

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 20-F

- Registration statement pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934
or
 Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2011
or
 Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
or
 Shell company report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of event requiring this shell company report:

For the transition period from _____ to _____

Commission file number: 1-14832

CELESTICA INC.

(Exact name of registrant as specified in its charter)

Ontario, Canada

(Jurisdiction of incorporation or organization)

844 Don Mills Road

Toronto, Ontario, Canada M3C 1V7

(Address of principal executive offices)

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

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

Subordinate Voting Shares
(Title of each class)

The Toronto Stock Exchange
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:**

N/A

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

197,564,498 Subordinate Voting Shares

0 Preference Shares

18,946,368 Multiple Voting Shares

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

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

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

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

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

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

TABLE OF CONTENTS

	<u>Page</u>
Part I	1
Item 1. Identity of Directors, Senior Management and Advisers	2
Item 2. Offer Statistics and Expected Timetable	2
Item 3. Key Information	3
A. Selected Financial Data	3
B. Capitalization and Indebtedness	6
C. Reasons for the Offer and Use of Proceeds	6
D. Risk Factors	6
Item 4. Information on the Company	19
A. History and Development of the Company	19
B. Business Overview	20
C. Organizational Structure	29
D. Property, Plants and Equipment	30
Item 4A. Unresolved Staff Comments	30
Item 5. Operating and Financial Review and Prospects	31
Item 6. Directors, Senior Management and Employees	62
A. Directors and Senior Management	62
B. Compensation	65
C. Board Practices	98
D. Employees	101
E. Share Ownership	102
Item 7. Major Shareholders and Related Party Transactions	104
A. Major Shareholders	104
B. Related Party Transactions	105
C. Interests of Experts and Counsel	106
Item 8. Financial Information	106
A. Consolidated Statements and Other Financial Information	106
B. Significant Changes	107
Item 9. The Offer and Listing	107
A. Offer and Listing Details	107
B. Plan of Distribution	109
C. Markets	109
D. Selling Shareholders	109
E. Dilution	109
F. Expenses of the Issue	109

	<u>Page</u>	
Item 10.	Additional Information	109
	A. Share Capital	109
	B. Memorandum and Articles of Incorporation	109
	C. Material Contracts	109
	D. Exchange Controls	109
	E. Taxation	110
	F. Dividends and Paying Agents	115
	G. Statement by Experts	115
	H. Documents on Display	115
	I. Subsidiary Information	115
Item 11.	Quantitative and Qualitative Disclosures about Market Risk	116
Item 12.	Description of Securities Other than Equity Securities	117
	A. Debt Securities	117
	B. Warrants and Rights	117
	C. Other Securities	117
	D. American Depositary Shares	117
Part II		117
Item 13.	Defaults, Dividend Arrearages and Delinquencies	117
Item 14.	Material Modifications to the Rights of Security Holders and Use of Proceeds	117
Item 15.	Controls and Procedures	117
Item 16.	[Reserved.]	117
Item 16A.	Audit Committee Financial Expert	117
Item 16B.	Code of Ethics	117
Item 16C.	Principal Accountant Fees and Services	118
Item 16D.	Exemptions from the Listing Standards for Audit Committees	118
Item 16E.	Purchases of Equity Securities by the Issuer and Affiliated Purchasers	118
Item 16F.	Change in Registrant's Certifying Accountant	119
Item 16G.	Corporate Governance	119
Item 16H.	Mine Safety Disclosure	120
Part III		121
Item 17.	Financial Statements	121
Item 18.	Financial Statements	121
Item 19.	Exhibits	122

Part I

In this Annual Report, "Celestica," the "Company," "we," "us" and "our" refer to Celestica Inc. and its subsidiaries.

In this Annual Report, all dollar amounts are expressed in United States dollars, except where we state otherwise. All references to "U.S.\$" or "\$" are to U.S. dollars and all references to "C\$" are to Canadian dollars. Unless we indicate otherwise, any reference in this Annual Report to a conversion between U.S.\$ and C\$ is a conversion at the average of the exchange rates in effect for the year ended December 31, 2011. During that period, based on the relevant noon buying rates in New York City for cable transfers in Canadian dollars, as certified for customs purposes by the Board of Governors of the Federal Reserve Bank, the average daily exchange rate was U.S.\$1.00 = C\$0.9887.

Unless we indicate otherwise, all information in this Annual Report is stated as of February 22, 2012, the date as of which we prepared information for our annual report to shareholders and management information circular and proxy statement.

Forward-Looking Statements

Item 4, "Information on the Company," Item 5, "Operating and Financial Review and Prospects" and other sections of this Annual Report contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the U.S. Securities Act, Section 21E of the Securities Exchange Act of 1934 as amended, or the U.S. Exchange Act, and applicable Canadian securities legislation including those related to our future growth; trends in our industry; our financial or operational results, including our quarterly earnings and revenue guidance; the impact of program wins or losses and acquisitions on our financial results and working capital requirements; anticipated expenses, capital expenditures, benefits or payments; our financial or operational performance; our expected tax outcomes; our cash flows and financial targets; and the effect of the global economic environment on customer demand. Such forward-looking statements are predictive in nature, and may be based on current expectations, forecasts or assumptions involving risks and uncertainties that could cause actual outcomes and results to differ materially from the forward-looking statements themselves. Such forward-looking statements may, without limitation, be preceded by, followed by, or include words such as "believes," "expects," "anticipates," "estimates," "intends," "plans," or similar expressions, or may employ such future or conditional verbs as "may," "will," "should" or "would," or may otherwise be indicated as forward-looking statements by grammatical construction, phrasing or context. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995, and in applicable Canadian securities legislation.

Forward-looking statements are not guarantees of future performance. You should understand that the following important factors, in addition to those discussed in Item 3, "Key Information — Risk Factors," and elsewhere in this Annual Report, could affect our future results and could cause those results to differ materially from those expressed in such forward-looking statements:

- our dependence on a limited number of customers and on our customers' ability to compete and succeed in their marketplace for the products we manufacture;
- the effects of price competition and other business and competitive factors generally affecting the electronics manufacturing services (EMS) industry;
- the challenges of effectively managing our operations and our working capital performance during uncertain economic conditions, including responding to significant changes in demand from our customers;
- the challenges of managing changing commodity and labor costs;
- disruptions to our operations, or those of our customers, component suppliers or our logistics partners, resulting from local events, including natural disasters, political instability, labor and social unrest, criminal activity and other risks present in the jurisdictions in which we operate;
- our inability to retain or expand our business due to execution problems relating to the ramping of new programs;

- the delays in the delivery and/or general availability of various components used in our manufacturing process;
- the challenge of managing our financial exposures to foreign currency volatility;
- our dependence on industries affected by rapid technological change;
- variability of operating results among periods;
- our ability to successfully manage our international operations;
- increasing income taxes and our inability to successfully defend tax audits or meet the conditions of tax incentives;
- the completion of our restructuring activities or integration of our acquisitions; and
- the risk of potential non-performance by counterparties, including but not limited to financial institutions, customers and suppliers.

Our forward-looking statements are also based on various assumptions which management believes are reasonable under the current circumstances, but may prove to be inaccurate, and many of which involve factors that are beyond our control. The material assumptions may include the following:

- forecasts from our customers, which range from 30 days to 90 days and can fluctuate significantly in terms of volume and mix of products or services;
- the timing and execution of, and investments associated with, ramping new business;
- the success in the marketplace of our customers' products;
- general economic and market conditions;
- currency exchange rates;
- pricing and competition;
- anticipated customer demand;
- supplier performance and pricing;
- commodity, labor, energy and transportation costs;
- operational and financial matters; and
- technological developments.

Our assumptions and estimates are based on management's current views with respect to current plans and events, and are and will be subject to the risks and uncertainties discussed above. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes.

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

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

You should read the following selected financial data together with Item 5, "Operating and Financial Review and Prospects," the Consolidated Financial Statements in Item 18 and the other information in this Annual Report. The selected financial data is derived from the Consolidated Financial Statements for the years presented below.

The Consolidated Financial Statements for 2010 and 2011 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial information in the below tables for 2007, 2008, 2009 and 2010 was prepared in accordance with prior Canadian generally accepted accounting principles (GAAP) which conform in all material respects with U.S. GAAP except as described in footnote 6 below. GAAP differs in some respects from IFRS. We have provided an explanation of how the transition to IFRS has affected our reported financial position, financial performance and cash flows in note 3 to the Consolidated Financial Statements in Item 18.

	Year ended December 31	
	2010 ⁽¹⁾	2011 ⁽¹⁾
	(in millions, except per share amounts)	
Consolidated Statements of Operations Data (IFRS):		
Revenue	\$ 6,526.1	\$ 7,213.0
Cost of sales	6,082.0	6,721.6
Gross profit	444.1	491.4
Selling, general and administrative expenses (SG&A) ⁽²⁾	252.1	267.2
Amortization of intangible assets	15.8	13.5
Other charges ⁽³⁾	49.9	6.5
Finance costs ⁽⁴⁾	6.9	5.4
Earnings before income taxes	119.4	198.8
Income tax expense	18.2	3.7
Net earnings	<u>\$ 101.2</u>	<u>\$ 195.1</u>
Other Financial Data (IFRS):		
Basic earnings per share	\$ 0.44	\$ 0.90
Diluted earnings per share	\$ 0.44	\$ 0.89
Property, plant and equipment and computer software cash expenditures	\$ 60.8	\$ 62.3
Shares used in computing per share amounts (in millions):		
Basic	227.8	216.3
Diluted	230.1	218.3
Consolidated Balance Sheet Data (IFRS):		
As at December 31		
	2010 ⁽¹⁾	2011 ⁽¹⁾
	(in millions)	
Cash and cash equivalents	\$ 632.8	\$ 658.9
Working capital ⁽⁵⁾	1,009.1	1,116.0
Property, plant and equipment	332.2	322.7
Total assets	3,013.9	2,969.6
Equity	1,282.9	1,463.8

	Year ended December 31			
	2007 ⁽¹⁾	2008 ⁽¹⁾	2009 ⁽¹⁾	2010 ⁽¹⁾
(in millions, except per share amounts)				
Consolidated Statements of Operations Data (Canadian GAAP):				
Revenue	\$ 8,070.4	\$ 7,678.2	\$ 6,092.2	\$ 6,526.1
Cost of sales	7,648.0	7,147.1	5,662.4	6,082.8
Gross profit	422.4	531.1	429.8	443.3
SG&A ⁽²⁾	271.7	292.0	244.5	250.2
Amortization of intangible assets	44.7	26.9	21.9	15.6
Integration costs related to acquisitions	0.1	—	—	—
Other charges ⁽³⁾	47.6	885.2	68.0	68.4
Interest expense ⁽⁴⁾	51.2	42.5	35.0	6.5
Earnings (loss) before income taxes	7.1	(715.5)	60.4	102.6
Income tax expense	20.8	5.0	5.4	21.8
Net earnings (loss)	\$ (13.7)	\$ (720.5)	\$ 55.0	\$ 80.8
Other Financial Data (Canadian GAAP):				
Basic earnings (loss) per share	\$ (0.06)	\$ (3.14)	\$ 0.24	\$ 0.35
Diluted earnings (loss) per share	\$ (0.06)	\$ (3.14)	\$ 0.24	\$ 0.35
Property, plant and equipment and computer software cash expenditures	\$ 63.7	\$ 88.8	\$ 77.3	\$ 60.8
Consolidated Statements of Operations Data (U.S. GAAP)⁽⁶⁾:				
Net earnings (loss)	\$ (16.1)	\$ (725.8)	\$ 39.0	\$ 80.9
Shares used in computing per share amounts (in millions):				
Basic	228.9	229.3	229.5	227.8
Diluted	228.9	229.3	230.9	230.1

	As at December 31			
	2007 ⁽¹⁾	2008 ⁽¹⁾	2009 ⁽¹⁾	2010 ⁽¹⁾
(in millions)				
Consolidated Balance Sheet Data (Canadian GAAP):				
Cash and cash equivalents	\$ 1,116.7	\$ 1,201.0	\$ 937.7	\$ 632.8
Working capital ⁽⁵⁾	1,553.0	1,603.6	1,023.0	968.9
Property, plant and equipment	427.1	433.5	393.8	368.7
Total assets	4,470.5	3,786.2	3,106.1	3,103.6
Total long-term debt, including current portion ⁽⁷⁾	758.5	733.1	222.8	—
Equity	2,118.2	1,365.5	1,475.8	1,421.3
Consolidated Balance Sheet Data (U.S. GAAP)⁽⁶⁾:				
Total assets	\$ 4,485.8	\$ 3,786.2	\$ 3,106.1	\$ 3,107.2
Total long-term debt, including current portion ⁽⁷⁾	757.2	723.4	221.2	—
Equity	1,996.5	1,254.8	1,346.8	1,275.8

(1) Changes in accounting policies:

- (i) In February 2008, the Canadian Accounting Standards Board announced the adoption of IFRS for publicly accountable enterprises in Canada effective January 1, 2011. Accordingly, our Consolidated Financial Statements for 2011 in Item 18 have been prepared in accordance with IFRS as issued by the IASB. We have retroactively applied IFRS to our 2010 Consolidated Financial Statements and comparative data and have included the reconciliations and descriptions of the effect of our transition from prior GAAP to IFRS in the notes to our 2011 Consolidated Financial Statements in Item 18. We have included in notes 2 and 3 of our 2011 Consolidated Financial Statements in Item 18 a description of our adoption of IFRS and a discussion of our significant accounting policies and the application of critical accounting estimates and judgments. We have restated our 2010 comparative data to reflect the adoption of IFRS, with effect from January 1, 2010 (Transition Date).

- (ii) We were not required to retroactively apply IFRS to our financial statements for years prior to 2010. Accordingly, the operating results and financial information in the chart above for 2009, 2008 and 2007 were prepared in accordance with GAAP. Solely to provide a meaningful comparison to the 2009 and prior years' information, we have included in the above chart the 2010 comparative data prepared in accordance with GAAP.
- (2) SG&A expenses include research and development costs.
- (3) Under GAAP, other charges in 2007 totaled \$47.6 million, comprised primarily of: (a) a \$37.3 million restructuring charge and (b) a non-cash write-down of \$15.1 million relating to the annual impairment assessment, primarily against property, plant and equipment.
- Under GAAP, other charges in 2008 totaled \$885.2 million, comprised primarily of: (a)(i) a non-cash write-down of \$850.5 million relating to the annual goodwill impairment assessment, (ii) a \$35.3 million restructuring charge and (iii) a non-cash write-down of \$8.8 million relating to the annual impairment assessment, primarily against property, plant and equipment, offset, in part, by (b) a \$7.6 million gain on repurchase of long-term debt.
- Under GAAP, other charges in 2009 totaled \$68.0 million, comprised primarily of: (a)(i) a \$83.1 million restructuring charge and (ii) a non-cash write-down of \$12.3 million relating to the annual impairment assessment, primarily against property, plant and equipment, offset, in part, by (b)(i) a net \$23.7 million recovery of damages from the settlement of a class action lawsuit and (ii) a net \$2.8 million gain on repurchase of long-term debt, net of a write-down to the embedded options on the debt.
- Under GAAP, other charges in 2010 totaled \$68.4 million, comprised primarily of: (a) a \$55.3 million restructuring charge, (b) a non-cash write-down of \$8.9 million relating to the annual impairment assessment, primarily against computer software assets and property, plant and equipment and (c) an \$8.8 million loss on repurchase of long-term debt.
- Under IFRS, other charges in 2010 totaled \$49.9 million, comprised primarily of: (a) a \$35.8 million restructuring charge, (b) a non-cash write-down of \$9.1 million relating to the annual impairment assessment, primarily against computer software assets and property, plant and equipment and (c) an \$8.8 million loss on repurchase of long-term debt.
- Under IFRS, other charges in 2011 totaled \$6.5 million, comprised primarily of: (a) a \$14.5 million restructuring charge offset, in part, by (b) a \$6.5 million reversal of provisions.
- (4) Interest expense/finance costs, is comprised of interest expense incurred on indebtedness and debt facilities, less interest income earned on cash and cash equivalents. For years ended 2007, 2008 and 2009, interest expense included marked-to-market adjustments related to our subordinated debt and interest rate swaps. Our swap agreements were terminated in February 2009 and we redeemed all outstanding subordinated debt by March 2010.
- (5) Calculated as current assets less current liabilities.
- (6) The significant differences between the line items under Canadian GAAP and U.S. GAAP, for 2007, 2008, 2009 and 2010 arose primarily from:
- For 2007: the transition adjustment resulting from adopting the standards on financial instruments, hedges and comprehensive income for Canadian GAAP in 2007;
 - For 2008: reversal of gain on foreign exchange contract, the timing of recording certain tax uncertainties and the adjustments relating to the adoption of financial instruments, hedges and comprehensive income for Canadian GAAP;
 - For 2009: adjustments relating to financial instruments and hedging, and the timing of recording certain tax uncertainties; and
 - For 2010: adjustments relating to financial instruments and hedging, and the treatment of acquisition-related costs.
- (7) Long-term debt includes capital lease obligations.

Exchange Rate Information

The rate of exchange as of February 22, 2012 for the conversion of Canadian dollars into United States dollars was U.S.\$1.00 and for the conversion of United States dollars into Canadian dollars was C\$0.9999. The following table sets forth the exchange rates for the conversion of U.S.\$1.00 into Canadian dollars for the identified periods. The rates of exchange set forth herein are shown as, or are derived from, the reciprocals of the noon buying rates in New York City for cable transfers payable in Canadian dollars, as certified for customs purposes by the Federal Reserve Bank of New York. The source of this data is the Board of Governors of the Federal Reserve's website (<http://www.federalreserve.gov>).

	2007	2008	2009	2010	2011
Average	1.0734	1.0660	1.1412	1.0298	0.9887

	February 2012	January 2012	December 2011	November 2011	October 2011	September 2011
High	1.0016	1.0272	1.0403	1.0487	1.0605	1.0389
Low	0.9866	0.9986	1.0106	1.0125	0.9932	0.9751

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

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

We are dependent on a limited number of customers and on our customers' ability to compete and succeed in their marketplace for the products we manufacture. We are also dependent on limited end markets, primarily within the communications, consumer and computing markets, for a substantial portion of our revenue.

A decline in revenue from the customers on which we are dependent or the loss of a large customer could have a material adverse effect on our financial condition and operating results. During 2011, two customers individually represented more than 10% of our total revenue, and our top 10 customers represented 71% of our total revenue. During 2010, one customer from our consumer end market individually represented more than 10% of our total revenue, and our top 10 customers represented 72% of total revenue. Research in Motion Limited (RIM), a consumer end market customer, represented 19% of total revenue in 2011 (2010 — 20%). Our customers' ability to compete and succeed in their marketplace (for the products we manufacture) would likely impact our operating results. Our customers' success in the marketplace is directly affected by continued and rapid shifts in technology, changes in end market demand and increased competition in their markets. In the past, some of our customers have experienced severe revenue erosion, pricing and margin pressures, and excess inventories that, in turn, have adversely affected our operating results.

We expect to continue to depend upon a relatively small number of customers for a significant percentage of our revenue. The mix of our customers and the types of products or services we provide to these customers will have an impact on our operating results from period-to-period. To reduce this reliance, we have been targeting new customers and new services in our traditional markets, as well as expanding our business in the diversified markets such as industrial, aerospace and defense, healthcare, green technology and the semiconductor capital equipment market. We continue to pursue acquisition opportunities to further diversify our revenue and/or our customer base, although there can be no assurance that any acquisition will increase revenue or reduce our customer concentration. Acquisitions are also subject to integration risk and volumes and margins could be lower than we anticipate. During the past two years, we completed the acquisitions of Invec Solutions Limited (Invec), Allied Panels Entwicklungs-und Produktions GmbH (Allied Panels), and the semiconductor equipment contract manufacturing operations of Brooks Automation, Inc. (Brooks Automation) to enhance our service offerings and expand our customer base. As we continue to pursue opportunities in new markets, we may encounter challenges as our knowledge or experience may be limited in these new markets or technologies.

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

There is no assurance that present or future large customers will not terminate their manufacturing or service arrangements with us or significantly change, reduce or delay the volume of manufacturing or other services they order from us, any of which would adversely affect our operating results. Customers may also shift business to a competitor or bring programs in-house to improve their own utilization or to adjust the

concentration of their supplier base. Significant reductions in, or the loss of, revenue from any of our large customers could have a material adverse effect on us. We cannot assure the timely replacement of delayed, cancelled or reduced orders with new business. In addition, the ramping of new programs can take from several months to more than a year before production starts and may require significant up-front investments and increased working capital requirements. During this start-up period, these programs may generate losses or may not achieve the expected financial performance due to start-up inefficiencies. These programs are also subject to significant change or outright cancellation, compared to the expectations at the time the new business was awarded, due to changes in end-market demand or changes in the viability of our customers' products in the marketplace.

The end markets we serve can experience major fluctuations in demand which, in turn, can significantly impact our operations. Enterprise communications and consumer were our two largest end markets representing 26% and 25%, respectively, of total revenue for 2011. In general, business in the consumer end market and, in particular, smartphones, is highly competitive and characterized by shorter product lifecycles, higher revenue volatility, and lower margins. In addition, program volumes can vary significantly period-to-period based on the strength in end-market demand or the timing of ramping new programs. End-user preferences for these products and services can change rapidly and these programs are shifted among EMS competitors. Our exposure to this end market could lead to volatility in our revenue and operating margins and adversely impact our financial position and cash flows.

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

We are in a highly competitive industry. We compete globally to provide innovative supply chain solutions to original equipment manufacturers (OEMs) and service providers in the communications (comprised of enterprise communications and telecommunications), consumer, computing (comprised of servers and storage) and diversified (comprised of industrial, aerospace and defense, healthcare, green technology, semiconductor capital equipment and other) end markets. Our competitors include Benchmark Electronics, Inc., Flextronics International Ltd., Hon Hai Precision Industry Co., Ltd., Jabil Circuit, Inc., Plexus Corp., and Sanmina-SCI Corporation, as well as smaller EMS companies that often have a regional, product, service or industry-specific focus or original design manufacturers (ODMs) that provide internally designed products and manufacturing services. We also face indirect competition from the manufacturing operations of our current and prospective customers, as these companies could choose to manufacture products internally rather than to outsource to EMS providers, or they may choose to insource previously outsourced business, particularly where internal excess capacity exists.

