CELESTICA INC
Form 20-F
May 22, 2001

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

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

FORM 20-F

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

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

ONTARIO, CANADA
(JURISDICTION OF INCORPORATION OR ORGANIZATION)

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

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

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

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

N/A

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

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

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

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

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

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

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PART I

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

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

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

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

FORWARD-LOOKING STATEMENTS

Item 4, "Information on the Company," "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 5 and other sections of this Annual Report contain forward-looking statements within the meaning of section 27A of the Securities Act of 1933, as amended, or the

Securities Act, and section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, including (without limitation) statements concerning possible or assumed future results of operations of Celestica preceded by, followed by or that include the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995.

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

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

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

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

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

	PREDECESSOR COMPANY	CELESTICA INC.				
			YEAR ENDED DECEMBER 3			
	JANUARY 1 TO OCTOBER 22, 1996	SEPTEMBER 27 TO DECEMBER 31, 1996	1996(1)	1997(2)	1998(2)	19
	(in millions, except per share amounts)					
CONSOLIDATED STATEMENT OF EARNINGS (LOSS) DATA:						
Revenue........................	$1,728.7	$288.1	$2,016.8	$2,006.6	$3,249.2	$5
Cost of sales..................	1,643.6	260.2	1,903.8	1,866.9	3,018.7	4
Gross profit...................	85.1	27.9	113.0	139.7	230.5	
Selling, general and administrative expenses......	30.5	11.9		68.3	130.5	
Amortization of intangible assets(3)....................	--	1.8		15.3	45.4	
Integration costs related to acquisitions(4)..............	--	--		13.3	8.1	
Other charges(5)...............	--	--		13.9	64.7	
Operating income (loss)........	54.6	14.2		28.9	(18.2)	
Interest expense (income)(6)...	8.4	6.5		33.6	32.3	
Earnings (loss) before income taxes........................	46.2	7.7		(4.7)	(50.5)	
Income taxes(7)................	20.3	4.5		2.2	(2.0)	
Net earnings (loss)............	$ 25.9	$ 3.2		$ (6.9)	$ (48.5)	$
Basic earnings (loss) per share(8).....................	$ 25,866	$ 0.08		$ (0.10)	$ (0.47)	$
OTHER DATA:						
Capital expenditures...........	$ 23.2	$ 3.2		$ 32.1	$ 65.8	$

CELESTICA INC.			
AS AT DECEMBER 31,			
1996	1997	1998	1999

	(in millions)			
CONSOLIDATED BALANCE SHEET DATA:				
Cash and short-term investments..................	$ 23.1	$ 106.1	$ 31.7	$ 371.5
Working capital..................................	$201.5	$ 363.3	$ 356.2	$1,000.2
Capital assets...................................	$ 67.3	$ 124.2	$ 214.9	$ 365.4
Total assets.....................................	$658.2	$1,347.3	$1,636.4	$2,655.6
Total long-term debt, including current portion....	$325.0	$ 518.9	$ 135.8	$ 134.2
Shareholders' equity.............................	$203.2	$ 363.2	$ 859.3	$1,658.1

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

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

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

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

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

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

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

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

(8) For purposes of the basic earnings (loss) per share calculations, the weighted average number of shares outstanding were for the: period from January 1 to October 22, 1996 -- 1,000; period from September 27 to December 31, 1996 -- 40,000,000 (subordinate voting shares); year ended December 31, 1997 -- 69,578,710; year ended December 31, 1998 -- 102,991,428; year ended December 31, 1999 -- 167,195,200; and year ended December 31, 2000 -- 199,785,918. Share and per share information of the Predecessor Company has not been restated to reflect the effect of our December 1999 two-for-one stock split.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

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

OUR OPERATING RESULTS FLUCTUATE

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

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

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

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

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

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

- The level of price competition;

- Our past experience in manufacturing a particular product;

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

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

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

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

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

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

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

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

WE HAVE HAD RECENT OPERATING LOSSES

We generated net earnings in each of the years from 1993 through 1996 and in 1999 and 2000. We recorded net losses of $6.9 million and $48.5 million in 1997 and 1998, respectively. In 1997, we incurred $13.3 million of integration costs related to acquisitions and a $13.9 million credit loss, with these charges totalling $27.2 million ($17.0 million after income taxes). In 1998, we incurred $8.1 million of integration costs related to acquisitions, a $41.8 million write-down of intellectual property and goodwill, a write-off of deferred financing fees and debt redemption fees of $17.8 million and $5.1 million of charges related to the acquisition of International Manufacturing Services, Inc., or IMS, with these charges totalling $72.8 million

($56.5 million after income taxes). We may not be profitable in future periods.

