FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

For the month of November 2001

CELESTICA INC.
(TRANSLATION OF REGISTRANT'S NAME INTO ENGLISH)

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12 CONCORDE PLACE
TORONTO, ONTARIO
CANADA, M3C 3R8
(416) 448-5800
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F /X/ Form 40-F ______

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes _____ No /X/

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-___________

CELESTICA INC.
FORM 6-K
MONTH OF NOVEMBER 2001

Filed with this Form 6-K/A is the following:

- - Third Quarter 2001 Consolidated Financial Information, the text of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

- - Management's Discussion and Analysis of Financial Condition and Results of Operations Third Quarter 2001, the text of which is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

EXHIBITS

99.1 - Third Quarter 2001 Consolidated Financial Information

99.2 - Management's Discussion and Analysis of Financial Condition and Results of Operations Third Quarter 2001

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CELESTICA INC.

Date: November 14, 2001

BY: /s/ Elizabeth L. DelBianco

Name: Elizabeth L. DelBianco
Title: Vice President & General Counsel

EXHIBIT INDEX

EXHIBIT	DESCRIPTION
99.1	Third Quarter 2001 Consolidated Financial Information
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations Third Quarter 2001

CELESTICA INC.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS OF U.S. DOLLARS)
(UNAUDITED)

	DECEMBER 31 2000	SEPTEMBER 30 2001
ASSETS		
Current assets:		
Cash and short-term investments	$ 883,757	$ 965,899
Accounts receivable	1,785,716	1,313,473
Inventories	1,664,304	1,671,137
Prepaid and other assets	138,830	132,349
Deferred income taxes	48,357	31,687
	4,520,964	4,114,545
Capital assets	633,438	890,824
Intangible assets	578,272	794,630
Other assets	205,311	137,593
	$ 5,937,985	$ 5,937,592
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,730,460	$ 886,541
Accrued liabilities	466,310	425,340
Income taxes payable	52,572	16,170
Deferred income taxes	7,702	7,710
Current portion of long-term debt	1,364	187
	2,258,408	1,335,948
Accrued post-retirement benefits	38,086	44,982
Long-term debt	130,581	130,154
Other long-term liabilities	3,000	3,115
Deferred income taxes	38,641	13,762
	2,468,716	1,527,961
Shareholders' equity:		
Convertible debt	860,547	879,994
Capital stock (note 4)	2,395,414	3,294,216
Retained earnings	217,512	238,568
Foreign currency translation adjustment	(4,204)	(3,147)
	3,469,269	4,409,631
	$ 5,937,985	$ 5,937,592

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

THESE INTERIM FINANCIAL STATEMENTS SHOULD BE READ IN CONJUNCTION WITH THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS.

CELESTICA INC.

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2000	2001	2000	2001
Revenue	$ 2,600,149	$ 2,202,950	$ 6,304,355	$ 7,556,231
Cost of sales	2,416,646	2,053,406	5,864,430	7,021,208
Gross profit	183,503	149,544	439,925	535,023
Selling, general and administrative expenses	85,121	79,404	216,603	254,863
Amortization of intangible assets	25,607	32,158	60,178	89,866
Integration costs related to acquisitions	4,842	10,017	10,413	20,140
Other charges (note 5)	-	79,614	-	136,612
Operating income (loss)	67,933	(51,649)	152,731	33,542
Interest on long-term debt	3,706	4,463	11,463	13,912
Interest income, net	(8,935)	(9,538)	(24,786)	(24,985)
Earnings (loss) before income taxes	73,162	(46,574)	166,054	44,615
Income taxes:				
Current (recovery)	23,225	(4,006)	54,168	15,308
Deferred (recovery)	(5,740)	(3,911)	(11,318)	(2,675)
	17,485	(7,917)	42,850	12,633
Net earnings (loss) for the period	55,677	(38,657)	123,204	31,982
Retained earnings, beginning of period	83,735	281,114	16,208	217,512
Convertible debt accretion, net of tax	(2,098)	(3,889)	(2,098)	(10,926)
Retained earnings, end of period	$ 137,314	$ 238,568	$ 137,314	$ 238,568
Basic earnings (loss) per share	$ 0.26	$ (0.20)	$ 0.61	$ 0.10
Diluted earnings (loss) per share (note 2)	$ 0.25	$ (0.20)	$ 0.59	$ 0.10
Weighted average number of shares outstanding:				
- basic (in thousands)	203,003	218,066	198,633	208,021
- diluted (in thousands) (note 2)	220,007	218,066	210,033	226,605

ADJUSTED NET EARNINGS (NOTE 7)

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.
THESE INTERIM FINANCIAL STATEMENTS SHOULD BE READ IN CONJUNCTION WITH THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS.

