateable Portion, from and against any and all liabilities, obligations, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against an Agent (in its capacity as agent for the Lenders) in any way relating to or arising out of this Agreement or any other Loan Documents or any action taken or admitted by an Agent under or in respect of this Agreement or any other Loan Documents; provided that no Lender shall be liable for any portion of such liabilities, obligations, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent’s gross negligence or wilful misconduct, as determined by a final, non-appealable decision of a court of competent jurisdiction. Without limiting the generality of the foregoing, each Lender agrees to reimburse such Agent promptly upon demand in the proportion specified herein in respect of any out-of-pocket expenses (including counsel fees) incurred by such Agent in connection with the preservation of any rights of the Agents or the Lenders under, or the enforcement of, or legal advice in respect of the rights or responsibilities under, this Agreement or any other Loan Documents, to the extent that the Agent is not reimbursed for such expenses by the Borrowers.

11.10 Successor Agent

The Administrative Agent may, as hereinafter provided, resign at any time by giving not less than 30 days’ written notice thereof to the Lenders and the Borrowers. The Administrative Agent may, as hereinafter provided, be removed at any time on not less than 30 days’ written notice thereof by the Majority Lenders provided that the Majority Lenders have designated a successor who is prepared to act hereunder and which is acceptable to Celestica, acting reasonably. Upon any such resignation or removal, the Majority Lenders shall have the right to appoint a successor agent (the “**Successor Agent**”) which shall be a Lender and which shall be acceptable to the Borrowers, acting reasonably. Upon the acceptance of any appointment hereunder by a Successor Agent, such Successor Agent shall thereupon become Administrative Agent hereunder and shall succeed to and become vested with all the rights, powers, privileges and duties of CIBC and CIBC shall thereupon be discharged from its further duties and obligations as Administrative Agent under this Agreement. After any resignation or removal of CIBC under this Section 11.10, the provisions of this Article 11 shall continue to enure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent hereunder.

11.11 Taking and Enforcement of Remedies

(a) Each of the Lenders hereby acknowledges that, to the extent permitted by Applicable Law, the remedies provided hereunder or under the Security Documents to the Lenders are for the benefit of the Lenders collectively and acting together and not severally and further acknowledges that its rights hereunder and thereunder are to be exercised not severally, but collectively by the Administrative Agent upon the decision of the Lenders, the Majority Lenders or the Super Majority Lenders, as applicable, regardless of whether declaration or acceleration was made pursuant to Section 10.2; accordingly, notwithstanding any of the provisions contained herein and therein, each of the Lenders hereby covenants and agrees that it shall not be entitled to take any action with respect to the Facility, including, without limitation, any declaration or acceleration under Section 10.2, but that any such action shall be taken only by the Administrative Agent with the prior written consent of the Lenders, the Majority Lenders or the Super Majority Lenders, as applicable, provided that, notwithstanding the foregoing:

(i) in the absence of instructions from the Lenders, from the Majority Lenders or from the Super Majority Lenders, as applicable, and where in the sole opinion of the Administrative Agent the exigencies of the situation warrant such action, the Administrative Agent may without notice to or consent of the Lenders take such action on behalf of the Lenders as it deems appropriate or desirable in the interest of the Lenders; and

(ii) the commencement of litigation before any court shall be made in the name of each Lender individually unless the laws of the jurisdiction of such court permit such litigation to be commenced in the name of the Administrative Agent on behalf of the Lenders (whether pursuant to a specific power of attorney in favour of the Administrative Agent or otherwise) and the Administrative Agent agrees to commence such litigation in its name;

each of the Lenders hereby further covenants and agrees that upon any such written consent being given by the Lenders, the Majority Lenders or the Super Majority Lenders, as applicable, they shall co-operate fully with the Administrative Agent to the extent requested by the Administrative Agent in the collective realization including, without limitation, the appointment of a receiver and manager to act for their collective benefit; and each Lender covenants and agrees to do all acts and things and to make, execute and deliver all agreements and other instruments, including, without limitation, any instruments necessary to effect any registrations, so as to fully carry out the intent and purpose of this Section 11.11; and each of the Lenders hereby covenants and agrees that, other than as provided in this Agreement, it has not heretofore and shall not seek, take, accept or receive any security for any of the obligations and liabilities of the Borrowers or any Guarantor hereunder or under any other document, instrument, writing or agreement ancillary hereto and shall not enter into any agreement with any of the parties hereto or thereto relating in any manner whatsoever to the Facility, unless all of the Lenders shall at the same time obtain the benefit of any such agreement.

(b) Notwithstanding any other provision contained in this Agreement, no Lender shall be required to be joined as a party to any litigation commenced against any Obligor by the Administrative Agent, the Majority Lenders or the Super Majority Lenders, as applicable, hereunder (unless otherwise required by any court of competent jurisdiction) if it elects not to be so joined in which event any such litigation shall not include claims in respect of the rights of such Lender against the Obligors hereunder until such time as such Lender does elect to be so joined; provided that if at the time of such subsequent election it is not possible or practicable for such Lender to be so joined, then such Lender may commence proceedings in its own name in respect of its rights against the Obligors hereunder.

11.12 Reliance Upon Lenders

The Administrative Agent shall be entitled to rely upon any certificate, notice or other document provided to it by a Lender on behalf of all financial institutions and Affiliates which together constitute a Lender pursuant to this Agreement and the Administrative Agent shall be entitled to deal with the Lenders with respect to the matters under this Agreement which are such Administrative Agent's responsibilities without any liability whatsoever to the Lenders for relying upon any certificate, notice or other document provided to it by such Lender notwithstanding any lack of authority of the Lender to provide the same or to bind the other financial institutions and Affiliates which together constitute a Lender.

11.13 Reliance upon Administrative Agent

The Obligors shall be entitled to rely upon any certificate, notice or other document provided to any of them by the Administrative Agent pursuant to this Agreement or any other Loan Document and the Obligors shall be entitled to deal with the Administrative Agent (and, except as otherwise specifically provided, not to deal with any Lender prior to an Event of Default) with respect to all matters under this Agreement and the other Loan Documents without any liability whatsoever to the Lenders for relying upon any certificate, notice or other document provided to any of them by the Administrative Agent, notwithstanding any lack of authority of the Administrative Agent to provide the same. Without limiting the generality of the foregoing, but subject as herein otherwise specifically provided, none of the Lenders shall have any right to enforce directly any of the provisions of this Agreement or any other Loan Document or to communicate with the Obligors except through the Administrative Agent in accordance with the terms of this Agreement or as otherwise specifically provided in this Agreement. The provisions of this Article 11 are for the benefit of the Agents and the Lenders and, except for the provisions of Sections 11.2, 11.13, 11.14 and 11.15, may not be relied upon by the Obligors.

11.14 Replacement of Cancelled Commitments

If, at any time prior to the Maturity Date, the Commitment of any Lender or Lenders is cancelled, or any Lender fails to perform its obligations hereunder, the Administrative Agent may, and at the request of the Borrowers, provided that no Default or Event of Default has occurred and is continuing, shall use its reasonable efforts to locate one or more other Persons ("**Substitute Lenders**") satisfactory to the Borrowers (who may be an existing Lender) to become a Lender and to assume all or a portion of the Commitment so cancelled, provided that the Administrative Agent shall not be under any obligation to assume such cancelled Commitment itself if the Administrative Agent is unable to locate any Substitute Lenders. Upon locating one or more Substitute Lenders, the Administrative Agent (on behalf of each of the parties hereto other than the Borrowers and the Lender or Lenders whose Commitment has been cancelled), the Borrowers and the Substitute Lender or Lenders shall make any appropriate amendments to this Agreement which are required to incorporate such Substitute Lender or Lenders hereunder. If any Substitute Lender is not an existing Lender, then Celestica shall pay to the Administrative Agent an administration fee of U.S.$3,500.

11.15 Disclosure of Information

The Administrative Agent and each of the Lenders acknowledges the confidential nature of this Agreement, the financial, operational and other information and data provided and to be provided to it by the Borrowers pursuant hereto that is not at the time it is so provided or (other than through a breach of this Agreement) thereafter in the public domain and agrees not to disclose such information; provided, however, that:

(a) the Administrative Agent and each Lender may disclose all or any part of such information to any proposed assignee or transferee or participant of any Lender or to any potential direct or indirect swap counterparty and its counsel, provided that such Person has executed and delivered to the Administrative Agent or such Lender a confidentiality agreement in a form satisfactory to the Administrative Agent or such Lender, which terms shall include an agreement to comply with this Section 11.15;

(b) the Administrative Agent and each Lender may disclose all or any part of such information if, (A) in the sole reasonable opinion (stated in writing) of the Lenders' Counsel, such disclosure is compellable by Applicable Law in connection with any threatened judicial, administrative or governmental proceeding or is required in connection with any actual judicial, administrative or governmental proceeding or (B) such disclosure is compellable by Applicable Law, provided that in any such event the Administrative Agent or the relevant Lender will make reasonable efforts to provide Celestica with prompt written notice of any such compellable disclosure so that Celestica may seek a protective order or other appropriate remedy or relief to prevent such disclosure from being made. The failure to deliver such notice or, where applicable, the giving of such notice, shall not preclude disclosure by the Administrative Agent or the Lender where legally required in the opinion of Lenders' Counsel. In any event, the Administrative Agent or Lender will furnish only that portion of such information which, in the reasonable opinion of the Lenders' Counsel, it is legally required to disclose and will request that confidential treatment will be accorded such information;

(c) it shall incur no liability in respect of any disclosure of such information to any, or pursuant to the requirements of any, judicial authority, law enforcement agency, tax or regulatory authority which it is required to make in accordance with Applicable Law;

(d) it shall inform the Borrowers, as soon as is practicable, of any disclosure of such information made by it unless such disclosure is in the ordinary course of its business or such tax or regulatory authority or such judicial authority or law enforcement agency requires the Administrative Agent or such Lender not to inform the Borrowers of the disclosure of such information to it;

(e) the Administrative Agent and each Lender may disclose all or any part of such information to its auditors or to Lenders' Counsel or other counsel of reputable standing for the purpose of seeking or obtaining accounting or legal advice, provided that any such auditors (except where such auditor is the Auditor General of Canada, in which case such disclosure may be made on a non-confidential basis) or counsel are bound by a professional duty of confidentiality;

(f) the Administrative Agent and each Lender may disclose such information to any employees, agents, officers and directors of the Administrative Agent or any Lender, and of any Subsidiary or Affiliate of the Administrative Agent or any Lender (a "**Representative**"), if such disclosure is required in connection with the administration of the Facility, provided that the Administrative Agent or such Lender shall be responsible for a breach by any of its Representatives of the obligation not to disclose such information;

(g) the Administrative Agent and each Lender may disclose such information to any nationally recognized rating agency that requires access to information about the Administrative Agent's or such Lender's investment portfolio in connection with ratings issued with respect to the Administrative Agent or such Lender, provided that the Administrative Agent or such Lender will request that confidential treatment will be accorded such information; and

(h) the Administrative Agent and each Lender may disclose all or any part of such information with the prior written consent of Celestica.