The competitive environment in our industry is very intense and aggressive pricing is a common business dynamic. Some of our competitors have greater scale as well as a broader service offering than we have. While we have increased our capacity in lower-cost regions to reduce our costs, these regions may not provide the same operational benefits that they have in the past due to rising costs and a more aggressive pricing environment. Additionally, our current or potential competitors may also increase or shift their presence in new lower-cost regions to try to offset the continuous competitive pressure and increasing labor costs, may develop or acquire services comparable or superior to those we develop, combine or merge to form larger competitors, or adapt more quickly than we may to new technologies, evolving industry trends and changing customer requirements. Some of our competitors also have capabilities to manufacture components, such as metal or plastic enclosures, semiconductors and cabling, they use in the products they assemble. This expanded capability may provide them with a competitive advantage and greater cost savings and may lead to more aggressive pricing for electronics manufacturing services. Competition has caused and will continue to cause pricing pressures, increased working capital requirements and reduced profits, or a loss of market share (from both program and customer disengagements), any of which could materially and adversely affect us. These factors have exerted and will continue to exert additional pressures on pricing for components and services, thereby increasing the competitive pressures in the EMS industry. We may not be able to compete successfully against our current and future competitors, and the competitive pressures we face may have a material adverse effect on us.

We are operating in an uncertain global economic environment.

The uncertain global economy and financial markets continue to limit overall visibility to end markets. This uncertainty may continue to impact our industry, resulting in lower demand for some of the products we manufacture and limiting end-market visibility for our customers. This environment can pose significant risk to our business by impacting demand for our customers' products, the financial condition of our customers or suppliers, as well as the level of customer consolidations.

A deterioration in the economic environment may accelerate the effect of the various risk factors described in this Annual Report, as well as result in other unforeseen events that will impact our business and financial condition.

Rising oil and other commodity prices may negatively impact our operating results due to higher production and transportation costs.

We rely on various energy sources in our production and transportation activities. The price of commodities, including oil, has been volatile and remains uncertain. Increased prices for energy and other commodities could result in higher raw material and component costs and transportation costs. Any increase in our costs that we are unable to recover in our pricing to our customers could adversely impact our operating results.

Our results can be affected by rising labor costs.

There is some uncertainty with respect to rising labor costs, in particular within the lower-cost regions in which we operate. Any increase in labor costs that we are unable to recover in our pricing to our customers could adversely impact our operating results.

Our operations could be adversely affected by local events, including natural disasters, political instability, labor and social unrest, criminal activity and other risks present in the jurisdictions in which we operate.

Our operations and those of our customers, component suppliers or our logistic partners may be disrupted by local events, including natural disasters (such as the March 2011 earthquake and tsunami in Japan and the flooding in Thailand), political instability, labor and social unrest, criminal activity and other risks present in the jurisdictions in which we, our suppliers and customers operate. Such events could seriously harm our results of operations and increase our costs. We have insurance to cover damage to our facilities, including damage that may occur as a result of natural disasters, such as flooding and earthquakes, or other events. Our insurance policies are subject to deductibles and coverage limits and may not provide adequate coverage.

Increased international political instability, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, conflicts in the Middle East and Asia, security issues at the U.S./Mexico border related to illegal immigration or criminal activities associated with illegal drug activities, labor and social unrest, strained international relations arising from these conflicts and the related decline in consumer confidence may hinder our ability to conduct business. Any escalation in these events or similar future events may disrupt our operations or those of our customers and suppliers and could affect the availability of materials needed to manufacture our products or the means to transport those materials to manufacturing facilities and finished products to customers.

We rely on a variety of common carriers for the transportation of materials and products and for their ability to route these materials and products through various international ports. A work stoppage, strike or shutdown of any important supplier's facility or operations, or at any major port or airport, could result in manufacturing and shipping delays or expediting charges, which could have a material adverse effect on our operating results.

These events have had and may continue to have an adverse impact on the U.S. and world economy in general and customer confidence and spending in particular, which in turn could adversely affect our revenue and operating results. The impact of these events on the volatility of the U.S. and world financial markets could increase the volatility of the market price of our securities and may limit the capital resources available to us and our customers and suppliers.

We may encounter difficulties expanding our operations which could adversely affect our operating results.

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

- our ability to manage growth effectively, including having trained personnel to manage operations, new customers and new products;
- maintaining existing customer, supplier, employee and other favorable business relationships during periods of transition;
- unanticipated disruptions in our operations which may impact our ability to deliver to the customer on time, to produce quality products and to ensure overall customer satisfaction; and
- our ability to respond rapidly to changes in customer demand or to program or customer losses.

We may encounter difficulties with the ramping and execution of new program wins from existing or new customers. We may require significant investments to support these new programs, including increased working capital requirements, and may generate lower margins during the ramp period. There is no guarantee that we will benefit from, or be able to grow our business as a result of, our increased investments. In addition, as we pursue opportunities in new markets or technologies, we may encounter challenges due to our limited knowledge or experience. Any of these factors could prevent us from realizing the anticipated benefits of growth in new markets, which could adversely affect our business and operating results.

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

Our customers are dependent on EMS providers for new product introductions and rapid response times to meet changes in volume requirements. Most of our customers typically do not commit to production schedules for more than 30 days to 90 days in advance and we often experience volatility in customer orders. Additionally, a significant portion of our revenue can occur in the last month of the quarter and could be subject to change or cancellation that will affect our quarter-to-quarter results. Accordingly, we cannot always forecast the level of customer orders with certainty. This can make it difficult to order appropriate levels of materials and to schedule production and maximize utilization of our manufacturing capacity.

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

Changes or delays in customer orders could have a material adverse impact on our operating results and working capital performance, including requiring us to carry higher than expected levels of inventory. We may be able to return or re-sell this inventory, or we may be required to hold the inventory for a period of time, any of which may result in our taking additional reserves for the inventory if it becomes excess or obsolete. Order cancellations and delays could also lower our asset utilization, resulting in higher levels of unproductive assets and lower margins. Any of these factors or a combination of these factors could have a material adverse effect on our operating results.

Our results can be affected by limited availability of components.

A significant portion of our costs is for the purchase of electronic components. All of the products we manufacture or assemble require one or more components that we order from component suppliers. An interruption in supply from a component supplier, especially for single-sourced components, could have a significant impact on our operations and on our customers, if we are unable to deliver finished products in a timely manner.

Supply shortages for a particular component can delay production as well as revenue relating to products using that component, and may result in our carrying higher levels of inventory and extended lead times, or may cause price increases in the products and services we provide. At various times in our industry's history, there have been industry-wide shortages of electronic components. During 2011, the EMS industry experienced component shortages primarily driven by the effects of the earthquake and tsunami in Japan and the flooding in Thailand. Shortages, or fluctuations in the cost of components, may have a material adverse effect on our business or cause our operating results to fluctuate from period-to-period. Changes in forecasted volumes or in our customers' requirements can affect our ability to attain components which could impact our results. Additionally, quality or reliability issues at any of our component providers, or financial difficulties that affect their production and ability to supply us with components, could halt or delay production of a customer's product which could adversely impact our operating results.

We face financial risks due to foreign currency volatility.

Global currency markets continue to be volatile. Although we conduct the majority of our business in U.S. dollars, our financial results are affected by the valuation of foreign currencies relative to the U.S. dollar. The European sovereign debt crisis has increased uncertainty in financial and currency markets, contributing to the market volatility. This crisis may continue to impact currency markets and negatively affect our operating results.

Our significant non-U.S. currency exposures include the Canadian dollar, British pound sterling, Chinese renminbi, Thai baht, Malaysian ringgit, Mexican peso, Euro, Singapore dollar, Japanese yen and the Romanian lei. We enter into forward exchange contracts to hedge against our cash flows and significant balance sheet exposures in many of these foreign currencies. Our contracts generally extend for periods ranging from one month to 15 months. Our hedging program is designed to reduce the short to medium-term variability of our foreign currency costs and exposures, and may not mitigate the full impact of currency fluctuations, which could adversely impact our operating results.

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

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

Our operating results in certain end markets are subject to seasonality and can be unpredictable.

In the past, we have experienced some level of seasonality in our quarterly revenue patterns across most of the end markets we serve. As our revenue from quarter-to-quarter is dependent on the level of demand and mix in each of our end markets, it is difficult for us to predict the extent and impact of seasonality on our business.

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

We have facilities in numerous countries, including Austria, China, Ireland, Japan, Malaysia, Mexico, Romania, Scotland, Singapore, Spain and Thailand. During 2011, approximately two-thirds of our revenue was produced from locations outside of North America. We also purchase the majority of components and materials from international suppliers.

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

- labor unrest and differences in regulations and statutes governing employee relations;
- changes in regulatory requirements;
- inflation and rising costs;
- difficulty in staffing and managing foreign operations;
- ability to build infrastructure to support operations;
- changes in local tax rates and tax incentives and the adverse tax consequences of repatriating earnings;
- compliance with a variety of foreign laws, including changing import and export regulations;
- adverse changes in trade policies between countries in which we maintain operations;
- economic and political instability;
- potential restrictions on the transfer of funds; and
- foreign exchange risks.

We are subject to the risk of increased income taxes and our inability to successfully defend tax audits or meet the conditions of tax incentives could adversely affect our financial condition and operating results.

We conduct business operations in a number of countries, including countries where tax incentives have been extended to encourage foreign investment or where income tax rates are low. Our taxes could increase if certain tax incentives we benefit from are retracted. A retraction could occur if we fail to satisfy the conditions on which these tax incentives are based, if they are not renewed upon expiration, if tax rates applicable to us in such jurisdictions are otherwise increased or if there are changes in legislation or administrative practices. We believe we will comply with the conditions of the tax incentives; however, changes in our outlook in any particular country could impact our ability to meet the conditions.

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

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

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

We currently have ongoing tax audits where the tax authorities have taken the position that income reported by our subsidiaries for certain years should have been materially higher as a result of certain inter-company transactions. The successful pursuit of the assertions made by tax authorities arising from these tax audits could result in our owing significant amounts of tax, interest and possibly penalties. There can be no assurance as to the final resolution of these claims and any resulting proceedings, and if these claims and any

ensuing proceedings are determined adversely against us, the amounts we may be required to pay could be material.

In addition, we have and expect to continue to recognize the future benefit of certain Brazilian tax losses on the basis that these tax losses can and will be fully utilized in the fiscal period ending on the date of dissolution of our Brazilian subsidiary. While we believe that our interpretation of applicable Brazilian law is correct, our ability to realize this benefit is not certain and a failure to do so could have a material adverse effect on our operating results and financial condition.

As at December 31, 2011, a significant portion of our cash and cash equivalents was held by numerous foreign subsidiaries outside of Canada. Although substantially all of the cash and cash equivalents held outside of Canada could be repatriated, a significant portion may be subject to withholding taxes under current tax laws. We have not recognized deferred tax liabilities for cash and cash equivalents held by certain foreign subsidiaries related to earnings that are considered indefinitely reinvested outside of Canada and that we will not repatriate in the foreseeable future (approximately \$380.0 million of cash and cash equivalents as at December 31, 2011).

We have incurred significant restructuring charges and accounting losses in the past and may experience restructuring charges and losses in future periods.

In the past, we have recorded losses resulting primarily from restructuring charges and the write-down of goodwill. These amounts have varied from period-to-period. We have undertaken numerous initiatives to restructure and reduce our capacity and cost structures in response to changes in the EMS industry and end market demand, with the intention of improving utilization and reducing our cost structures. See note 16 to the Consolidated Financial Statements in Item 18. These restructuring actions have had a negative impact on our financial and operating results, including incurring higher operating expenses during periods of transition. In certain situations, product transfers have resulted in our inability to retain existing business or grow revenue due to execution problems resulting from significant headcount reductions, plant closures and product transfers. During 2011, we recorded restructuring charges of \$14.5 million (2010 — \$35.8 million). We evaluate our operations from time-to-time and may propose additional restructuring actions in the future. Any failure to successfully execute or realize the expected benefits from these initiatives, including any delay in implementing these initiatives, can have a material adverse impact on our operating results. Furthermore, we may not be profitable in future periods.

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

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

- integrating acquired operations, systems and businesses;
- retaining customer, supplier, employee or other business relationships of acquired operations;
- addressing unforeseen liabilities of acquired businesses;
- limited experience with new technologies and markets; and
- not achieving anticipated business volumes.

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

The efficiency of our operations could be adversely affected by disruptions to our Information Technology (IT) systems.

We rely on information technology networks and systems to process, transmit and store electronic information. In particular, we depend on our information technology infrastructure for a variety of functions, including worldwide financial reporting, inventory management, procurement, invoicing and email communications. Any of these systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, terrorist attacks and similar events. Despite the implementation of network security measures and disaster recovery plans, our systems and those of third parties on which we rely may also be vulnerable to computer viruses, break-ins and similar disruptions. If we or our vendors are unable to prevent such outages and breaches, our operations could be disrupted.

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

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

Consolidation in the electronics industry could adversely affect our business relationships or the volume of business we conduct with our customers.

Our customers, competitors and suppliers are subject to merger and acquisition transactions. Future mergers and acquisitions of our customers could result in a decrease in demand from our customers or a loss of business to our competitors as customers rationalize their business and consolidate their suppliers. Mergers or consolidation among our competitors could increase their competitive advantage over us, which may also result in a loss of business if customers shift their production.

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

We maintain multiple defined benefit pension plans, as well as supplemental pension plans. Some employees in Canada, Japan and the United Kingdom (U.K.) participate in our defined benefit pension plans; however, the Canada and U.K. plans are closed to new members. We also have defined contribution plans for certain employees, primarily in Canada and the U.S.

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

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

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

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

The potential occurrence of default by a counterparty on its contractual obligations may result in a financial loss to us. We generally provide payment terms to our customers ranging from 15 days to 60 days. Our accounts receivable balance at December 31, 2011 was \$810.8 million, with two customers individually representing more than 10% of the total accounts receivable. If any of our customers have insufficient liquidity, we could encounter significant delays or defaults in payments owed to us by such customers, or we may extend our payment terms, which could adversely impact our financial condition and operating results. A deterioration in our customers' financial condition could result in customers going into bankruptcy or reorganization proceedings. At December 31, 2011, less than 1% of our gross accounts receivable was over 90 days past due. Our allowance for doubtful accounts balance at December 31, 2011 was \$2.7 million.

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

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

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

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

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

There is also a risk that infringement claims may be brought against us, our customers or our suppliers in the future. If an infringement claim is successfully asserted, we may be required to spend significant time and money to develop processes that do not infringe upon the rights of another person or to obtain licenses for the technology, process or information from the owner. We may not be successful in such development, or any such licenses may not be available on commercially acceptable terms, if at all. In addition, any litigation could be lengthy and costly and could adversely affect us even if we are successful in such litigation. As we expand our service offerings and pursue business in new end markets, we may be less effective in anticipating the intellectual property risks related to new manufacturing, design and other services.

Due to inherent limitations, there can be no assurance that our system of disclosure and internal controls will be successful in preventing all errors or fraud in a timely manner.

Because of the inherent limitations of a cost-effective control system, misstatements due to error or fraud may occur and may not be detected. All systems of internal control contain inherent limitations. Accordingly, we cannot provide absolute assurance that all control issues, errors or instances of fraud, if any, within the Company have been or will be prevented or detected. In addition, over time, certain aspects of a control system may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate, which we may not be able to address quickly enough to prevent all instances of error or fraud.

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

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

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

We are subject to various federal/national, state/provincial, local and multi-national environmental laws and regulations. Our environmental management systems and practices have been designed to ensure compliance with these laws and regulations in a manner consistent with local practice. Maintaining compliance with and responding to increasingly stringent regulations require a significant investment of time and resources and may restrict our ability to modify or expand our facilities or to continue production. Our failure to comply with these laws and regulations could potentially result in significant fines and penalties, our operations could be suspended and our cost of related investigations could be material in any period.

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

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

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

In the healthcare end market, we face substantial regulations, primarily from the U.S. Food and Drug Administration in the U.S., as well as other jurisdictions, relating to some of the healthcare products we manufacture. We are required to comply with the various statutes and regulations related to the design, development, testing, manufacturing and labeling of our healthcare products in addition to reporting of certain information with respect to the safety of such products. If we are unable to comply with these regulations, we

may be faced with fines, injunctions, product recalls, or suspension of production, among other penalties. Failure to comply with these regulations could materially affect our relationships with customers and our operating results.

We provide design and manufacturing related services to our customers in the aerospace and defense end market. As part of these services, we are subject to substantial regulation from government agencies including the Department of Defense and the U.S. Federal Aviation Administration in the U.S. and in other jurisdictions. In addition, several of our sites around the world are certified in quality management standards applicable to the aerospace and defense industry. Failure to comply with these regulations may result in fines, penalties, injunctions, and may prevent us from winning future contracts, any of which could materially affect our financial condition and operating results, as could the loss of any of our quality management certifications.

Our international operations require us to comply with various anti-bribery laws, including the U.S. Foreign Corrupt Practices Act (FCPA). In many foreign countries, particularly in those with developing economies, it may be customary for businesses to engage in business practices that are prohibited by the FCPA or other laws and regulations. Although we have implemented policies and procedures designed to ensure compliance with the FCPA and similar laws, there can be no assurance that all of our employees and agents, as well as those companies to which we outsource certain of our business operations, will not be in violation of our policies. Failure to comply with these laws could subject us to, among other things, adverse publicity, penalties and legal expenses that could harm our reputation and have a material adverse effect on our business, financial condition and operating results. In addition to the difficulty of monitoring compliance, any suspected activity would require a costly investigation by us.

Compliance or the failure to comply with employment laws and regulations could be costly and impact our operating results.

We are subject to a variety of domestic and foreign employment laws, including those related to workplace safety, discrimination, whistle-blowing, wages and severance payments. Such laws are subject to change and there can be no assurance that we will not be found to have violated any such laws in the future. Such violations could lead to the assessment of fines or damages against us by regulatory authorities or by employees, any of which could adversely affect our operating results.

Failure to comply with the conditions of government grants could lead to grant repayments and negatively impact our financial position and operating results.

We have received grants from government organizations or other third parties as incentives related to capital investments or other spending. These grants often have future conditions which we must comply with or face possible repayment. We currently believe we will comply with the conditions of the grants; however, if we become unable to meet future conditions, we may be obligated to repay the grant, or a portion of the grant, which could adversely affect our financial position and operating results.

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

Our credit agreement contains financial and operating covenants that limit our management's discretion with respect to certain business matters. Among other things, these covenants restrict our ability and our subsidiaries' ability to incur additional debt, create liens or other encumbrances, change the nature of our business, sell or otherwise dispose of assets, and merge or consolidate with other entities.

We are exposed to interest rate fluctuations.

In January 2011, we renewed our revolving credit facility on generally similar terms and conditions as our previous facility and increased the size of the facility to \$400.0 million, with a maturity of January 2015. Borrowings under our revolving credit facility bear interest at LIBOR or Prime rate plus a margin. Our borrowings under this facility expose us to interest rate risks due to fluctuations in these rates. Significant interest rate fluctuations may affect our business, operating results and financial condition.

The deterioration of financial markets and continued instability of the global economy may adversely affect our ability to raise funds or may increase the cost of raising those funds.

We currently have access to a revolving credit facility through financial institutions. We may also issue debt or equity securities to fund our operations or make acquisitions. As the financial market instability continues or deteriorates, our ability to borrow or raise capital may be impacted. In addition, a rating agency downgrade of our credit rating may also impact our ability to raise funds in the time and amount necessary for us, or we may incur additional costs of raising funds, which may adversely affect our business, operating results and financial condition.

The interest of our controlling shareholder, Onex Corporation, with a 71% voting interest, may conflict with the interest of the remaining holders of our subordinate voting shares.

Onex Corporation, or Onex, owns, directly or indirectly, all of the outstanding multiple voting shares and less than 1% of the outstanding subordinate voting shares. The number of shares owned by Onex, together with those shares Onex has the right to vote, represents 71% of the voting interest in Celestica and less than 1% of the voting interest in our outstanding subordinate voting shares. Accordingly, Onex exercises a controlling influence over our business and affairs and has the power to determine all matters submitted to a vote of our shareholders where our shares vote together as a single class. Onex has the power to elect our directors and its approval is required for significant corporate transactions such as certain amendments to our articles of incorporation, the sale of all or substantially all of our assets and plans of arrangement. Onex's voting power could have the effect of deterring or preventing a change in control of our Company that might otherwise be beneficial to our other shareholders. Under our credit agreement, it is an event of default entitling our lenders to demand repayment if Onex ceases to control Celestica unless the shares of Celestica become widely held ("widely held" meaning that no one person owns more than 20% of the votes). Gerald W. Schwartz, the Chairman and Chief Executive Officer of Onex and one of our directors, owns multiple voting shares of Onex, carrying the right to elect a majority of the Onex board of directors. Mr. Schwartz, therefore, effectively controls our affairs. The interests of Onex and Mr. Schwartz may differ from the interests of the remaining holders of subordinate voting shares. For additional information about shareholder rights and restrictions relative to our subordinate voting shares and multiple voting shares, see Item 10(B), "Memorandum and Articles of Incorporation." For additional information about our principal shareholders, see Item 7(A), "Major Shareholders." Onex has, from time-to-time, issued debentures exchangeable and redeemable under certain circumstances for our subordinate voting shares, entered into forward equity agreements with respect to subordinate voting shares, sold shares (after exchanging multiple voting shares for subordinate voting shares), or redeemed these debentures through the delivery of subordinate voting shares and could do so in the future. These sales could impact our share price, or have consequences on our debt and ownership structure.

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

In 2007, securities class action lawsuits were commenced against us and our former Chief Executive and Chief Financial Officers in the United States District Court of the Southern District of New York by certain individuals, on behalf of themselves and other unnamed purchasers of our stock, claiming that they were purchasers of our stock during the period January 27, 2005 through January 30, 2007. The plaintiffs allege violations of United States federal securities laws and seek unspecified damages. They allege that during the purported period we made statements concerning our actual and anticipated future financial results that failed to disclose certain purportedly material adverse information with respect to demand and inventory in our Mexican operations and our information technology and communications divisions. In an amended complaint, the plaintiffs added one of our directors and Onex as defendants. On October 14, 2010, the District Court granted the defendants' motions to dismiss the consolidated amended complaint in its entirety. The plaintiffs appealed to the United States Court of Appeals for the Second Circuit the dismissal of its claims against us and our former Chief Executive and Chief Financial Officers, but not as to the other defendants. In a summary order dated December 29, 2011, the Court of Appeals reversed the District Court's dismissal of the consolidated amended complaint and remanded the case to the District Court for further proceedings. Parallel class proceedings, including a claim issued in October 2011, remain against us and our former Chief Executive and

Chief Financial Officers in the Ontario Superior Court of Justice, but neither leave nor certification of any actions has been granted by that court. We believe the allegations in the claims and the appeal are without merit and we intend to defend against them vigorously. However, there can be no assurance that the outcome of the litigation will be favorable to us or that it will not have a material adverse impact on our financial position or liquidity. In addition, we may incur substantial litigation expenses in defending these claims. We have liability insurance coverage that may cover some of our litigation expenses, potential judgments and settlement costs.