CELESTICA INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS OF U.S. DOLLARS)
(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2000	2001	2000	2001
CASH PROVIDED BY (USED IN):				
OPERATIONS:				
Net earnings (loss) for the period	$ 55,677	$ (38,657)	$ 123,204	$ 31,982
Items not affecting cash:				
Depreciation and amortization	58,335	84,297	145,584	225,324
Deferred income taxes	(5,740)	(3,911)	(11,318)	(2,675)
Other charges (note 5)	-	58,706	-	75,934
Other	(65)	2,194	(9,400)	3,485
Cash from earnings	108,207	102,629	248,070	334,050
Changes in non-cash working capital items:				
Accounts receivable	(385,595)	324,928	(710,417)	498,752
Inventories	(332,612)	270,525	(607,264)	447,211
Other assets	(48,497)	(10,808)	(89,521)	80,482
Accounts payable and accrued liabilities	543,580	(219,214)	911,203	(923,727)
Income taxes payable	16,888	(18,345)	9,481	(35,628)
Non-cash working capital changes	(206,236)	347,086	(486,518)	67,090
Cash provided by (used in) operations	(98,029)	449,715	(238,448)	401,140
INVESTING:				
Acquisitions, net of cash acquired	(25,927)	(716,304)	(622,660)	(864,421)
Purchase of capital assets	(66,033)	(25,985)	(163,936)	(162,070)
Other	735	400	22,382	1,322
Cash used in investing activities	(91,225)	(741,889)	(764,214)	(1,025,169)
FINANCING:				
Bank indebtedness	249	(1,607)	(8,631)	(1,607)
Decrease in long-term debt	(520)	(1,039)	(2,201)	(2,692)
Deferred financing costs	(10)	(4,073)	(114)	(4,092)
Issuance of convertible debt	862,865	-	862,865	-
Convertible debt issue costs	(19,405)	-	(19,405)	-
Issuance of share capital	1,125	2,616	765,799	724,644
Share issue costs, pre-tax	-	-	(26,788)	(10,000)
Other	3,796	917	2,109	(82)
Cash provided by (used in) financing activities	848,100	(3,186)	1,573,634	706,171
Increase (decrease) in cash	658,846	(295,360)	570,972	82,142
Cash, beginning of period	283,648	1,261,259	371,522	883,757
Cash, end of period	$ 942,494	$ 965,899	$ 942,494	$ 965,899
Supplemental information:				
Paid during the period:				
Interest	$ 294	$ 4,206	$ 8,051	$ 12,358
Taxes	$ 8,411	$ 38,405	$ 40,785	$ 70,464
Non-cash financing activities:				
Convertible debt accretion, net of tax	$ 2,098	$ 3,889	$ 2,098	$ 10,926
Shares issued for acquisitions	$ -	$ 178,714	$ -	$ 180,744

Cash is comprised of cash and short-term investments.

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

THESE INTERIM FINANCIAL STATEMENTS SHOULD BE READ IN CONJUNCTION WITH THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS.

CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

1. NATURE OF BUSINESS:

The primary operations of the Company consist of providing a full range of electronics manufacturing services including design, prototyping, assembly, testing, product assurance, supply chain management, worldwide distribution and after-sales service to its customers primarily in the computer and communications industries. The Company has operations in the Americas, Europe and Asia.

The Company prepares its financial statements in accordance with accounting principles generally accepted in Canada, with a reconciliation to accounting principles generally accepted in the United States, included in the annual consolidated financial statements.

The Company experiences seasonal variation in revenue, with revenue typically being highest in the fourth quarter and lowest in the first quarter.

2. SIGNIFICANT ACCOUNTING POLICIES:

The disclosures contained in these unaudited interim consolidated financial statements do not include all requirements of generally accepted accounting principles (GAAP) for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2000.

The unaudited interim consolidated financial statements are based upon accounting principles consistent with those used and described in the annual consolidated financial statements, except the following:

(a) In the first quarter of 2001, the Company adopted retroactively the new Canadian Institute of Chartered Accountants (CICA) Handbook Section 3500 "Earnings per share", which requires the use of the treasury stock method for calculating diluted earnings per share. This change results in an earnings per share calculation which is consistent with United States GAAP. Previously reported diluted earnings per share have been restated to reflect this change.

(b) In July 2001, the CICA approved Handbook Sections 1581 "Business combinations" and 3062 "Goodwill and other intangible assets". The new standards mandate the purchase method of accounting for business combinations and require that goodwill no longer be amortized but instead be tested for impairment at least annually. The standards also specify criteria that intangible assets must meet to be recognized and reported apart from goodwill. The standards require that the value of the shares issued in a business combination be measured using the average share price for a reasonable period before and after the date the terms of the acquisition are agreed to and announced. Previously, the consummation date was used to value the shares issued in a business combination. The new standards are consistent with U.S. GAAP.

Effective July 1, 2001 and for the remainder of the fiscal year, goodwill acquired in business combinations completed after June 30, 2001 will not be amortized. In addition, the criteria for recognition of intangible assets apart from goodwill and the valuation of the shares issued in a business combination apply to business combinations completed after June 30, 2001.

Upon full adoption of the standards beginning January 1, 2002, the Company will discontinue amortization of all existing goodwill, evaluate existing intangible assets and make any necessary reclassifications in order to conform with the new criteria for recognition of intangible assets apart from goodwill and test for impairment in accordance with the new standards. The Company is currently determining the impact of the new standards. It is likely that the elimination of amortization will have a material impact on the financial statements.

The unaudited interim consolidated financial statements reflect all adjustments, consisting only of normal recurring accruals, which are, in the opinion of management, necessary to present fairly the financial position of the Company as of September 30, 2001 and the results of operations and cash flows for the three and nine months ended September 30, 2001 and 2000.

CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

3. ACQUISITIONS:

The Company's business combinations have been accounted for using the purchase method. The results of operations of the net assets acquired are included in these financial statements from their respective dates of acquisition.