11.16 Adjustments of Rateable Portions

(a) In connection with any Drawdown (other than a Drawdown of a Swing Line Advance), Conversion or Rollover or any reimbursement or repayment of an Obligation, the Administrative Agent shall, in its sole and unfettered discretion, have the right (but not the obligation) to make adjustments of the amount of such Drawdown, Conversion or Rollover advanced or paid by such Lender or the amount of such reimbursement or repayment to be received by such Lender in order to maintain the balances of the Advances made by each Lender other than to a Consent Designated Subsidiary in the same portion as the Main Facility Rateable Portion of each Lender.

(b) Upon the occurrence of an acceleration under Section 10.1(h), 10.1(i) or 10.2, if, with respect to any Lender, the aggregate of all outstanding Advances made by such Lender is less than its Global Rateable Portion (after giving effect to any adjustment made pursuant to Subsection 11.16(a)) of the aggregate of all outstanding Advances, the Administrative Agent may, by written notice, require such Lender to pay to the Administrative Agent, for the credit of the other Lenders, in such currency or currencies as the Administrative Agent may in its discretion determine, such amount as may be required so as to bring the aggregate of all outstanding Advances made by such Lender equal to its Global Rateable Portion of the aggregate of all outstanding Advances. The Administrative Agent shall credit the funds received from such Lender to any other Lender or Lenders, as it may determine in its discretion, so as to render the aggregate of the outstanding Advances made by each Lender equal to the Global Rateable Portion of each Lender of all outstanding Advances.

ARTICLE 12
COSTS, EXPENSES AND INDEMNIFICATION

12.1 Costs and Expenses

Each Borrower shall pay promptly, upon request by the Administrative Agent accompanied by reasonable supporting documentation or other evidence, all reasonable costs and expenses in connection with the due diligence pertaining to or the preparation, printing, execution and delivery of this Agreement and the other documents to be delivered hereunder including, without limitation, the reasonable fees and out-of-pocket expenses of the Lenders' Counsel with respect thereto. Except for ordinary expenses of the Administrative Agent relating to the day-to-day administration of this Agreement, each Borrower further agrees to pay all reasonable out-of-pocket costs and expenses (including reasonable fees and expenses of counsel, accountants and other experts) in connection with the syndication of the Facility and the interpretation, preservation or enforcement of rights of the Administrative Agent and the Lenders under this Agreement and the Loan Documents including, without limitation, all reasonable costs and expenses sustained by them as a result of any failure by any of the Borrowers or Guarantors to perform or observe its obligations contained in any of this Agreement and the Loan Documents and including the costs and expenses of any waivers, consents, amendments, discharges, releases or similar requirements related to any Loan Document. The Borrowers further agree to pay all reasonable out-of-pocket expenses of the Issuing Bank with respect to the issuance and administration of Letters of Credit.

12.2 Indemnification by the Borrowers

In addition to any liability of each Borrower to any Lender or any Agent under any other provision hereof, each Borrower shall indemnify the Lenders and the Agents and hold each Lender and each Agent harmless against any reasonable costs or expenses incurred by a Lender or an Agent as a result of (i) any failure by such Borrower to fulfil any of its obligations hereunder or under any Loan Document in the manner provided herein including, without limitation, any cost or expense incurred by reason of the liquidation or re-employment in whole or in part of deposits or other funds required by any Lender to fund or maintain any Advance as a result of the failure of such Borrower to complete a Drawdown or to make any repayment or other payment on the date required hereunder or specified by it in any notice given hereunder; or (ii) the failure of such Borrower to pay any other amount including, without limitation, any interest or fee due hereunder on its due date; or (iii) the prepayment or repayment by such Borrower of any LIBOR Advance or Bankers' Acceptance Advance prior to its date of maturity or the last day of the then current Interest Period for such Advance; or (iv) any failure by a Borrower or Designated Subsidiary to fulfill any of its obligations under any interest rate swap agreements entered into during the term of this Agreement by such Borrower or Designated Subsidiary with any Person who was, at the time such interest rate swap agreement was entered into, a Lender. The indemnity in Section 12.2, to the extent that it relates to clause (iv), shall survive the termination of this Agreement and the Commitments hereunder and shall remain in full force and effect until such time as the parties to such interest rate swap agreements have no obligations thereunder.

12.3 Funds

Each amount advanced, made available, disbursed or paid hereunder shall be advanced, made available, disbursed or paid, as the case may be, in immediately available funds or, after notice from the Administrative Agent, in such other form of funds as may from time to time be customarily used in the jurisdiction in which the Advance is advanced, made available, disbursed or paid in the settlement of banking transactions similar to the banking transactions required to give effect to the provisions of this Agreement on the day such advance, disbursement or payment is to be made.

12.4 General Indemnity

(a) **Indemnity.** Subject to paragraphs (b), (c) and (d) below, the Borrowers agree to indemnify and save harmless the Agents, the Lenders, their respective Affiliates involved in the syndication or administration of the Facility, their respective officers, directors, employees and agents (collectively, the "**Indemnitees**" and individually, an "**Indemnitee**") from and against any and all liabilities, claims, damages and losses (including reasonable legal fees and disbursements of counsel but excluding loss of profits and special or consequential damages) (collectively, the "**Losses**") as a result of any claims, actions or proceedings ("**Claims**") asserted against the Indemnitees, by a Person other than the Indemnitees in connection with the agreement of the Lenders to provide the Facility, the Commitments of the Lenders and the Advances made by the Lenders including, without limitation: (i) the costs of defending and/or counterclaiming or claiming over against third parties in respect of any Claim; and (ii) subject to the provisions set forth in paragraph (d) below, any Losses arising out of a settlement of any Claim made by the Indemnitees.

(b) **Limitations to Indemnity.** The foregoing obligations of indemnification shall not apply to (i) any Losses suffered by the Indemnitees or any of them or to any Claim asserted against the Indemnitees or any of them to the extent such Loss or Claim has resulted from the gross negligence or wilful misconduct (as determined by a final, non-appealable decision of a court of competent jurisdiction) of the Indemnitees or any of them; or (ii) any Losses with respect to Taxes for which an Indemnitee may claim an indemnity from an Obligor pursuant to Section 5.5(b) of this Agreement.

(c) **Notification.** Whenever a Lender or an Agent shall have received notice that a Claim has been commenced or threatened, which, if successful, would subject a Borrower (the "**Indemnifying Party**") to the indemnity provisions of this Section

12.4, the Lender or the Agent shall as soon as reasonably possible notify (to the extent permitted by law) the Indemnifying Party in writing of the Claim and of all relevant information the Lender or the Agent possesses relating thereto; provided, however, that failure to so notify the Indemnifying Party shall not release it from any liability which it may have on account of the indemnity set forth in this Section 12.4, except to the extent that the Indemnifying Party shall have been materially prejudiced by such failure.

(d) **Defence and Settlement.** The Indemnifying Party shall have the right, but not the obligation, to assume the defence of any Claim in any jurisdiction with legal counsel of reputable standing in order to protect the rights and interest of the Indemnitees. In such respect, (i) the Indemnifying Party shall require the consent of the Indemnitees to the choice of legal counsel in connection with the Claim, which consent shall not be unreasonably withheld or delayed; and (ii) without prejudice to the rights of the Indemnitees to retain counsel and participate in the defence of the Claim, the Indemnifying Party and the Indemnitees shall make all reasonable efforts to co-ordinate their course of action in connection with the defence of such Claim. The related costs and expenses sustained in such respect by the Indemnitees shall be at the expense of the Indemnifying Party, provided that the Indemnifying Party shall only be liable for the costs and expenses of one firm of separate counsel in addition to the cost of any local counsel that may be required. If the Indemnifying Party fails to assume defence of the Claim, the Indemnitees will (upon further notice to the Borrowers) have the right to undertake, at the expense of the Indemnifying Party, the defence, compromise or settlement of the Claim on behalf and for the account and risk of the Indemnifying Party, subject to the right of the Indemnifying Party to assume the defence of the Claim at any time prior to settlement, compromise or final determination thereof.

Notwithstanding the foregoing, in the event the Indemnitee, acting reasonably, does not agree with the manner or timeliness in which the legal counsel of the Indemnifying Party is carrying on the defence of the Claim, or, pursuant to the opinion of a reputable counsel retained by the Indemnitee, there may be one or more legal defences available different from the one carried on by the legal counsel of the Indemnifying Party, the Indemnitee shall have the right to assume its own defence in the Claim by appointing its own legal counsel. The costs and the expenses sustained by the Indemnitee shall be at the expense of the Indemnifying Party provided that the Indemnifying Party shall only be liable for the costs and expenses of one firm of separate counsel, in addition to the costs of any local counsel that may be required.

The Indemnifying Party shall not be liable for any settlement of any Claim effected without its written consent (which shall not be unreasonably withheld or delayed). In addition, the Indemnifying Party will not, without the prior written consent of the Indemnitee (which consent shall not be unreasonably withheld or delayed), settle, compromise or consent to the entry of any judgment in or otherwise seek to terminate any Claim or threatened Claim in respect of which indemnification or contribution may be sought hereunder.

If an offer for settlement made to any Indemnitee which the Indemnifying Party has recommended for acceptance is rejected by the Indemnitee and the final liability of the Indemnitee in respect of such action and all related damages is greater than such offer, the liability of the Indemnifying Party will only be to indemnify the Indemnitee up to the amount of such offer.

12.5 Environmental Claims

(a) **Indemnity.** Subject to paragraphs (b), (c) and (d) below, the Borrowers agree to indemnify and save harmless the Indemnitees from and against any and all Losses as a result of any Claims asserted against the Indemnitees by a Person other than the Indemnitees with respect to any material presence or Release on, into, onto, under or from any property owned, leased or operated by any of the Borrowers or any Subsidiary (the "**Property**") of any Hazardous Material regardless of whether caused by, or within the control of, the Borrower or any Subsidiary or which arises out of or in connection with any action of, or failure to act by, the Borrowers or any Subsidiary or any predecessor or successor thereof in contravention of any present or future applicable Environmental Laws, whether or not having the force of law, including, without limitation: (i) the costs of defending and/or counterclaiming or claiming over against third parties in respect of any such Claim; and (ii) subject to the provisions set forth in paragraph (d) below, any Losses arising out of a settlement made by the Indemnitees of any Claim.