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

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

WE DEPEND ON CERTAIN INDUSTRIES

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

WE DEPEND ON A LIMITED NUMBER OF CUSTOMERS

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

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

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

WE FACE RISKS DUE TO EXPANSION OF OUR OPERATIONS

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

WE FACE ADDITIONAL RISKS DUE TO OUR INTERNATIONAL OPERATIONS

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

- Labor unrest;
- Unexpected changes in regulatory requirements;
- Tariffs and other barriers;
- Less favorable intellectual property laws;
- Difficulties in staffing and managing foreign sales and support operations;
- Longer accounts receivable payment cycles and difficulties in collecting payments;
- Changes in local tax rates and other potentially adverse tax consequences, including the cost of repatriation of earnings;
- Lack of acceptance of localized products in foreign countries;
- Burdens of complying with a wide variety of foreign laws, including changing import and export regulations;
- Adverse changes in Canadian and U.S. trade policies with the other countries in which we maintain operations; and
- Political instability.

The operations we acquired in the IMS acquisition in December 1998 are subject to significant political, economic, legal and other uncertainties in

Hong Kong, China and Thailand. Under its current leadership, the Chinese government has instituted a policy of economic reform which has included encouraging foreign trade and investment and greater economic decentralization. However, the Chinese government may discontinue or change these policies, and these policies may not be successful. Moreover, despite progress in developing its legal system, China does not have a comprehensive and highly developed system of laws, particularly as related

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

WE FACE FINANCIAL RISKS DUE TO FOREIGN CURRENCY FLUCTUATIONS

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

WE DEPEND ON HIGHLY SKILLED PERSONNEL

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

WE ARE IN A HIGHLY COMPETITIVE INDUSTRY

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

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

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

OUR CUSTOMERS MAY BE ADVERSELY AFFECTED BY RAPID TECHNOLOGICAL CHANGE

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

WE MAY BE UNABLE TO PROTECT OUR INTELLECTUAL PROPERTY

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

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

OUR COMPLIANCE WITH ENVIRONMENTAL LAWS COULD BE COSTLY

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

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

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

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OUR LOAN AGREEMENTS CONTAIN RESTRICTIVE COVENANTS

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

POTENTIAL ADVERSE EFFECT OF SHARES ELIGIBLE FOR FUTURE SALE

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

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

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

OUR COMPANY IS CONTROLLED BY ONEX CORPORATION

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

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

POTENTIAL VOLATILITY OF SHARE PRICE

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

- Quarterly variations in our operations and financial results;

- Announcements by us or our competitors of technological innovations, new products, new contracts or acquisitions;

- Changes in our prices or the prices of our competitors' products and services;

- Changes in our product mix;

- Changes in our growth rate as a whole or for a particular portion of our business;

- General conditions in the EMS industry; and

- Systemic fluctuations in the stock markets.

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

POTENTIAL UNENFORCEABILITY OF CIVIL LIABILITIES AND JUDGMENTS

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

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

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

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

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

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OUR ACQUISITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. BUSINESS OVERVIEW

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

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

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

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

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

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

ELECTRONICS MANUFACTURING SERVICES INDUSTRY

OVERVIEW

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

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

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

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

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

EVOLUTION OF THE EMS INDUSTRY

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

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

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

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

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

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

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

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

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

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

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

KEY SUCCESS FACTORS

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

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

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

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

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

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

MARKET CONSOLIDATION

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

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

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

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

CELESTICA'S STRATEGY

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

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

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

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

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

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

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

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

CELESTICA'S BUSINESS

EMS SERVICES

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

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

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

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

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

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

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

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

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

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

QUALITY MANAGEMENT

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

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

GEOGRAPHIES

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

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

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

SALES AND MARKETING

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

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

CUSTOMERS

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

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

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

TECHNOLOGY AND RESEARCH AND DEVELOPMENT

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

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

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

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

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

SUPPLY CHAIN MANAGEMENT

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

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

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

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

INTELLECTUAL PROPERTY

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

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

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

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

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

COMPETITION

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

HUMAN RESOURCES

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

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

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

ENVIRONMENTAL MATTERS

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

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

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

Nevertheless, it is possible that Celestica's assessments do not reveal all environmental liabilities or that there are material environmental liabilities of which Celestica is not presently aware or that future changes in law or enforcement standards will cause Celestica to incur significant costs or liabilities in the future.