In January 2001, the Company acquired Excel Electronics, Inc. through a merger with Celestica (US) Inc., a subsidiary of the Company. In February 2001, the Company acquired certain assets located in Dublin, Ireland and Mt. Pleasant, Iowa from Motorola Inc. In March 2001, the Company acquired certain assets of a repair facility in Japan from N.K. Techno Co., Ltd. In May 2001, the Company acquired certain assets located in Little Rock, Arkansas and Denver, Colorado from Avaya Inc. and in August 2001, acquired certain assets in Saumur, France. In June 2001, the Company acquired Sagem CR s.r.o., in the Czech Republic, from Sagem SA, of France. The purchase price for these acquisitions total $309 million, subject to adjustments.

In August 2001, the Company acquired certain assets in Columbus, Ohio and Oklahoma City, Oklahoma from Lucent Technologies Inc. for a total purchase of approximately $572 million, subject to adjustments. The Company signed a five year supply agreement with estimated revenue of up to $10 billion over the term of the agreement.

In August 2001, the Company acquired Primetech Electronics Inc. (Primetech), an electronics manufacturer in Canada. This acquisition provided the Company with additional high complexity manufacturing capability and an expanded global customer base. The former shareholders of Primetech received 0.22 subordinate voting shares of Celestica for each share of Primetech. The total purchase price of $179 million was financed primarily with the issuance of 3,428,319 subordinate voting shares of the Company and the issuance of options to purchase 268,299 subordinate voting shares of the Company. The share consideration was valued based on the average market share price for a reasonable period before and after the date the terms of the acquisition were agreed to and announced.

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

	ACQUISITIONS
Current assets	$ 502,845
Capital assets	260,110
Other long-term assets	96
Goodwill	143,838
Other intangible assets and intellectual property	194,541
Liabilities assumed	(41,841)
Net assets acquired	$1,059,589
Financed by:	
Cash	$ 878,845
Issue of shares	180,744
	$1,059,589

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

In October 2001, the Company acquired Omni Industries Limited (Omni), an electronics manufacturer headquartered in Singapore. This acquisition will significantly enhance the Company's presence in Asia. The former shareholders of Omni received 0.045 subordinate voting shares of Celestica or a cash payment of S$4.25, for each share of Omni. The total purchase price of approximately $890 million was financed with the issuance of approximately 9.2 million subordinate voting shares of the Company and approximately $475 million in cash.

CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)
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4. OUTSTANDING SHARES:

As at September 21, 2001, Celestica had outstanding 39,065,950 multiple voting shares, 180,854,203 subordinate voting shares and 17,192,693 options to acquire subordinate voting shares under Celestica's employee incentive plans.

5. OTHER CHARGES:

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2000	2001	2000	2001
Restructuring (a)................................	$ -	$ 43,530	$ -	$ 100,528
Other (b)..	-	36,084	-	36,084
	$ -	$ 79,614	$ -	$ 136,612

(a) Restructuring:

In response to a slowing end market, the Company announced a restructuring plan that focused on facility consolidations and a workforce reduction. The Company recorded a pre-tax restructuring charge of $43,530 for the quarter. The following table details the components of the restructuring charge:

	THREE MONTHS ENDED SEPTEMBER 30, 2001	NINE MONTHS ENDED SEPTEMBER 30, 2001
Employee termination costs........................	$ 12,193	$ 36,258
Lease and other contractual obligations............	7,957	19,896
Facility exit costs and other......................	758	4,524
Asset impairment (non-cash)........................	22,622	39,850
	$ 43,530	$ 100,528

The following table details the activity through the accrued restructuring liability:

	EMPLOYEE TERMINATION COSTS	LEASE AND OTHER CONTRACTUAL OBLIGATIONS	FACILITY EXIT COSTS AND OTHER	TOTAL
Balance at June 30, 2001............	$ 18,681	$ 11,939	$ 2,834	$ 33,454
Provision...........................	12,193	7,957	758	20,908
Cash payment........................	(10,815)	(108)	(826)	(11,749)

Balance at September 30, 2001	$ 20,059	$ 19,788	$ 2,766	$ 42,613

CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)
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Employee terminations were made across all geographic regions of the company with the majority pertaining to manufacturing and plant employees. To date, a total of 8,201 employees have been identified to be terminated. As of September 30, 2001, 6,229 employees have been terminated. The remaining termination costs are expected to be paid out within one year.

The non-cash charges for asset impairment reflects the write-down of certain long lived assets in Canada, US, Europe, and Mexico that have become impaired as a result of the rationalization of facilities. The asset impairments relate to goodwill, machinery and equipment, buildings and improvements. The assets were written down to their recoverable amounts using estimated cash flows.

The major components of the restructuring are estimated to be complete by the end of 2002, except for certain long term lease contractual obligations.

Subsequent to quarter end, the Company announced it would incur an additional restructuring charge of between approximately $100 and $130 million in the fourth quarter.

(b) Other:

During the quarter, the Company recorded a non-cash charge of $36,084. This is comprised of a write-down of the carrying value of certain assets, primarily goodwill and other intangible assets.

6. SEGMENTED INFORMATION:

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

The following is a breakdown of: revenue, EBIAT, adjusted net earnings (which is after income taxes) and total assets by operating segment. Certain comparative information has been restated to reflect changes in the management of operating segments.