(b) **Limitations to Indemnity.** The foregoing obligations of indemnification shall not apply to any Losses suffered by the Indemnitees or any of them or to any Claim asserted against the Indemnitees or any of them which relates directly to any action or omission taken by any of the Indemnitees while in possession or control of the Property which is grossly negligent or constitutes wilful misconduct (as determined by a final, non-appealable decision of a court of competent jurisdiction) but shall apply to any Claim occurring during such period that relates to a continuation of conditions previously in existence or of a practise previously employed by any Obligor.

(c) **Notification.** Whenever an Indemnitee shall have received notice that a Claim has been commenced or threatened, which, if successful, would subject the Borrowers to the indemnity provisions of this Section 12.5, the Indemnitee shall as soon as reasonably possible and in any event on or before the expiry of the date (the "**Notification Date**") which is the earlier of (i) the tenth Banking Day after the receipt of such notice by the Indemnitee, and (ii) such date as will afford sufficient time for the Borrowers to prepare and file a timely answer to the Claim, notify the Borrowers of the Claim and of all relevant information the Indemnitee possesses relating thereto. If the Indemnitee shall fail to so notify the Borrowers and provide it with such information on or before the Notification Date, the Borrowers shall not have any liability hereunder in respect of any Losses suffered by the Indemnitee in respect of such Claim to the extent such Losses may be reasonably attributable to such failure by the Indemnitee.

(d) **Defence and Settlement.** The provisions of Section 12.4(d) shall apply to any Claims under this Section 12.5.

ARTICLE 13
GENERAL

13.1 Term

The Facility shall expire on the Maturity Date.

13.2 Survival

All covenants, agreements, representations and warranties made herein or in certificates delivered in connection herewith by or on behalf of each Obligor shall survive the execution and delivery of this Agreement and the making of the Drawdowns hereunder and shall continue in full force and effect so long as there is any obligation of an Obligor to the Agents and the Lenders hereunder or under any other Loan Document.

13.3 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the successors and permitted assigns of the Borrowers and the successors and permitted assigns of the Agents and the Lenders.

13.4 Notices

All notices, requests, demands or other communications to or from the parties hereto shall be in writing and shall be given by overnight delivery service, by hand delivery or by telecopy to the addressee as follows:

(a) If to the Borrowers:

12 Concorde Place,
5th Floor
Toronto, Ontario, Canada
M3C 3R8

Attention: Vice President and Treasurer
Telecopier: 416-448-2280

with a copy to:

12 Concorde Place,
5th Floor
Toronto, Ontario
M3C 3R8

Attention: Senior Vice President and Chief Legal Officer
Telecopier: 416-448-2817

(b) If to the Administrative Agent:

Canadian Imperial Bank of Commerce
161 Bay Street

BCE Place, 8th Floor
Toronto, Ontario
M5J 2S8

Attention: Director, Agency
Telecopier: (416) 956-3830

(c) if to a Lender, at the addresses set out in Schedule A or in the relevant Transfer Notice;

or at such other address or to such other individual as the Borrowers may designate by notice to the Administrative Agent and as the Administrative Agent or a Lender may designate by notice to the Borrowers and the Lenders or the Administrative Agent, as the case may be.

13.5 Amendment and Waiver

This Agreement and any Loan Documents collateral hereto may be modified or amended and a waiver of any breach of any term or provision of this Agreement shall be effective only if the Borrowers, the Administrative Agent and the Majority Lenders so agree in writing, provided that in all cases the Borrowers shall be entitled to rely upon the Administrative Agent, without further inquiry in respect of any amendments or waivers agreed to by the Administrative Agent and which the Administrative Agent has confirmed have been agreed to by the Majority Lenders; provided further, however, that:

(a) no amendment, waiver or consent, unless in writing and signed by all of the Lenders that are not, as at the effective date of the amendment, waiver or consent a Defaulting Lender, shall: (i) increase the Commitment of any Lender or subject any Lender to any additional obligation, provided however, that in no event shall any Lender have the ability to increase the Commitment of a Defaulting Lender; (ii) reduce the principal of, or interest on, the Advances or reduce any fees hereunder; (iii) postpone any date fixed for any payment of principal of, or interest on, the Advances or any other amounts payable hereunder; (iv) amend the definition of Majority Lenders or Super Majority Lenders; (v) amend this Section 13.5; or (vi) release, in one transaction or a series of transactions, all or substantially all of the Guarantees or the Security (other than in accordance with Section 9.1(p)(v));

(b) except as otherwise expressly provided herein, the amendment at any time of any Security Document or the release at any time of any Guarantee or Security, in each case where Section 13.5(a)(vi) does not apply, by the Administrative Agent, on behalf of itself and the Lenders, will require the consent of the Super Majority Lenders, except that: (i) to the extent that a release of a Guarantee or any Security, as applicable, may be effected pursuant to a transaction subject to Section 13.12 only, the consent of the Administrative Agent and the Majority Lenders will be required; (ii) to the extent that a release of a Guarantee or any Security, as applicable, may be effected pursuant to Section 7.3(b) only, the consent of the Administrative Agent will be required; (iii) the consent to the release of a Guarantee or any Security, as applicable, granted by a Material Restricted Subsidiary shall be deemed to have been given by the Super Majority Lenders or the Majority Lenders, as applicable, if the Super Majority Lenders or the Majority Lenders, as applicable, provided consent to the sale of the Shares of a Material Restricted Subsidiary or a Domestic Restricted Subsidiary or the sale of all or substantially all of the undertaking, property and assets of a Material Restricted Subsidiary or Domestic Restricted Subsidiary used in conducting a business, as applicable, pursuant to Section 9.2(b)(ix); and (iv) to the extent that an amendment, as determined by the Administrative Agent and Lenders' Counsel, each acting reasonably, does not materially impair the enforceability or unconditionality of such Guarantee or such Security, the consent of the Administrative Agent is required; and

(c) no amendment, waiver or consent, unless in writing and signed by the Administrative Agent, Swing Line Lender or Issuing Bank, as applicable, in addition to the Lenders required herein above to take such action, affects the rights or duties of the Administrative Agent, Swing Line Lender or Issuing Bank, as applicable, under this Agreement or any Advance.

A waiver of any breach of any term or provision of this Agreement shall be limited to the specific breach waived.

13.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Agents, Lenders and Borrowers agree that any legal suit, action or proceeding arising out of this Agreement or any Loan Document may be instituted in the courts of Ontario, and the Agents, Lenders and Borrowers hereby accept and irrevocably submit to the nonexclusive jurisdiction of said courts and acknowledge their competence and agree to be bound by any judgment thereof.

13.7 Further Assurances

Each Obligor shall promptly cure any default in its execution and delivery of this Agreement or in any of the other instruments referred to or contemplated herein to which it is a party. Each Obligor, at its expense, will promptly execute and deliver, or cause to be executed and delivered, to the Administrative Agent, upon request, all such other and further documents, agreements, certificates and instruments in compliance with, or accomplishment of the covenants and agreements of such Obligor hereunder or more fully to state the obligations of such Obligor as set out herein or to make any recording, file any notice or obtain any consents, all as may be necessary or appropriate in connection therewith.

13.8 Enforcement and Waiver by the Lenders

Subject to Section 11.11, the Administrative Agent and the Lenders shall have the right at all times to enforce the provisions of this Agreement and the other Loan Documents in strict accordance with the terms hereof and thereof, notwithstanding any conduct or custom on the part of the Administrative Agent or the Lenders in refraining from so doing at any time or times. The failure of the Administrative Agent or the Lenders at any time or times to enforce their rights under such provisions, strictly in accordance with the same, shall not be construed as having created a custom in any way or manner, modified or waived the same. All rights and remedies of the Administrative Agent and the Lenders are cumulative and concurrent and the exercise of one right or remedy shall not be deemed a waiver or release of any other right or remedy.

13.9 Execution in Counterparts

This Agreement may be executed in counterparts, each of which shall be considered an original and all of which taken together shall constitute a single agreement.

13.10 Assignment by the Borrowers

The rights and obligations of the Borrowers under this Agreement are not assignable to any other Person, except in accordance with Article 7, without the prior written consent of all of the Lenders, which consent shall not be unreasonably withheld.

13.11 Assignments and Transfers by a Lender

(a) With the prior written consent of the Administrative Agent and Celestica, such consent not to be unreasonably withheld or delayed, any Lender may, at any time, assign all or any of its rights and benefits hereunder or transfer in accordance with Section 13.11(b) all or any of its rights, benefits and obligations hereunder; provided that in the event that such assignment would give rise to a claim for increased costs pursuant to Article 5, it shall not be unreasonable for Celestica to withhold its consent to such assignment. Any assignment or transfer shall be with respect to a minimum Commitment of U.S.$10,000,000 and integral multiples of U.S.$1,000,000 in excess thereof. A lesser amount may be assigned or transferred by any Lender if such amount represents the remaining balance of such Lender's Commitment. Notwithstanding the foregoing, the consent of the Administrative Agent and Celestica is not required in connection with the assignment or transfer of all or any of the rights, benefits and obligations hereunder (i) to any Subsidiary or Affiliate of a Lender or to any other Lender hereunder provided that notice is given to the Administrative Agent and Celestica, and provided that, in either case, any such assignment or transfer does not give rise to a claim for increased costs pursuant to Article 5 or any obligation on the part of an Obligor to deduct or withhold any Taxes from or in respect of any sum payable hereunder to the Administrative Agent or the Lenders, in either case, in excess of what would have been the case without such assignment, or such assignee waives the rights to any benefits under Section 5.5; or (ii) to any Person if an Event of Default has occurred and is continuing.

(b) If any Lender assigns all or any of its rights and benefits hereunder in accordance with Section l3.11(a), then, unless and until the assignee has agreed with the Administrative Agent and the other Lenders (in a Transfer Notice or otherwise) that it shall be under the same obligations towards each of them as it would have been under if it had been an original party hereto as a Lender, none of the Administrative Agent or any of the other Lenders or the Borrowers shall be obliged to recognize such assignee as having the rights against each of them which it would have had if it had been such a party hereto.