BACKLOG

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

SEASONALITY

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

GLOSSARY

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

Chip on board....................	A generic term for the use of unpackaged or "bare" silico that is attached to the surface of the printed circuit board. The "bare" silicon is often sealed with an epoxy t strengthen reliability. Chip on board allows for space savings as well as faster signal processing speeds. Examp of chip on board are flip chip attach, tape automated bonding and wire bonded chips.
Chip scale packaging.............	A generic term describing a very dense packaging techniqu for the silicon chip; where the final package is not much larger than the "bare" silicon chip itself.
Column grid array................	A silicon chip packaging technique similar to ball grid array for applications requiring a high number (greater t 1,000) of input/output connections. This technology emplo an array of column leads using high temperature solder.
Consignment......................	An outsourcing method in which the outsourcing company provides most or all of the materials required for the products, and the EMS provider supplies only the

	manufacturing service.
EMS.............................	Electronics manufacturing services.
Flip chip attach.................	A type of chip on board, flip chip attach involves attach the "bare" silicon directly to the printed circuit board using solder.
Full system assembly.............	The assembly of a variety of PCAs and other subassemblies/components into a final product, such as a server, workstation or personal computer. Full system assembly typically includes the testing and distribution the final product.
In-circuit test..................	One of the first electrical tests performed on completed PCAs, where small portions of the PCAs can be individuall tested down to the silicon chip level.
In-situ dynamic thermal cycling stress testing.................	The electrical testing of PCAs while varying temperature, an effort to uncover potential defects in assembly and electronics components.
Interconnect technology...........	The series of techniques used to electrically connect silicon chips, substrates and other electronics component together to create a functional product.
LAN.............................	"Local area network." Multiple computers linked together facilitate shared communications in a local or office environment.
Micro ball grid array............	A silicon chip packaging technique very similar to ball g array; however, the density of the electrical input/outpu leads (solder balls) is much greater.
Multi-chip module................	A packaging technique that combines multiple silicon chip together into a single functional device.
OEM.............................	Original equipment manufacturer.
PBX switch.......................	"Private branch exchange switch." A switch used in a telephone system consisting of central office trunks, a switchboard and extension telephones which may be interconnected with the trunks or with each other through the switchboard and associated equipment. These switches typically used within a single company, office or buildin
PCAs............................	"Printed circuit assemblies." Printed circuit boards whic are populated with various electronics components to form functional products.
Photonic devices.................	Communications equipment used in an optical network utilizing fibre optic technology for the transmission of information.

Scalable processor...............	A processor system that allows for the combination of multiple microprocessors together to provide significantl

	higher processing power and speed.
Scanning electron microscope........................	A device providing magnification of a material's surface to 40,000 times and allowing in-depth surface analysis.
Substrate.........................	Also referred to as a "printed circuit board" or "board." substrate acts as a carrier to provide very dense wiring between silicon chips. A substrate can take the form of ceramic, plastic, film or fibreglass sheets with embedded copper wiring.
Surface mount technology..........	A manufacturing technology for attaching electronics components directly onto the surface of printed circuit boards.
Tape automated bonding............	A type of chip on board, tape automated bonding involves attaching "bare" silicon through a mass bonding method. T silicon possesses gold or tin plated copper lead frames which are mounted directly to the printed circuit board.
Tape ball grid array..............	A ball grid array silicon chip which is packaged on a thi tape/film carrier.
Three-dimensional laser paste volumetric inspection............	A inspection system that uses a laser light source and a camera for image capture in a controlled process. It is u to measure the volume of solder paste that has been scree onto a printed circuit board in order to ensure solder quality.
Token ring........................	A type of LAN technology.
Turnkey...........................	An outsourcing method that turns over to the EMS provider all aspects of manufacturing, including the procurement o materials.
WAN...............................	"Wide area network." A communications network that covers wide geographic area, such as a province, state or countr
Wire bonding......................	A method of attaching a "bare" silicon chip on a board. T process involves ultrasonically bonding fine aluminum wir (the size of a human hair) from the silicon chip to the P This procedure is often performed in a clean room environment.
Wireless base stations............	A base station transmitter used in digital cellular telephone networks. This is the electrical communication device that links a cellular telephone to the telephone network.
Wireless loop system..............	A system providing wireless communications between the telephone network box on a residential street and all of homes in the neighborhood, eliminating buried telephone cable to homes. This system can also be used in an office campus environment.
X-ray laminography................	An inspection process used for examining the quality of solder joints in an array package like ball grid array an column grid array. The technique is very similar to that a CAT-Scan in the medical industry. The assembly is X-ray in slices down through the solder joints, and the images

compared to a known good image for solder quality.

C. ORGANIZATIONAL STRUCTURE

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

[LOGO]

D. DESCRIPTION OF PROPERTY

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

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

FACILITY	SQUARE FOOTAGE	OWNED/LEASED	PRINCIPAL MANUFACTURING S
Rajecko, Czech Republic...............	183,000	Owned	EMS
Monterrey, Mexico.....................	214,000	Leased	EMS
Monterrey, Mexico.....................	113,000	Owned	EMS

Monterrey, Mexico....................	112,000	Leased	EMS
Guarulhos, Brazil....................	142,000	Leased	EMS
Hortolandia, Brazil..................	35,000	Leased	EMS
Dongguan, China......................	291,000	Leased	EMS
Shanghai, China......................	40,000	Leased	EMS
Laem Chabang, Thailand...............	390,000	Leased	EMS
Kowloon, Hong Kong...................	123,000	Leased	Logistics Services
Kulim, Malaysia......................	50,000	Owned	EMS

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

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

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

THE FOLLOWING DISCUSSION OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY SHOULD BE READ IN CONJUNCTION WITH THE CONSOLIDATED FINANCIAL STATEMENTS.