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2000	2001	2000	2001
Revenue				
Americas	$ 1,717,947	$ 1,442,719	$ 4,397,920	$ 4,851,130
Europe	764,272	641,641	1,637,126	2,385,547
Asia	213,192	163,849	559,135	575,709
Elimination of inter-segment revenue	(95,262)	(45,259)	(289,826)	(256,155)
	$ 2,600,149	$ 2,202,950	$ 6,304,355	$ 7,556,231

CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2000	2001	2000	2001
EBIAT				
Americas	$ 55,517	$ 38,806	$ 129,798	$ 146,677
Europe	33,119	23,209	67,835	104,930
Asia	9,746	8,125	25,689	28,553
	98,382	70,140	223,322	280,160
Interest, net	5,229	5,075	13,323	11,073
Amortization of intangible assets	(25,607)	(32,158)	(60,178)	(89,866)
Integration costs related to acquisitions	(4,842)	(10,017)	(10,413)	(20,140)
Other charges	-	(79,614)	-	(136,612)
Earnings before income taxes	$ 73,162	$ (46,574)	$ 166,054	$ 44,615
Adjusted net earnings	$ 83,925	$ 64,685	$ 187,189	$ 245,070

AS AT SEPTEMBER 30	2000	2001
Total assets		
Americas	$ 3,401,280	$ 3,777,646
Europe	1,578,123	1,723,858
Asia	494,194	436,088
	$ 5,473,597	$ 5,937,592

The Company's external revenue allocated by manufacturing location among foreign countries exceeding 10% are as follows:

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2000	2001	2000	2001
Revenue				
Canada	30%	19%	32%	22%
United States	29%	38%	30%	33%
Italy	13%	12%	7%	13%
United Kingdom	15%	11%	17%	14%

7. ADJUSTED NET EARNINGS:

The Company uses adjusted net earnings as a measure of operating performance on a enterprise-wide basis. Adjusted net earnings exclude the after-tax effect of integration costs related to acquisitions, amortization of intangible assets and other charges.

The following is a breakdown of adjusted net earnings and adjusted net earnings per share basic and diluted:

	THREE MONTHS ENDED SEPTEMBER 30 2000	THREE MONTHS ENDED SEPTEMBER 30 2001	NINE MONTHS ENDED SEPTEMBER 30 2000	NINE MONTHS ENDED SEPTEMBER 30 2001
Adjusted net earnings............................	$ 83,925	$ 64,685	$ 187,189	$ 245,070
Adjusted net earnings per share - basic...........	$ 0.40	$ 0.28	$ 0.93	$ 1.13
Adjusted net earnings per share - diluted (1) (note 2)...	$ 0.38	$ 0.27	$ 0.89	$ 1.08

(1) For purposes of the diluted per share calculation for the three months ended September 30, 2001, the weighted average number of shares outstanding, in thousands, was 235,665.

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current period.

[LOGO]

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS THIRD QUARTER 2001

THE FOLLOWING DISCUSSION OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY SHOULD BE READ IN CONJUNCTION WITH THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000.

CERTAIN STATEMENTS CONTAINED IN THE FOLLOWING MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, INCLUDING, WITHOUT LIMITATION, STATEMENTS CONTAINING THE WORDS BELIEVES, ANTICIPATES, ESTIMATES, EXPECTS, AND WORDS OF SIMILAR IMPORT, CONSTITUTE FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND INVOLVE RISKS AND UNCERTAINTIES WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THESE FORWARD-LOOKING STATEMENTS. AMONG THE KEY FACTORS THAT COULD CAUSE SUCH DIFFERENCES ARE: THE LEVEL OF OVERALL GROWTH IN THE ELECTRONICS MANUFACTURING SERVICES (EMS) INDUSTRY; LOWER-THAN-EXPECTED CUSTOMER DEMAND; COMPONENT CONSTRAINTS; VARIABILITY OF OPERATING RESULTS AMONG PERIODS; DEPENDENCE ON THE COMPUTER AND COMMUNICATIONS INDUSTRIES; DEPENDENCE ON A LIMITED NUMBER OF CUSTOMERS; AND THE ABILITY TO MANAGE EXPANSION, CONSOLIDATION AND THE INTEGRATION OF ACQUIRED BUSINESSES. THESE AND OTHER FACTORS ARE DISCUSSED IN THE COMPANY'S FILINGS WITH SEDAR AND THE U.S. SECURITIES AND EXCHANGE COMMISSION.

GENERAL

Celestica is a leading provider of electronics manufacturing services to OEMs worldwide and is the third-largest EMS provider in the world with 2000 revenue of $9.8 billion. Celestica provides a wide variety of products and services to its customers, including the high-volume manufacture of complex PCAs and the full system assembly of final products. In addition, the Company is a leading-edge provider of design, repair and engineering services, supply chain management and power products. Celestica operates facilities in North America, Europe, Asia and Latin America.

Celestica prepares its financial statements in accordance with accounting principles which are generally accepted in Canada with a reconciliation to accounting principles generally accepted in the United States, as disclosed in Note 24 to the fiscal 2000 Consolidated Financial Statements.

ACQUISITIONS

A significant portion of Celestica's growth has been generated by the strengthening of its customer relationships and increasing the breadth of service offerings through facility and business acquisitions.

2000 ACQUISITIONS:

In February and May, 2000, the Company acquired certain assets from the Enterprise Systems Group and Microelectronics Division of IBM in Rochester, Minnesota and Vimercate and Santa Palomba, Italy, respectively, for a total purchase price of $470 million. The purchase price, including capital assets, working capital and intangible assets, was financed with cash on hand. The Company signed two three-year strategic supply agreements with IBM to provide a complete range of electronics manufacturing services. The Rochester, Minnesota operation provides printed circuit board assembly and test services. The Vimercate operation provides printed circuit board assembly services and the Santa Palomba operation provides system assembly services. Approximately 1,800 employees joined Celestica.