(c) If any Lender wishes to assign all or any of its rights, benefits and/or obligations hereunder as contemplated in Section l3.11(a), then such transfer may be effected upon:

(i) receipt of the written consent of the Administrative Agent and Celestica as referred to in Section 13.11(a) delivered to the relevant assignee by the Administrative Agent unless an Event of Default has occurred and is continuing in which case consent of Celestica shall not be required;

(ii) the delivery to and countersignature by the relevant Lender of a duly completed and duly executed Transfer Notice; and

(iii) if any Lender wishes to assign any of its rights, benefits and/or obligations hereunder to a financial institution which is not a Lender or a Subsidiary or Affiliate of a Lender, such Lender shall have paid to the Administrative Agent a fee in the amount of U.S.$3,500;

in which event, on the later of the effective date, if any, specified in such Transfer Notice and the fifth Banking Day after the date of delivery of such Transfer Notice to the Administrative Agent (unless the Administrative Agent agrees to a shorter period):

(iv) to the extent that in such Transfer Notice the Lender party thereto seeks to transfer its rights and obligations hereunder, each of the Obligors and such Lender shall be released from further obligations towards one another hereunder and their respective rights against one another shall be cancelled (such rights and obligations being referred to in this Section 13.11(c) as "**discharged rights and obligations**");

(v) each of the Obligors and the assignee party thereto shall assume obligations towards one another and/or acquire rights against one another which differ from such discharged rights and obligations only insofar as such Obligor and such Assignee have assumed and/or acquired the same in place of such Obligor and such Lender; and

(vi) the Administrative Agent, such assignee and the other Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had such assignee been an original party hereto as a Lender with the rights and/or obligations acquired or assumed by it as a result of such transfer.

(d) Each of the parties hereto confirms that:

(i) the delivery to an assignee of a Transfer Notice signed by a Lender constitutes an irrevocable offer (subject to the conditions of Section 13.11(c)) by each of the parties hereto to accept such transferee (subject to the conditions set out herein) as a Lender party hereto with the rights and obligations so expressed to be transferred;

(ii) such offer may be accepted by such assignee by the execution of such Transfer Notice by such assignee and upon fulfilment of the conditions set forth in Section 13.11(c); and

(iii) the provisions of this Agreement shall apply to the contract between the parties thereto arising as a result of acceptance of such offer.

(e) The Administrative Agent shall not be obliged to accept any Transfer Notice received by it hereunder and no such Transfer Notice may take effect on any day on or after the receipt by the Administrative Agent of a Drawdown Notice and prior to the date for the making of the proposed Advance.

(f) No transfer pursuant to this Section 13.11 shall, unless the Administrative Agent otherwise decides in its absolute discretion and notifies the parties to such transfer accordingly, be effective if the date for effectiveness of such transfer on the day on which the Administrative Agent receives the applicable Transfer Notice is on, or less than five Banking Days before, the day for the payment of any interest or fee hereunder.

(g) Any Lender may participate all or any part of its interest hereunder, provided that any such participation does not give rise to a claim for increased costs pursuant to Article 5 or any obligation on the part of an Obligor to deduct or withhold any Taxes from or in respect of any sum payable hereunder to an Agent or the Lenders, or such Lender and participant waive the right to any benefits under Section 5.5 and, in such case, notice of such participation has been given to the Administrative Agent and Celestica. Such participant shall not be entitled to any vote as a Lender. The Borrowers shall not be obligated to deal with any participant and shall be entitled to deal solely with the Lender and the Lender shall not be released from any of its obligations to the Borrowers as a result of such participation except to the extent that the participant has fulfilled such obligations. Such participants shall be bound to the same confidentiality provisions with respect to the Facility, the Borrowers and the Subsidiaries as are applicable to the Lenders.

13.12 Certain Requirements in Respect of Merger, Etc

No Borrower shall, and the Borrowers shall not permit any Restricted Subsidiary (in each case, a "**Predecessor Corporation**") to, enter into any transaction (whether by way of liquidation, dissolution, amalgamation, merger, transfer, sale or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person other than in accordance with Section 9.2(b)(vii) or Section 9.2(b)(ix) or, in the case of any such amalgamation or merger, of the continuing company resulting therefrom, or whereby the obligation of the Predecessor Corporation to pay amounts under this Agreement would become subject to novation or assumed or undertaken by any other such Person or continuing company (a "**Corporate Reorganization**"), provided that it may do so (and if the Predecessor Corporation is a Borrower or a Material Restricted Subsidiary or a Grantor such Person or continuing company shall become a party to this Agreement or to the Guarantee provided by such Material Restricted Subsidiary or the other Security Documents, as applicable, provided by such Grantor as the case may be) if:

(a) such other Person or continuing company (herein referred to as a "**Successor Corporation**") is a Borrower or Restricted Subsidiary;

(b) where required in the reasonable opinion of Lenders' Counsel, a Successor Corporation which is a Borrower or Material Restricted Subsidiary or Grantor shall execute and/or deliver to the Administrative Agent an agreement supplemental hereto or to the Guarantee or Guarantees or the Security Documents, as applicable, executed by a Predecessor Corporation or Predecessor Corporations, as the case may be, in form reasonably satisfactory to the Administrative Agent and execute and/or deliver such other instruments, if any, which to the reasonable satisfaction of the Administrative Agent and in the opinion of Lenders' Counsel are necessary to evidence (i) the assumption by the Successor Corporation of liability under each Loan Document to which the Predecessor Corporation is a party for the due and punctual payment of all money payable by the Predecessor Corporation thereunder, (ii) the covenant of the Successor Corporation to pay the same, (iii) the agreement of the Successor Corporation to observe and perform all the covenants and obligations of the Predecessor Corporation under each Loan Document to which the Predecessor Corporation was a party and to be bound by all the terms of each such Loan Document so far as they relate to the Predecessor Corporation, and (iv) if applicable, that the Security granted by the Predecessor Corporation continues to secure all of the Obligations and Eligible Hedging Obligations of the Successor Corporation pursuant to or in connection with any Loan Document, which instruments, if any, shall be in form reasonably satisfactory to the Administrative Agent;

(c) such transaction would not have a Material Adverse Effect;

(d) all Other Taxes payable as a result of such transaction have been paid;

(e) such transaction will not result in any claim for increased costs pursuant to Section 5.2 or result in any Tax being levied on or payable by the Administrative Agent or any Lender (except for Taxes on the overall net income or capital of the Administrative Agent or a Lender provided there is no increase in such Taxes as a result of such transaction);

(f) such transaction will not cause, or have the result of the Administrative Agent, the Lenders or any of them being in default under, noncompliance with, or violation of, any Applicable Law;

(g) an opinion of Borrowers' counsel, substantially in the form and as to matters addressed in the opinion of Borrowers' Counsel delivered pursuant to Section 6.1 and as to the matters addressed in the opinion of the Borrowers' Counsel delivered pursuant to Section 9.1(p)(ii), as applicable, shall have been delivered to the Administrative Agent;

(h) each of the covenants set forth in Section 9.3 shall be satisfied on an actual and pro forma basis after giving effect to such transaction;

(i) evidence of the due registration, recording and/or filing of the Security Documents in all jurisdictions necessary to protect, perfect and preserve as first ranking security (subject to Permitted Encumbrances) the Security created thereby; and

(j) no Default or Event of Default shall have occurred and be continuing or will occur as a result of such transaction.

Sections 13.12(a), (b) and (g) shall not apply (i) to the liquidation or dissolution of the Restricted Subsidiaries listed in Schedule R; (ii) to the merger of the Restricted Subsidiaries listed in Schedule S; and (iii) in connection with the reorganization of the Celestica Liquidity Management Hungary Limited Liability Company holding structure, to the dissolution of Celestica Liquidity Management Hungary Limited Liability Company, Celestica (Gibraltar) Limited, Celestica (Luxembourg) S.ar.l and 1282087 Ontario Inc. through a series of transactions with the ultimate effect of transferring the assets of such entities to Celestica.

This Section 13.12 shall not apply to permit any consolidation, amalgamation or merger by or of Celestica unless, as the result thereof, the Successor Corporation is Celestica.

A Successor Corporation shall not be required to comply with Section 13.12(b), (g) and (i) in respect of a Corporate Reorganization where (i) no Security Document has been delivered by a Predecessor Corporation or is required to be delivered by a Successor Corporation, and (ii) one or more of the participants in the subject Corporate Reorganization is a Predecessor Corporation which is a Borrower or Restricted Subsidiary existing under the laws of an Exempted Jurisdiction and which, prior to the completion of such Corporate Reorganization, delivered a Guarantee in accordance with Section 9.1(m)(i) and the Guarantee delivered by such Predecessor Corporation (the "**Predecessor Guarantee**") has not been terminated or released. In this paragraph, "**Exempted Jurisdiction**" means:

(i) the Province of Ontario, unless, following the date hereof, the laws of such Province change in a manner that would adversely affect the enforceability of the Predecessor Guarantee against the Successor Corporation;

(ii) Canada, unless following the date hereof, the laws of Canada or the laws of the Province of Canada which govern such Guarantee change in a manner that would adversely affect the enforceability of the Predecessor Guarantee against the Successor Corporation; and

(iii) the State of Delaware, unless, following the date hereof, the laws of such State change in a manner that would adversely affect the enforceability of the Predecessor Guarantee against the Successor Corporation.

13.13 Set-Off

If an Event of Default has occurred, the Administrative Agent and each Lender shall have the right to set off against any accounts, credits or balances maintained by the Obligors with the Administrative Agent or any Lender, any amount due hereunder.

13.14 Time of the Essence

Time shall be of the essence in this Agreement.

13.15 Advertisements

The Administrative Agent and the Lenders agree that prior to any advertisement with respect to this transaction, the Administrative Agent shall obtain the written consent of Celestica as to the form and content of such advertisement, such consent not to be reasonably withheld and to be provided as soon as practicable.

13.16 Judgement Currency

If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due to the Administrative Agent or a Lender in any currency (the "**Original Currency**") into another currency (the "**Other Currency**"), the parties agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Administrative Agent or such Lender could purchase the Original Currency with the Other Currency on the Banking Day preceding the day on which final judgment is given or, if permitted by Applicable Law, on the day on which the judgment is paid or satisfied.

The obligations of an Obligor in respect of any sum due in the Original Currency from it to the Administrative Agent or any Lender under any of the Loan Documents shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Banking Day following receipt by the Administrative Agent or such Lender of any sum adjudged to be so due in the Other Currency, the Administrative Agent or such Lender may, in accordance with normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Administrative Agent or such Lender in the Original Currency, such Borrower agrees, as a separate obligation and notwithstanding the judgment, to indemnify the Administrative Agent or such Lender, as the case may be, against any loss, and, if the amount of the Original Currency so purchased exceeds the sum originally due to the Administrative Agent or such Lender in the Original Currency, the Administrative Agent or such Lender shall remit such excess to such Borrower.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

CELESTICA INC.

By: /s/ Paul Nicoletti
Name:
Title:

By: ______________________
Name:
Title:

DESIGNATED SUBSIDIARY

CELESTICA INTERNATIONAL INC.