GENERAL

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

At January 30, 2001, Celestica operated 34 facilities in twelve countries. During 1998, Celestica operated 18 facilities across North America and Europe. The acquisition of IMS in December 1998 provided the Company with an immediate and major presence in Asia, increasing the number of facilities to 23. Seven facilities were added in 1999 through five acquisitions and two greenfield establishments. In 2000, seven facilities were added through four acquisitions and one greenfield, and three smaller facilities were consolidated.

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

"Convertible Debt." The Company's net debt to capitalization ratio decreased from 57% at July 1998 to negative 28% at December 31, 2000.

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

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

ACQUISITIONS

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

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

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

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

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

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

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$470.0 million, totalling $1,203.7 million. Celestica continues to examine numerous acquisition opportunities in order to:

- create strategic relationships with new customers and diversify end-product programs with existing customers;

- expand its capacity in selected geographic regions to take advantage of existing infrastructure or low cost manufacturing;

- diversify its customer base to serve a wide variety of end-markets with increasing emphasis on the communications sector;

- broaden its product and service offerings; and

- optimize its global positioning.

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

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

RESULTS OF OPERATIONS

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

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

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

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

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

ADJUSTED NET EARNINGS

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

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

REVENUE

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

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

Revenue increased $2,048.0 million, or 63.0%, to $5,297.2 million in 1999 from $3,249.2 million in 1998. This increase resulted from growth achieved both organically and through strategic acquisitions. Organic revenue growth in 1999 was 37.9% and represented 60.2% of the total year-to-year growth. The organic growth resulted from new program wins with existing and new customers across the Canadian, U.S. and European geographic segments. Revenue from Asian operations was not considered part of the organic growth since the operations were acquired at the end of 1998. Revenue from the Americas operations grew $1,087.7 million, or 43.5%, to $3,587.6 million in 1999 from $2,499.9 million in 1998, substantially all through organic growth with new program wins from both existing and new customers. Revenue from European operations grew $359.3 million, or 48.0%, to $1,108.6 million in 1999 from $749.3 million in 1998. Asian operations (formerly IMS) contributed $710.2 million in revenue in 1999 after acquisition on December 30, 1998. Inter-segment revenue in 1999 was $109.1 million compared to no inter-segment revenue in 1998. Acquisitions completed in 1999 together with the IMS acquisition contributed $816.4 million of revenue in 1999 with the majority of revenue being from Asian operations. Revenue from customers in the communications industry increased to 25% of revenue in 1999 compared to 16% of revenue in 1998.

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

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

Celestica's top five customers represented in the aggregate 68.5% of total revenue in 2000 compared to 67.6% in 1999 and 71.8% 1998. The Company is dependent upon continued revenue from its top five customers. There can be no guarantee that revenue from these or any other customers will not increase or decrease as a percentage of consolidated revenue either individually or as a group. Any material decrease in revenue from these or other customers could have a material adverse effect on the Company's results of operations.

GROSS PROFIT

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

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

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

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

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

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

INTANGIBLE ASSETS AND AMORTIZATION

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

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

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

INTEGRATION COSTS RELATED TO ACQUISITIONS

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

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

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

OTHER CHARGES

Other charges are non-recurring items or items that are unusual in nature. Celestica did not incur any other charges in 1999 or 2000.

Other charges in 1998 totalled $64.7 million and is comprised of a write-down of the carrying value of intellectual property and goodwill amounting to $41.8 million, the write-off of deferred financing costs and debt redemption fees of $17.8 million and other charges of $5.1 million.

INTEREST INCOME, NET

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

INCOME TAXES

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

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

QUARTERLY RESULTS OF OPERATIONS

The following table sets forth certain unaudited quarterly financial information of Celestica for the eight quarters ended December 31, 2000.