In June 2000, Celestica acquired NDB Industrial Ltda., NEC Corporation's wholly-owned manufacturing subsidiary in Brazil. The Company signed a five-year supply agreement to manufacture NEC communications network equipment for the Brazilian market. Approximately 680 employees joined Celestica. This acquisition enhanced the Company's presence in South America and put Celestica in a leadership position with communications and Internet infrastructure customers. In August 2000, the Company acquired Bull Electronics Inc., the North American contract manufacturing operation of Groupe Bull of France. The operations, which are located in Lowell, Massachusetts, have enhanced the Company's service offerings in the New England area. In November 2000, Celestica acquired NEC Technologies (UK) Ltd., in Telford, UK, which enhanced the Company's wireless communications capacity in Europe. The aggregate price for these three acquisitions in 2000 was $170 million. In 2000, Celestica established a greenfield operation in Singapore.

2001 ACQUISITIONS:

In January 2001, Celestica acquired Excel Electronics, Inc. through a merger with Celestica (U.S.) Inc. which enhanced the Company's prototype service offering in the Southern region of the United States. In February 2001, Celestica acquired certain manufacturing assets in Dublin, Ireland and Mt. Pleasant, Iowa from Motorola Inc. and signed a three-year supply agreement. Approximately 1,150 employees joined Celestica. This acquisition expanded the Company's business relationship with Motorola, a leading telecom wireless customer. In March 2001, Celestica acquired certain assets relating to a repair business from N.K. Techno Co. Ltd , which expanded the Company's presence in Japan. Celestica also established a greenfield operation in Shanghai.

In May 2001, Celestica acquired certain assets from Avaya Inc. in Little Rock, Arkansas and Denver, Colorado and in August 2001 acquired certain assets in Saumur, France. The Company signed a five-year supply agreement with Avaya which positioned Celestica as Avaya's primary outsourcing partner in the area of printed circuit board and system assembly, and test, repair and supply chain management for a broad range of its telecommunications products. In June 2001, Celestica acquired Sagem CR s.r.o. in the Czech Republic, from Sagem SA, of France which enhanced the Company's presence in Central Europe.

In August 2001, Celestica acquired Primetech Electronics Inc. (Primetech), an electronics manufacturer in Canada. This acquisition provided Celestica with additional high complexity manufacturing capability and an expanded global customer base. The former shareholders of Primetech received 0.22 subordinate voting shares of Celestica for each share of Primetech. The total purchase price of $179 million was financed primarily with the issuance of 3,428,319 subordinate voting shares of the Company and the issuance of options to purchase 268,299 subordinate voting shares of the Company.

In August 2001, Celestica acquired certain assets in Columbus, Ohio and Oklahoma City, Oklahoma from Lucent Technologies Inc. for a total purchase price of approximately $572 million, subject to adjustments. The Company signed a five-year supply agreement with Lucent, which positioned Celestica as the leading EMS provider for Lucent's North American switching, access and wireless networking systems products.

The aggregate purchase price for acquisitions completed in the first three quarters of 2001 was $1,060 million, of which $879 million was financed with cash.

In October 2001, Celestica acquired Omni Industries Limited (Omni). Omni is an EMS provider, headquartered in Singapore, with locations in Singapore, Malaysia, China, Indonesia and Thailand. Omni is also represented in the United States and Mexico, and has approximately 9,000 employees. Omni provides printed circuit board assembly and system assembly services, as well as other related supply chain services including plastic injection molding, Integrated Circuit equipment, substrates and distribution. Omni manufactures products for industry leading OEMs in the PC, storage and communications sectors. The acquisition has significantly enhanced Celestica's EMS presence in Asia. The former shareholders of Omni received 0.045 subordinate voting shares of Celestica or a cash payment of S$4.25, for each share of Omni. The total purchase price of approximately $890 million was financed with the issuance of approximately 9.2 million subordinate voting shares of the Company and approximately $475 million in cash.

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

RESULTS OF OPERATIONS

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

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

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

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

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2000	2001	2000	2001
Revenue....................................	100.0%	100.0%	100.0%	100.0%
Cost of sales..............................	92.9	93.2	93.0	92.9
Gross profit...............................	7.1	6.8	7.0	7.1
Selling, general and administrative expenses	3.3	3.6	3.4	3.4
Amortization of intangible assets..........	1.0	1.5	1.0	1.2
Integration costs related to acquisitions...	0.2	0.5	0.2	0.3
Other charges	-	3.6	-	1.8
Operating income (loss)....................	2.6	(2.4)	2.4	0.4
Interest income, net.......................	(0.2)	(0.2)	(0.2)	(0.2)
Earnings (loss) before income taxes.........	2.8	(2.2)	2.6	0.6
Income taxes (recovery)	0.7	(0.4)	0.7	0.2
Net earnings (loss)........................	2.1%	(1.8)%	1.9%	0.4%

ADJUSTED NET EARNINGS

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

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2000	2001	2000	2001
	(IN MILLIONS)		(IN MILLIONS)	
Net earnings (loss)	$ 55.7	$ (38.7)	$ 123.2	$ 32.0
Amortization of intangible assets..........	25.6	32.2	60.1	89.9
Integration costs related to acquisitions...	4.8	10.0	10.4	20.1
Other charges	-	79.6	-	136.6
Income tax effect of above.................	(2.2)	(18.4)	(6.5)	(33.5)
Adjusted net earnings......................	$ 83.9	$ 64.7	$ 187.2	$ 245.1
As a percentage of revenue	3.2%	2.9%	3.0%	3.2%

REVENUE

Revenue decreased 15% to $2,203.0 million for the three months ended September 30, 2001 from $2,600.1 million for the same period in 2000. Revenue for the nine months ended September 30, 2001 increased 20% to $7,556.2 million from $6,304.3 million for the same period in 2000. Organic revenue for the quarter declined both sequentially and year-to-year due to continued softening of end-markets. This was offset by a positive contribution from acquisition revenue, primarily from customers in the communications industry.