By: /s/ Todd Melendy
Name:
Title:

By: ______________________
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE, as Administrative Agent

By: /s/ Warren Lobo
Name: Warren Lobo
Title: Director

By: /s/ Robert Tempelhagen
Name: Robert Tempelhagen
Title: Managing Director

BANK OF AMERICA N.A., CANADA BRANCH

By: /s/ Medina Sales de Andrade
Name: Medina Sales de Andrade
Title: Vice President

ROYAL BANK OF CANADA

By: /s/ Thomas E. Patton
Name: Thomas E. Patton
Title: Authorized Signatory

By:
Name:
Title:

EXPORT DEVELOPMENT CANADA

By: /s/ Dan O’Blenis
Name: Dan O’Blenis
Title: Financing Manager

By: /s/ Deepak Dave
Name: Deepak Dave
Title: Senior Financing Manager

DEUTSCHE BANK AG, CANADA BRANCH

By: /s/ Rod O’Hara
Name: Rod O’Hara
Title: Director

By: /s/ Marcellus Leung
Name: Marcellus Leung
Title: Assistant Vice President

CITIBANK N.A., CANADIAN BRANCH

By: /s/ John Hastings
Name: John Hastings
Title: Authorized Signer

Exhibit 4.1

Appendix 1

SERVICES AGREEMENT

THIS AGREEMENT is made as of January 1, 2009

B E T W E E N:

CELESTICA INC.,
a corporation existing under the laws of the Province of Ontario
(hereinafter referred to as "Celestica")

-and-

ONEX CORPORATION,
a corporation existing under the laws of the Province of Ontario
(hereinafter referred to as "Onex")

This Agreement witnesses that in consideration of the respective covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:

1. **Scope of Services**. Onex hereby agrees to provide to Celestica the services of Mr. Gerald W. Schwartz' as a director of Celestica, subject to his election as a director of Celestica at its annual general meeting.

2. **Fees.** In consideration of the services to be rendered by Onex as described herein, Celestica shall pay to Onex a fee of USD 200,000.00 per year (the "Fees") in deferred share units (each, a "DSU") payable in equal quarterly instalments in arrears, as calculated in accordance with paragraph 2(a). Each DSU will entitle Onex to receive, in accordance with either paragraph 2(c) or 2(d), a subordinate voting share of Celestica (a "Share") or a cash payment equal to the value of a Share following the date on which this Agreement terminates.

   a. DSU Calculation. Onex shall receive: (i) in respect of each fiscal quarter of services rendered under this Agreement, a number of DSUs equal to the quarterly instalment of USD 50,000.00 divided by the closing price of Shares on the New York Stock Exchange on the last trading day of the fiscal quarter in respect of which the instalment is to be paid; or (ii) if this Agreement is terminated during a fiscal quarter pursuant to section 5, a number of DSUs equal to the pro-rated amount of such quarterly instalment that reflects Mr. Schwartz' actual period of service as a director of Celestica from the commencement of the applicable fiscal quarter to the date of termination of this Agreement divided by the closing price of Shares on the New York Stock Exchange on the last trading day of the immediately preceding fiscal quarter.

   b. DSU Account. Celestica shall keep or cause to be kept records for Onex, including an account (the "Account") showing the number of DSUs, as determined in accordance with paragraph 2(a), and in each case rounded to two decimal places, that Onex has been granted.

c. Delivery of Shares. Subject to paragraph 2(d), on the date that is 45 days following this Agreement's effective date of termination, or the following business day if such 45th day is not a business day ("Valuation Date"), or as soon as practicable thereafter (but in all cases within 90 days following the effective date of termination of this Agreement), Celestica shall deliver to Onex the number of Shares that equals the number of DSUs in Onex's Account on the Valuation Date, less such number of Shares the value of which is sufficient to satisfy withholding taxes and source deductions, if any. Celestica shall, in accordance with the instructions of Onex, deliver to Onex a certificate representing such Shares, or credit such Shares to an account with a broker in the name of Onex, as soon as practicable thereafter. Onex shall comply with all applicable securities regulations, and policies of Celestica, relating to the purchase and sale of Shares.

d. Cash Payment. Celestica shall have the right, in its sole discretion, to pay all or a portion of the value of the DSUs to Onex in a lump sum cash payment in an amount equal to the product obtained by multiplying the number of DSUs in Onex's Account on the Valuation Date by the closing price of the Shares on the NYSE on the Valuation Date, less applicable withholding taxes and source deductions if any, and in the event there is no public market for the Shares, on the basis of a valuation of the market value of an equivalent number of Shares. Such lump sum cash payment will be made on the Valuation Date, or as soon as practical thereafter (but in all cases within 90 days following the effective date of termination of this Agreement).

e. Reorganizations. In respect of Celestica, in the event of a (i) capital reorganization, (ii) merger, (iii) amalgamation, (iv) offer for shares of Celestica which if successful would entitle the offeror to acquire all of the shares of Celestica or all of one or more particular class(es) of shares of Celestica to which the offer relates, (v) sale of a material portion of the assets of Celestica, (vi) arrangement or other scheme of reorganization or proposed reorganization, or (vii) an increase or decrease in the outstanding Shares as a result of a stock split, consolidation, subdivision, reclassification or recapitalization but, for greater certainty, not as a result of the issuance of Shares for additional consideration, by way of a stock dividend or other distribution in the ordinary course or as a result of a rights offering, Celestica may adjust the Account of Onex in such matter as Celestica determines, in its discretion, is equitable to reflect such event. Any adjustment so made by Celestica shall be conclusive and binding for all purposes of this Agreement, and Onex shall have no other rights as a result of any change in the Shares or of any other event.

3. **Expenses.** Celestica shall pay to Onex, as and when invoiced from time to time, the reasonable out-of-pocket expenses payable to Mr. Schwartz in connection with his services as a director of Celestica, in accordance with the "Celestica Director Expense Policy", as amended from time to time.

4. **Term.** This Agreement shall have an initial term beginning January 1, 2009 and ending December 31, 2009 and shall automatically renew for successive one-year terms unless either Celestica or Onex provides notice of intent not to renew, in writing, at least 60 days prior to the expiration of the then current term.

5. **Automatic Termination.** This Agreement shall terminate automatically and the rights of Onex to receive Fees (other than accrued and unpaid Fees) will terminate (a) 30 days after the first day on which Onex ceases to hold at least one multiple voting share in the capital of Celestica or any successor company or (b) the date Mr. Schwartz ceases to be a director of Celestica, for any reason.

6. **Indemnification**. It is the parties' understanding that Celestica is not required to make any withholdings or deductions in relation to payments hereunder. Should any withholdings or deductions in relation to payments be required by law at the time of payment, Onex shall indemnify Celestica in respect of any and all liabilities and expenses in respect of any failure of Celestica to make any such withholdings or deductions.

7. **Notice.** Any notice required or permitted to be given under this Agreement and shall be given by delivering the same or by sending it by facsimile transmissions, in the case of Onex, to 161 Bay Street, 49th Floor, Canada Trust Tower, Toronto, Ontario, M5J 2S1, Attention: Donald Lewtas, fax: (416) 362-5765 and, in the case of Celestica, to 12 Concorde Place, 5th Floor, Toronto, Ontario, M3C 3R8, Attention: Chief Executive Officer, fax (416) 448-4758. A notice so given shall be deemed to have been given and received on the business day on which it is delivered or sent by facsimile transmission. Either party may change its address for service from time to time by notice given in accordance with the foregoing.

8. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto relating to the subject matter hereof. This Agreement may not be amended or modified in any way except by the written consent of the parties hereto.

9. **Further Assurance.** Each party shall from time to time and at all times hereafter do such further acts and things and execute such further documents and instruments as shall be reasonably required in order to perform fully and carry out the terms of this Agreement.

10. **Time of the Essence.** Time shall be of the essence of this Agreement.

11. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and the parties hereto herby irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

12. **Execution in 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 instrument.

13. **No Effect on Director's Duties.** Nothing herein affects Mr. Schwartz' obligations, duties, rights and powers as a director of Celestica.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the date first above written.

CELESTICA INC.

by /s/ Craig Muhlhauser
Name: Craig Muhlhauser
Title: Chief Executive Officer

ONEX CORPORATION

by /s/ Donald Lewtas
Name: Donald Lewtas
Title: Chief Financial Officer

Exhibit 4.5

CELESTICA INC.

LONG TERM INCENTIVE PLAN

June 28, 1998

As amended and restated as of December 9, 2004, April 21, 2005, July 26, 2006,
December 13, 2006 and March 12, 2007

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;

(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) "Blackout Period" means a period of time during which the Participant cannot exercise an Option, or sell Shares, due to applicable law or policies of the Company in respect of insider trading;

(d) "Board" means the Board of Directors of the Company;

(e) "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;

(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; or

(iii) the consummation of an amalgamation, arrangement, merger or other consolidation of the Company with another company or a sale of all or substantially all of the assets of the Company to another company pursuant to which, and such that, all the persons who, immediately prior to such consummation, beneficially owned all of the securities of the Company which could be cast to elect directors of the Company, immediately thereafter do not beneficially own securities of the successor or continuing company or company acquiring the assets which would entitle such persons, directly or following conversion or exercise thereof, to cast more than 50% of the votes attaching to all securities of such company which may be cast to elect directors of that company;

(f) "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;

(g) "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;

(h) "Consultant" means a consultant as defined in the Rule excluding investor consultants and associated consultants as defined in the Rule;

(i) "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;

(j) "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;

(k) "Director means a member of the Board;

(l) "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;

(m) "Fiscal Year" means the financial year of the Company;

(n) "including" means including without limitation;

(o) "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;

(p) "Independent Broker" means a registered broker which is independent under Stock Exchange Rules;

(o.1) "Insider" means an insider of the Company as defined by the rules of the TSX for the purposes of the TSX's rules relating to security-based compensation arrangements;

(q) "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;

(r) "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 TSX during the period five trading days preceding the date of the determination;

(s) "Option" means a right granted under the Plan to a Participant to purchase Shares in accordance with the Plan; and

(t) "Option Program" means the Stock Option Program, consisting of Part II of the Plan, as amended and restated from time to time;

(u) "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;

(v) "Performance Share Program" means the Performance Share Unit Program, consisting of Part IV of the Plan, as amended and restated from time to time;

(w) "Performance Unit" means a unit allocated to a Participant in accordance with the Performance Share Program;

(x) "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;

(y) "Program" means the Option Program, the Rights Program or the Performance Share Program, as applicable;

(z) "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;

(aa) "Right" means a stock appreciation right granted under the Rights Program to a Participant in accordance with the Rights Program;

(bb) "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;

(cc) "Rights Program" means the Stock Appreciation Rights Program, consisting of Part III of the Plan, as amended and restated from time to time;

(dd) "Rule" means Part 2, Division 4 of National Instrument 45-106 - Prospectus and Registration Exemptions, as it may be amended or replaced;

(ee) "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;

(ff) "Stock Exchange Rules" means the applicable rules of any stock exchange upon which shares of the Company are listed;

(gg) "Subsidiary" means a subsidiary of the Company as defined by the *Business Corporations Act* (Ontario);

(hh) "TSX" means The Toronto Stock Exchange; and

(ii) "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 29,000,000. 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 2,000,000. 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 Within any one-year period, the aggregate number of Options, Rights and Performance Units that may be granted to Participants is limited such that the aggregate of:

(a) in the case of Options, the number of Shares issuable upon the exercise of such Options;

(b) in the case of Rights, the Designated Rights Amount; and

(c) in the case of Performance Units, the number of Performance Units,

shall not exceed 1.2% of the average aggregate number of Shares and multiple voting shares of the Company outstanding during that period. If the number of outstanding Shares shall be increased or decreased as a result of a stock split, consolidation, reclassification or capitalization, the Company shall make appropriate adjustments to the maximum aggregate number of Options, Rights and Performance Units for the relevant period determined in accordance with this Section 3.3.