Potential unenforceability of civil liabilities and judgments.

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

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

Accounting standards are revised periodically and/or expanded upon by the standard-setting bodies. Accordingly, we are required to adopt new or revised accounting standards and to comply with revised interpretations issued from time-to-time by these authoritative bodies, which include the Canadian Accounting Standards Board (CASB), the International Accounting Standards Board (IASB), the Financial Accounting Standards Board (FASB) and the U.S. Securities and Exchange Commission (SEC). In 2008, the CASB announced the adoption of IFRS for publicly accountable enterprises in Canada, effective 2011. At that time, the SEC adopted rules to accept annual filings of financial statements prepared in accordance with IFRS without the annual reconciliation to U.S. GAAP under certain circumstances. Our Consolidated Financial Statements for the year ended 2011 were our first annual financial statements prepared under IFRS. We were required to apply IFRS retroactively to our 2010 comparative data. We were not required to apply IFRS to years prior to 2010, which have been reported in the selected financial data table in Item 3(A) and prepared in accordance with prior Canadian GAAP with reconciliation to U.S. GAAP. Refer to Item 5, "Operating and Financial Review and Prospects — Management's Discussion and Analysis of Financial Condition and Results of Operations," and notes 2 and 3 to the 2011 Consolidated Financial Statements in Item 18 for the impact of IFRS on our Consolidated Financial Statements, including the significant accounting policies we adopted under IFRS. The FASB and IASB have been jointly collaborating on a series of projects to converge, improve and align the U.S. and international accounting standards as one global high quality standard. While there have been some delays in the convergence effort, we continue to monitor developments and consider the potential impacts. Future changes in accounting standards could adversely affect our operating results, profitability or financial condition.

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

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

At February 22, 2012, we had 198.3 million subordinate voting shares and 18.9 million multiple voting shares outstanding. All of the subordinate voting shares are freely transferable without restriction or further registration under the U.S. Securities Act, except for shares held by our affiliates (as defined in the U.S. Securities Act). Shares held by our affiliates include all of the multiple voting shares and 0.6 million subordinate voting shares held by Onex. An affiliate may not sell shares in the United States unless the sale is registered under the U.S. Securities Act or an exemption from registration is available. Rule 144 of the U.S. Securities Act permits our affiliates to sell our shares in the United States subject to volume limitations and requirements relating to manner of sale, notice of sale and availability of current public information with respect to us.

In addition, as of February 22, 2012, there were 22.7 million subordinate voting shares reserved for issuance under our employee equity-based compensation plans and for director compensation, including outstanding stock options for 8.6 million subordinate voting shares and outstanding restricted share units for 2.4 million subordinate voting shares. Moreover, pursuant to our articles of incorporation, we may issue an unlimited number of additional subordinate voting shares without further shareholder approval (subject to any required stock exchange approvals). As a result, a substantial number of our subordinate voting shares will be eligible for sale in the public market at various times in the future. The issuances and/or sale of such shares would dilute the holdings of our shareholders and could adversely affect the market price of the subordinate voting shares.

In February 2012, we launched a share buyback program allowing us to repurchase up to 16.2 million subordinate voting shares on the open market or as otherwise permitted, subject to the normal terms and limitations of such bids. The repurchase of such shares could affect the market price of our subordinate voting shares.

The market price of our stock is volatile.

The stock market in recent years has experienced significant price and volume fluctuations that have affected the market price of our stock. These fluctuations have often been unrelated to the operating performance of our company. Factors such as fluctuations in our operating results, announcements by our customers, competitors or other events affecting companies in the electronics industry, currency fluctuations, general market fluctuations, and macro economic conditions may cause the market price of our subordinate voting shares to decline.

Item 4. Information on the Company

A. History and Development of the Company

We were incorporated in Ontario, Canada on September 27, 1996. Our legal and commercial name is Celestica Inc. We are domiciled in the Province of Ontario, Canada and operate under the Business Corporations Act (Ontario). Our principal executive offices are located at 844 Don Mills Road, Toronto, Ontario, Canada M3C 1V7 and our telephone number is (416) 448-5800. Our website is <http://www.celestica.com>. Information on our website is not incorporated by reference in this Annual Report.

Prior to our incorporation, we were an IBM manufacturing unit that provided manufacturing services to IBM for more than 75 years. In 1993, we began providing electronics manufacturing services to non-IBM customers. In October 1996, we were purchased from IBM by an investor group, led by Onex, which included members of our senior executive team at the time.

Celestica offers a range of supply chain solutions globally to OEMs and service providers across many industries.

Recent Acquisitions

Certain information concerning our acquisition activities, including property, plant and equipment expenditures, and financing activities, currently in progress and in the last three fiscal years, is set forth in notes 4, 8, 9, 12, 13, 22 and 25 to the Consolidated Financial Statements in Item 18, and Item 5, "Operating and Financial Review and Prospects — Management's Discussion and Analysis of Financial Condition and Results of Operations."

Certain information concerning our divestiture activities, including our restructurings, currently in progress and in the last three fiscal years, is set forth in notes 7 and 16 to the Consolidated Financial Statements in Item 18, and Item 5, "Operating and Financial Review and Prospects — Management's Discussion and Analysis of Financial Condition and Results of Operations."

B. Business Overview

We deliver innovative supply chain solutions globally to OEMs and service providers in the communications, consumer, computing and diversified (comprised of industrial, aerospace and defense, healthcare, green technology, semiconductor capital equipment and other) end markets. We believe our services and solutions help our customers reduce their time-to-market and eliminate waste from their supply chains, resulting in lower product lifecycle costs, better financial returns and improved competitive advantage in their respective business environments.

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

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

Although we supply products and services to over 100 customers, we depend on a relatively small number of customers for a significant portion of our revenue. In the aggregate, our top 10 customers represented 71% of revenue in 2011 and our largest customer represented 19% of revenue. In 2011, our revenue by end market was as follows: enterprise communications (26% of revenue); consumer (25% of revenue); servers (15% of revenue); diversified (14% of revenue); storage (11% of revenue) and telecommunications (9% of revenue). The products and services we provide can be found in a wide variety of end products, including smartphones; servers; networking, wireless and telecommunications equipment; storage devices; aerospace and defense electronics, such as in-flight entertainment and guidance systems; healthcare products; audiovisual equipment; printer supplies; peripherals; semiconductor capital equipment; and a range of industrial and green technology electronic equipment, including solar panels and inverters.

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

We believe we are well positioned to compete effectively in the EMS industry, based on our services and capabilities, operational performance and track record as one of the major global EMS companies. Our priorities include (i) growing revenue in our targeted business areas; (ii) continuing to improve financial results, including margins, returns and free cash flow; (iii) developing and enhancing profitable relationships with leading customers across our strategic target markets; and (iv) increasing our capabilities in services and technologies beyond our traditional areas of EMS expertise. We believe that success in these areas will continue to strengthen our competitive position and enhance customer satisfaction and shareholder value.

Electronics Manufacturing Services Industry

Overview

Leading EMS companies operate global networks delivering worldwide supply chain management solutions to OEMs and service providers. They offer end-to-end services for the entire product lifecycle, including design and engineering, manufacturing and systems integration, fulfillment and after-market services. OEMs and service providers have increased their reliance on these services to become more efficient and to enhance their

competitive positions. By outsourcing the manufacturing and related services, OEMs and service providers are able to overcome their most pressing business challenges related to cost, asset utilization, quality, time-to-market and rapidly changing technologies.

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

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

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

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

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

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

Improve Access to Global Markets. Some of our customers provide products or services to a global customer base. EMS companies with global infrastructure and support capabilities provide customers with efficient global manufacturing solutions, distribution capabilities and after-market services.

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

Celestica's Focus

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

Continue to Penetrate Strategic Target End Markets. We strive to establish a diverse customer base with OEMs and service providers in several industries. We believe our legacy of expertise in technology, quality and supply chain management, in addition to our service offerings and centers of excellence, have positioned us as an attractive partner to companies across these markets. Our goal is to grow across our targeted end markets, with particular emphasis on our diversified end market, which is comprised of industrial, aerospace and defense, healthcare, green technology, semiconductor capital equipment and other end markets. In 2011, we acquired the contract manufacturing operations of Brooks Automation to enhance our service offerings, specifically for the semiconductor capital equipment market. Revenue from our diversified end markets has increased 40% from 2010 to just over \$1 billion in 2011.

Our revenue by end market as a percentage of total revenue is as follows:

	2009	2010	2011
Consumer	28%	25%	25%
Diversified	10%	12%	14%
Enterprise Communications	22%	24%	26%
Servers	13%	14%	15%
Storage	12%	12%	11%
Telecommunications	15%	13%	9%

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

Continue to Improve Financial Results, Including Operating Margins, Returns and Free Cash Flow. We continue to focus on (i) managing the mix of business, service offerings and volume of business to improve our overall operating margins, (ii) leveraging our supply chain practices globally to lower material costs, minimize lead times and improve our planning cycle to better meet changes in customers' demand and improve asset utilization, (iii) improving operating efficiencies to reduce costs and improve operating margins, and (iv) maximizing free cash flow.

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

Expand Range of Service Offerings. We continually look to expand the services we offer to our customers, which include prototyping, design, engineering services, systems assembly, logistics, fulfillment and after-market services. During 2011, the acquisition of the contract manufacturing operations of Brooks Automation enhanced our offering in complex electro-mechanical assembly.

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

Celestica's Business

OEM Supply Chain Services and Solutions

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

Supply Chain Management. We use enterprise resource planning and supply chain management systems to optimize materials management from suppliers through to our customers' customers. The effective management of the supply chain is critical to our customers' success, as it directly impacts the time and cost required to deliver products to market and the capital requirements associated with carrying inventory.

Through the deployment of our TCOO strategy with our suppliers, we strive to provide our customers with the true cost of producing, delivering and supporting their products so that we can exceed their expectations for time-to-market and quality and provide them with the lowest total cost. We also strive to align a network of suppliers around our centers of excellence to increase the agility, flexibility and collaborative approach of our supply chain and deliver the shortest overall lead times for any given product. As such, we believe we have a differentiated supply chain offering.

Through our global supply chain management processes and information technology tools, we strive to provide our customers with enhanced visibility to balance their global demand and supply requirements. Through our integrated platforms, we strive to assist our customers in inventory management and order management.

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

We continue to increase our investment in research and development. As trusted design partners to some of our core customers, our teams collaborate with our customers' product designers in the early stages of product development. Our design teams use advanced tools to enable new product ideas to progress from electrical and application-specific integrated circuit design, to simulation, physical layout and design for manufacturing. Collaborative links and databases between the customer and our design and manufacturing groups help to ensure that new designs are released rapidly, smoothly and cohesively into production.

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

As a key initiative aimed at enhancing our design services offering, we launched our Joint Design and Manufacturing (JDM) strategy in late 2010. We believe this strategy provides higher value-add to our customers by offering specific design solutions that can be used as is, or that can be customized to customer specifications. We believe these design solutions will help customers reach their markets faster by reducing design cycles without compromising intellectual property.

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

Prototyping. Prototyping is a critical early-stage process in the development of new products. Our engineers collaborate with our customers engineers to build early-stage products at our new product introduction centers. These centers are strategically located around the world to enable us to provide a quick response in the early stages of the product development lifecycle.

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

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

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

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

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

After-Market Services. We provide value to our customers through our after-market services offerings which include repair, fulfillment, reverse logistics, reclamation and returns processing and prevention. Our fulfillment offering includes the design and management of integrated supply chain and materials management for light manufacturing and final assembly. Our reverse logistics offering includes the design and management of transportation networks, warehousing and distribution of product, asset recovery services, and transportation and supply chain event monitoring. The returns processing and prevention offering provides our customers with product screening and testing and product design and process analysis. We offer these services individually or integrated through a 'Control Tower' model which combines our resources, systems and processes with those of our partner organizations to provide the customer with an increased level of visibility and analytics throughout the entire after-market value stream.

Geographies

For 2011, approximately one-half (2010 and 2009 — one half) of our revenue is produced in Asia and over one-third (2010 and 2009 — one-third) of our revenue is produced in North America. A listing of our principal locations is included in Item 4, "Information on the Company — Property, Plants and Equipment." Certain geographic information is set forth in note 25 to the Consolidated Financial Statements in Item 18.

Sales and Marketing

We structure our business development teams by targeted end market, with a focus on offering complete manufacturing and supply chain solutions to leading OEMs and service providers. We have customer-focused teams, each headed by a group general manager who oversees the global relationship with our key customers. These teams work with our solutions architects to develop specific solutions that meet the needs of each customer's product or supply chain requirements. Our global network is comprised of customer-focused teams, including direct sales representatives, operational and project managers, account executives, and supply chain management teams, as well as senior executives.

Customers

We supply products and services to over 100 customers. We target industry leading customers in our strategic markets. Our customers include Alcatel-Lucent, Cisco Systems, Inc., EMC Corporation, Hewlett-Packard Company, Hitachi Global Storage Technologies, Honeywell Inc., IBM Corporation, Juniper Networks, Inc., NEC Corporation, Oracle Corporation, Polycom, Inc., Raytheon Company and RIM. We are focused on strengthening our relationships with these strategic customers through the delivery of new and expanding end-to-end solutions, such as design, engineering, order fulfillment, logistics and after-market services.

During 2011, two customers individually represented more than 10% of total revenue (2010 — one customer). Our top 10 customers represented 71% and 72%, respectively, of total revenue for 2011 and 2010.

We generally enter into master supply agreements with our customers that provide the framework for our overall relationship, although there is no guaranteed level of business. Instead, we bid on a program-by-program basis and receive customer purchase orders for specific quantities and timing of products. A majority of these agreements also require the customer to purchase unused inventory that we have purchased to fulfill that customer's forecasted manufacturing demand.

Technology and Research and Development

We use advanced technology in the design, assembly and testing of the products we manufacture. We continue to deploy more resources in our global research and development organization to expand our design capabilities. We believe that our processes and skills are among the most sophisticated in the industry.

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

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

Our ongoing research and development activities include the development of processes and test technologies, as well as some focused product development and technology building blocks that can be used by customers in the development of their products or to accelerate their products time-to-market. In late 2010, we launched our Joint Design and Manufacturing (JDM) strategy to focus on developing these design solutions and subsequently managing the other aspects of the supply chain, including manufacturing. Our efforts in these building blocks are particularly focused in the areas of data servers and storage and communications and networking as they comprise the major elements of data centers, areas we believe will grow in the future. We work directly with our customers to understand their product roadmaps and to develop the technology solutions to optimally solve their future needs. We are proactive in developing manufacturing techniques that take advantage of the latest component, product and packaging designs and we have worked with, and taken a leadership role in, industry groups that strive to advance the state of technology in the industry. As we continue to pursue deeper relationships with our customers, and participate in additional services and revenue opportunities with them, we will increase our spending in these development areas.

Supply Chain Management

We share data electronically with our key suppliers and ensure speed of supply through strong relationships with our component suppliers and logistics partners. During 2011, we procured and managed over \$5 billion in materials and related services. We view the size and scale of our procurement activities, including our IT systems, as an important competitive advantage, as they enhance our ability to obtain better pricing, influence component packaging and designs, and obtain a supply of components in constrained markets. We procure substantially all of our materials and components pursuant to individual purchase orders that are short-term in nature.

We believe we have a differentiated supply chain offering compared to our competitors. Through the deployment of our TCOO strategy with our suppliers, we strive to provide our customers with the true cost of producing, delivering and supporting their products so that we can exceed their expectations for time-to-market and quality and provide them with the lowest total cost. We also strive to align a network of suppliers around our centers of excellence to increase agility, flexibility and a collaborative approach in our supply chain and to deliver the shortest overall product lead times.

We utilize our enterprise systems, as well as specific supply chain IT tools, to provide comprehensive information on our logistics, financial and engineering support functions. These systems provide management with the data required to manage the logistical complexities of the business and are augmented by and

integrated with other applications, such as shop floor controls, component and product database management and design tools.

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

All of the products we manufacture or assemble require one or more components. In many cases, there may be only one supplier of a particular component. Some of these components could be rationed in response to supply shortages. We work with our suppliers and customers to attempt to ensure continuity in the supply of these components. In cases where unanticipated customer demand or supply shortages occur, we attempt to arrange for alternative sources of supply, where available, or defer planned production in response to the availability of the critical components. During 2011, the EMS industry experienced component shortages, primarily driven by the effects of the earthquake and tsunami in Japan and the flooding in Thailand. To date, we have not been materially impacted by these shortages.

Intellectual Property

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

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

We currently have a limited number of patents and patent applications pending to protect our intellectual property. However, we believe that the rapid pace of technological change makes patent protection less significant than such factors as the knowledge and experience of management and personnel and our ability to develop, enhance and market electronics manufacturing services.

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

Competition

The EMS industry is highly competitive with multiple global EMS providers competing for the same customers across various end markets. Our competitors include Benchmark Electronics, Inc., Flextronics International Ltd., Hon Hai Precision Industry Co., Ltd., Jabil Circuit, Inc., Plexus Corp., and Sanmina-SCI Corporation, as well as smaller EMS companies that often have a regional, product, service or industry-specific focus or ODMs that provide internally designed products and manufacturing services.

We may also face competition from current and prospective customers who evaluate our capabilities against the merits of manufacturing products internally. We compete with different companies depending on the type of service or geographic area. Some of our competitors may have greater manufacturing, procurement, research and development, and sales and marketing resources than we do. We believe our competitive advantage in our targeted markets is our track record in manufacturing technology, quality, responsiveness and cost-effective, value-added services. To remain competitive, we believe we must continue to provide technologically advanced

manufacturing services and solutions, maintain quality levels, offer flexible delivery schedules, deliver finished products and services on time and compete favorably on price. To enhance our competitiveness, we continue to focus on expanding our service offerings and capabilities beyond our traditional areas of EMS expertise.

Environmental Matters

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

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

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

Backlog

Although we obtain purchase orders from our customers, they typically do not commit to delivery of products more than 30 days to 90 days in advance. We do not believe that the backlog of expected product sales covered by purchase orders is a meaningful measure of future sales, since orders may be rescheduled or cancelled.

Seasonality

Seasonality is reflected in the mix and complexity of the products we manufacture from quarter-to-quarter. In the past, we have experienced some level of seasonality across most of the end markets we serve. The pace of technological change, the frequency of customers transferring business among EMS competitors and the constantly changing dynamics of the global economy will also continue to impact us. As a result of these factors, the impact of new program wins, and limited visibility in technology end markets, it is difficult for us to predict the extent and impact of seasonality on our business.

Controlling Shareholder Interest

Onex is our controlling shareholder with a 71% voting interest in Celestica. Accordingly, Onex exercises influence over our business, including those matters submitted to a vote by shareholders. Onex also has the power to elect our board of directors, thereby influencing significant corporate transactions, including mergers, acquisitions, divestitures and financing arrangements. For further details, refer to footnote 2 in Item 7, "Major Shareholders and Related Party Transactions — Major Shareholders."

Government Regulation

Information regarding material effects of government regulations on Celestica's business is provided in the risk factors entitled "We are subject to the risk of increased income taxes and our inability to successfully defend tax audits or meet the conditions of tax incentives could adversely affect our financial condition and operating results," "Compliance with governmental laws and obligations could be costly and impact our operations," and "Compliance or the failure to comply with employment laws and regulations could be costly and impact our operating results" in Item 3(D), "Key Information — Risk Factors."

Financial Information Regarding Geographic Areas

Details of our financial information regarding geographic areas, including revenues generated in, or property, plants and equipment located in, Canada and foreign countries are disclosed in note 25 to the Consolidated Financial Statements in Item 18. Risks associated with the foreign operations are disclosed in Item 3(D), "Key Information — Risk Factors."

C. Organizational Structure

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

Celestica Cayman Holdings 1 Limited, a Cayman Islands corporation;
Celestica Cayman Holdings 9 Limited, a Cayman Islands corporation;
Celestica (Gibraltar) Limited, a Gibraltar corporation;
Celestica Holdings Pte Limited, a Singapore corporation;
Celestica Hong Kong Limited, a Hong Kong corporation;
Celestica LLC, a Delaware limited liability company;
Celestica Liquidity Management Hungary Limited Liability Company, a Hungary corporation;
Celestica (Luxembourg) S.À.R.L., a Luxembourg corporation;
Celestica (Romania) S.R.L., a Romania corporation;
Celestica (Thailand) Limited, a Thailand corporation;
Celestica (USA) Inc., a Delaware corporation;
Celestica (US Holdings) LLC, a Delaware limited liability company;
IMS International Manufacturing Services Limited, a Cayman Islands corporation;
1681714 Ontario Inc., an Ontario corporation;
1755630 Ontario Inc., an Ontario corporation; and
3250297 Nova Scotia Company (formerly 1282087 Ontario Inc.), a Nova Scotia corporation.

D. Property, Plants and Equipment

The following table summarizes our principal facilities as of February 22, 2012. Our facilities are used to provide electronics manufacturing services and solutions, such as the manufacture of printed circuit boards, assembly and configuration of final systems, and other related manufacturing and customer support activities, including warehousing, distribution and fulfillment.

<u>Major locations</u>	<u>Square Footage (in thousands)</u>	<u>Owned/Leased</u>
Canada	888	Owned
California ⁽¹⁾	288	Leased
Oregon	188	Leased
Texas	51	Leased
Mexico ⁽¹⁾	832	Leased
Ireland ⁽¹⁾	241	Leased
Spain	100	Owned
Austria	54	Leased
Romania	200	Owned
Scotland	58	Leased
China ⁽¹⁾	1,162	Owned/Leased
Malaysia ⁽¹⁾	927	Owned/Leased
Thailand ⁽¹⁾	1,085	Leased
Singapore ⁽¹⁾	282	Leased
Japan	274	Owned

(1) This represents multiple locations.

Our principal executive office is located at 844 Don Mills Road, Toronto, Ontario, Canada M3C 1V7. Our principal facilities are certified to ISO 9001 and ISO 14001 standards, as well as to other industry-specific certifications.

Our land and facility leases expire between 2012 and 2060. We currently expect to be able to extend the terms of expiring leases or to find replacement facilities on reasonable terms.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

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

The following discussion of the financial condition and results of operations should be read in conjunction with the 2011 consolidated financial statements, which we prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). All dollar amounts are expressed in U.S. dollars. The information in this discussion is provided as of February 22, 2012 unless we indicate otherwise.