Revenue from the Americas operations decreased 16% to $1,442.7 million for the three months ended September 30, 2001 from $1,717.9 million for the same period in 2000 and increased 10% to $4,851.1 million for the nine months ended September 30, 2001 from $4,397.9 million for the same period in 2000. Revenue from European operations decreased 16% to $641.6 million for the three months ended September 30, 2001 from $764.3 million for the same period in 2000 and increased 46% to $2,385.5 million for the nine months ended September 30, 2001 from $1,637.2 million for the same period in 2000. Revenue from Asian operations decreased 23% to $163.8 million for the three months ended September 30, 2001 from $213.2 million for the same period in 2000 and increased 3% to $575.7 million for the nine months ended September 30, 2001 from $559.1 million for the same period in 2000. Inter-segment revenue for the three and nine months ended September 30, 2001 was $45.3 million and $256.2 million, respectively, compared to $95.3 million and $289.8 million for the same periods in 2000. The decrease in third quarter revenue in 2001 compared to 2000, for all geographies, was a result of the continued end-market softening.

Revenue from customers in the communications industry for the three and nine months ended September 30, 2001 was 38% and 34% of revenue, respectively, compared to 32% and 31% of revenue for the same periods in 2000. Revenue from customers in the server-related business for the three and nine months ended September 30, 2001 was 30% and 32% of revenue, respectively, compared to 33% and 30% of revenue for the same periods in 2000. The communications sector benefited this quarter from our recent acquisitions.

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

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2000	2001	2000	2001
Sun Microsystems....	X	X	X	X
IBM.................	X	X	X	X
Lucent		X		
Hewlett-Packard.....			X	

Celestica's top five customers represented in the aggregate 67% and 65% of total revenue for the three and nine months ended September 30, 2001, respectively, compared to 70% and 68% of total revenue for the same periods last year. The Company is dependent upon continued revenue from its top five customers. There can be no guarantee that revenue from these or any other customers will not increase or decrease as a percentage of consolidated revenue either individually or as a group. Any material decrease in revenue from these or other customers could have a material adverse effect on the Company's results of operations.

GROSS PROFIT

Gross profit decreased 19% to $149.5 million for the three months ended September 30, 2001 from $183.5 million for the same period in 2000. Gross margin decreased to 6.8% for the three months ended September 30, 2001 from 7.1% for the same period in 2000. Margins decreased in the quarter due to the excess capacity created by the decrease in volumes. Gross profit increased 22% to $535.0 million for the nine months ended September 30, 2001 from $439.9 million for the same period in 2000. Gross margin increased to 7.1% for the nine months ended September 30, 2001 from 7.0% for the same period in 2000. On a year-to-date basis, margins improved due to supply chain initiatives, continued focus on costs and the restructuring program.

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

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative (SG&A) expenses decreased 7% for the three months ended September 30, 2001 to $79.4 million (3.6% of revenue) from $85.1 million (3.3% of revenue) for the same period in 2000. The decrease in SG&A expenses for the quarter is consistent with the lower revenue levels, partially offset by increased expenses from acquired operations. SG&A expenses increased 18% for the nine months ended September 30, 2001 to $254.9 million (3.4% of revenue) from $216.6 million (3.4% of revenue) for the same period in 2000. The increase in expenses on a year-to-date basis was primarily due to operations acquired during 2000 and 2001. Year-to-date SG&A expenses continue to increase year over year at a slower rate than revenue.

Research and development (R&D) costs of $7.2 million (0.3% of revenue) were incurred for the three months ended September 30, 2001 compared to $5.1 million (0.2% of revenue) for the same period in 2000. R&D costs for the nine months ended September 30, 2001 were $16.1 million, compared to $14.3 million for the same period of 2000.

INTANGIBLE ASSETS AND AMORTIZATION

Amortization of intangible assets increased to $32.2 million for the three months ended September 30, 2001 from $25.6 million for the same period in 2000. Amortization of intangible assets increased to $89.9 million for the nine months ended September 30, 2001 from $60.1 million for the same period in 2000. The increase is attributable to the intangible assets arising from the 2000 and 2001 acquisitions.

At September 30, 2001, intangible assets represented 13% of Celestica's total assets compared to 10% at December 2000.

Effective July 1, 2001, the Company adopted the new accounting standards for "Business Combinations" and "Goodwill and Other Intangible Assets" as they related to acquisitions consummated after June 30, 2001. Accordingly, the goodwill related to the acquisition of Primetech will not be amortized. See "Recent Accounting Developments".

INTEGRATION COSTS RELATED TO ACQUISITIONS

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

Integration costs were $10.0 million and $20.1 million for the three and nine months ended September 30, 2001 compared to $4.8 million and $10.4 million for the same periods in 2000. The integration costs incurred in 2001 primarily relate to the Motorola, IBM and Avaya acquisitions.