3.4 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.

3.5 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:

(a) the Company shall obtain approval of the holders of the voting securities, by a majority of the votes cast in present or by proxy at a meeting of shareholders, of the following:

(i) an amendment to the Plan to increase the maximum number of Shares specified in section 3.2 which may be issued under this Plan;

(ii) any amendment to an Option that would reduce the Option Price of an outstanding Option, (including the cancellation of an Option and, in conjunction with such cancellation, re-grant of an Option at a reduced Option Price);

(iii) any amendment to an Option that would extend the term of any Option or Right granted under this Plan beyond the Latest Exercise Date;

(iv) an amendment which would expand the rights of a Participant to assign or transfer an Option, Right or Performance Unit other than as set forth in section 3.6;

(v) amending the Plan to provide for other types of security-based compensation involving the issue of equity;

(vi) amending or deleting section 6.3 so as to allow an Option to have a term of greater than 10 years except as contemplated by section 6.3;

(vii) increasing or deleting the percentage limits relating to Shares issuable or issued to insiders in section 3.2;

(viii) increasing or deleting the percentage limit on Shares reserved for issuance to any one person pursuant to Options in section 3.2; and

(ix) adding to the categories of Participants who may be designated for participation in the Plan;

other than, for greater certainty, a change resulting from a change in share capital or Reorganization as contemplated by the provisions of this Plan; and

(b) 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.

For greater certainty, the Company may, under the authority of the Board, without limitation, subject to clause (b), and without shareholder approval under clause (a), otherwise amend the Plan or the terms and conditions of Options, Rights or Performance Units granted under the Plan.

3.6 Notwithstanding Section 3.5, no amendment shall be made to any provision of this Plan or to any Option granted hereunder that has the effect of reducing the Option Price per Share of any previously-granted Option.

3.7 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.

3.8 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.

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 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.

3.16 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.

3.17 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;

(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 The Latest Exercise Date shall be no later than the date which is the tenth anniversary of the Date of Grant. Notwithstanding the foregoing, the Latest Exercise Date shall be extended to the tenth business day following the last day of a Blackout Period if the Latest Exercise Date would otherwise occur in a Blackout Period or within five days of the end of the Blackout Period.

6.4 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.

6.5 Notwithstanding any provision of this Plan to the contrary, no Options may be granted to Directors on or after April 21, 2005.

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. <u>EXERCISE OF PARTICIPANT'S RIGHTS</u>

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 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 such criteria as it deems appropriate, including the Participant's: (i) level of responsibility; (ii) rate of compensation; (iii) individual performance and contribution; and/or (iv) agreement to become a permanent employee of the Company, a Subsidiary or a Designated Affiliated Entity.

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 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, all Performance Units shall be issued or provided by the Company in the form of Shares to such Participant or his or her Beneficiary on a date which is 90 days after such event.

21.3 Notwithstanding anything herein to the contrary, in the event that the issuance or provision of Shares, or cash in lieu, under this Plan would, in the good-faith judgment of the Company, result in a penalty pursuant to Section 409A of the United States Internal Revenue Code if provided, issued or paid within the time specified in the Plan, then the provision or

issuance of Shares or payment shall be delayed until the earliest date on which same can be made without the imposition of a penalty.

21.4 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 2,000,000. 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. REORGANIZATION

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 3.2of the Plan.

17. **Inland Revenue limit (£30,000)**

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 £30,000 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 9.1of 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.

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.

(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.

(ix) UK tax legislation imposes a limit (currently £30,000) on the “value” of the outstanding options which may be held by an individual participant in an Inland Revenue approved executive share option scheme.

Exhibit 8.1

Celestica Cayman Holdings 1 Limited, a Cayman Islands corporation;
Celestica Cayman Holdings 9 Limited, a Cayman Islands corporation;
Celestica Corporation, a Delaware corporation;
Celestica (Gibraltar) Limited, a Gibraltar corporation;
Celestica Holdings Pte Ltd., a Singapore corporation;
Celestica Hong Kong Limited, a Hong Kong corporation;
Celestica International Inc., an Ontario corporation;
Celestica Liquidity Management Hungary Limited Liability Company, a Hungary corporation;
Celestica (Luxembourg) S.ÀR.L., a Luxembourg corporation;
Celestica (Thailand) Limited, a Thailand corporation;
Celestica (US Holdings) Inc., a Delaware corporation;
IMS International Manufacturing Services Limited, a Cayman Islands corporation;
1282087 Ontario Inc., an Ontario corporation;
1681714 Ontario Inc., an Ontario corporation; and
1755630 Ontario Inc., an Ontario corporation.

Exhibit 11.1

Celestica Finance Code of Professional Conduct

The Board of Directors has adopted this Finance Code of Professional Conduct (the "Code") for Celestica's Chief Executive Officer, its senior finance officers, and all personnel in the finance organization ("Finance Professionals"), to deter wrongdoing and promote honest and ethical conduct in the practice of financial management; full, fair, accurate, timely and understandable disclosure; and compliance with all applicable laws and regulations. The Finance Professionals are expected to abide by this Code as well as Celestica's Business Conduct Guidelines and all other applicable Celestica business policies, standards and guidelines.

As a Finance Professional you will:

1. Act with honesty and integrity.

2. Avoid actual or apparent conflicts of interest between your personal and professional relationships and never use or attempt to use your position to obtain any improper personal benefit for yourself, your family, or any other person.

3. Ensure that Celestica's disclosure is full, fair, accurate, complete, objective, relevant, timely and understandable, including in Celestica's filings with and other submissions to the U.S. Securities and Exchange Commission.

4. Comply with all applicable rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies.

5. Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing your independent judgment to be subordinated.

6. Respect the confidentiality of information acquired in the course of your work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of your work will not be used for personal advantage.

7. Not unduly or fraudulently influence, coerce, manipulate, or mislead any authorized audit or interfere with any auditor engaged in the performance of an internal or independent audit of Celestica's financial statements or accounting books and records.

If you are aware of any suspected or known violations of this Code, you have a duty to promptly report such concerns to the Chief Financial Officer or the Chief Legal Officer and to the Chairman of the Audit Committee.

You understand that you will be held accountable for your adherence to this Code. Your failure to observe the terms of this Code may result in disciplinary action, up to and including termination of employment. Violations of this Code may also constitute violations of law and may result in civil and criminal penalties for you and/or Celestica.

It is Celestica's intention that this Code of Professional Conduct be its written code of ethics under Section 406 of the Sarbanes-Oxley Act of 2002 complying with the standards set forth in Item 16B of Form 20-F promulgated under the Securities and Exchange Act of 1934, as amended.

Exhibit 11.2

I act with integrity

Celestica Business Conduct Governance

Our Values

Teamwork	Trust and Commitment	Creativity	Courage
we act as one global team with one vision, living our Values	we deliver on our promises with integrity, respect and quality	we strive for innovation	we act courageously in the pursuit of business excellence

A message from
Craig Muhlhauser

Dear Colleagues:

At Celestica, our reputation is our most valuable asset. While all of the great things we do build our reputation, unethical behaviour can undermine it.

I want every Celestica employee to be proud to work for a company that places a strong emphasis on dealing with one another, and with our customers, suppliers, partners, shareholders and communities, ethically and responsibly.

Celestica was founded on the strong principles of respect for individuals, the health and safety of employees and the protection of the environment. As we mature as an organization, I'm happy to report that our commitment to corporate social responsibility continues to evolve.

Today, as we place an increased focus on supporting our customers' brands in the marketplace, we must continue to demonstrate that we are a truly ethical organization.

We achieve this by living our Values and following the business ethics outlined in our Business Conduct Governance policy (BCG) and the Electronics Industry Code of Conduct (EICC). Through these policies and our commitment to contributing to our communities, we have set standards to ensure that we all do the right thing.

Each of us plays a key role in ensuring the integrity of this organization. It is everyone's responsibility to report behaviour or actions that conflict with our ethical standards. If you see or suspect unethical, illegal or unsafe activity, don't ignore it — let us know. When you have questions, ask for guidance.

Remember, acting with integrity is ultimately about ensuring that Celestica remains a place we are all proud to work. With your help, I am confident that Celestica will continue to deserve the trust that people place in us.

Thank you for your commitment,

Craig Muhlhauser
President and Chief Executive Officer

A message from the
Chief Compliance Officer

Compliance and ethics are everyone's business

At Celestica, we take the business of integrity very seriously. That's why we want to ensure that all Celestica employees have access to information that outlines our company's expectations in this area, as well as to resources that help us understand our role in maintaining Celestica's high ethical standards.

Our BCG policy sets the guidelines for our behaviour at work. As Celestica employees, we are all required to ensure our compliance with the policy by reading and renewing our commitment to it every year.

Of course, decisions or situations that involve legal or ethical issues are often complex and sometimes unclear. You may face situations at work where the right choice isn't obvious. For example, you might feel a co-worker's behaviour is damaging our company's reputation, but are not comfortable confronting him/her. That's why we have several options available to us for reporting concerns or asking questions.

You can talk about the situation with your manager or call the Ethics Hotline to report the incident. If you have questions about our BCG policy or our ethics and compliance program, don't hesitate to contact me at (416) 448-2477 or compliance@celestica.com.

I am here to support you in your commitment to ethical conduct and in making informed decisions.

Thank you for helping me to make Celestica a great place to work.

Todd Melendy
Chief Compliance Officer

Introducing the BCG

At Celestica, we promise to be solid partners who deliver informed, flexible solutions that enable our customers' success. To deliver on this promise, I must act with integrity and deal with my colleagues, and with our customers, suppliers, partners, shareholders and communities, ethically and responsibly.

This BCG policy describes Celestica's approach to doing business and describes the ethical and legal standards that I as a Celestica employee am expected to commit to. This commitment is more than a source of pride — it is central to who we are. The BCG identifies policies to help me live up to these expectations, gives examples of what the policies mean and tells me when to ask questions, where to go for help, and why ethical and legal conduct is important.