Certain statements contained in the following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) constitute forward-looking statements within the meaning of section 27A of the U.S. Securities Act of 1933, section 21E of the U.S. Securities Exchange Act of 1934, and applicable Canadian securities legislation, including, without limitation: statements related to our future growth; trends in our industry; our financial or operational results, including our quarterly earnings and revenue guidance; the impact of program wins or losses and acquisitions on our financial results and working capital requirements; anticipated expenses, capital expenditures, benefits or payments; our financial or operational performance; our expected tax outcomes; our cash flows and financial targets; and the effect of the global economic environment on customer demand. Such forward-looking statements are predictive in nature, and may be based on current expectations, forecasts or assumptions involving risks and uncertainties that could cause actual outcomes and results to differ materially from the forward-looking statements themselves. Such forward-looking statements may, without limitation, be preceded by, followed by, or include words such as "believes," "expects," "anticipates," "estimates," "intends," "plans," or similar expressions, or may employ such future or conditional verbs as "may," "will," "should" or "would" or may otherwise be indicated as forward-looking statements by grammatical construction, phrasing or context. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995, and in applicable Canadian securities legislation. Forward-looking statements are not guarantees of future performance. You should understand that the following important factors could affect our future results and could cause those results to differ materially from those expressed in such forward-looking statements: our dependence on a limited number of customers and on our customers' ability to compete and succeed in their marketplace for the products we manufacture; the effects of price competition and other business and competitive factors generally affecting the electronics manufacturing services (EMS) industry; the challenges of effectively managing our operations and our working capital performance during uncertain economic conditions, including responding to significant changes in demand from our customers; the challenges of managing changing commodity and labor costs; disruptions to our operations, or those of our customers, component suppliers, or our logistics partners, resulting from local events including natural disasters, political instability, labor and social unrest, criminal activity and other risks present in the jurisdictions in which we operate; our inability to retain or expand our business due to execution problems relating to the ramping of new programs; the delays in the delivery and/or general availability of various components and materials used in our manufacturing process; the challenge of managing our financial exposures to foreign currency volatility; our dependence on industries affected by rapid technological change; variability of operating results among periods; our ability to successfully manage our international operations; increasing income taxes and our inability to successfully defend tax audits or meet the conditions of tax incentives; the completion of our restructuring activities or integration of our acquisitions; and the risk of potential non-performance by counterparties, including but not limited to financial institutions, customers and suppliers. Our forward-looking statements are also based on various assumptions which management believes are reasonable under the current circumstances, but may prove to be inaccurate, and many of which involve factors that are beyond our control. The material assumptions may include the following: forecasts from our customers, which range from 30 days to 90 days and can fluctuate significantly in terms of volume and mix of products or services; the timing and execution of, and investments associated with, ramping new business; the success in the marketplace of our customers' products; general economic and market conditions; currency exchange rates; pricing and competition; anticipated customer demand; supplier performance and pricing; commodity, labor, energy and transportation costs; operational and financial matters; and technological developments. Our assumptions and estimates are based on management's current views with respect to current plans and events, and are and will be subject to the risks and uncertainties discussed above. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. These and other risks

and uncertainties, as well as other information related to the company, are discussed in our various public filings at www.sedar.com and www.sec.gov, including our Annual Report on Form 20-F and subsequent reports on Form 6-K filed with the Securities and Exchange Commission and our Annual Information Form filed with Canadian securities regulators.

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

Overview

What Celestica does:

We deliver innovative supply chain solutions globally to original equipment manufacturers (OEMs) and service providers in the communications (comprised of enterprise communications and telecommunications), consumer, computing (comprised of servers and storage), and diversified (comprised of industrial, aerospace and defense, healthcare, green technology, semiconductor capital equipment and other) end markets. We believe our services and solutions help our customers reduce their time-to-market and eliminate waste from their supply chains, resulting in lower product lifecycle costs, better financial returns and improved competitive advantage in their respective business environments.

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

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

We offer a full range of services to our customers including design, supply chain management, manufacturing, engineering, complex mechanical and systems integration, order fulfillment, logistics and after-market services. We are focused on expanding these service offerings across our major markets with existing and new customers and on growing our business in the diversified end market. We will continue to invest in assets and resources to expand our design, engineering and after-market service capabilities, while continuing to pursue higher-value opportunities with existing customers. During the past two years, we completed the acquisitions of Invec Solutions Limited (Invec), Allied Panels Entwicklungs-und Produktions GmbH (Allied Panels) and the semiconductor equipment contract manufacturing operations of Brooks Automation, Inc. (Brooks Automation), enhancing and adding new capabilities to our offerings and expanding our customer base.

Although we supply products and services to over 100 customers, we depend upon a relatively small number of customers for a significant portion of our revenue. In the aggregate, our top 10 customers represented 71% of revenue in 2011 (72% — 2010). Our largest customer represented 19% of revenue in 2011 (20% — 2010). Revenue generated from our customers typically varies from period-to-period depending on the success in the marketplace of our customers' products, changes in demand from our customers for the products we manufacture, and the extent and timing of new program wins, losses or follow-on business from our customers, among other factors.

The products and services we provide can be found in a wide variety of end products, including smartphones; servers; networking, wireless and telecommunications equipment; storage devices; aerospace and defense electronics, such as in-flight entertainment and guidance systems; healthcare products; audiovisual equipment; printer supplies; peripherals; semiconductor capital equipment; and a range of industrial and green technology electronic equipment, including solar panels and inverters.

We believe we are well positioned in the EMS industry, based on our services and capabilities, operational performance and track record as one of the major global EMS companies. Our priorities include (i) growing revenue in our targeted business areas, (ii) continuing to improve financial results, including operating margins, returns, and free cash flow, (iii) developing and enhancing profitable relationships with leading customers across our strategic target markets and (iv) increasing our capabilities in services and technologies beyond our traditional areas of EMS expertise. We believe that success in these areas will continue to strengthen our competitive position and enhance customer satisfaction and shareholder value.

We established three-year financial targets at the beginning of 2010. These targets included achieving a compound annual revenue growth rate of 6% to 8%, and generating the following performance on various non-IFRS measures: annual operating margin of 3.5% to 4.0%, annual return on invested capital (ROIC) of greater than 20%, and annual free cash flow of between \$100 million and \$200 million. The achievement of these targets is primarily dependent upon the strength of the economy, the success of our customers' products in the marketplace, our revenue mix and magnitude of customer program bookings by end markets and the margin profile for the services we provide. For 2011, we achieved revenue growth of 11%, operating margin of 3.6%, ROIC of 27.5%, and free cash flow of \$144.1 million. While we drive towards achieving our three-year financial targets, the uncertainty in the global economy continues to limit overall visibility to end market demand. As a result of this continued economic uncertainty and weak end market demand, we expect revenue for the first quarter of 2012 to decline sequentially by 6% compared to the fourth quarter of 2011 and to decline year over year by 8% compared to the first quarter of 2011. We expect our operating margin to be 3.3% for the first quarter of 2012 with negative free cash flow as we expand capacity to support new customer programs. The uncertain economic environment could negatively impact our ability to achieve our targets for 2012.

Our financial targets for operating margin, ROIC and free cash flow are non-IFRS measures without standardized meanings and are not necessarily comparable to similar measures presented by other companies. Our management uses non-IFRS measures to (i) assess operating performance and the effective use and allocation of resources, (ii) provide more meaningful period-to-period comparisons of operating results, (iii) enhance investors' understanding of the core operating results of our business, and (iv) set management incentive targets. See "Non-IFRS measures" below.

Overview of business environment:

The EMS industry is highly competitive with multiple global EMS providers competing for the same customers and programs. Although the industry is characterized by a large revenue base and new business opportunities, the revenue is volatile on a quarterly basis, the business environment is highly competitive, and aggressive pricing is a common business dynamic. Capacity utilization, customer mix and the types of products and services we provide are important factors affecting operating margins. The amount and location of qualified people, manufacturing capacity, and the mix of business through that capacity are vital considerations for EMS providers. The EMS industry is also working capital intensive. As a result, we believe that ROIC, which is primarily affected by operating margin and investments in working capital and equipment, is an important metric for measuring an EMS provider's financial performance.

EMS companies are exposed to a variety of customers and end markets. Demand visibility is limited, making revenue from customers and by end markets difficult to predict. This is due primarily to the short product lifecycles inherent in technology markets resulting in short production lead times expected by our customers, rapid shifts in technology for our customers' products, frequent changes in preference by our customers' customers, model obsolescence and general volatility in the economy. This is particularly evident in high-volume markets such as the consumer end market, where product lifecycles tend to be the shortest and our customers' customers can suddenly and significantly shift their preferences to other designs or technologies. The

global economy and financial markets continue to be uncertain and may continue to negatively impact the operations of most EMS providers, including Celestica.

The EMS industry has experienced component shortages in the past. In many cases, components used in the manufacturing and assembly processes are only available from a single supplier. We procure substantially all of our component and materials pursuant to individual purchase orders that are generally short-term in nature. Component shortages can delay production as well as the revenue related to products using those components, and may result in higher inventory levels and extended lead times. During 2011, the EMS industry experienced component shortages, primarily driven by the effects of the earthquake and tsunami in Japan and the flooding in Thailand. To date, we have not been materially impacted by these shortages. In addition to natural disasters, other external factors that could impact our business include political instability, labor and social unrest, criminal activity and other risks present in the jurisdictions in which we, our suppliers and our customers operate. These types of local events could disrupt operations at one or more of our facilities or those of our customers, component suppliers or our logistics partners. These events could lead to higher costs or supply shortages or may disrupt the delivery of components to us or the ability to provide finished products or services to our customers, any of which could adversely affect our operating results. We carry insurance to cover damage to our facilities, including damage that may occur as a result of natural disasters, such as flooding and earthquakes, or other events. However, our policies are subject to deductibles and limitations and may not provide adequate coverage.

Our business is also affected by customers who will sometimes shift production between EMS providers for a number of reasons, including pricing concessions or their preference for consolidating their supply chain. Customers may also choose to accelerate the amount of business they outsource, insource previously outsourced business or change the concentration of their EMS suppliers to better balance production risk. As we respond to our customers' actions, these factors have impacted, and may continue to impact, among other items, our ability to grow revenue, our operating profitability, our level of capital expenditures and our cash flows.

Transition to IFRS:

In February 2008, the Canadian Accounting Standards Board announced the adoption of IFRS for publicly accountable enterprises in Canada effective January 1, 2011. Accordingly, our consolidated financial statements for 2011 have been prepared in accordance with IFRS as issued by the IASB. Our unaudited interim consolidated financial statements for the three months ended March 31, 2011 were our first financial statements prepared under IFRS. We have retroactively applied IFRS to our 2010 quarterly and annual comparative data and have included the reconciliations and descriptions of the effect of our transition from prior Canadian generally accepted accounting principles (GAAP) to IFRS in the notes to our interim and annual consolidated financial statements. See also notes 2 and 3 of our 2011 consolidated financial statements for a description of our adoption of IFRS and a discussion regarding our significant accounting policies and the application of critical accounting estimates and judgments.

We have restated our 2010 comparative data to reflect the adoption of IFRS, with effect from January 1, 2010 (Transition Date). Our 2010 IFRS net earnings of \$101.2 million were \$20.4 million higher than under GAAP. See chart below. The most significant GAAP to IFRS adjustment to our consolidated statement of operations throughout 2010 related to the timing of recognizing restructuring charges. Under IFRS, we defer the recognition of restructuring charges until we announce the actions. The most significant adjustment to our consolidated balance sheet related to the accounting for actuarial losses arising from pension and post-retirement benefit plans. IFRS allows us to recognize on our consolidated balance sheet, as at the Transition Date, our cumulative actuarial losses previously unrecognized under GAAP through equity. In management's view, this transition adjustment better reflects the economic position of our pension and post-retirement benefit plans than under GAAP. Under IFRS as compared to GAAP, our deferred pension assets as at January 1, 2010 decreased by approximately \$90 million and our pension liabilities increased by approximately \$40 million, with a corresponding adjustment against equity of approximately \$130 million. We were not required to retroactively apply IFRS to our 2009 financial statements; the 2009 operating results and financial information in the following chart were prepared in accordance with GAAP. Solely to provide a meaningful comparison to the 2009 information, we also included in the chart below the 2010 comparative data prepared in accordance with GAAP.

Summary of 2011

The following table shows certain key operating results and financial information for the years indicated (in millions, except per share amounts):

	Year ended December 31			
	2009 ⁽ⁱ⁾	2010 ⁽ⁱ⁾	2010	2011
	GAAP	GAAP	IFRS	IFRS
Revenue	\$ 6,092.2	\$ 6,526.1	\$ 6,526.1	\$ 7,213.0
Gross profit	429.8	443.3	444.1	491.4
Selling, general and administrative expenses (SG&A)	244.5	250.2	252.1	253.4
Other charges	68.0	68.4	49.9	6.5
Net earnings	55.0	80.8	101.2	195.1
Basic earnings per share	\$ 0.24	\$ 0.35	\$ 0.44	\$ 0.90
Diluted earnings per share	\$ 0.24	\$ 0.35	\$ 0.44	\$ 0.89

	December 31			
	2009 ⁽ⁱ⁾	2010 ⁽ⁱ⁾	2010	2011
	GAAP	GAAP	IFRS	IFRS
Cash and cash equivalents	\$ 937.7	\$ 632.8	\$ 632.8	\$ 658.9
Total assets	3,106.1	3,103.6	3,013.9	2,969.6
Senior subordinated notes (Notes)	222.8	—	—	—

(i) Prepared in accordance with GAAP.

Revenue for 2011 of \$7.2 billion increased 11% from \$6.5 billion in 2010. Compared to 2010, revenue dollars from our diversified end market increased 40%, enterprise communications increased 18%, server increased 14% and consumer increased 11%. These revenue increases were primarily due to new program wins with existing and new customers and from acquisitions. Revenue from our acquisitions contributed approximately one-third of the revenue increase in our diversified end market. Enterprise communications and consumer were our largest end markets for 2011, representing 26% and 25% of revenue, respectively (2010 — 24% and 25%, respectively). Revenue dollars from our telecommunications end market decreased 20% from 2010 reflecting primarily lower volumes associated with weaker demand from some of our customers for the products we manufacture and the insourcing of a program by one customer. Revenue dollars from our storage end market decreased 4% from 2010.

Our production and service volumes and revenue vary each period because of the impacts associated with the success in the marketplace of our customers' products, changes in demand from the customer for the products or services we provide, the extent, timing and rate of new program wins, follow-on business or losses from new, existing or disengaging customers, the transfer of programs among our facilities at our customers' request, the timing and rate at which new programs are ramped, and the impact of seasonality for various end markets, among other factors.

Gross profit for 2011 increased 11% from 2010, in line with the revenue increase. Gross margin as a percentage of revenue was 6.8% in both years. SG&A for 2011 was relatively flat compared to 2010.

Net earnings for 2011 of \$195.1 million were \$93.9 million higher than 2010 primarily reflecting improved operating earnings and lower restructuring charges, as well as lower income tax expense resulting from income tax recoveries recognized in 2011.

In June 2011, we completed the acquisition of the semiconductor equipment contract manufacturing operations of Brooks Automation for \$80.5 million, funded with cash on hand and \$45.0 million from our revolving facility which we repaid in 2011. We paid \$49.4 million during 2011 for the purchase of subordinate voting shares in the open market by a trustee to satisfy the delivery of subordinate voting shares under our equity-based compensation plans.

Our balance sheet remains strong. We completed the year with \$658.9 million in cash and cash equivalents. Our free cash flow for 2011 improved compared to 2010 primarily as a result of our improved operating earnings. Our cash flows during 2010 and 2011 were negatively impacted as we funded higher levels of inventory and investments to support growth. To meet our working capital requirements and to provide additional short-term liquidity, we may draw on our \$400.0 million revolving credit facility, utilize our accounts receivable (A/R) sales programs, or we may negotiate cash deposits with customers. We amended our A/R facility in November 2011 to allow us to sell up to an additional \$150.0 million in A/R on an uncommitted basis. At December 31, 2010 and 2011, no amounts were drawn under our revolving credit facility. We had sold \$60.0 million of A/R at December 31, 2011 (September 30, 2011 — \$100.0 million; December 31, 2010 — \$60.0 million). We have an arrangement with a customer whereby inventory on hand, in excess of previously agreed upon levels, is funded by that customer through cash deposits. These deposits are short-term in nature and are generally repaid in 2 to 3 months. At December 31, 2011, we had a deposit of \$120.0 million from that customer pursuant to an agreement which expires in March 2012, with any outstanding amounts repayable by Celestica at that time (September 30, 2011 — \$100.0 million; December 31, 2010 — \$75.0 million which we repaid in February 2011). The amount and timing of each deposit is negotiated between our customer and us, and there can be no assurance that we will be successful in negotiating future deposits. We record these cash deposits in accounts payable (A/P). We expect the dollar amount of these deposits to decline going forward.

On February 7, 2012, the Toronto Stock Exchange (TSX) approved a new Normal Course Issuer Bid (NCIB) allowing us to repurchase, at our discretion, until the earlier of February 8, 2013 and the completion of purchases under the bid, up to approximately 16.2 million subordinate voting shares, representing 10% of the public float of our subordinate voting shares (or approximately 7.5% of our total subordinate voting and multiple voting shares outstanding), in the open market or as otherwise permitted, subject to the normal terms and limitations of such bids. The maximum number of subordinate voting shares we are permitted to repurchase for cancellation under the new bid will be reduced by the number of subordinate voting shares we purchase for equity-based compensation plans, which we estimate will be approximately 3 million shares.

Summary of 2010:

In order to provide a meaningful comparison to 2009, the financial information for 2010 included in this summary was prepared in accordance with GAAP.

Revenue for 2010 of \$6.5 billion increased 7% from \$6.1 billion in 2009. Compared to 2009, revenue dollars from our server end market increased 18%, diversified increased 18%, enterprise communications increased 16% and storage increased 12%. These revenue increases in 2010 reflected new program wins and increased demand resulting from an improved economic environment compared to 2009. Revenue for 2010 from our telecommunications end market decreased 10% from 2009 driven primarily by declines in demand and program losses. Revenue for 2010 from our consumer end market decreased \$30 million, or 2%, from 2009. Specifically, consumer revenue for 2010 decreased 15% from 2009 due to our disengagement of a program in the gaming console business, which more than offset the increased revenue from new program wins, resulting in a net 2% decrease in 2010. Consumer continued to be our largest end market, representing 25% of revenue in 2010.

Gross profit for 2010 increased 3% from 2009 while revenue increased 7% from 2009. Gross margin as a percentage of revenue decreased from 7.1% in 2009 to 6.8% in 2010 primarily due to changes in product mix and higher variable compensation costs (that reduced gross margin by 0.2%). SG&A for 2010 increased \$5.7 million, or 2%, from 2009, primarily due to a \$10 million increase in variable compensation costs and a \$3 million decrease in bad debt recoveries, offset partially by cost reductions, including IT spending.

We recorded restructuring charges of \$55.3 million in 2010 (2009 — \$83.1 million). Net earnings for 2010 were \$80.8 million compared to net earnings of \$55.0 million in 2009. The improvement in net earnings was driven primarily by improved gross profit and lower interest expense in 2010, offset partially by higher income tax expense.

During 2010, we paid \$140.6 million to repurchase and cancel a total of 16.1 million subordinate voting shares under a NCIB we commenced in July 2010. During 2010, we paid \$26.2 million for the repurchase of subordinate voting shares in the open market by a trustee to satisfy the delivery of subordinate voting shares under our equity-based compensation plans. In March 2010, we paid \$231.6 million to repurchase our remaining subordinated debt. In 2010, we completed the acquisition of Scotland-based Invec and Austrian-based Allied Panels for a total purchase price of \$18.3 million financed with cash.

Other performance indicators:

In addition to the key operating results and financial information described above, management reviews the following non-IFRS measures:

	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Cash cycle days:								
Days in A/R	49	46	46	42	45	42	40	41
Days in inventory	45	43	46	42	50	53	52	51
Days in A/P	(61)	(57)	(57)	(55)	(64)	(60)	(56)	(56)
Cash cycle days	33	32	35	29	31	35	36	36
Inventory turns	8.1x	8.4x	8.0x	8.7x	7.4x	6.8x	7.0x	7.2x

	2010				2011			
	March 31	June 30	September 30	December 31	March 31	June 30	September 30	December 31
Amount of A/R sold (in millions)	\$ 30.0	\$ 50.0	\$ 50.0	\$ 60.0	\$ 60.0	\$ 120.0	\$ 100.0	\$ 60.0

Days in A/R is calculated as the average A/R for the quarter divided by the average daily revenue. Days in inventory is calculated as the average inventory for the quarter divided by the average daily cost of sales. Days in A/P is calculated as the average A/P for the quarter divided by average daily cost of sales. Cash cycle days is calculated as the sum of days in A/R and inventory, minus the days in A/P. Inventory turns is calculated as 365 divided by the number of days in inventory. These non-IFRS measures do not have comparable measures under IFRS to which we can reconcile. Our transition from GAAP to IFRS did not impact the calculation of our performance indicators.

Cash cycle days for the fourth quarter of 2011 increased by 7 days to 36 days compared to the same period in 2010. Days in inventory increased by 9 days while A/R days decreased by 1 day compared to the same period in 2010. The year-over-year increase in inventory days primarily reflects higher inventory to support one of our largest customers and lower revenue levels in the fourth quarter of 2011 compared to the fourth quarter of 2010. Our acquisition in June 2011 also increased inventory by 1 day. Cash cycle days for the fourth quarter of 2011 was consistent with the third quarter of 2011. Days in A/R increased by 1 day while days in inventory decreased by 1 day sequentially from the third quarter of 2011.

Management reviews other non-IFRS measures including adjusted net earnings, operating margin, ROIC and free cash flow. See "Non-IFRS measures" below.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses and the related disclosures of contingent assets and liabilities. Actual results could differ materially from these estimates and assumptions. We review our estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and may impact future periods as well.

Significant accounting policies and methods used in the preparation of our consolidated financial statements are described in note 2 to our consolidated financial statements.

Inventory valuation:

We value our inventory on a first-in, first-out basis at the lower of cost and net realizable value. Cost includes direct materials, labor and overhead. In determining the net realizable value, we consider factors such as shrinkage, the aging of and future demand for the inventory and contractual arrangements with customers. We attempt to utilize excess inventory in other products we manufacture or return inventory to the suppliers or customers. A change to these assumptions could impact our inventory valuation and have a resulting impact on gross margins. We procure inventory based on specific customer orders and forecasts. If actual market conditions or our customers' product demands are less favorable than those projected, additional valuation adjustments may be required. To the extent economic circumstances have changed, previous write-downs are reversed and recognized in the consolidated statement of operations in the period the change occurs.

Income taxes:

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

We recognize deferred income tax assets to the extent management believes it is probable that the amount will be realized. Management considers factors such as the reversal of deferred income tax liabilities, projected future taxable income, the character of the income tax asset, tax planning strategies, changes in tax laws and other factors. A change to these factors could impact the amount of deferred income tax assets we recognize.