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

OTHER CHARGES

Other charges are non-recurring items or items that are unusual in nature. For the three and nine months ended September 30, 2001, Celestica incurred $79.6 million and $136.6 million, respectively, in other charges. Of the $79.6 million, $43.5 million relates to restructuring and $36.1 million relates to a non-cash charge to write-down the carrying value of certain assets, primarily goodwill and other intangible assets.

The Company has been impacted by numerous order reductions, reschedulings and cancellations since the beginning of the year. The Company believes that this is consistent with the EMS industry in general. This resulted in a sequential decline in revenue from the fourth quarter of 2000 to the first quarter of 2001, flat revenue from the first to the second quarter and a sequential decline in revenue from the second to third quarter of 2001. The Company has taken actions to resolve surpluses as a result of the current end-market slowdown.

These restructuring actions included facility consolidations and workforce reductions. Employee terminations were made across all geographic regions with the majority being manufacturing and plant employees. The Company took a non-cash charge to write-down certain long-lived assets in Canada, the United States, Europe and Mexico, which became impaired as a result of the rationalization of facilities. These asset impairments relate to goodwill, machinery and equipment, buildings and improvements.

A further description of the charges taken is included in Note 5 to the interim consolidated financial statements for September 30, 2001 contained in the Company's quarterly filings.

To further optimize global capacity, the Company will be expanding its cost cutting initiatives and expects to record an additional pre-tax charge of between $100 million and $130 million in the fourth quarter. The Company expects to benefit from the restructuring measures through margin improvements and reduced operating costs in the upcoming quarters. The Company expects to complete the major components of the restructuring plan by the end of 2002. Cash outlays are funded from cash on hand.

Celestica did not incur other charges in 2000.

INTEREST INCOME, NET

Interest income, net of interest expense, for the three and nine months ended September 30, 2001 amounted to $5.1 million and $11.0 million, respectively, compared to $5.2 million and $13.3 million for the same periods in 2000. The Company continued to earn interest income on its cash balances which more than offset the interest expense incurred on the Company's Senior Subordinated Notes.

INCOME TAXES

Income tax recovery for the three months ended September 30, 2001 was $7.9 million, reflecting an effective tax rate of 17%, compared to an income tax expense of $17.5 million and an effective tax rate of 24% for the same period in 2000. The Company's effective tax rate decreased to 17% in the second quarter of 2001 as a result of the mix and volume of business in lower tax jurisdictions within Europe and Asia. These lower tax rates include special tax holidays or similar tax incentives that Celestica has negotiated with the respective tax authorities, as well as new tax arrangements that became effective in the second quarter.

Income tax expense for the nine months ended September 30, 2001 was $12.6 million, reflecting an effective tax rate of 28%, compared to an income tax expense of $42.9 million and an effective tax rate of 26% for the same period in 2000. The year-to-date effective tax rate increased in 2001 due to the occurrence of losses in the third quarter tax effected at the Company's lower tax rate. Notwithstanding, the anomaly created by these losses in determining the year-to-date tax rate, the Company's current tax rate of 17% is expected to continue for the foreseeable future.

Celestica has recognized a net deferred tax asset at September 30, 2001 of $99.7 million compared to $83.5 million at December 31, 2000. This relates to the recognition of net operating losses and future income tax deductions available to reduce future years' income for income tax purposes. Celestica's current projections demonstrate that it will generate sufficient taxable income in the future to realize the benefit of these deferred income tax assets in the carry-forward periods. These losses will expire over a 15-year period commencing in 2006.

LIQUIDITY AND CAPITAL RESOURCES

For the three months ended September 30, 2001, operating activities provided Celestica with $449.7 million in cash compared to the use of cash from operating activities of $98.0 million for the same period in 2000. For the nine months ended September 30, 2001, operating activities provided Celestica with $401.1 million in cash compared to the use of cash of $238.4 million for the same period in 2000. Cash was generated from earnings, a reduction in inventory and the sale of $200 million in accounts receivable under a revolving facility which is available until September 2004.

Investing activities for the nine months ended September 30, 2001 included capital expenditures of $162.1 million and $864.4 million for acquisitions. Investing activities for the nine months ended September 30, 2000 included capital expenditures of $163.9 million and $622.7 million for acquisitions. See "Acquisitions".

In May 2001, Celestica issued 12.0 million subordinate voting shares for gross proceeds of $714.0 million less expenses and underwriting commissions of $10.0 million (pre-tax). In March 2000, Celestica issued 16.6 million subordinate voting shares for gross proceeds of $757.4 million less expenses and underwriting commissions of $26.8 million (pre-tax). In August 2000, Celestica issued Liquid Yield Option Notes with a principal amount at maturity of $1.8 billion payable August 1, 2020. Celestica received gross proceeds of $862.9 million less underwriting commissions of $19.4 million (pre-tax).

CAPITAL RESOURCES

Celestica has two $250 million and one $500 million global, unsecured, revolving credit facilities totalling $1 billion, each provided by a syndicate of lenders. The credit facilities permit Celestica and certain designated subsidiaries to borrow funds directly for general corporate purposes (including acquisitions) at floating rates. The credit facilities are available until July 2003, April 2004 and July 2005, respectively. Under the credit facilities: Celestica is required to maintain certain financial ratios; its ability and that of certain of its subsidiaries to grant security interests, dispose of assets, change the nature of its business or enter into business combinations, is restricted; and a change in control is an event of default. No borrowings were outstanding under the revolving credit facilities at September 30, 2001 or December 31, 2000.