I am ethical

Ethical conduct and proper disclosure

As a Celestica employee, I understand that the BCG requires me to:

- Earn customer loyalty by delivering on my promises
- Obtain and conduct business legally and ethically
- Make business decisions based on Celestica's best interests
- Report business conduct concerns immediately
- Obey the law

Ethics are a key part of our values system at Celestica. Acting ethically means doing the right thing. We all want to do what is right, for ourselves and for Celestica. The BCG helps guide me by defining my responsibilities to Celestica and my colleagues, customers, suppliers, governments and communities.

I act with integrity

I know that everything I say and do impacts my reputation – and Celestica's. I understand that if my actions negatively affect Celestica's interests and reputation, I may be subject to disciplinary action, up to and including dismissal. I am committed to upholding our Values and policies, including the BCG. I am honest and fair in my dealings with colleagues, customers, competitors and the community.

I speak for myself, not Celestica

I know that I should never make public statements about Celestica by speaking with the media or through internet-based social networking tools unless I am authorized to do so. If I am not authorized to speak publicly on Celestica's behalf, I understand that I should direct any questions or inquiries from the media or others to the Communications Department.

I support a positive work environment

Celestica is a great place to work when we all contribute to a safe, clean, healthy and secure environment. We are all accountable for ensuring that our culture is free from discrimination and harassment based on race, colour, religion, sex, citizenship and/or origin, age, disability, sexual orientation, marital status or other factors. I understand that Celestica has zero tolerance for sexual advances,

actions, comments or other behaviour in the workplace that intimidates or offends. When I observe or experience any of the behaviours and activities listed above, I know that it is my duty to report it immediately. I understand that if I violate the BCG, I may be subject to disciplinary action, up to and including dismissal.

I ensure our financial integrity

As a public company, Celestica's records and accounts must conform to our required accounting principles and system of internal controls. I never make false or misleading entries in any financial books, records and accounts. I fully cooperate with all audits and investigations internally or as requested by external auditors and regulators and provide truthful and accurate information. I never conceal, alter or destroy documents or records that have been lawfully requested or are required as part of an investigation.

I make accurate and honest reports

Ensuring accurate and complete business and financial records is not just a role for accounting and finance employees. At Celestica, the accuracy of records — from time records and expense reports to benefits claims forms and resumes — is everyone's responsibility. When I keep accurate records and make honest reports, I support Celestica's reputation and help ensure that we meet our legal and regulatory obligations. I understand that providing inaccurate or misleading information could lead to civil or criminal action against Celestica and me.

Dishonest reporting looks like...

Sue attempted to obtain medical coverage for her adult children by submitting a form claiming that her children were full-time students. In fact, her children were no longer students. By submitting a falsified claim, Sue is acting unethically and is defrauding the company.

Discrimination looks like...

Dave, a hiring manager, has interviewed several candidates for an open position. Beth is the most qualified candidate on the list, but Dave's department is all male. Dave is concerned about bringing a woman into a male-dominated environment and decides not to hire her. Dave's decision not to hire based on gender violates employment laws and the BCG.

I am a responsible citizen

Conducting our business and contributing to our communities

I never discuss confidential Celestica information with competitors or make agreements to:

- Fix prices
- Share information about pricing, profit margins, costs, sale terms, customers, promotions, discounts, marketing or strategic plans
- Divide sales opportunities or territories
- Not solicit each other's customers
- Not sell a particular product or service
- 'Fix' a competitive bidding process, or
- Boycott a particular supplier or vendor

I am committed to fair dealing

At Celestica, we deal with a broad variety of people and organizations — from customers to suppliers to educational institutions, governments and the community. Everyone I do business with or have contact with is entitled to fair treatment, including competitors. I know that clear and honest communication is the key to ethical behaviour and building sound, lasting relationships within Celestica and with our external partners. I never misrepresent myself or Celestica to anyone.

Our Values recognize our suppliers as part of our team. That means I treat all of our suppliers equally and fairly, never exerting my influence to gain special treatment by or for a particular supplier. Our commitment to a fair selection process gives our suppliers confidence in our integrity and helps us maintain positive relationships with them.

I respect the rights of competitors

At Celestica, we believe in fair and open competition. While we compete aggressively, we comply with applicable antitrust and competition laws wherever we do business. I respect the rights of our competitors and deal fairly with them. I do not engage in unfair or illegal trade practices. I uphold Celestica's policy to market our products and services on their merits, never disparaging our competitors, their products or services. I avoid false or misleading statements.

In some cases, a company may be a competitor as well as a customer or supplier. And from time to time, I may meet with, talk to and attend the same industry events as our competitors. I take extra care with these relationships and situations.

I understand Celestica's policies on bribes and gifts

Our policies, as well as the laws of most countries where we do business, forbid us from making or accepting bribes for any purpose. Examples of bribes include direct cash payments, kickbacks, or invoices for disguised expenses.

We base our decisions to purchase products and services from vendors, suppliers and others on criteria such as quality, price and reliability and expect that our customers will buy our products and services on the same basis. I understand that giving or receiving gifts and entertainment can potentially affect objectivity and judgment. I may give or accept gifts, meals, services and entertainment if they:

- Are relatively infrequent and not excessive in value
- Comply with applicable laws and are consistent with customary business practices or courtesies
- Will not place me under any obligation to the person who gave the gift
- Do not include cash
- Are never given to, or received from, any government official

It's not always easy to define what is appropriate or 'not excessive' when it comes to giving and receiving gifts. In these situations, I use my good judgment and ask myself the following questions:

- Does the person to whom I'm planning to give a gift have a workplace policy that would prohibit it? When in doubt, I check.
- Does it seem right? If not, I don't take it, don't give it, or I ask for guidance in advance.
- In some countries, returning or refusing a gift would be offensive. If this occurs, I should accept the gift and immediately consult a manager for guidance on how the gift should be treated.

Examples of possible conflicts of interest include:

- Having a financial interest in any organization Celestica does business with, including suppliers, competitors, customers and distributors
- Capitalizing on opportunities discovered through the use of corporate property, information or position or using these for personal gain
- Having a spouse, a member of my immediate family or someone else I am close to who works for a Celestica customer, supplier or competitor. This situation requires extra sensitivity and should be discussed with my manager
- Providing assistance to or working for a Celestica competitor as an employee or consultant
- Engaging in activities that conflict with Celestica's business interests, such as commercially marketing competitive products or services
- Acting as or representing a Celestica supplier without Celestica's consent
- Serving on a supplier or competitor's Board of Directors without Celestica's consent
- Performing or soliciting outside work on Celestica property or while working on Celestica time
- Using Celestica equipment, such as phones, materials, resources or confidential information, to perform outside work

I respect our relationships with government employees

At Celestica, we understand that what is an acceptable practice in a commercial environment may be unacceptable or illegal in our dealings with government employees. For example, some regulations prohibit or restrict gifts of meals or entertainment to government employees. I understand that it is my duty to be aware of and comply with the relevant laws and regulations that govern relationships between government, customers, and suppliers.

I avoid conflicts of interest

When performing my job, I always act in the best interest of Celestica. Conflicts of interest arise when my personal interests and relationships interfere, or appear to interfere, with my ability to make decisions in the best interest of the company. Conflicts of interest can also arise when I take an action or have an interest that makes it difficult for me to perform my work objectively and effectively. It's my responsibility to identify potential conflicts when they arise and to notify my manager if I need guidance.

I contribute to my community

Community involvement is a key component of our values system at Celestica. I am encouraged to be active in the civic life of my community through the donation of my time and funds.

However, there are times when my community involvement can pose issues for Celestica, and I must exercise caution and act in the best interest of our company. For example:

- If I serve on the board of a civic organization, a conflict of interest may arise if I am confronted with a decision involving Celestica

- If I speak out on public issues, I am speaking and acting as an individual and must not give the appearance that I am speaking on behalf of Celestica
- If I participate in political life, I understand that while I may take reasonable time off without pay for such activities, my manager must approve it.

  I understand that Celestica will not pay me for any time spent running for office, serving as an elected official or campaigning for a political candidate

I protect the environment

We all have a role to play in protecting the environment. I comply with all environmental standards, as well as Celestica's environmental policies. If I observe any violation of environmental law or any action that concerns me, I report it to my manager immediately.

I safeguard Celestica's reputation as a good corporate citizen

I am committed to ethical behaviour beyond our offices and facilities and collaborating with our partners to ensure that business in our industry is conducted fairly and ethically. As a member of the Electronic Industry Citizenship Coalition (EICC), we support and promote a common code of conduct for the electronics industry. Together with the EICC and its members, we are working to improve environmental and working conditions in our industry. We measure our compliance to the EICC through a combination of internal and external audit assessments.

Corporate bribes look like...

Mark is a buyer at Celestica. One of his suppliers, Bob, suggests that if Mark were to pull his business from a competing supplier and place a larger order with Bob's company, he would offer Mark several "perks."

Violations of environmental regulations look like...

Sarah is responsible for the handling and proper disposal of hazardous wastes at Celestica. She knows what an expensive proposition this is — wouldn't it be simpler and more cost-effective to simply dump the waste down the drain? One day, a frustrated Sarah does just that. By not properly disposing of hazardous waste, Sarah violated environmental regulations and put the water supply at serious risk.

I protect our assets

Safeguarding what's ours

Examples of proprietary and confidential information

- Business, financial, marketing and service plans
- Employee information such as salary data or medical records
- Customer lists
- Customer or prospect data
- Copyrights, patents, trade secrets, manufacturing processes or software

Ways I can help protect our proprietary and confidential information

- Never disclose confidential information to anyone outside of Celestica without permission
- Disclose confidential information to other employees only for legitimate business purposes and on a need-to-know basis
- Keep confidential all information that could benefit a competitor or harm Celestica if disclosed
- Store sensitive documents in locked files or drawers
- Set up password protection on electronic files for storage and transmission. If an authorized user requires a password, never send it via email. Share it over the phone.

At Celestica, we all have a responsibility to protect the assets and information entrusted to us from loss, damage, misuse or theft. I never use Celestica assets or information for purposes which violate laws or company policy.

I respect and protect our assets

I understand that Celestica's assets, such as funds, products, equipment, systems, facilities and supplies should be used only for business and other purposes approved by management. I am responsible for immediately reporting the theft, loss or misuse of company assets to my manager or on-site security. I do not engage in personal activities during work hours, such as excessive personal calls, emails, or use of social networking tools, that interfere with or prevent me from fulfilling my job responsibilities. I never use company computers, email systems or equipment for outside business purposes or for illegal or unethical activities such as creating, storing or sending content that others might find inappropriate, offensive or disrespectful. I understand that all third-party assets, including but not limited to software, may only be licensed or purchased through the Supply Chain Management organization. When in doubt, I consult *Security Standards for Celestica Employees* on the intranet, or speak to my manager.