Goodwill, intangible assets and property, plant and equipment:

We estimate the useful lives of intangible assets and property, plant and equipment based on the nature of the asset, historical experience and the terms of any related supply contracts.

The carrying amounts of goodwill, intangible assets and property, plant and equipment are reviewed for impairment on an annual basis or whenever events or changes in circumstances (triggering events) indicate that the carrying amount of an asset may not be recoverable. If any such indication exists, the carrying amount of the asset is tested for impairment. Absent triggering events during the year, we conduct our impairment assessment in the fourth quarter of the year to correspond with our planning cycle.

We recognize an impairment loss when the carrying amount of an asset, cash-generating unit (CGU) or group of CGUs exceeds the recoverable amount. The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. The process of determining the recoverable amount is subjective and requires management to exercise significant judgment in estimating future growth rates, including revenue and cash flow projections, and discount rates, among other factors. The process of determining fair value less costs to sell requires the valuation and use of appraisals to support our real property values. Impairment losses are recognized in the consolidated statement of operations. Impairment losses recognized in respect of a CGU are first allocated to reduce the carrying amount of goodwill and then allocated to reduce the carrying amount of other assets in the CGU on a pro rata basis.

Impairment losses for goodwill are not reversed in future periods. Impairment losses other than for goodwill are reversed if the losses recognized in prior periods no longer exist or have decreased. At each reporting date, we review for indicators that could change the estimates used to determine the recoverable amount. The amount of the reversal is limited to restoring the carrying amount to the amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized in prior periods.

Restructuring charges:

We incur restructuring charges relating to workforce reductions, facility consolidations and costs associated with exiting businesses. Our restructuring charges include employee severance and benefit costs, costs related to leased facilities and equipment we no longer use, gains, losses or impairments related to owned facilities and equipment we no longer use and which are available for sale, and impairment of related intangible assets. The recognition of these charges requires management to make certain judgments and estimates regarding the nature, timing and amounts associated with these restructuring plans. We recognize employee termination costs when the restructuring actions are announced to employees. We recognize an impairment loss for owned facilities and equipment based on the fair value less costs to sell, with fair value estimated based on existing market prices for similar assets. For leased facilities that have been vacated, we discount the lease obligation based on future lease payments net of estimated sublease income. We recognize the change in the liability due to the passage of time as finance costs. To estimate future sublease income, we work with independent brokers to determine the estimated tenant rents we can expect to realize. Adjustments to the recorded amounts may be required to reflect actual experience or changes in future estimates. At the end of each reporting period, we evaluate the appropriateness of the remaining balances.

Pension:

We have pension and non-pension post-employment benefit costs and liabilities that are determined from actuarial valuations. Actuarial valuations require management to make certain judgments and estimates relating to expected plan investment performance, salary escalation, compensation levels at the time of retirement, retirement ages, the discount rate used in measuring the liability and expected healthcare costs. The actuarial assumptions could change from period-to-period and actual results could differ materially from the estimates originally made by management. The fair values of our pension assets were based on a measurement date of December 31, 2011. We evaluate our assumptions on a regular basis, taking into consideration current market conditions and historical data. There is no assurance that our pension plan assets will earn the assumed rate of return. Market driven changes may affect our discount rates and other variables which could cause actual results to differ significantly from our estimates. Changes in assumptions could also impact our pension plan valuations and our future pension expense and funding. See notes 2(n) and 19 to our consolidated financial statements.

Stock-based compensation:

The grant date fair value of options granted to employees is recognized as compensation expense, with a corresponding charge to contributed surplus, over the period that the employees become unconditionally entitled to the options. The expense is adjusted to reflect the estimated number of options expected to vest at the end of the vesting period. When options are exercised, the proceeds are credited to capital stock. We measure the fair value of options using the Black-Scholes option pricing model. Measurement inputs include the price of our subordinate voting shares on the grant date, exercise price of the option, expected volatility of our subordinate voting shares (based on weighted average historic volatility), weighted average expected life of the option (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate.

The cost we record for equity-settled restricted share units (RSUs), and for performance share units (PSUs) granted prior to 2011, is based on the market value of our subordinate voting shares at the time of grant. We amortize this cost to compensation expense with a corresponding charge through contributed surplus over the period the employees become unconditionally entitled to the awards. The cost of the PSUs, which vest based on a non-market performance condition, is recorded based on our best estimate of the outcome of the performance condition and adjusted as new facts and circumstances arise. Historically, we have generally settled these awards with subordinate voting shares purchased in the open market. Cash-settled awards are accounted for as liabilities and remeasured based on our share price at each reporting date until the settlement date. The corresponding charge is recorded in our consolidated statement of operations.

The cost we record for PSUs granted after 2010 is determined using a Monte Carlo simulation model. The number of awards expected to be earned is factored into the grant date Monte Carlo valuation for the award. The number of PSUs that will vest depends on the level of achievement of a market performance condition, over a three-year period, based on the total shareholder return (TSR) of Celestica relative to the TSR of a pre-defined EMS competitor group. The grant date fair value is not subsequently adjusted regardless of the eventual number of awards that are earned based on the market performance condition. Compensation expense is recognized in the consolidated statement of operations on a straight-line basis over the requisite service period and is reduced for estimated PSU awards that will not vest as a result of not meeting the employment conditions.

We grant deferred share units (DSUs) to certain members of our board of directors as part of their compensation, which is comprised of an annual retainer, an annual equity award and meeting fees. We amortize the cost of DSUs to compensation expense over the period the services are rendered.

Operating Results

Our annual and quarterly operating results, including working capital performance, vary from period-to-period as a result of the level and timing of customer orders, mix of revenue, and fluctuations in materials and other costs. The level and timing of customer orders will vary due to changes in demand for their products, general economic conditions, their attempts to balance their inventory, availability of components and materials, and changes in their supply chain strategies or suppliers. Our annual and quarterly operating results are specifically affected by, among other factors: our mix of customers and the types of products or services we provide; the rate at which, and costs associated with, new program ramps; volumes and, in certain of our end markets, seasonality of business; price competition; the mix of manufacturing or service value-add; capacity utilization; manufacturing efficiency; the degree of automation used in the assembly process; the availability of components or labor; the timing of receiving components and materials; costs and inefficiencies of transferring programs between facilities; the loss of programs and customer disengagements; the impact of foreign exchange fluctuations; the performance of third-party providers; our ability to manage inventory, production location and equipment effectively; our ability to manage changing labor, component, energy and transportation costs effectively; fluctuations in variable compensation costs; the timing of our expenditures in anticipation of forecasted sales levels; and the timing of acquisitions and related integration costs.

As described above, our operations may also be affected by natural disasters or other local risks present in the jurisdictions in which we, our suppliers and our customers operate. These events could lead to higher costs or supply shortages or may disrupt the delivery of components to us or the ability to provide finished products or services to our customers, any of which could adversely affect our operating results. We carry insurance to cover damage to our facilities, including damage that may occur as a result of natural disasters, such as flooding and earthquakes, or other events. However, our policies are subject to deductibles and limitations and may not provide adequate coverage.

In the EMS industry, customers can award new programs or shift programs to other EMS providers for a variety of reasons including changes in demand for the customers' products, pricing benefits offered by other EMS providers, execution or quality issues, preference for consolidation or a change in their supplier base, rebalancing the concentration of their EMS providers, mergers and consolidation among OEMs, as well as decisions to adjust the volume of business being outsourced. Customer or program transfers between EMS competitors are part of the competitive nature of our industry. Some customers use more than one EMS provider to manufacture a product and/or may have the same EMS provider support them from more than one geographic location. Customers may choose to change the allocation of demand amongst their EMS providers and/or may shift programs from one region to another region within an EMS provider's global network. Our operating results for each period include the impacts associated with program wins, follow-on business or losses from new, existing or disengaging customers. The volume of, profitability of or the location of new business awards will vary from period-to-period and from program-to-program. Significant period-to-period variations can also result from the timing of new programs reaching full production, existing programs being fully or partially transferred internally or to a competitor and programs reaching end-of-life.

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

	Year ended December 31	
	2010	2011
Revenue	100.0%	100.0%
Cost of sales	93.2	93.2
Gross profit	6.8	6.8
SG&A	3.9	3.5
Research and development costs	—	0.2
Amortization of intangible assets	0.2	0.2
Other charges	0.8	0.1
Finance costs	0.1	—
Earnings before income tax	1.8	2.8
Income tax expense	(0.2)	(0.1)
Net earnings	1.6%	2.7%

Revenue:

Revenue for 2011 of \$7.2 billion increased 11% from \$6.5 billion in 2010. Compared to 2010, revenue dollars from our diversified end market increased 40%, enterprise communications increased 18%, server increased 14%, and consumer increased 11%. These revenue increases were primarily due to new program wins with existing and new customers and from acquisitions. Revenue from our acquisitions contributed approximately one-third of the revenue increase in our diversified end market. Enterprise communications and consumer were our largest end markets for 2011, representing 26% and 25% of revenue, respectively (2010 — 24% and 25%, respectively). Revenue dollars from our telecommunications end market decreased 20% from 2010 reflecting primarily lower volumes associated with weaker demand from some of our customers for the products we manufacture and the insourcing of a program by one customer. Revenue dollars from our storage end market decreased 4% from 2010.

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

	2010					2011				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Consumer	28%	26%	24%	24%	25%	26%	25%	25%	26%	25%
Diversified	10%	11%	12%	11%	12%	11%	13%	16%	18%	14%
Enterprise Communications	22%	24%	25%	24%	24%	25%	25%	26%	25%	26%
Servers	12%	14%	13%	17%	14%	15%	17%	14%	13%	15%
Storage	14%	12%	12%	12%	12%	12%	11%	11%	10%	11%
Telecommunications	14%	13%	14%	12%	13%	11%	9%	8%	8%	9%
Revenue (in billions)	\$ 1.52	\$ 1.59	\$ 1.55	\$ 1.88	\$ 6.53	\$ 1.80	\$ 1.83	\$ 1.83	\$ 1.75	\$ 7.21

Our product and service volumes, revenue and operating results vary from period-to-period depending on the success in the marketplace of our customers' products, changes in demand from the customer for the products we manufacture, seasonality in certain of our end markets, the mix and complexity of the products or services we provide, the timing of receiving components and materials, the impact associated with program wins, follow-on business or losses from new, existing or disengaging customers and shifts of programs among our facilities at our customers' request, and the timing and rate at which new programs are ramped up, among other factors. We are dependent on a limited number of customers in the communications, consumer and computing end markets for a substantial portion of our revenue. We expect that the pace of technological change, the frequency of OEMs transferring business among EMS competitors or OEMs changing the volumes they outsource, and the constantly changing dynamics of the global economy will also continue to impact our business from period-to-period.

In the past, we have experienced some level of seasonality in our quarterly revenue patterns across most of the end markets we serve. We expect that the numerous factors described above that affect our period-to-period results will continue to make it difficult for us to predict the extent and impact of seasonality and other external factors on our business.

Our enterprise communications end market represented 26% of total revenue for 2011, up from 24% of total revenue in 2010. This growth was primarily from new program wins from existing customers. Revenue dollars from our diversified end market increased 40% compared to 2010 and represent 14% of total revenue for 2011. Revenue dollars from our diversified end market increased to 18% of total revenue for the fourth quarter of 2011 as we continued to target this strategic market. New customer wins and revenue from acquisitions contributed to the increase in revenue in this end market. Our telecommunications revenue as a percentage of total revenue decreased to 9% (2010 — 13%) and continued to be impacted by lower volumes associated with weaker demand from some of our customers for the products we manufacture and the insourcing of a program by one customer. Starting with the first quarter of 2012, we will be consolidating the enterprise communications and telecommunications end markets for reporting purposes.

Our consumer end market represented 25% of total revenue for 2011 (2010 — 25%). Approximately three-quarters of our consumer business was generated by one smartphone customer. We continue to win new programs from existing and new customers in consumer which resulted in an 11% increase in revenue dollars compared to 2010. Business in the consumer end market and, in particular, smartphones, is highly competitive and characterized by shorter product lifecycles, higher revenue volatility, and lower margins. In addition, program volumes can vary significantly period-to-period based on the strength in end market demand or the timing of ramping new programs. End-user preferences for these products and services can change rapidly and these programs are shifted among EMS competitors. Our exposure to this end market could lead to volatility in our revenue and operating margins and impact our financial position and cash flows.

For 2011, we had two customers (Research In Motion (RIM) and Cisco Systems) who individually represented more than 10% of total revenue (one customer — 2010). RIM is in our consumer end market and accounted for 19% of total revenue for 2011 (20% for 2010). Our revenue dollars from RIM in the fourth quarter of 2011 were relatively flat compared to the third quarter of 2011. There can be no assurance that our revenue from RIM will continue at these levels. We currently manufacture certain of RIM's smartphone models and also provide certain after-market services. There can be no assurance that the current products we manufacture for RIM will succeed as expected in the marketplace due to rapid shifts in technology and increased competition in the markets RIM serves. In the past, we have received new program wins from RIM to replace programs reaching end-of-life. There can be no assurance that this trend will continue.

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

In the aggregate, our top 10 customers represented 71% of revenue in 2011 (2010 — 72%). We are dependent upon continued revenue from our largest customers. We generally enter into master supply agreements with our customers that provide the framework for our overall relationship. These agreements do not typically guarantee a particular level of business or fixed pricing. Instead, we bid on a program-by-program basis and typically receive customer purchase orders for specific quantities and timing of products. There can be no assurance that revenue from our largest customers or any other customers will continue at the same historical levels or will not decrease in absolute terms or as a percentage of total revenue. A significant decrease in revenue from these or other customers, or a loss of a major customer, would have a material adverse impact on our business, our revenue and our results of operations.

In the EMS industry, customers may cancel contracts and volume levels can be changed or delayed. Customers may also shift business to a competitor or bring programs in-house to improve their own utilization or to adjust the concentration of their supplier base to manage production risk. We cannot assure the timely replacement of delayed, cancelled or reduced orders with new business. In addition, we cannot assure that any of our current customers will continue to utilize our services. Order cancellations and changes or delays in production could have a material adverse impact on our results of operations and working capital performance, including requiring us to carry higher than expected levels of inventory. Order cancellations and delays could also lower our asset utilization, resulting in lower margins. Significant period-to-period changes in margins can also result if new program wins or follow-on business are more competitively priced than past programs.

We believe that delivering sustainable revenue growth depends on increasing sales to existing customers for their current and future product generations and expanding the range of services we provide to these customers. We continue to pursue new customers and acquisition opportunities to expand our end market penetration, diversify our end market mix, and to enhance and add new technologies and capabilities to our offerings.

Gross profit:

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

	Year ended December 31	
	2010	2011
Gross profit (in millions)	\$ 444.1	\$ 491.4
Gross margin	6.8%	6.8%

Gross profit for 2011 increased 11% from 2010, in line with the revenue increase. Gross margin as a percentage of revenue was 6.8% in both years.

Multiple factors cause gross margin to fluctuate including, among other factors: volume and mix of products or services; higher revenue concentration in lower gross margin products and end markets; pricing pressure; production efficiencies; utilization of manufacturing capacity; changing material and labor costs, including variable labor costs associated with direct manufacturing employees; manufacturing and transportation costs; start-up and ramp-up activities; new product introductions; disruption in production at individual sites; cost structures at individual sites; foreign exchange volatility; and the availability of components and materials.

Our gross profit and SG&A are impacted by the level of variable compensation expense we record in each period. Variable compensation includes our team incentive plans available to eligible manufacturing and office employees, sales incentive plans and equity-based compensation, such as stock options, PSU and RSU awards. See "Stock-based compensation" below. The amount of variable compensation expense varies each period depending on the level of achievement of pre-determined performance goals and financial targets.

Selling, general and administrative expenses:

SG&A for 2011 of \$253.4 million (3.5% of revenue) was relatively flat compared to \$252.1 million (3.9% of revenue) for 2010. The decrease in SG&A as a percentage of revenue for 2011 compared to 2010 reflects the higher revenue levels in 2011.

Stock-based compensation:

Our stock-based compensation expense varies each period, and includes mark-to-market adjustments for awards we settle in cash and plan adjustments. Our performance-based compensation expense generally varies depending on the level of achievement of pre-determined performance goals and financial targets. We recorded

the following stock-based compensation expense, included in cost of sales and SG&A, for the years indicated (in millions):

	Year ended December 31	
	2010	2011
Stock-based compensation	\$ 41.9	\$ 44.2

Our stock-based compensation expense for 2011 included a mark-to-market adjustment of \$2.7 million for awards we settled in cash compared to \$7.6 million adjustment in 2010. We elected to cash-settle certain share unit awards vesting in the first quarters of 2010 and 2011 due to limitations in the number of subordinate voting shares we could purchase in the open market as a result of terms in our subordinated debt and our share buy-back program. Cash-settled awards are accounted for as liabilities and remeasured based on our share price at each reporting date until the settlement date, with a corresponding charge to compensation expense.

Our stock-based compensation expense for 2011 also included a \$4.8 million adjustment due to changes we made to the retirement eligibility clauses in our equity-based compensation plans, which resulted in an accelerated recognition of the related compensation expense.

Research and development expenses:

In late 2010, we launched a new Joint Design and Manufacturing (JDM) strategy that focuses on developing design solutions and subsequently managing the other aspects of the supply chain, including manufacturing. We invested \$13.8 million in research and development activities in 2011. This was primarily for engineering personnel costs to develop specific design building blocks that can be used as is, or customized to support our customers' product roadmaps, in markets such as communications and information technology. We did not incur any significant costs related to the JDM strategy during 2010. We expect to continue to invest in research and development activities at the same or slightly higher levels in the near term.

Other charges:

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

	Year ended December 31	
	2010	2011
Restructuring charges	\$ 35.8	\$ 14.5

Under GAAP, we recorded restructuring charges in the period we finalized our detailed plans and could reasonably estimate the amount and timing of the actions. Under IFRS, we defer the recognition of charges until the plans are implemented or announced to employees. Under GAAP, our restructuring charges for 2010 included \$10.7 million for actions not yet announced at December 31, 2010, which we reversed under IFRS. We announced these actions during 2011. During 2011, we recorded restructuring charges of \$18.2 million, primarily for employee termination costs associated with announced restructuring actions, offset partially by recoveries of \$3.7 million representing gains from the sale of vacated properties and surplus equipment. Our net restructuring charges for 2011 were \$14.5 million, slightly higher than our estimated costs for 2011 of \$10.7 million, reflecting additional actions we announced in response to continued economic uncertainties. Our ending restructuring liability was \$16.7 million at December 31, 2011. We expect to pay our remaining employee termination costs during the first half of 2012. All cash outlays have been, and the balance will be, funded from cash on hand.

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

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

	Year ended	
	December 31	
	2010	2011
Asset impairment	\$ 9.1	—

We conduct our annual impairment assessment of goodwill, intangible assets and property, plant, and equipment in the fourth quarter of each year or whenever triggering events indicate that the carrying amount of an asset or CGU may not be recoverable. We recognize an impairment loss when the carrying amount of an asset, CGU or group of CGUs exceeds the recoverable amount, which is determined as the greater of its value-in-use and its fair value less costs to sell. During the fourth quarter of 2011, we performed our annual asset impairment assessment and determined there was no impairment (2010 — impairment of \$9.1 million).

(iii) Loss on repurchase of Notes:

In March 2010, we paid \$231.6 million to repurchase the remaining Notes due 2013 and recognized a loss of \$8.8 million, primarily as a result of the premium we paid to redeem the Notes prior to maturity. The loss on the repurchase was measured based on the carrying value of the repurchased portion of the Notes on the date of repurchase.

Income taxes:

Income tax expense for 2011 was \$3.7 million on earnings before tax of \$198.8 million compared to an income tax expense of \$18.2 million for 2010 on earnings before tax of \$119.4 million. Current income taxes for 2011 consisted primarily of the tax expense in jurisdictions with current taxes payable and changes to our net provisions related to tax uncertainties, including current tax recoveries resulting from the settlement of tax audits. Deferred income taxes for 2011 were comprised primarily of the deferred tax recovery we recognized in Canada for an inter-company investment we wrote off relating to a restructured subsidiary. Current income taxes for 2010 consisted primarily of the tax expense in jurisdictions with current taxes payable and additional taxes and penalties related to the tax audit in Hong Kong (which we formally settled in the second quarter of 2011). Deferred income taxes for 2010 were comprised primarily of deferred tax recoveries for future deductible temporary differences and recognition of certain deferred income tax assets previously not recognized in Canada.

We conduct business operations in a number of countries, including countries where tax incentives have been extended to encourage foreign investment or where income tax rates are low. Our effective tax rate can vary significantly period-to-period for various reasons, including the mix and volume of business in lower tax jurisdictions in Europe and Asia, and in jurisdictions with tax holidays and tax incentives that have been negotiated with the respective tax authorities (which expire between 2012 and 2020). Approximately one-half of our earnings before tax in 2011 were realized in certain jurisdictions in Asia where our combined effective income tax rate was approximately 2.1% due to income tax incentives we have been granted. Our effective tax rate can also vary as a result of restructuring charges, foreign exchange fluctuations, operating losses, certain tax exposures, the time period in which losses may be used under tax laws and whether management believes it is probable that future taxable profit will be available to allow us to recognize deferred income tax assets.

Certain countries in which we do business negotiate tax incentives to attract and retain our business. Our taxes could increase if certain tax incentives from which we benefit are retracted. A retraction could occur if we fail to satisfy the conditions on which these tax incentives are based, if they are not renewed upon expiration, if tax rates applicable to us in such jurisdictions are otherwise increased, or due to changes in legislation or administrative practices. Changes in our outlook in any particular country could impact our ability to meet the conditions.

In certain jurisdictions, primarily in the Americas and Europe, we currently have significant net operating losses and other deductible temporary differences, which we expect will reduce taxable income in these jurisdictions in future periods.

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

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

In connection with ongoing tax audits in Canada, tax authorities have taken the position that income reported by one of our Canadian subsidiaries in 2001 through 2004 should have been materially higher as a result of certain inter-company transactions.

In connection with a tax audit in Brazil, tax authorities have taken the position that income reported by our Brazilian subsidiary in 2004 should have been materially higher as a result of certain inter-company transactions. If Brazilian tax authorities ultimately prevail in their position, our Brazilian subsidiary's tax liability would increase by approximately 43.5 million Brazilian reais (approximately \$23.2 million at current exchange rates). In addition, Brazilian tax authorities may make similar claims in future audits with respect to these types of transactions. In June 2011, we received a ruling from the Brazilian Lower Administrative Court that was largely consistent with our original filing position. As the ruling generally favored the taxpayer, the matter has been sent to a court of appeals. We have not accrued for any potential adverse tax impact for the 2004 tax audit as we believe our Brazilian subsidiary has reported the appropriate amount of income arising from inter-company transactions.