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

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

	QUARTER ENDED(1)			
	MARCH 31, 2000	JUNE 30, 2000	SEPTEMBER 30, 2000	DECEMBER 31, 2000
	(U.S.$ millions, except per share amounts)			
Revenue	$1,612.3	$2,091.9	$2,600.1	$3,447.8
Cost of sales	1,501.7	1,946.1	2,416.6	3,199.7
Gross profit	110.6	145.8	183.5	248.1
% of revenue	6.9%	7.0%	7.1%	7.2%
Selling, general and				

administrative expenses......	58.0	73.5	85.1	109.5
% of revenue.................	3.6%	3.5%	3.3%	3.2%
Amortization of intangible assets.......................	15.3	19.2	25.6	28.8
Integration costs relating to acquisitions.................	0.7	4.9	4.8	5.7
Operating income...............	36.6	48.2	68.0	104.1
Interest expense (income)......	(1.8)	(6.3)	(5.2)	(5.7)
Earnings before income taxes...	38.4	54.5	73.2	109.8
Income taxes...................	12.3	13.1	17.5	26.3
Net earnings...................	$ 26.1	$ 41.4	$ 55.7	$ 83.5
Basic earnings per share.......	$ 0.14	$ 0.20	$ 0.26	$ 0.39
Adjusted net earnings..........	$ 39.5	$ 63.7	$ 83.9	$ 117.0
% of revenue.................	2.4%	3.0%	3.2%	3.4%

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(1) In 1999 and 2000, includes the results of operations of (a) the manufacturing operation of Gossen-Metrawatt GmbH in the Czech Republic acquired in April 1999, (b) greenfield operations established in Brazil and Malaysia in June 1999, (c) VXI Electronics, Inc. acquired in September 1999, (d) the assets acquired from Hewlett-Packard's Healthcare Group in October 1999, (e) EPS Wireless, Inc. acquired in December 1999 and (f) certain assets and repair operations acquired from Fujitsu-ICL Systems Inc. in December 1999; and in 2000, includes the results of operations of (g) certain assets in Minnesota and Italy acquired from IBM in February and May, 2000, respectively, (h) NDB Industrial Ltda. acquired in June 2000, (i) Bull Electronics Inc. acquired in August 2000 and (j) NEC Technologies (UK) Ltd. acquired in November 2000.

CONVERTIBLE DEBT

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

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

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

CAPITAL RESOURCES

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

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

Celestica was in compliance with all debt covenants as at December 31, 2000.

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

Celestica believes that cash flow from operating activities, together with cash on hand and borrowings available under its global, unsecured, revolving credit facilities, will be sufficient to fund currently anticipated working capital, planned capital spending and debt service requirements for the next 12 months. The Company expects capital spending for 2001 to be approximately $300 million to $350 million. At December 31, 2000, Celestica had committed $56 million in capital expenditures. In addition, Celestica regularly reviews acquisition opportunities, and may therefore require additional debt or equity financing.

Celestica prices the majority of its products in U.S. dollars, and the majority of its material costs are also denominated in U.S. dollars. However, a significant portion of its non-material costs (including payroll, facilities costs and costs of locally sourced supplies and inventory) are primarily denominated in Canadian dollars, British pounds sterling, Euros and Mexican pesos. As a result, Celestica may experience transaction and translation gains or losses because of currency fluctuations. At December 31, 2000, Celestica had forward foreign exchange contracts covering various currencies in an aggregate notional amount of $653 million with expiry dates up to May 2002. The fair value of these contracts at December 31, 2000 was an unrealized gain of $7.5 million. Celestica's current hedging activity is designed to reduce the variability of its foreign currency costs and involves entering into contracts to sell U.S. dollars to purchase Canadian dollars, British pounds sterling, Mexican pesos and Euros at future dates. In general, these contracts extend for periods of less than 18 months. Celestica may, from time to time, enter into additional hedging transactions to minimize its exposure to foreign currency and interest rate risks. There can be no assurance that such hedging transactions, if entered into, will be successful.

BACKLOG

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

RECENT DEVELOPMENTS

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

EURO CONVERSION

As of January 1, 2001, 12 of the 15 member countries of the European Union (the participating countries) had established fixed conversion rates between their existing sovereign currencies and the Euro. For three years after the introduction of the Euro, the participating countries can perform financial transactions in either the Euro or their original local currencies. This will result in a fixed exchange rate among the participating countries, whereas the Euro (and the participating countries' currencies in tandem) will continue to float freely against the U.S. dollar and currencies of other non-participating countries.

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

RECENT ACCOUNTING DEVELOPMENTS

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

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

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

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

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

NAME	AGE	POSITION WITH CELESTICA
EUGENE V. POLISTUK................	54	Chairman of the Board, Chief Executive Officer and
ANTHONY P. PUPPI..................	43	Executive Vice-President, Chief Financial Officer, Manager of Global Services and Director
ROBERT L. CRANDALL................	65	Director
MARK L. HILSON....................	43	Director