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

Celestica was in compliance with all debt covenants as at September 30, 2001 and December 31, 2000.

Celestica believes that cash flow from operating activities, together with cash on hand and borrowings available under its credit facilities, will be sufficient to fund currently anticipated working capital, planned capital spending and debt service requirements for the next 12 months. The Company expects capital spending for 2001 to be approximately $200 million to $225 million. At September 30, 2001, Celestica had committed $20 million in capital expenditures. In addition, Celestica regularly reviews acquisition opportunities, and may therefore require additional debt or equity financing.

Celestica prices the majority of its products in U.S. dollars, and the majority of its material costs are also denominated in U.S. dollars. However, a significant portion of its non-material costs (including payroll, facilities costs and costs of locally sourced supplies and inventory) are primarily denominated in Canadian dollars, British pounds sterling, Euros and Mexican pesos. As a result, Celestica may experience transaction and translation gains or losses because of currency fluctuations. At September 30, 2001, Celestica had forward foreign exchange contracts covering various currencies in an aggregate notional amount of $1,353 million with expiry dates up to March 2003. The fair value of these contracts at September 30, 2001, was an unrealized gain of $15.4 million. Celestica's current hedging activity is designed to reduce the variability of its foreign currency costs and involves entering into contracts to sell U.S. dollars to purchase Canadian dollars, British pounds sterling, Mexican pesos, Singapore dollars and Euros at future dates. In general, these contracts extend for periods of less than 19 months. Celestica may, from time to time, enter into additional hedging transactions to minimize its exposure to foreign currency and interest rate risks. There can be no assurance that such hedging transactions, if entered into, will be successful.

RECENT DEVELOPMENTS

In October 2001, Celestica announced that it would incur additional pre-tax restructuring charges of between $100 million to $130 million in the fourth quarter as it continues to rationalize its cost structure. See "Other charges".

In October 2001, Celestica announced that it had closed the Omni acquisition. See "2001 Acquisitions".

RECENT ACCOUNTING DEVELOPMENTS

The Financial Accounting Standards Board (FASB) has issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 138 which amends SFAS No. 133. SFAS No. 133 establishes methods of accounting for derivative financial instruments and hedging activities related to those instruments as well as other hedging activities. The standard requires that all derivatives be recorded on the balance sheet at fair value. The Company will implement SFAS No. 133 for its year ended December 31, 2001 for purposes of the U.S. GAAP reconciliation. In accordance with the new standard, the Company accounts for its existing foreign currency contracts as cash flow hedges.

In the first quarter of 2001, Celestica adopted retroactively the new Canadian Institute of Chartered Accountants (CICA) Handbook Section 3500 "Earnings per Share", which requires the use of the treasury stock method for calculating diluted earnings per share. This change results in earnings per share calculations, which are consistent with United States GAAP. Previously reported diluted earnings per share have been restated to reflect this change.

In July 2001, the FASB issued SFAS No. 141 and SFAS No. 142 and the CICA approved Handbook Section 1581 "Business Combinations" and 3062 "Goodwill and Other Intangible Assets". The new standards mandate the purchase method of accounting for business combinations and require that goodwill acquired on business combinations no longer be amortized but instead be tested for impairment at least annually. The standards require that the value of share consideration issued in business combinations be measured using the average share price for a reasonable period before and after the date the terms of the acquisition are agreed to and announced. Previously, the consummation date was used to value share consideration. The new Canadian standards are consistent with U.S. GAAP. Effective July 1, 2001 and for the remainder of the fiscal year, goodwill acquired in business combinations completed after June 30, 2001, will not be amortized and impairment testing will be based on existing standards. Upon full adoption of the standards beginning January 1, 2002, the Company will discontinue amortization for all existing goodwill, evaluate existing intangible assets and make any necessary reclassifications in order to conform with the new criteria for recognition apart from goodwill and test goodwill for impairment in accordance with the new standards. The Company is currently determining the impact of the new standards. It is likely that the elimination of amortization will have a material impact on the financial statements.

In October 2001, the CICA approved a new Handbook Section "Stock-Based Compensation and Other Stock-Based Payments" effective for fiscal periods beginning on or after January 1, 2002. The new Section is based on one of the two US standards covering stock-based compensation arrangements - FASB Statement No. 123 Accounting for Stock-Based Compensation. The new section states that stock-based payments to non-employees and direct awards to employees and non-employees be accounted for using a fair value-based method of accounting. For other stock based transactions with employees, the section requires that pro-forma fair value based income and earnings per share information be disclosed. The company's current practice is in accordance with the new standards.

In October 2001, the CICA approved a new Accounting Guideline "Hedging Relationships" effective for fiscal years beginning on or after January 1, 2002. The guideline establishes the designation and documentation requirements for purposes of applying hedge accounting. The new guideline does not change the company's accounting for hedges under Canadian GAAP.

In October 2001, the FASB issued Statement No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets", which retains the fundamental provisions of SFAS 121. Statement 144 also broadens the definition of discontinued operations to include all distinguishable components of an entity that will be eliminated from ongoing operations. This Statement is effective for fiscal years beginning after December 15, 2001, to be applied prospectively. The company has not determined the impact of Statement 144 on its financial position, results of operations or cash flows.