We have and expect to continue to recognize the future benefit of certain Brazilian tax losses on the basis that these tax losses can and will be fully utilized in the fiscal period ending on the date of dissolution of our Brazilian subsidiary. While our ability to do so is not certain, we believe that our interpretation of applicable Brazilian law will be sustained upon full examination by the Brazilian tax authorities and, if necessary, upon consideration by the Brazilian judicial courts. Our position is supported by our Brazilian legal tax advisors. A change to the benefit realizable on these Brazilian losses could increase our net future tax liabilities by approximately 55.5 million Brazilian reais (approximately \$29.6 million at current exchange rates).

Tax audits for the years 2001 through 2006 and 2009 of one of our Malaysian subsidiaries were closed in 2011 without any significant adjustments. As a result of our successful defenses, we have released provisions previously recorded for Malaysian tax uncertainties of 31.9 million Malaysian ringgit (approximately \$10.0 million at current exchange rates).

The successful pursuit of the assertions made by any taxing authority related to the above noted tax audits or others could result in us owing significant amounts of tax, interest and possibly penalties. We believe we have substantial defenses to the asserted positions and have adequately accrued for any probable potential adverse tax impact. However, there can be no assurance as to the final resolution of these claims and any resulting proceedings, and if these claims and any ensuing proceedings are determined adversely to us, the amounts we may be required to pay could be material.

Acquisitions:

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

In January 2010, we completed the acquisition of Scotland-based Invec. Invec provides warranty management, repair and parts management services to companies in the information technology and consumer electronics markets. This acquisition enhanced our global after-market services offering by integrating Invec's proprietary reverse logistics software throughout our network.

In August 2010, we completed the acquisition of Austrian-based Allied Panels, a medical engineering and manufacturing service provider that offers concept-to-full-production solutions in medical devices with a core focus on the diagnostic and imaging market. This acquisition enhanced our healthcare offering by expanding our capability in the healthcare diagnostics and imaging market, and broadening our healthcare global network to include a center of excellence in Europe.

The total purchase price for the 2010 acquisitions, excluding contingent consideration, was \$18.3 million and was financed with cash in 2010. The purchase price for Allied Panels is subject to adjustment for contingent consideration if specific pre-determined financial targets are achieved through 2012. We estimated the fair value of this contingency and recorded \$4.5 million in goodwill on the acquisition date. The amount of goodwill and amortizable intangible assets recorded on the acquisition dates was \$14.1 million (of which we expect the majority will not be tax deductible) and \$16.1 million, respectively. We expensed \$1.0 million of acquisition-related transaction costs in 2010. At December 31, 2011, we reduced the fair value of the contingent consideration we recorded on the acquisition of Allied Panels from \$4.5 million to \$3.2 million by releasing \$1.3 million through other charges in our consolidated statement of operations.

In June 2011, we completed the acquisition of the semiconductor equipment contract manufacturing operations of Brooks Automation. The operations, based in Portland, Oregon and Wuxi, China, specialize in manufacturing complex mechanical equipment and providing systems integration services to some of the world's largest semiconductor equipment manufacturers. This acquisition strengthened our service offerings by providing our customers with additional capabilities in complex mechanical and systems integration services. The final purchase price of \$80.5 million, net of cash acquired, was financed from cash on hand and \$45.0 million from our revolving credit facility, which we repaid in the third quarter of 2011. The amount of goodwill arising from the acquisition was \$33.8 million (of which we expect approximately one-third will be tax deductible) and the amount of amortizable intangible assets was \$12.5 million. We expensed \$0.6 million in acquisition-related transaction costs in 2011.

Revenue and earnings for the combined companies for each of the reporting periods would not have been materially different had the acquisitions in each year occurred at the beginning of the respective years.

Liquidity and Capital Resources

Liquidity

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

	December 31	
	2010	2011
Cash and cash equivalents	\$ 632.8	\$ 658.9

	Year ended December 31	
	2010	2011
Cash provided by operating activities	\$ 165.9	\$ 196.3
Cash used in investing activities	(61.1)	(125.7)
Cash used in financing activities	(409.7)	(44.5)
Changes in non-cash working capital items (included with operating activities above):		
A/R	\$ (111.8)	\$ 147.0
Inventories	(162.8)	2.0
Other current assets	(11.9)	3.9
A/P, accrued and other current liabilities and provisions	211.4	(216.9)
Working capital changes	\$ (75.1)	\$ (64.0)

Cash provided by operating activities:

We generated \$196.3 million in cash from operations during 2011 driven primarily by the net earnings for 2011, after adding back non-cash items such as depreciation and amortization expense, offset partially by negative working capital. Negative working capital was driven primarily by a decrease in A/P compared to 2010, offset partially by a reduction in A/R. The decrease in A/P, accrued and other liabilities and provisions reflects primarily lower inventory purchases, offset partially by a \$45.0 million increase in the amount of a customer deposit. The improvement in A/R for 2011 reflects lower revenue levels in the fourth quarter of 2011 relative to the fourth quarter of 2010 and continued strong collections. At December 31, 2011, we had sold \$60.0 million of A/R (December 31, 2010 — \$60.0 million of A/R sold).

We generated \$165.9 million in cash from operations during 2010 driven primarily by net earnings for 2010, after adding back non-cash items such as depreciation and amortization expense, offset partially by negative working capital requirements in 2010 compared to 2009, to support new programs ramping in the latter half of 2010 and early 2011. The increases to our A/R and inventory balances were offset partially by higher A/P. The higher A/P balance included a \$75.0 million deposit we received from a customer to fund working capital in support of that customer's growth. Our A/R balance at December 31, 2010 was reduced by the sale of \$60.0 million of A/R under our A/R sales program (December 31, 2009 — no A/R sold).

Included in our cash and A/P balances at December 31, 2011 was a \$120.0 million deposit we received from a customer pursuant to an agreement which expires in March 2012; any outstanding amounts are repayable by Celestica at that time (\$75.0 million deposit at December 31, 2010 which we repaid in February 2011).

Cash used in investing activities:

Our capital expenditures of \$62.3 million for 2011 (2010 — \$60.8 million) were incurred primarily to enhance our manufacturing capabilities in various geographies and to support new customer programs. From time-to-time, we receive cash proceeds from the sale of surplus equipment and property.

During 2011, we acquired the semiconductor equipment contract manufacturing operations of Brooks Automation for a purchase price of \$80.5 million. During 2010, we completed the acquisitions of Invec and Allied Panels for an aggregate purchase price of \$18.3 million.

Cash used in financing activities:

During 2011, we paid \$49.4 million (2010 — \$26.2 million) for the purchase of subordinate voting shares in the open market by a trustee to satisfy the delivery of subordinate voting shares under our equity-based compensation plans. During 2010, we also paid \$140.6 million to repurchase subordinate voting shares in the open market for cancellation under our NCIB. We did not repurchase any subordinate voting shares for cancellation under the NCIB during 2011. In March 2010, we paid \$231.6 million to repurchase all outstanding Notes.

Cash requirements:

We maintain a revolving credit facility and an A/R sales program to provide short-term liquidity and to have funds available for working capital and other investments to support our business strategies. Our working capital requirements can vary significantly from month-to-month due to a range of business factors which includes the ramping of new programs, timing of purchases, higher levels of inventory for new programs and anticipated customer demand, timing of payments and A/R collections, and customer forecasting variations. The international scope of our operations may also create working capital requirements in certain countries while other countries generate cash in excess of working capital needs. Moving cash between countries on a short-term basis to fund working capital is not always expedient due to local currency regulations, tax considerations, and other factors. To meet our working capital requirements and to provide short-term liquidity, we may draw on our revolving credit facility or sell A/R utilizing our A/R sales program. During the course of a year, we may borrow and repay amounts under these facilities. The timing and the amounts we may borrow or repay can vary significantly from month-to-month depending upon our cash requirements. We have also negotiated the receipt of cash deposits from one customer to fund short-term working capital requirements.

At times, our customers require us to carry inventory in excess of current production requirements. We have negotiated cash deposits from one customer to cover such excess inventory. These deposits are short term in nature and are generally repaid in 2 or 3 months. We have received cash deposits each quarter beginning in December 2010 from this customer. At December 31, 2011, our customer deposit was \$120.0 million (December 31, 2010 — \$75.0 million deposit we repaid in February 2011). The amount and timing of each deposit is negotiated with our customer. There can be no assurance that we will be successful in negotiating future deposits. If we do not obtain future deposits, our cash flow and financial results would be negatively impacted until the excess material is used in the manufacturing process or shipped to the customer. We expect the dollar amount of these deposits to decline going forward.

We had \$658.9 million in cash and cash equivalents at December 31, 2011. We believe that cash flow from operating activities, together with cash on hand, borrowings available under our revolving credit facility and intraday and overnight bank overdraft facilities, and cash from the sale of A/R, will be sufficient to fund currently anticipated working capital, planned capital spending, and planned repurchases under our new NCIB for the next 12 months. We may issue debt, convertible debt or equity securities in the future to fund operations or make acquisitions. Equity or convertible debt securities could dilute current shareholders' positions; debt or convertible debt securities could have rights and privileges senior to equity holders and the terms of these debt securities could impose restrictions on our operations. The pricing of our securities would be subject to market conditions at the time of issuance.

As at December 31, 2011, a significant portion of our cash and cash equivalents were held by numerous foreign subsidiaries outside of Canada. Although substantially all of the cash and cash equivalents held outside of Canada could be repatriated, a significant portion may be subject to withholding taxes under current tax laws. We have not recognized deferred tax liabilities for cash and cash equivalents held by certain foreign subsidiaries that relate to earnings that are considered indefinitely reinvested outside of Canada and that we will not repatriate in the foreseeable future (approximately \$380.0 million of cash and cash equivalents as at December 31, 2011).

As at December 31, 2011, we have contractual obligations that require future payments as follows (in millions):

	Total ⁽ⁱ⁾	2012	2013	2014	2015	2016	Thereafter
Operating leases	\$ 104.4	\$ 29.6	\$ 25.8	\$ 17.8	\$ 7.6	\$ 4.4	\$ 19.2
Deposit from customer ⁽ⁱⁱ⁾	120.0	120.0	—	—	—	—	—
Pension plan contributions ⁽ⁱⁱⁱ⁾	20.4	20.4	—	—	—	—	—
Non-pension post-employment plan payments	47.3	4.1	4.1	4.0	4.0	4.7	26.4
Total	\$ 292.1	\$ 174.1	\$ 29.9	\$ 21.8	\$ 11.6	\$ 9.1	\$ 45.6

- (i) The contractual obligations chart above does not include our agreement with a third party for the outsourcing of our IT support. Our costs under this IT support agreement fluctuate based on our usage.
- (ii) We entered into an agreement to receive a cash deposit from a customer in December 2011 to fund working capital requirements. This agreement expires in March 2012; any outstanding amounts are repayable by Celestica at that time.
- (iii) Based on our latest actuarial valuations, we estimate our minimum funding requirement for 2012 to be \$20.4 million (2011 — \$45.5 million; 2010 — \$33.6 million). See further details in note 19 to our consolidated financial statements. A significant deterioration in the asset values or asset returns could lead to higher than expected future contributions. Risks associated with actuarial valuation measurements may also result in higher future cash contributions. We fund our pension contributions from cash on hand. Although we have defined benefit plans that are currently in a net unfunded position, we do not expect our pension obligations will have a material adverse impact on our future results of operations, cash flows or liquidity.

As at December 31, 2011, we have commitments that expire as follows (in millions):

	Total	2012	2013	2014	2015	2016	Thereafter
Foreign currency contracts ⁽ⁱ⁾	\$ 776.5	\$ 735.3	\$ 41.2	—	—	—	—
Letters of credit, letters of guarantee and surety bonds ⁽ⁱⁱ⁾	40.9	37.1	—	1.8	—	—	2.0
Capital expenditures ⁽ⁱⁱⁱ⁾	48.0	48.0	—	—	—	—	—
Contingent consideration ^(iv)	3.2	3.2	—	—	—	—	—

- (i) Represents the aggregate notional amounts of the forward currency contracts.
- (ii) Includes \$27.0 million of letters of credit that we issued under our revolving credit facility.
- (iii) Our capital spending varies each period based on the timing of new business wins and forecasted sales levels. Based on our current operating plans, we anticipate capital spending for 2012 to be approximately 1.1% to 1.5% of revenue, and expect to fund this spending from cash on hand. As at December 31, 2011, we had committed \$48.0 million in capital expenditures, principally for facilities, machinery and equipment to support new customer programs. Included in the \$48.0 million is a building we acquired in Malaysia in February of 2012. In addition, based on the tax incentives we have benefited from as at December 31, 2011, we have met the capital expenditure commitments as at that date and have other ongoing conditions for retaining these tax incentives which we expect to meet.
- (iv) In connection with the acquisition of Allied Panels, we have a contingent obligation if specified pre-determined financial targets are achieved through 2012. At December 31, 2011, we have recorded a contingent liability of \$3.2 million.

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

From time-to-time, we pay cash for the purchase of subordinate voting shares in the open market by a trustee to satisfy the delivery of subordinate voting shares under our equity-based compensation plans. During 2011, we paid \$49.4 million for the purchase of 5.7 million subordinate voting shares in the open market for equity-based awards vested throughout 2011 and the first quarter of 2012. During 2010, we paid \$26.2 million to purchase 2.8 million subordinate voting shares for equity-based awards that vested throughout 2010 and in the first quarter of 2011. We expect to continue to make these payments for the purchase of subordinate voting shares in the open market to meet our on-going obligations to equity-settle awards as they vest in future periods. We estimate that approximately 3 million equity-based awards could vest during 2012 and the first quarter of 2013, for which we expect to satisfy by purchasing subordinate voting shares in the open market. The estimated cash outlay to purchase this number of subordinate voting shares in the open market, based on our share price on December 30, 2011, is approximately \$22 million. The actual cash outlay will likely differ, and may differ materially, as it is difficult to estimate future share prices, forfeiture rates, and whether we will achieve our performance metrics.

During 2010, we paid \$140.6 million to repurchase 16.1 million subordinate voting shares for cancellation under the NCIB which expired in August 2011. On February 7, 2012, the TSX approved a new NCIB allowing us to repurchase, at our discretion, until the earlier of February 8, 2013 and the completion of purchases under the bid, up to approximately 16.2 million subordinate voting shares, representing 10% of the public float of our subordinate voting shares (or approximately 7.5% of our total subordinate voting and multiple voting shares outstanding), on the open market or as otherwise permitted, subject to the normal terms and limitations of such bids. The maximum number of subordinate voting shares we are permitted to repurchase for cancellation under the new bid will be reduced by the number of subordinate voting shares we purchase for equity-based compensation plans, which we estimate will be approximately 3 million shares.

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

Litigation and contingencies:

In the normal course of our operations, we may be subject to lawsuits, investigations and other claims, including environmental, labor, product, customer disputes and other matters. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not always possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such matters will not have a material adverse impact on our results of operations, financial position or liquidity.

In 2007, securities class action lawsuits were commenced against us and our former Chief Executive and Chief Financial Officers in the United States District Court of the Southern District of New York by certain individuals, on behalf of themselves and other unnamed purchasers of our stock, claiming that they were purchasers of our stock during the period January 27, 2005 through January 30, 2007. The plaintiffs allege violations of United States federal securities laws and seek unspecified damages. They allege that during the purported period we made statements concerning our actual and anticipated future financial results that failed to disclose certain purportedly material adverse information with respect to demand and inventory in our Mexican operations and our information technology and communications divisions. In an amended complaint, the plaintiffs added one of our directors and Onex Corporation (Onex) as defendants. On October 14, 2010, the District Court granted the defendants' motions to dismiss the consolidated amended complaint in its entirety. The plaintiffs appealed to the United States Court of Appeals for the Second Circuit the dismissal of its claims against us, our former Chief Executive and Chief Financial Officers, but not as to the other defendants. In a summary order dated December 29, 2011, the Court of Appeals reversed the District Court's dismissal of the consolidated amended complaint and remanded the case to the District Court for further proceedings. Parallel class proceedings, including a claim issued in October 2011, remain against us and our former Chief Executive and Chief Financial Officers in the Ontario Superior Court of Justice, but neither leave nor certification of any

actions has been granted by that court. We believe the allegations in the claims are without merit and we intend to defend against them vigorously. However, there can be no assurance that the outcome of the litigation will be favorable to us or that it will not have a material adverse impact on our financial position or liquidity. In addition, we may incur substantial litigation expenses in defending the claims. We have liability insurance coverage that may cover some of our litigation expenses, potential judgments and settlement costs.

The major earthquake and tsunami in Japan in March 2011, including the aftermath of those events, affected our local operations which include a sales office, a repair service center and a manufacturing facility. Operations at our facility in Miyagi, Japan, which generated less than 5% of our total annual revenue in 2010, were interrupted for approximately two weeks in March 2011. Production had resumed by the end of the first quarter of 2011. We have filed an insurance claim which exceeds the carrying value of the damaged assets. We expect to finalize our settlement in the first quarter of 2012. Any excess of the insurance proceeds above the carrying value of the damaged assets will be recorded in the period the insurance claim is resolved.

Capital Resources

Our main objectives in managing our capital resources are to ensure liquidity and to have funds available for working capital or other investments required to grow our business. Our capital resources consist of cash, short-term investments, access to a revolving credit facility, intraday and overnight bank overdraft facilities, an A/R sales program and capital stock. We regularly review our borrowing capacity and make adjustments, as available, for changes in economic conditions.

At December 31, 2011, we had cash and cash equivalents of \$658.9 million, comprised of cash (approximately 29%) and cash equivalents (approximately 71%). Our current portfolio consists of bank deposits and certain money market funds that hold primarily U.S. government securities. The majority of our cash and cash equivalents are held with financial institutions each of which had at December 31, 2011 a Standard and Poor's rating of A-1 or above. Our cash and cash equivalents are subject to intra-quarter swings, generally related to the timing of A/R collections, inventory purchases and payments, and other capital uses.

In January 2011, we renewed our revolving credit facility on generally similar terms and conditions as our previous facility and increased the size of the facility to \$400.0 million, with a maturity of January 2015. The facility has restrictive covenants, including those relating to debt incurrence, the sale of assets and a change of control. We are also required to comply with financial covenants relating to indebtedness, interest coverage and liquidity and we have pledged certain assets as security. During the third quarter of 2011, we repaid the \$45.0 million we borrowed in June 2011 under this facility. At December 31, 2011, there were no amounts drawn under the facility and we were in compliance with all covenants. At December 31, 2011, we had \$27.0 million of letters of credit that were issued under our credit facility.

We also have access to \$70.0 million in intraday and overnight bank overdraft facilities, which were undrawn at December 31, 2011 (undrawn at December 31, 2010).

We have an agreement to sell up to \$250.0 million in A/R (subject to pre-determined limits by customer) on a committed basis and up to an additional \$150.0 million in A/R on an uncommitted basis. The A/R facility is with third-party banks which have at December 31, 2011 a Standard and Poor's rating of A-1. Our facility expires in November 2012. At December 31, 2011, we had sold \$60.0 million of A/R under this facility (December 31, 2010 — \$60.0 million of A/R sold).

The timing and the amounts we may borrow and repay under our revolving credit and overdraft facilities, or sell under our A/R sales program, can vary significantly from month-to-month depending upon our working capital and other cash requirements.

We redeemed all of our outstanding Notes prior to March 31, 2010. We also cancelled 16.1 million subordinate voting shares under the NCIB we commenced in July 2010, which represented approximately 7% of our total subordinate voting and multiple voting shares outstanding when the NCIB expired in August 2011. On February 7, 2012, the TSX approved a new NCIB allowing us to repurchase up to 16.2 million subordinate voting shares, or 10% of the public float of our subordinate voting shares as at January 26, 2012 (or approximately 7.5% of our total subordinate voting and multiple voting shares outstanding), in the open market or as otherwise permitted, subject to the normal terms and limitations of such bids.

Standard and Poor's provides a corporate credit rating on Celestica. This rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. A rating does not comment as to market price or suitability for a particular investor. At December 31, 2011, our Standard and Poor's corporate credit rating is BB, with a stable outlook. A reduction in our credit rating could adversely impact our future cost of borrowing.

Our strategy on capital risk management has not changed significantly since the end of 2010. Other than the restrictive covenants associated with our revolving credit facility noted above, we are not subject to any contractual or regulatory capital requirements. While some of our international operations are subject to government restrictions on the flow of capital into and out of their jurisdictions, these restrictions have not had a material impact on our operations or cash flows.

Financial instruments:

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

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

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

At December 31, 2011, we had forward exchange contracts to trade U.S. dollars in exchange for the following currencies:

Currency	Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months	Fair value gain/(loss)
Canadian dollar	\$ 349.6	\$ 0.98	15	\$ (2.0)
Thai baht	144.2	0.03	15	(4.7)
Malaysian ringgit	97.4	0.32	15	(2.4)
Mexican peso	49.7	0.08	12	(3.0)
Chinese renminbi	33.9	0.16	12	(0.2)
British pound	33.4	1.54	4	0.1
Singapore dollar	19.8	0.80	12	(0.6)
Euro	14.8	1.29	4	—
Japanese yen	14.0	0.01	3	—
Romanian lei	10.8	0.32	12	(0.8)
Other	8.9	—	4	(0.3)
Total	\$ 776.5			\$ (13.9)

These contracts generally extend for periods of up to 15 months and expire by the end of the first quarter of 2013. The fair value of these contracts at December 31, 2011 was a net unrealized loss of \$13.9 million (December 31, 2010 — net unrealized gain of \$13.0 million). The unrealized gains or losses are a result of fluctuations in foreign exchange rates between the date the currency forward contracts were entered into and the valuation date at period end.

Financial risks:

We are exposed to a variety of market risks associated with financial instruments.

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

Interest rate risk: Borrowings under our revolving credit facility bear interest at LIBOR or Prime rate plus a margin. Our borrowings under this facility expose us to interest rate risks due to fluctuations in these rates.

Credit risk: Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss to us. We believe our credit risk of counterparty non-performance is low. To mitigate the risk of financial loss from defaults under our foreign currency forward exchange contracts, our contracts are held by counterparty financial institutions each of which had at December 31, 2011 a Standard and Poor's rating of A- or above. Each financial institution with which we have our A/R sales program had a Standard and Poor's rating of A-1 at December 31, 2011. At December 31, 2011, we had sold \$60.0 million of A/R under this sales program. We also provide unsecured credit to our customers in the normal course of business. We mitigate this credit risk by monitoring our customers' financial condition and performing ongoing credit evaluations. We consider credit risk in establishing our allowance for doubtful accounts and we believe our allowances are adequate. At December 31, 2011, less than 1% of our gross A/R are over 90 days past due and our allowance for doubtful accounts balance was \$2.7 million (December 31, 2010 — \$5.1 million). The decrease in our allowance for doubtful accounts reflects our continued strong collection efforts and is in line with improvements in our aged accounts receivable.