RICHARD S. LOVE..................	63	Director
ROGER L. MARTIN..................	44	Director
ANTHONY R. MELMAN................	53	Director
GERALD W. SCHWARTZ...............	59	Director
DON TAPSCOTT.....................	53	Director
JOHN R. WALTER...................	54	Director
J. MARVIN M(A)GEE................	48	President and Chief Operating Officer
R. THOMAS TROPEA.................	48	Vice-Chair, Global Customer Units and Worldwide Ma and Business Development
ALASTAIR KELLY...................	56	Executive Vice-President, Corporate Development
ANDREW G. GORT...................	48	Executive Vice-President, Global Supply Chain Mana
ARTHUR P. CIMENTO................	43	Senior Vice-President, Corporate Strategies
LISA J. COLNETT..................	43	Senior Vice-President, Worldwide Process Managemen Chief Information Officer
IAIN S. KENNEDY..................	39	Senior Vice-President, Integration
DONALD S. MCCREESH...............	52	Senior Vice-President, Human Resources
DANIEL P. SHEA...................	44	Senior Vice-President and Chief Technology Officer
RAHUL SURI.......................	35	Senior Vice-President, Mergers and Acquisitions

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

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

EUGENE V. POLISTUK is the Chairman of the Board of Directors and Chief Executive Officer of Celestica. He has been the Chief Executive Officer of Celestica since its inception in 1994, and was the President of Celestica until February 2001. Since 1986, Mr. Polistuk has been instrumental in charting Celestica's transformation and executing the company's successful evolution from its early history as an operating unit of IBM, to a stand alone company, to a $9.8 billion public company and leader in the electronics manufacturing services industry. Previously, Mr. Polistuk spent 25 years with IBM Canada where, over the course of his career, he managed all key functional areas of the business.

Mr. Polistuk holds a Bachelor of Applied Science degree in Electrical Engineering from the University of Toronto. In 1994, he was presented with the "2T5 Meritorious Service Medal" in recognition of his meritorious service in and for the profession, by his peers in the University of Toronto Engineering Alumni Association. He has been recognized in the industry with awards such as Electronic Business' Outstanding CEO award and recognized as one of the "Hot 25" by Electronic Buyers' News.

ANTHONY P. PUPPI has been the Chief Financial Officer of Celestica since its establishment and a director of Celestica since October 1996. He was appointed Executive Vice-President in October 1999 and General Manager, Global Services in February 2001. Mr. Puppi is responsible for Celestica's financial activities and Global Services businesses. From 1980 to 1992, he held positions of increasing senior financial management responsibility with IBM Canada. Mr. Puppi holds a Bachelor of Business Administration degree in Finance and a Master of Business Administration degree from York University in Ontario.

ROBERT L. CRANDALL is the former Chairman of the Board and Chief Executive Officer of AMR Corporation/ American Airlines Inc. Mr. Crandall has been a director of Celestica since July 1998 and was the Chairman of the Board of Celestica from February 1999 until February 2001. He is also a director of Anixter International Inc., Clear Channel Communications, Inc. and Halliburton Company. Mr. Crandall holds a Bachelor of Science degree from the University of Rhode Island and a Master of Business Administration degree from The Wharton School of the University of Pennsylvania.

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

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

ROGER L. MARTIN is Dean of the University of Toronto's Joseph L. Rotman School of Management and has been a director of Celestica since July 1998. Mr. Martin is a director of Monitor Company and Thomson Corporation, and a trustee of the Hospital for Sick Children. Mr. Martin holds a AB degree (cum laude) from Harvard College and a Master of Business Administration degree from the Harvard University Graduate School of Business Administration.

ANTHONY R. MELMAN is a Vice-President of Onex and has been a director of Celestica since October 1996. Mr. Melman joined Onex as a shareholder and Vice-President in 1984. From 1977 to 1984, he was Senior Vice-President of Canadian Imperial Bank of Commerce responsible for worldwide merchant banking, project financing, acquisitions and other specialized financing activities.

Prior to emigrating to Canada in 1977, Mr. Melman had extensive merchant banking experience in South Africa and the United Kingdom. He is a director of a number of Onex-controlled companies. Mr. Melman is also a director of Baycrest Centre for Geriatric Care, as well as a member of its Finance Committee and Nominating Committee, a director of University of Toronto Asset Management Corporation and a member of the Board of Governors of Mount Sinai Hospital. Mr. Melman holds a Bachelor of Science in Chemical Engineering from the University of The Witwatersrand, a Master of Business Administration (gold medallist) from Cape Town University and a Ph.D. in Finance from the University of The Witwatersrand.

GERALD W. SCHWARTZ is the Chairman of the Board, President and Chief Executive Officer of Onex and has been a director of Celestica since July 1998. Prior to founding Onex in 1983, Mr. Schwartz was a co-founder (in 1977) of CanWest Capital Corp., now CanWest Global Communications Corp. He is a director of Onex, The Bank of Nova Scotia, and certain Onex controlled companies. Mr. Schwartz is Vice-Chairman and Member of the Executive Committee of Mount Sinai Hospital and is a Director, Governor, or Trustee of a number of other organizations, including Junior Achievement. Canadian Council of Christians and Jews and The Board of Associates of the Harvard Business School. Mr. Schwartz holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Manitoba, a Master of Business Administration degree from the Harvard University Graduate School of Business Administration and a Doctor of Laws (Hon.) from St. Francis Xavier University.