Examples of assets

- Company money
- Company product
- Office supplies
- Employees' time at work and work product
- Computer systems and software
- Telephones
- Wireless communication devices
- Photocopiers and fax machines
- Company vehicles
- Company trademarks

I respect privacy and safeguard confidential and proprietary information

At Celestica, we respect the privacy of our colleagues, business partners, customers and suppliers. In my day-to-day work life, I may be exposed to personal and business information about our colleagues, customers, suppliers or Celestica. This information is confidential and proprietary, and it's my responsibility to protect it by marking it accordingly, keeping it secure and limiting access to those who need it to do their jobs. I collect, use and process this information for legitimate business purposes only. I always handle personal information responsibly, in line with privacy laws and industry best practices, and take care to prevent unauthorized disclosure. My obligation to protect the confidentiality of Celestica's proprietary information continues even after my employment ends.

I know that Celestica respects my privacy

In the normal course of business, Celestica collects and maintains personal data about employees related to our work or prospective work with Celestica. I take comfort in knowing that access to my data is restricted internally to people with a business need to know. I understand that my personal data may be transmitted domestically and internationally for legitimate business purposes. I know that my personal data may be disclosed to third parties only with my consent, except in cases where the disclosure is for the administration of benefit plans or required to comply with legitimate investigations or legal requirements.

Improper disclosure of confidential and proprietary information looks like...

A prospective customer asked Celestica to submit a request for quote on a new proprietary consumer product. On a site tour, the customer tells Mary about the soon-to-be-released product, which Mary thinks is truly revolutionary. In her excitement, she tells her friend, a tech journalist, about the product. In disclosing the information, Mary has breached her obligations of confidentiality and may have placed the product launch in jeopardy.

Failure to safeguard customer information looks like...

Dean is responsible for gathering proprietary information about Celestica's customers and is usually very careful to ensure that his files are placed in a locked drawer before he leaves the office. One evening, Dean was in a hurry to get to his daughter's dance recital and inadvertently left open on his desk a file containing customer lists. Dean neglected his duty to safeguard his customer's non-public information.

Complying with the law, accountability and violations

Violations of trade controls look like...

John was completing documentation on several boxes scheduled to ship overseas and was in a hurry to complete the shipment. He did not confirm that the Country of Origin (COO) was correct prior to shipment, and as a result the information was wrong. John's inaccurate documentation violated import/export regulations.

As a global organization, our company is subject to numerous laws, rules and regulations and we are committed to complying with them, wherever we do business. As a Celestica employee, I'm not expected to be a legal expert, but I should understand and comply with the laws, rules and regulations that apply to my position and know when to seek advice.

I understand my responsibility as a public company employee

Public companies like Celestica have certain legal and regulatory obligations. As a Celestica employee, I may have access to confidential information that could affect Celestica's stock price and that is not yet available to the public, such as revisions to earnings forecasts, financial results, restructurings, mergers and acquisitions, management changes or new products. This may also include information that relates to other public companies' stock. This information could be deemed to be what is known as "material information." I understand that I should never disclose or use "material information" about Celestica for my own financial benefit or that of anyone else, including friends and family.

I also understand that it is illegal to purchase, sell or advise others to purchase or sell securities of any company, including Celestica, when I have knowledge of “material information” about that company. In addition to being prohibited from trading in shares of Celestica, I may at times be prohibited from trading in shares of a company with which Celestica does business; for example, if I know that Celestica is in the process of acquiring another company, I cannot trade in the securities of that company until the information is publicly disclosed.

When in doubt, I consult our *Corporate Disclosure Policy* and *Insider Trading Policy* on the intranet or ask my manager or the CCO for guidance.

In addition to legal restrictions on insider trading, I understand that Celestica may introduce policies at its discretion to limit my ability to trade Celestica securities for a specified time. I understand that it is my duty to comply with these policies.

I am proud to work in a safe and ethical environment

Celestica is committed to providing a safe and ethical work environment for all of us. I take comfort in knowing that our company:

- Pays all employees at least the minimum wage required by local laws
- Provides all employees with all legally mandated benefits

- Ensures that no forced, indentured or bonded labour is used
- Complies with minimum age requirements for employment

I observe international trade controls

When I perform or am involved in import and export activities as a Celestica employee, I have a duty to be familiar with and follow all applicable laws and regulations, including observing proper licensing, shipping, documentation, reporting and records retention procedures. I am committed to observing all local and international trade controls at all times. When I am in doubt regarding an import or export issue, I know that I can consult Celestica's import/export policies and procedures or seek guidance from our internal and external teams who work in this complicated area.

I understand my duty to report violations

I have an obligation to uphold Celestica's ethical standards and our company is committed to providing me with the guidance I need, answering my questions and offering a number of reporting options so I can choose the communication method with which I feel most comfortable. When I engage in or observe behaviour that concerns me, or that I suspect violates any law, the BCG or other Celestica policies, I raise the issue with my manager, the CCO, or through the Ethics Hotline immediately. I know that doing so allows Celestica to deal with the issue and correct it, ideally before it becomes a violation of law or a risk to our company's health, security or reputation.

I understand the consequences of non-compliance

We are all accountable for complying with the law, the BCG and Celestica's other policies. I understand that if I fail to do so, Celestica may take disciplinary action against me, up to and including immediate dismissal. In some cases, when my conduct violates the BCG, it also violates the law. I understand that these violations may subject me to prosecution, imprisonment and fines. I understand that Celestica will cooperate fully with the appropriate authorities when laws are violated. Further, I understand that Celestica reserves the right to pursue remedies from responsible individuals or entities when the company suffers a loss.

Improper disclosure looks like...

Scott was thrilled to hear that Celestica's quarterly results were a substantial improvement on the last three quarters. Proud and excited, he called his parents and encouraged them to purchase more shares in the company. The public announcement of quarterly earnings was a week away. Scott improperly disclosed material information.

My resources

Who to contact for help

The BCG is intended to serve as a guide for our actions and decisions. But decisions or situations that involve legal or ethical issues are often complex and sometimes unclear. That's why I have several options available to me for asking questions or reporting concerns. I can:

1. **Talk to my manager.** He or she is always available to discuss my questions or concerns.

2. **Use our "Open Door" policy**. I should feel free to approach any member of management or my Human Resources representative to voice my concerns in confidence.

3. **Call our Ethics Hotline**. If I don't feel comfortable reporting concerns internally, this service provides me with an anonymous option. It is operated 24 hours a day, 7 days a week, by an independent company.

Effective reporting

Celestica takes all reports of possible misconduct seriously and will investigate the matter confidentially, make a determination whether the BCG or the law has been violated, and take appropriate corrective action. If I become involved in a BCG investigation, I am expected to cooperate fully and answer all questions completely and honestly.

When I observe incidents or behaviours that violate the BCG, I accurately report relevant facts, including:

- A description of the alleged misconduct
- Names of employees involved and affected
- Date and location the incident occurred
- Any supporting documentation (emails, records, reports)

No reprisals

Celestica values the help of employees who identify concerns and potential violations of the BCG, laws or regulations. I understand that Celestica prohibits any threats, reprisals or retaliation of any kind against anyone who reports, in good faith, an actual or suspected violation of the law, the BCG or our other policies, or who cooperates or assists in an investigation related to reported

violations. I know that Celestica reserves the right to discipline employees who knowingly provide false information or make false accusations. If I have participated in prohibited conduct, I know that I am encouraged to self-report and that Celestica will weigh and consider this in making a decision about any disciplinary action.

Dialing Instructions

When you call, you do not have to give your name. A professional interview specialist will document your concern and relay the information to Celestica for follow-up.

You may reach the hotline by finding the country name, access and telephone number(s) in the chart indicated. For AT&T Direct access, dial the country-specific access code first to reach AT&T. Then, when prompted, enter the telephone number to connect directly to support services.

COUNTRY	TYPE OF INTL	AT&T ACCESS CODE	PHONE NUMBER
China Telcom South	ITFS		10-800-110-0819
China Netcom Group	ITFS		10-800-711-0893
Czech Republic	ITFS		800-143-397
Hong Kong	ITFS		800-93-0343
Ireland	AT&T Direct	1-800-550-000	800-913-4998
Japan	ITFS		00531-11-5135
Malaysia	ITFS		1-800-81-4452
Mexico	ITFS		001-800-913-4998
Romania	AT&T Direct	021-800-4288	800-913-4998
Singapore	ITFS		800-110-1688
Spain	ITFS		900-99-1159
Thailand	ITFS		001-800-11002-3332
U.S. and Canada			888-312-2689

Celestica™

My promise

Celestica BCG agreement

I have read the Celestica Business Conduct Governance Policy (BCG) and understand my duty to comply with it in my day-to-day work activities. My signature confirms my promise to Celestica to uphold our shared Values and the principles and policies of the BCG.

Date: ______________________________

Name (print): ______________________________

City: ______________________________ State/Province: ______________________________

Zip/Postal code: ______________________________ County: ______________________________

Signature ______________________________

Celestica™

Exhibit 12.1

CERTIFICATIONS

I, Craig H. Muhlhauser, certify that:

1. I have reviewed this annual report on Form 20-F of Celestica Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 23, 2010

/s/ Craig H. Muhlhauser
Craig H. Muhlhauser
Chief Executive Officer

Exhibit 12.2

CERTIFICATIONS

I, Paul Nicoletti, certify that:

1. I have reviewed this annual report on Form 20-F of Celestica Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 23, 2010

/s/ Paul Nicoletti

Paul Nicoletti

Chief Financial Officer

Exhibit 13.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

Each of the undersigned hereby certifies, in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Celestica Inc. (the "Company"), that the Annual Report of the Company on Form 20-F for the period ended December 31, 2009 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 23, 2010	/s/ Craig H. Muhlhauser Craig H. Muhlhauser Chief Executive Officer
March 23, 2010	/s/ Paul Nicoletti Paul Nicoletti Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 15.2

KPMG LLP
Chartered Accountants
Yonge Corporate Centre
4100 Yonge St.
Suite 200
North York, ON M2P 2H3

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Consent of Independent Registered Public Accounting Firm

The Board of Directors
Celestica Inc.

We consent to the incorporation by reference in the registration statements on *Forms S-8 (Nos. 333-71126, 333-66726, 333-63112, 333-88210 and 333-113591)* and on Forms *F-3 (333-155390)* of Celestica Inc. of our report dated February 10, 2010, with respect to the consolidated balance sheets of Celestica Inc. (and subsidiaries) as at December 31, 2009 and 2008, and the consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2009 and our report dated February 10, 2010 with respect to the effectiveness of internal control over financial reporting as of December 31, 2009, which reports appear in the December 31, 2009 annual report on Form 20-F of Celestica Inc.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada
March 23, 2010