Liquidity risk: Liquidity risk is the risk that we may not have cash available to satisfy our financial obligations as they come due. The majority of our financial liabilities recorded in accounts payable, accrued and other current liabilities and provisions are due within 90 days. We believe that cash flow from operations, together with cash on hand, cash from the sale of A/R, and borrowings available under our revolving credit facility and intraday and overnight bank overdraft facilities are sufficient to support our financial obligations.

Related Party Transactions

Onex owns, directly or indirectly, all of our outstanding multiple voting shares. Accordingly, Onex generally has the power to control the outcome of matters on which stockholders are entitled to vote. Gerald Schwartz, the Chairman and Chief Executive Officer of Onex and one of our directors, owns multiple voting shares of Onex carrying the right to elect a majority of Onex's board of directors.

We have manufacturing agreements with two companies related to or under the control of Onex or Gerald Schwartz (2010 — one company). During 2011, we recorded revenue of \$90.9 million from these companies (2010 — \$43.3 million). At December 31, 2011, we had \$15.5 million due from these companies (December 31, 2010 — \$4.9 million). All transactions with these companies were in the normal course of operations and were recorded at the exchange amounts as agreed to by the parties based on arm's length terms. One of these companies was sold subsequent to year-end and will not be reported as a related party in 2012.

In January 2009, we entered into a Services Agreement with Onex for the services of Gerald Schwartz, as a director of Celestica. The term of this agreement was for one year and it automatically renews for successive one-year terms unless either party provides a notice of intent not to renew. Onex receives compensation under the Services Agreement in an amount equal to \$200,000 per year, payable in DSUs in equal quarterly installments in arrears.

Outstanding Share Data

As of February 22, 2012, we had 198.3 million outstanding subordinate voting shares and 18.9 million outstanding multiple voting shares. We also had 8.8 million outstanding stock options, 4.6 million outstanding RSUs, 5.9 million outstanding PSUs (based on a maximum payout of 200%), and 0.9 million outstanding DSUs, each such option or unit entitling the holder to receive one subordinate voting share (or in certain cases, cash at our option) pursuant to the terms thereof (subject to time or performance-based vesting).

Controls and Procedures

Evaluation of disclosure controls and procedures:

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

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

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

Changes in internal controls over financial reporting:

During 2011, there were no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Management's report on internal control over financial reporting:

Reference is made to our Management's Report on page F-1 of our Annual Report. Our auditors, KPMG LLP, an independent registered public accounting firm, have issued an audit report on our internal controls over financial reporting for the year ended December 31, 2011. This report appears on page F-2 of our Annual Report on Form 20-F.

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

	2010				2011			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	\$ 1,518.1	\$ 1,585.4	\$ 1,546.5	\$ 1,876.1	\$ 1,800.1	\$ 1,829.4	\$ 1,830.1	\$ 1,753.4
Gross profit %	6.9%	6.8%	7.0%	6.5%	6.5%	6.9%	6.9%	7.0%
Net earnings	\$ 28.5	\$ 13.0	\$ 21.3	\$ 38.4	\$ 30.0	\$ 45.7	\$ 50.2	\$ 69.2
Weighted average # of basic shares	229.9	230.3	229.6	221.4	215.4	216.6	216.6	216.6
Weighted average # of diluted shares	232.8	232.8	231.5	223.5	219.2	220.0	219.5	218.7
# of shares outstanding	230.0	230.2	225.5	214.2	216.3	216.4	216.4	216.5
Net earnings per share:								
basic	\$ 0.12	\$ 0.06	\$ 0.09	\$ 0.17	\$ 0.14	\$ 0.21	\$ 0.23	\$ 0.32
diluted	\$ 0.12	\$ 0.06	\$ 0.09	\$ 0.17	\$ 0.14	\$ 0.21	\$ 0.23	\$ 0.32

(i) We have restated our 2010 comparative data in accordance with IFRS.

Comparability quarter-to-quarter:

The quarterly data reflects the following: the fourth quarters of 2010 and 2011 include the results of our annual impairment testing of goodwill, intangible assets and property, plant and equipment; and all quarters of 2010 and 2011 were impacted by our restructuring plans. The amounts vary from quarter-to-quarter.

Fourth quarter 2011 compared to fourth quarter 2010:

Revenue for the fourth quarter of 2011 decreased 7% to \$1.75 billion from \$1.88 billion for the same period in 2010. Revenue dollars decreased in all end markets (reflecting continued softness and uncertainty in the global markets), other than our consumer market which was relatively flat for the fourth quarter of 2011 compared to the same period in 2010, and our diversified end market which increased 45% due primarily to new program wins and our Brooks Automation contract manufacturing acquisition. If we exclude revenue from acquisitions, revenue from our diversified end market would have grown 27% from the same period in 2010. The decrease in revenue from our storage end market also reflects our decision to discontinue a lower margin program with one customer. Revenue decreases in our server end market were driven primarily by demand declines from one of our largest customers in this end market. The decrease in revenue from our telecommunications end market also reflects the insourcing of a program by one customer. Gross margin increased to 7.0% of revenue for the fourth quarter of 2011 from 6.5% for the same period in 2010, primarily due to changes in product mix, which benefited in part from our increasing revenue in the diversified end market. Gross margin and SG&A for the fourth quarter of 2010 were negatively impacted by the mark-to-market adjustment on share unit awards that we elected to settle in cash; there was no comparable impact in the fourth quarter of 2011. SG&A for the fourth quarter of 2011 decreased \$10 million compared to the same period in 2010, reflecting lower variable compensation costs and a \$3 million bad debt recovery, largely in line with the improvements in our aged A/R. Net earnings for the fourth quarter of 2011 improved from the fourth quarter of 2010, reflecting primarily improved earnings and lower SG&A, as well as higher income tax recoveries resulting from the settlement of tax audits and income tax benefits related to a restructured subsidiary. We completed our annual impairment assessment in the fourth quarter of 2011 and did not record any impairment charges (fourth quarter 2010 — \$9.1 million impairment).

Fourth quarter 2011 compared to third quarter 2011:

Revenue for the fourth quarter of 2011 decreased 4% sequentially. Revenue dollars decreased quarter-to-quarter in all end markets other than our diversified end market, which increased 6% sequentially due principally to new program wins. Gross margin of 7.0% for the fourth quarter of 2011 was relatively consistent with the third quarter of 2011. Net earnings for the fourth quarter of 2011 improved from the third quarter of 2011 reflecting primarily income tax recoveries resulting from the settlement of tax audits and income tax benefits related to a restructured subsidiary, as well as bad debt recoveries.

Fourth quarter 2011 actual compared to guidance:

On October 20, 2011, we provided the following guidance for the fourth quarter of 2011:

	Q4 2011	
	Guidance	Actual
Revenue (in billions)	\$1.70 to \$1.85	\$ 1.75
Adjusted net earnings per share (diluted)	\$0.23 to \$0.29	\$ 0.33

For the fourth quarter of 2011, revenue of \$1.75 billion was within our published guidance. Included in the fourth quarter of 2011 adjusted net earnings per share of \$0.33 was an income tax benefit of \$0.05 per share arising from the settlement of our Malaysian tax audits. Our per share guidance did not include this recovery.

Our guidance includes a range for adjusted net earnings per share (which is a non-IFRS measure and is defined below). We believe adjusted net earnings is an important measure for investors to understand our core operating performance and to compare our operating results with our competitors. A reconciliation of adjusted net earnings to IFRS net earnings is set forth below.

IFRS net earnings per share for the fourth quarter of 2011 was \$0.32 on a diluted basis. IFRS net earnings for the fourth quarter included an aggregate \$0.08 per share (diluted) pre-tax charge for the following recurring items: stock-based compensation, amortization of intangible assets (excluding computer software) and restructuring charges. This aggregate pre-tax charge was slightly above the range we provided on October 20, 2011 of between \$0.04 and \$0.07 per share (diluted), primarily due to higher than expected restructuring charges.

Non-IFRS measures:

Management uses adjusted net earnings and other non-IFRS measures to (i) assess operating performance and the effective use and allocation of resources, (ii) provide more meaningful period-to-period comparisons of operating results, (iii) enhance investors' understanding of the core operating results of our business, and (iv) set management incentive targets.

We believe investors use both IFRS and non-IFRS measures to assess management's past, current and future decisions associated with strategy and allocation of capital, as well as to analyze how businesses operate in, or respond to, swings in economic cycles or to other events that impact core operations.

Our non-IFRS measures include gross profit, gross margin (gross profit as a percentage of revenue), SG&A, SG&A as a percentage of revenue, operating earnings (EBIAT), operating margin (EBIAT as a percentage of revenue), adjusted net earnings, adjusted net earnings per share, ROIC, free cash flow, cash cycle days and inventory turns. In calculating these non-IFRS financial measures, management excludes the following items, as applicable: stock-based compensation, amortization of intangible assets (excluding computer software), restructuring and other charges (most significantly restructuring charges), the write-down of goodwill, intangible assets and property, plant and equipment, and gains or losses related to the repurchase of shares or debt, net of tax adjustments and significant deferred tax write-offs or recoveries.

These non-IFRS measures do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies. Non-IFRS measures are not measures of performance under IFRS and should not be considered in isolation or as a substitute for any standardized measure under IFRS. The most significant limitation to management's use of non-IFRS financial measures is that the charges and expenses excluded from the non-IFRS measures are nonetheless charges that are recognized under IFRS and that have an economic impact on us. Management compensates for these limitations primarily by issuing IFRS results to show a complete picture of our performance, and reconciling non-IFRS results back to IFRS, unless there are no comparable IFRS measures. Our transition from GAAP to IFRS did not significantly impact the calculation of these measures.

The economic substance of these exclusions and management's rationale for excluding these from non-IFRS financial measures is provided below:

Stock-based compensation, which represents the estimated fair value of stock options, RSUs and PSUs granted to employees, is excluded because grant activities vary significantly from quarter-to-quarter in both quantity and fair value. In addition, excluding this expense allows us to better compare core operating results with those of our competitors who also generally exclude stock-based compensation from their core operating results, who may have different granting patterns and types of equity awards, and who may use different valuation assumptions than we do.

Amortization charges (excluding computer software) consist of non-cash charges against intangible assets that are impacted by the timing and magnitude of acquired businesses. Amortization of intangibles varies among competitors, and we believe that excluding these charges permits a better comparison of core operating results with those of our competitors who also generally exclude amortization charges.

Restructuring and other charges, which consist primarily of employee severance, lease termination and facility exit costs associated with closing and consolidating manufacturing facilities, reductions in infrastructure, and acquisition-related transaction costs, are excluded because such charges are not directly related to ongoing operating results and do not reflect expected future operating expenses after completion of these activities. We believe that excluding these charges permits a better comparison of our core operating results with those of our competitors who also generally exclude these costs in assessing operating performance.

Impairment charges, which consist of non-cash charges against goodwill, intangible assets and property, plant and equipment, result primarily when the carrying value of these assets exceeds their fair value. These charges are excluded because they are generally non-recurring. In addition, our competitors may record impairment charges at different times and excluding these charges permits a better comparison of our core operating results with those of our competitors who also generally exclude these charges in assessing operating performance.

Gains or losses related to the repurchase of shares or debt are excluded as these gains or losses do not impact core operating performance and vary significantly among our competitors who also generally exclude these charges in assessing operating performance.

Significant deferred tax write-offs or recoveries are excluded as these write-offs or recoveries do not impact core operating performance and vary significantly among our competitors who also generally exclude these charges in assessing operating performance.

The following table sets forth, for the periods indicated, a reconciliation of IFRS to non-IFRS measures (in millions, except per share amounts):

	Three months ended December 31				Year ended December 31			
	2010		2011		2010		2011	
		% of revenue		% of revenue		% of revenue		% of revenue
Revenue	\$ 1,876.1		\$ 1,753.4		\$ 6,526.1		\$ 7,213.0	
IFRS gross profit	\$ 122.6	6.5%	\$ 122.1	7.0%	\$ 444.1	6.8%	\$ 491.4	6.8%
Stock-based compensation	5.8		3.8		16.6		15.5	
Non-IFRS gross profit	\$ 128.4	6.8%	\$ 125.9	7.2%	\$ 460.7	7.1%	\$ 506.9	7.0%
IFRS SG&A	\$ 68.7	3.7%	\$ 58.5	3.3%	\$ 252.1	3.9%	\$ 253.4	3.5%
Stock-based compensation	(9.2)		(5.9)		(25.3)		(28.7)	
Non-IFRS SG&A	\$ 59.5	3.2%	\$ 52.6	3.0%	\$ 226.8	3.5%	\$ 224.7	3.1%
IFRS earnings before income taxes	\$ 35.1	1.9%	\$ 54.2	3.1%	\$ 119.4	1.8%	\$ 198.8	2.8%
Finance costs	0.7		1.1		6.9		5.4	
Stock-based compensation	15.0		9.7		41.9		44.2	
Amortization of intangible assets (excluding computer software)	1.8		0.8		5.9		6.2	
Restructuring and other charges	4.6		1.0		32.0		6.5	
Impairment charges	9.1		—		9.1		—	
Losses related to the repurchase of shares or debt	—		—		8.8		—	
Non-IFRS operating earnings (EBIAT)⁽¹⁾	\$ 66.3	3.5%	\$ 66.8	3.8%	\$ 224.0	3.4%	\$ 261.1	3.6%
IFRS net earnings	\$ 38.4	2.0%	\$ 69.2	3.9%	\$ 101.2	1.6%	\$ 195.1	2.7%
Stock-based compensation	15.0		9.7		41.9		44.2	
Amortization of intangible assets (excluding computer software)	1.8		0.8		5.9		6.2	
Restructuring and other charges	4.6		1.0		32.0		6.5	
Impairment charges	9.1		—		9.1		—	
Losses related to the repurchase of shares or debt	—		—		8.8		—	
Adjustments for taxes ⁽²⁾	(7.6)		(9.6)		(1.2)		(10.1)	
Non-IFRS adjusted net earnings	\$ 61.3	3.3%	\$ 71.1	4.1%	\$ 197.7	3.0%	\$ 241.9	3.4%
Diluted EPS								
Weighted average # of shares (in millions)	223.5		218.7		230.1		218.3	
IFRS earnings per share	\$ 0.17		\$ 0.32		\$ 0.44		\$ 0.89	
Non-IFRS adjusted net earnings per share	\$ 0.27		\$ 0.33		\$ 0.86		\$ 1.11	
# of shares outstanding (in millions)	214.2		216.5		214.2		216.5	
IFRS cash provided by operations	\$ 55.3		\$ 96.8		\$ 165.9		\$ 196.3	
Purchase of property, plant and equipment, net of sales proceeds	(23.4)		(6.8)		(44.9)		(45.2)	
Finance costs paid	(1.3)		(1.0)		(15.0)		(7.0)	
Non-IFRS free cash flow⁽³⁾	\$ 30.6		\$ 89.0		\$ 106.0		\$ 144.1	
ROIC %⁽⁴⁾	32.0%		27.5%		27.2%		27.5%	

- (1) EBIAT is defined as earnings before interest, amortization of intangible assets (excluding computer software) and income taxes. EBIAT also excludes stock-based compensation, restructuring and other charges, gains or losses related to the repurchase of shares or debt and impairment charges.
- (2) The adjustments for taxes represent the tax effects on the non-IFRS adjustments and significant deferred tax write-offs or recoveries that do not impact our core operating performance.
- (3) Management uses free cash flow as a measure, in addition to cash flow from operations, to assess operational cash flow performance. We believe free cash flow provides another level of transparency to our liquidity as it represents cash generated from or used in operating activities after the purchase of capital equipment and property (net of proceeds from sale of certain surplus equipment and property) and finance costs paid.
- (4) Management uses ROIC as a measure to assess the effectiveness of the invested capital it uses to build products or provide services to our customers. Our ROIC measure includes operating margin, working capital management and asset utilization. ROIC is calculated by dividing EBIAT by average net invested capital. Net invested capital consists of total assets less cash, accounts payable, accrued and other current liabilities, provisions, and income taxes payable. We use a two-point average to calculate average net invested capital for the quarter and a five-point average to calculate average net invested capital for the year. There is no comparable measure under IFRS.

The following table sets forth, for the periods indicated, our calculation of ROIC % (in millions, except ROIC %):

	Three months ended December 31		Year ended December 31	
	2010	2011	2010	2011
Non-IFRS operating earnings (EBIAT)	\$ 66.3	\$ 66.8	\$ 224.0	\$ 261.1
Multiplier	4	4	1	1
Annualized EBIAT	\$ 265.2	\$ 267.2	\$ 224.0	\$ 261.1
Average net invested capital for the period	\$ 828.8	\$ 972.1	\$ 822.8	\$ 950.7
ROIC %	32.0%	27.5%	27.2%	27.5%

	December 31 2010	March 31 2011	June 30 2011	September 30 2011	December 31 2011
Net invested capital consists of:					
Total assets	\$ 3,013.9	\$ 2,997.3	\$ 3,020.6	\$ 2,914.8	\$ 2,969.6
Less: cash	632.8	584.0	552.6	586.1	658.9
Less: accounts payable, accrued and other current liabilities, provisions and income taxes payable	1,552.6	1,483.1	1,417.3	1,348.6	1,346.6
Net invested capital by quarter	\$ 828.5	\$ 930.2	\$ 1,050.7	\$ 980.1	\$ 964.1

	December 31 2009	March 31 2010	June 30 2010	September 30 2010	December 31 2010
Net invested capital consists of:					
Total assets	\$ 3,021.8	\$ 2,808.6	\$ 2,697.3	\$ 2,831.2	\$ 3,013.9
Less: cash	937.7	712.2	683.9	705.6	632.8
Less: accounts payable, accrued and other current liabilities, provisions and income taxes payable	1,298.3	1,270.8	1,168.4	1,296.5	1,552.6
Net invested capital by quarter	\$ 785.8	\$ 825.6	\$ 845.0	\$ 829.1	\$ 828.5

First quarter 2012 guidance:

For the first quarter of 2012, we expect revenue to be in the range of \$1.6 billion to \$1.7 billion, which represents a 6% sequential decline in revenue at the midpoint of the guidance. We expect revenue from our consumer end market to decline approximately 15% sequentially, primarily due to program transitions and demand weakness with our largest customer. We expect continued growth from our diversified end market in the first quarter of 2012, with revenue from all other end markets to be relatively flat or down slightly compared to the fourth quarter of 2011.

We expect adjusted net earnings per share for the first quarter of 2012 to be in the range of \$0.18 to \$0.24 per share (diluted), as compared to the normalized adjusted net earnings per share of \$0.28 for the fourth quarter of 2011. The normalized adjusted net earnings per share of \$0.28 for the fourth quarter of 2011 excludes a \$0.05 per share income tax benefit arising from the settlement of tax audits. We expect a negative \$0.05 to \$0.07 per share (diluted) pre-tax aggregate impact on an IFRS basis for the following recurring items: stock-based compensation and amortization of intangible assets (excluding computer software).

Our guidance for the first quarter of 2012 is based on various assumptions which management believes are reasonable under the current circumstances, but may prove to be inaccurate, and many of which involve factors that are beyond our control. The material assumptions may include the following: forecasts from our customers, which range from 30 days to 90 days and can fluctuate significantly in terms of volume and mix of products or services; the timing, execution of, and investments associated with ramping new business; the success in the

marketplace of our customers' products; general economic and market conditions; currency exchange rates; pricing and competition; anticipated customer demand; supplier performance and pricing; commodity, labor, energy and transportation costs; operational and financial matters; and technological developments. Our assumptions and estimates are based on management's current views with respect to current plans and events, and are and will be subject to the risks and uncertainties referred to above. Our guidance for the first quarter of 2012 is given for the purpose of providing information about management's current expectations and plans relating to the first quarter of 2012. Readers are cautioned that such information may not be appropriate for other purposes.

Recent Accounting Developments:

In October 2010, the IASB issued amendments to IFRS 7, *Financial Instruments*, which requires enhanced disclosures relating to the derecognition of financial assets that have been transferred, including quantitative and qualitative disclosures of the nature and extent of risks arising from the transfer. This amendment is effective for 2012. We do not expect the adoption of this amendment to have a material impact on the disclosures related to our A/R sales program in our consolidated financial statements.

During 2011, the IASB finalized several standards and amendments which may impact us. These new or amended standards will be effective January 1, 2013, except for IFRS 9 which is deferred to 2015. We are currently evaluating the impact of adopting the following new or amended standards on our consolidated financial statements.

IFRS 9, Financial Instruments: This standard replaces IAS 39, *Financial Instruments: Recognition and Measurement*, in phases. The first phase of the standard establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification will depend on the entity's business model and the contractual cash flow characteristics of the financial asset. The second phase adds new requirements related to the classification and measurement of financial liabilities and to the derecognition of financial assets and liabilities.

IFRS 10, Consolidated Financial Statements: This standard replaces certain sections of IAS 27, *Consolidated And Separate Financial Statements*. This standard is intended to ensure the same criteria are applied to all types of entities when determining control for consolidated reporting.

IFRS 11, Joint Arrangements: This standard replaces the existing standards on joint ventures. It distinguishes joint ventures from joint operations and establishes the accounting for interests in each of these joint arrangements. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements unless we enter into such arrangements.

IFRS 12, Disclosure Of Interests In Other Entities: This standard supplements the existing disclosure requirements about interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities, and focuses on the nature, risks and financial effects associated with such interests on financial position, financial performance and cash flows.

IFRS 13, Fair Value Measurement: This standard provides extensive guidance on determining fair value for measurement or disclosure purposes.

IAS 1, Presentation Of Financial Statements (revised): This amendment requires changes to the presentation of items in other comprehensive income. We do not expect the adoption of this amendment to have a material impact on our consolidated financial statements.

IAS 19, Employee Benefits (revised): This amendment eliminates the option of deferring actuarial gains and losses resulting from defined benefit pension plans (corridor approach) and requires that all past service costs and credits, whether vested or unvested, be recognized immediately in operations. The amendment also identifies changes to the required calculation of net interest expense and requires additional disclosures about defined benefit pension plans and termination benefits. We do not expect the adoption of this revised standard to have a material impact on our consolidated financial statements since we elected to recognize all cumulative actuarial gains or losses before and subsequent to the Transition Date through other comprehensive income and deficit. We have approximately \$7 million of unrecognized past service credits which we have deferred under IFRS as at December 31, 2011 that we will retroactively recognize as a reduction to deficit on adoption of this amendment in 2013.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

Each director of Celestica is elected by the shareholders to serve until close of the next annual meeting of shareholders or until a successor is elected or appointed, unless such office is earlier vacated in accordance with the Company's by-laws. The following table sets forth certain information regarding the current directors and executive officers of Celestica, as of February 22, 2012.