DON TAPSCOTT is the Chairman of Itemus Inc. and Digital 4Sight Corp. Mr. Tapscott has been a director of Celestica since September 1998. He has authored numerous books on the application of technology in business. Mr. Tapscott is a Forum Fellow of the World Economic Forum and advises corporate executives around the world on business strategy. Mr. Tapscott holds a Bachelor of Science degree in Psychology and Statistics and a Master of Education degree specializing in Research Methodology.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. COMPENSATION

AGGREGATE COMPENSATION OF DIRECTORS AND OFFICERS

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

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

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

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

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

REMUNERATION OF NAMED EXECUTIVE OFFICERS

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

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	ANNUAL COMPENSATION(1) YEAR	SALARY	BONUS	LONG-TER COMPENSAT AWARDS SECURITI UNDER OPTI GRANTED(
		($)	($)	(#)
Eugene V. Polistuk................................ Chairman of the Board and Chief Executive Officer	2000 1999	550,000 387,973	1,300,000 581,959	100,000 270,000
Anthony P. Puppi.................................. Executive Vice-President, Chief Financial Officer and General Manager, Global Services	2000 1999	370,000 258,649	524,000 232,784	35,000 140,000
J. Marvin M(a)Gee................................. President and Chief Operating Officer	2000 1999	360,000 226,317	510,000 203,686	40,000 120,000
R. Thomas Tropea.................................. Vice Chair, Global Customer Units and Worldwide Marketing and Business Development	2000 1999	350,000 211,682	495,000 201,600	35,000 70,000

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NAME AND PRINCIPAL POSITION	ANNUAL COMPENSATION(1) YEAR	SALARY	BONUS	LONG-TER COMPENSAT AWARDS SECURITI UNDER OPTI GRANTED(
		($)	($)	(#)
Alastair Kelly.................................... Executive Vice-President, Corporate Development	2000 1999	275,000 218,295	216,000 109,148	15,000 60,000

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

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

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

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

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

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

NAME	SUBORDINATE VOTING SHARES UNDER OPTIONS GRANTED(1) (#)	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN 2000	EXERCISE PRICE ($/SHARE)	MARKET VAL SUBORDIN VOTING SH ON THE DAT GRANT ($/S
Eugene V. Polistuk................	100,000	2.4%	C$86.50	C$86
Anthony P. Puppi..................	35,000	0.8%	C$86.50	C$86
J. Marvin M(a)Gee.................	40,000	1.0%	C$86.50	C$86
R. Thomas Tropea..................	35,000	0.8%	U.S.$56.1875	U.S.$56.1
Alastair Kelly....................	15,000	0.4%	U.S.$56.1875	U.S.$56.1

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(1) Options vest in four equal annual instalments.

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

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

NAME	SUBORDINATE VOTING SHARES ACQUIRED ON EXERCISE	AGGREGATE VALUE REALIZED(1)	UNEXERCISED OPTIONS AT DECEMBER 31, 2000 EXERCISABLE/UNEXERCISABLE
Eugene V. Polistuk....................	--	--	277,319/413,121(3)
Anthony P. Puppi......................	--	--	105,695/165,437(3)
J. Marvin M(a)Gee.....................	--	--	95,695/160,437(3)
R. Thomas Tropea......................	--	--	110,776/227,414(3)
Alastair Kelly........................	60,000	$3,851,070	51,981/125,641(3)

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

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

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

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PENSION PLANS

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

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

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

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

CANADA PENSION PLAN TABLE(1)(2)

EARNINGS AVERAGE ($)	15 YEARS OF SERVICE	20 YEARS OF SERVICE	25 YEARS OF SERVICE	30 YEAR OF SERVI
300,000	$36,000	$ 47,000	$ 63,000	$ 79,00
400,000	53,000	71,000	94,000	118,00
500,000	62,000	83,000	109,000	138,00
600,000	71,000	94,000	125,000	158,00
700,000	80,000	107,000	140,000	177,00

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

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

The benefit provided under the defined benefit portion of the Canadian Pension Plan for each of the officers who participate in the plan is equal to the benefit entitlement accrued under the relevant IBM plan prior to October 22, 1996 plus the greater of 1.2% of earnings (salary and bonus) or 0.9% of earnings up to the yearly maximum pensionable earnings ("YMPE") level, plus

1.45% of earnings above the YMPE. The defined benefit portion of the Canadian Pension Plan is of a modified career average design with pre-1999 benefits based on the three-year earnings average at December 31, 1998. The defined benefit portion of the Canadian Pension Plan also provides for supplementary early retirement benefits from the date of early retirement to age 65.

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

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

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

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

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

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

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

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

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

(3) The Commissioner of Inland Revenue (United Kingdom) generally limits pension benefits to a maximum of two-thirds of earnings. For the purpose of determining the Inland Revenue limits applicable to Mr. Kelly, this table

assumes that for each year until retirement Mr. Kelly receives a bonus equal to 10% of salary.

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

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

EMPLOYMENT AGREEMENTS

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

INDEMNIFICATION AGREEMENTS

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

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C. BOARD PRACTICES

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

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

BOARD COMMITTEES

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

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

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

COMPENSATION COMMITTEE

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

D. EMPLOYEES

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

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

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

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

E. SHARE OWNERSHIP

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

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

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* Less than 1%.

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

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

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

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

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

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

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

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

SHARE PURCHASE AND OPTION PLANS

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

Pursuant to the ESPO Plans, employees and executives of Celestica were offered the opportunity to purchase subordinate voting shares and, in connection with such purchase, receive options to acquire an additional number of subordinate voting shares based on the number of subordinate voting shares acquired by them under the ESPO Plans (on average, approximately 1.435 options for each subordinate voting share acquired under the ESPO Plans). In each case, the exercise price for the options is equal to the price per share paid for the corresponding subordinate voting shares acquired under the ESPO Plans.

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

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

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OUTSTANDING OPTIONS

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

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

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

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

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

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

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

LONG-TERM INCENTIVE PLAN

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

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

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

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

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

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

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

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

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

EMPLOYEE SHARE OWNERSHIP PLAN

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

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. CONTROL OF REGISTRANT

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

	MARCH 1, 2001		
NAME OF BENEFICIAL OWNER(1)	VOTING SHARES	PERCENTAGE OF CLASS/ALL EQUITY SHARES	PERC VOTI
Onex Corporation(2)(3)(4)	39,065,950 MVS	100%/19.2%	85
	5,256,325 SVS	3.2%/2.3%	
Gerald W. Schwartz(2)(4)(5)	39,065,950 MVS	100%/19.2%	85
	5,556,317 SVS	3.4%/2.7%	
Total percentage of all equity shares and total percentage of voting power		21.9%	86
AIM Management Group Inc.(6)(7)	21,640,824 SVS	13.1%/10.6%	1.

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* Less than 1%.

(1) As used in this table, "beneficial ownership" means sole or shared power to vote or direct the voting of the security, or the sole or shared investment

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

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

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

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

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

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

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

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

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

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

HOLDERS

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

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

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

B. RELATED PARTY TRANSACTIONS

INTEREST OF MANAGEMENT IN CERTAIN TRANSACTIONS

Celestica and Onex are parties to a Management Services Agreement under which Onex has agreed to provide management, administrative, strategic planning, financial and support services to Celestica of such nature as Celestica may reasonably request from time to time having regard to Onex's experience, expertise and personnel or the personnel of its subsidiaries, as the case may be. Celestica has agreed to pay Onex certain fees

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

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

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

INDEBTEDNESS OF SENIOR OFFICERS UNDER SECURITIES PURCHASE PROGRAMS

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

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

Vice-President and Corporate Controller

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

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

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

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

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

See Item 18: Financial Statements.

LITIGATION

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

DIVIDEND POLICY

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

ITEM 9. THE OFFER AND LISTING

A. NATURE OF TRADING MARKET

MARKET INFORMATION

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

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

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

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

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

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

	NYSE		
	HIGH	LOW	VOLUME
	Price per Subordinate Voting Share		
Year ended December 31, 1999			
First quarter..	$17.13	$12.57	26,046,000
Second quarter...	22.07	15.88	24,785,600
Third quarter..	24.88	20.38	21,278,000
Fourth quarter...	56.25	23.94	43,694,200

Year ended December 31, 2000			
First quarter	$60.06	$37.56	75,117,400
Second quarter	54.56	38.00	39,642,500
Third quarter	84.00	48.69	80,355,200
Fourth quarter	84.50	46.50	119,371,000

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

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

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

	TSE		
	HIGH	LOW	VOLUME
	Price per		

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

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

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

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

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

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

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

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

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

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Celestica's 10 1/2% Senior Subordinated Notes Due 2006 are eligible for trading on the Private Offerings, Resales and Trading through Automated Linkages

(PORTAL) market. The Senior Subordinated Notes are not listed on any securities exchange or quoted through NASDAQ. We have not been able to obtain information as to the low and high sale price of the Senior Subordinated Notes.

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

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF INCORPORATION

ARTICLES OF INCORPORATION

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

CERTAIN POWERS OF DIRECTORS

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

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

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

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

(d) one with an affiliate.

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

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

The by-laws provide that the directors may:

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

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

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

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

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

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