Name	Age	Position with Celestica	Residence
Robert L. Crandall	76	Chairman of the Board and Director	Florida, U.S.
Dan DiMaggio	61	Director	Georgia, U.S.
William A. Etherington	70	Director	Ontario, Canada
Laurette Koellner	57	Director	Florida, U.S.
Joseph M. Natale	47	Director	Ontario, Canada
Eamon J. Ryan	66	Director	Ontario, Canada
Gerald W. Schwartz	70	Director	Ontario, Canada
Michael Wilson	60	Director	Alberta, Canada
Craig H. Muhlhauser	63	Director, President and Chief Executive Officer	New Jersey, U.S.
Paul Nicoletti	44	Executive Vice President and Chief Financial Officer	Ontario, Canada
Elizabeth L. DelBianco	52	Executive Vice President, Chief Legal and Administrative Officer and Corporate Secretary	Ontario, Canada
John Peri	50	Chief Operating Officer	Ontario, Canada
Peter A. Lindgren	49	Executive Vice President, Global Operations	Colorado, U.S.
Mary Gendron	46	Senior Vice President and Chief Information Officer	Illinois, U.S.
Glen McIntosh	50	Senior Vice President, Global Customer Business Unit	Ontario, Canada
Scott Smith	53	Senior Vice President, Global Sales, Solutions and Marketing	Zurich, Switzerland

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

Robert L. Crandall has been a director of Celestica since 1998 and Chairman of the Board of Directors of Celestica since January 2004. He is the retired Chairman of the Board and Chief Executive Officer of AMR Corporation/American Airlines Inc. Mr. Crandall is a director of Air Cell, Inc., a privately held company, and holds a Bachelor of Science degree from the University of Rhode Island and a Master of Business Administration degree from the Wharton School of the University of Pennsylvania.

Dan DiMaggio has been a director of Celestica since July 2010. Prior to retiring in 2006, he spent 35 years with United Parcel Services (UPS), most recently as Chief Executive Officer of the UPS Worldwide Logistics Group. Prior to leading UPS' Worldwide Logistics Group, Mr. DiMaggio held a number of positions at UPS with increasing responsibility, including leadership roles for the UPS International Marketing Group, as well as the Industrial Engineering function. In addition to his senior leadership roles at UPS, Mr. DiMaggio was a member of the board of directors of Greatwide Logistics Services, Inc. and CEVA Logistics. Mr. DiMaggio was serving as a director of Greatwide Logistics Services, Inc., a privately held company, when that entity filed for bankruptcy in 2008. He holds a Bachelor of Science degree from the University of Massachusetts.

William A. Etherington has been a director of Celestica since 2001. He is also a director of Onex Corporation, which holds a 71% voting interest in Celestica and of SS&C Technologies Inc., each of which is a public corporation and of St. Michael's Hospital. He is a former director and non-executive Chairman of the board of directors of the Canadian Imperial Bank of Commerce. Mr. Etherington retired in 2001 as Senior Vice President

and Group Executive, Sales and Distribution, IBM Corporation, and Chairman, President and Chief Executive Officer of IBM World Trade Corporation. He holds a Bachelor of Science degree in Electrical Engineering and a Doctor of Laws (Hon.) from the University of Western Ontario.

Laurette Koellner has been a director of Celestica since 2009. She retired as President of Boeing International, a division of The Boeing Company (an aerospace company), in 2008. Prior to May 2006, she was President of Connexion by Boeing and prior to that was a member of the Office of the Chairman and served as the Executive Vice President, Internal Services, Chief Human Resources and Administrative Officer, President of Shared Services, as well as Corporate Controller for The Boeing Company. Ms. Koellner currently serves on the board of directors of the AIG Corporation and as Chair of its Regulatory Compliance Committee and a member of its Compensation Committee and on the board of directors and as Chair of the Audit Committee of Sara Lee Corporation, both of which are public corporations, is a member of the Council on Foreign Relations and a member of the University of Central Florida Dean's Executive Council. She holds a Bachelor of Science degree in Business Management from the University of Central Florida and a Masters of Business Administration from Stetson University. She holds a Certified Professional Contracts Manager designation from the National Contracts Management Association.

Joseph M. Natale has been a director of Celestica since January 2012. Mr. Natale joined Telus Corporation, a public company, in 2003 and is currently Executive Vice President and Chief Commercial Officer, a position he has held since May 2010. Prior to 2003, Mr. Natale held successive senior leadership roles within KPMG Consulting, which he joined after it acquired the company he co-founded, PNO Management Consultants Inc., in 1997. Mr. Natale served on the board of directors of KPMG Canada in 1998 and 1999. Mr. Natale is a member of the board of directors of Soulpepper Theatre and acted as Telecommunications Chair for United Way Toronto's 2011 Campaign Cabinet. He is a past recipient of Canada's Top 40 Under 40 Award and holds a Bachelor of Applied Science degree in Electrical Engineering from the University of Waterloo.

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

Gerald W. Schwartz has been a director of Celestica since 1998. He is the Chairman of the board and Chief Executive Officer of Onex Corporation, a public corporation which holds a 71% voting interest in Celestica. Mr. Schwartz was inducted into the Canadian Business Hall of Fame in 2004 and was appointed as an Officer of the Order of Canada in 2006. He is also an honorary director of the Bank of Nova Scotia and is a director of Indigo Books & Music Inc., each of which is a public corporation, and of RSI Home Products, Inc. Mr. Schwartz is Vice Chairman of Mount Sinai Hospital and is a director, governor or trustee of a number of other organizations, including Junior Achievement of Toronto, the Canadian Council of Christians and Jews and the Simon Wiesenthal Center. He holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Manitoba, a Master of Business Administration degree from the Harvard University Graduate School of Business Administration, a Doctor of Laws (Hon.) from St. Francis Xavier University and a Doctor of Philosophy (Hon.) from Tel Aviv University.

Michael Wilson was appointed as a director of Celestica on October 19, 2011. He is the President and Chief Executive Officer of Agrium Inc., a public company, and has over 30 years of international and executive management experience. Prior to joining Agrium Inc., Mr. Wilson served as President of Methanex Corporation, a public company, and held various senior positions in North America and Asia during his 18 years with Dow Chemical, also a public company. Mr. Wilson is also on Agrium Inc.'s board of directors and was the Chair of Canpotex Ltd. and of the International Plant Nutrient Institute. He is currently a director of The Fertilizer Institute, the Alberta Economic Development Authority and the Calgary Prostate Cancer Institute. He holds a degree in Chemical Engineering from the University of Waterloo.

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

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

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

John Peri is Chief Operating Officer responsible for Celestica's global operations, as well as Celestica's core customers. Prior to that, Mr. Peri was Executive Vice President, Electronics, Engineering and Supply Chain Management, in which role he was responsible for the strategy and execution of Celestica's design, manufacturing and supply chain network across Asia, Europe and the Americas. He also oversaw the ongoing deployment of Lean and Six Sigma initiatives. Previously, he held the position of Executive Vice President, Global Operations, in which role he was responsible for overseeing Celestica's manufacturing and supply chain operations in Asia, Europe and the Americas. Prior to that, Mr. Peri held the role of President, Asia Operations, with responsibility for Celestica's manufacturing footprint in China, Hong Kong, India, Japan, Malaysia, Philippines, Singapore and Thailand. Prior to that, he held senior level positions in the areas of quality, manufacturing excellence, services and regional leadership. Mr. Peri joined IBM in 1984 and was part of the founding management team of Celestica. Over the course of his career, he has held a number of leadership positions in operations, engineering and account management. He holds a Bachelor of Applied Science degree in Industrial Engineering from the University of Toronto.

Peter A. Lindgren is Executive Vice President, Global Operations. In this role, he is responsible for overseeing Celestica's operations in Asia, Europe and the Americas. He is also responsible for Celestica's aerospace and defense market. Prior to that he was Senior Vice President and General Manager, Growth and

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

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

Glen McIntosh is Senior Vice President, Global Customer Business Unit. In this role, he is responsible for the strategy and execution for one of Celestica's largest customer business units. Prior to his current position, Mr. McIntosh held similar roles with other Celestica business units which supported customers in the enterprise and communications markets. Mr. McIntosh joined Celestica in 1997 in the area of business development, as part of the team which drove the Company's initial growth. Prior to joining Celestica, he held progressively senior engineering and sales roles with other companies in the technology industry. He holds a Bachelor of Applied Science degree in Mechanical Engineering from the University of Waterloo.

Scott Smith is Senior Vice President, Global Sales, Solutions and Marketing, and is responsible for managing all aspects of sales and marketing on a global basis. Mr. Smith joined Celestica in 2009 from Moduslink, a global provider of outsourced distribution and fulfillment services to customers in the consumer, computing, storage and software segments, where he held the role of President, Global Sales and Marketing. Prior to that, he spent three years with Lenovo Corporation as President of the Americas. Before joining Lenovo, he spent 22 years at IBM in a series of global sales and operations roles with increasing responsibility in the Americas and Asia Pacific regions. He holds a Bachelor of Science degree from Clarkson University in New York.

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 executive officers were selected.

B. Compensation

Compensation of Directors

Director compensation is set by the Board of Directors on the recommendation of the Compensation Committee and in accordance with director compensation guidelines established by the Nominating and Corporate Governance Committee (the Governance Committee). Under these guidelines, the Board of Directors seeks to maintain director compensation at a level that is competitive with director compensation at comparable companies. The Compensation Committee initially engaged Towers Watson Inc. (Towers Watson) to provide benchmarking information in this regard in 2009. See "— Compensation Process" and "— Comparator Companies" for a discussion regarding the role of Towers Watson. In 2011, Towers Watson conducted a competitive review of director compensation drawing on the same comparator group used to benchmark executive compensation in Towers Watson's 2010 competitive analysis. These companies represent similarly-sized technology companies and are set out in "— Compensation Discussion and Analysis — Comparator Companies." Based on the results of the review, the Compensation Committee determined that the current structure and levels of the Company's director compensation remained competitive and no adjustments were required. The guidelines also contemplate that at least half of each director's annual retainer and meeting fees be paid in deferred share units (DSUs). Each DSU represents the right to receive one subordinate voting share of the Company or an equivalent value in cash when the director ceases to be a director.

2011 Fees

The following table sets out the annual retainers and meeting fees payable in 2011 to the Company's directors.

Table 1: Retainers and Meeting Fees for 2011

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

- (1) The Chairman of the Board of Directors also served as the Chair of the Nominating and Corporate Governance Committee, for which no additional fee is paid.
- (2) Attendance fees are paid per day of meetings, regardless of whether a director attends more than one meeting in a single day, except that a separate attendance fee is paid for each Executive Committee meeting, even if it occurs on the same day as other meetings.
- (3) The travel fee is available only to directors who travel outside of their home state or province to attend a Board of Directors or Committee meeting.

DSUs

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

Directors also receive annual grants of DSUs. In 2011, each director receiving a retainer received an annual grant of \$120,000 worth of DSUs, except for the Chairman, who received an annual grant of \$180,000, and Mr. Wilson, who joined the Board of Directors on October 19, 2011 and received an annual grant of \$30,000. The number of DSUs granted is calculated by dividing the cash amount that would otherwise be payable quarterly by the closing price of subordinate voting shares on the NYSE on the last business day of the quarter.

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

Messrs. Wilson and Natale each received an initial grant of DSUs in the amount of \$180,000 upon their appointments to the Board of Directors on October 19, 2011 and January 25, 2012, respectively.

The compensation paid in 2011 by the Company to its directors is set out in table 2, except for Mr. Muhlhauser, President and Chief Executive Officer of the Company, whose compensation is set out in table 15.

Table 2: Director Fees Earned in 2011

Name	Board Annual Retainer (a)	Chairman Annual Retainer (b)	Committee Chair Annual Retainer (c)	Total Meeting Attendance Fees (d) ⁽¹⁾	Total Annual Retainer and Meeting Fees Payable ((a)+(b)+(c)+(d)) (e)	Portion of Fees Applied to DSUs and Value of DSUs ⁽²⁾ (f)	Annual DSU Grant (#) and Value of DSUs ⁽²⁾ (g)	Initial DSU Grant (#) and Value of DSUs (h)	Total ((e)+(g)+(h))
Robert L. Crandall ⁽³⁾	—	\$ 130,000	\$ 30,000 ⁽⁴⁾	\$ 52,500	\$ 212,500	100%/\$212,500	21,681/\$180,000	—	\$ 392,500
Dan DiMaggio	\$ 65,000	—	—	\$ 40,000	\$ 105,000	100%/\$105,000	14,454/\$120,000	—	\$ 225,000
William A. Etherington	\$ 65,000	—	\$ 10,000 ⁽⁵⁾	\$ 40,000	\$ 115,000	100%/\$115,000	14,454/\$120,000	—	\$ 235,000
Laurette Koellner	\$ 65,000	—	—	\$ 37,500	\$ 102,500	50%/\$51,250	14,454/\$120,000	—	\$ 222,500
Joseph M. Natale ⁽⁶⁾	—	—	—	—	—	—	—	—	—
Eamon J. Ryan	\$ 65,000	—	—	\$ 30,000	\$ 95,000	100%/\$95,000	14,454/\$120,000	—	\$ 215,000
Gerald W. Schwartz ⁽⁷⁾	—	—	—	—	—	—	—	—	—
Michael Wilson ⁽⁸⁾	\$ 16,250	—	—	\$ 10,000	\$ 26,250	100%/\$26,250	4,093/\$30,000	24,828/\$180,000	\$ 236,250

(1) Includes travel fees payable to directors.

(2) The annual retainer, meeting fees and annual grant for 2011 were paid quarterly and the number of DSUs granted in respect of the amounts paid quarterly for each such item was determined using the closing prices of subordinate voting shares on the NYSE on the last business day of each quarter, which were \$10.72 on March 31, 2011, \$8.76 on June 30, 2011, \$7.25 on September 30, 2011 and \$7.33 on December 30, 2011.

(3) Mr. Crandall will not stand for re-election to the Board of Directors at the Company's annual meeting (the Meeting), having passed the age of retirement provided for in the Company's Corporate Governance Guidelines.

(4) During 2011, Mr. Crandall was the Chair of each of the Audit and Executive Committees and received as Chair of those Committees \$20,000 and \$10,000, respectively. No additional fee was payable to him as Chair of the Nominating and Corporate Governance Committee.

(5) During 2011, Mr. Etherington was the Chair of the Compensation Committee.

(6) Mr. Natale was appointed to the Board of Directors on January 25, 2012 and, accordingly, was not a director of the Company in 2011.

(7) Mr. Schwartz is an officer of Onex and did not receive any compensation in his capacity as a director of the Company in 2011; however, Onex did receive compensation for providing the services of Mr. Schwartz as a director as described in Item 7(B), "Related Party Transactions."

(8) Mr. Wilson was appointed to the Board of Directors and to each of the Audit, Compensation and Nominating and Corporate Governance Committees on October 19, 2011.

The total annual retainer and meeting fees earned by the Board of Directors in 2011 was \$656,250. In addition, total annual grants of DSUs in the amount of \$690,000 and an initial grant of DSUs in the amount of \$180,000 were issued in 2011.

Outstanding Option-Based and Share-Based Awards

In 2005, the Company amended its Long-Term Incentive Plan (LTIP) to prohibit the granting of stock options to acquire subordinate voting shares to directors. Table 3 sets out information relating to stock option grants to directors that were made between 1998 and 2004 and which remain outstanding. All stock option grants were made with exercise prices set at the closing market price on the business day prior to the date of the grant. Exercise prices range from \$10.62 to \$32.40. Stock options vest over three or four years and expire after ten years. The final grant of stock options occurred on May 10, 2004; those stock options will expire on May 10, 2014. Mr. Schwartz, as an employee of Onex during that period, was not granted stock options. Messrs. DiMaggio, Ryan, Wilson and Natale and Ms. Koellner, all of whom became directors after May 2004, have not been granted any stock options under the LTIP.

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

The following table sets out information concerning all option-based and share-based awards of the Company outstanding as of December 31, 2011 (this includes awards granted before the most recently completed financial year) for each director except for Mr. Muhlhauser, whose information is set out in table 15.

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

Name	Option-Based Awards ⁽¹⁾			Share-Based Awards ⁽²⁾		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$)	Number of Outstanding Units (#)	Market Payout Value of Outstanding Units (\$)
Robert L. Crandall						
Apr. 18, 2003	10,000	\$ 10.62	Apr. 18, 2013	—	—	—
May 10, 2004	10,000	\$ 18.25	May 10, 2014	—	—	—
—	—	—	—	—	403,189	\$ 2,955,375
Dan DiMaggio						
—	—	—	—	—	61,497	\$ 450,773
William A. Etherington						
Apr. 21, 2002	5,000	\$ 32.40	Apr. 21, 2012	—	—	—
Apr. 18, 2003	5,000	\$ 10.62	Apr. 18, 2013	—	—	—
May 10, 2004	5,000	\$ 18.25	May 10, 2014	—	—	—
—	—	—	—	—	189,124	\$ 1,386,279
Laurette Koellner						
—	—	—	—	—	85,481	\$ 626,576
Joseph M. Natale⁽³⁾						
—	—	—	—	—	—	—
Eamon J. Ryan						
—	—	—	—	—	119,332	\$ 874,704
Gerald W. Schwartz⁽⁴⁾						
—	—	—	—	—	—	—
Michael Wilson						
—	—	—	—	—	32,502	\$ 238,240

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

(2) Represents all outstanding share units. The market payout value was determined using a share price of \$7.33, which was the closing price of subordinate voting shares on the NYSE on December 30, 2011.

(3) Mr. Natale was appointed to the Board of Directors on January 25, 2012 and, accordingly, was not a member of the Board of Directors as of December 31, 2011.

(4) Mr. Schwartz did not have any option-based or share-based awards of the Company outstanding as of December 31, 2011; however, 688,807 subordinate voting shares are subject to stock options granted to Mr. Schwartz pursuant to certain management investment plans of Onex.

Directors' Equity Interest

The following table sets out, for each director proposed for election at the Meeting, such director's direct or indirect beneficial ownership of, or control or direction over, equity in the Company, and any changes therein since February 22, 2011.

Table 4: Equity Interest Other than Options and Outstanding Share-Based Awards⁽¹⁾⁽³⁾

<u>Name</u>	<u>Date</u>	<u>SVS #</u>	<u>Market Value*</u>
Dan DiMaggio	Feb. 22, 2011	—	—
	Feb. 22, 2012	—	—
	Change	—	—
William A. Etherington	Feb. 22, 2011	10,000	\$ 94,100
	Feb. 22, 2012	10,000	—
	Change	—	—
Laurette Koellner	Feb. 22, 2011	—	—
	Feb. 22, 2012	—	—
	Change	—	—
Joseph M. Natale	Feb. 22, 2011	—	—
	Feb. 22, 2012	—	—
	Change	—	—
Eamon J. Ryan	Feb. 22, 2011	—	—
	Feb. 22, 2012	—	—
	Change	—	—
Gerald W. Schwartz ⁽²⁾	Feb. 22, 2011	1,339,655	\$ 6,496,071
	Feb. 22, 2012	690,337	—
	Change	(649,318)	—
Michael Wilson	Feb. 22, 2011	—	—
	Feb. 22, 2012	—	—
	Change	—	—

* Based on the NYSE closing share price of \$9.41 on February 22, 2012.

- (1) Information as to securities beneficially owned, or controlled or directed, directly or indirectly, is not within the Company's knowledge and therefore has been provided by each nominee.
- (2) Mr. Schwartz is deemed to be the beneficial owner of the 18,946,368 multiple voting shares owned by Onex, which have a market value of \$178,285,323 as of February 22, 2012. Mr. Schwartz is also the beneficial owner, directly or indirectly, of 100,000 multiple voting shares of Onex and 23,108,018 subordinate voting shares of Onex.
- (3) Mr. Etherington also owns 10,000 subordinate voting shares of Onex. Other than Mr. Schwartz and Mr. Etherington, no other directors of the Company own shares of Onex.

Shareholding Requirements

The Company has minimum shareholding requirements for directors who are not employees or officers of the Company or Onex (the Guideline). The Guideline provides that such a director who has been on the Board of Directors:

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

- for two years or more (but less than five years) must hold securities of the Company having a market value at least three times that director's then applicable annual retainer;
- for one year or more (but less than two years) must hold securities of the Company having a market value at least equal to that director's then applicable annual retainer; and
- for less than a year is encouraged, but not required, to hold securities of the Company.

Although directors will not be deemed to have breached the Guideline by reason of a decrease in the market value of the Company's securities, the directors are required to purchase further securities within a reasonable period of time to comply with the Guideline. Each director's holdings of securities, which for the purposes of the Guideline include all subordinate voting shares and DSUs, are reviewed annually each year on December 31. The following table sets out, for each director proposed for election at the Meeting, whether such director was in compliance with the Guideline as of December 31, 2011.

Table 5: Shareholding Requirements

Director	Shareholding Requirements		
	Current Target Value	Value as of December 31, 2011 ⁽¹⁾	Met Target as of December 31, 2011
Dan DiMaggio	\$ 65,000	\$ 450,773	Yes
William A. Etherington	\$ 375,000	\$ 1,459,579	Yes
Laurette Koellner	\$ 195,000	\$ 626,576	Yes
Craig H. Muhlhauser ⁽²⁾	N/A	N/A	N/A
Joseph M. Natale ⁽³⁾	N/A	N/A	N/A
Eamon J. Ryan	\$ 195,000	\$ 874,704	Yes
Gerald W. Schwartz ⁽⁴⁾	N/A	N/A	N/A
Michael Wilson ⁽⁵⁾	N/A	N/A	N/A

- (1) The value of the aggregate number of subordinate voting shares and DSUs held by each director is determined using a share price of \$7.33, which was the closing price of subordinate voting shares on the NYSE on December 30, 2011.
- (2) Mr. Muhlhauser, as an officer of the Company, is not subject to the minimum shareholding requirements of the Guideline applicable to directors. See "— Executive Share Ownership" for share ownership guidelines applicable to Mr. Muhlhauser in his role as President and Chief Executive Officer of the Company.
- (3) Mr. Natale was appointed to the Board of Directors on January 25, 2012 and, accordingly, was not a member of the Board of Directors as of December 31, 2011.
- (4) Mr. Schwartz, as an officer of Onex, is not subject to the minimum shareholding requirements of the Guideline applicable to directors.
- (5) In accordance with the Guideline, Mr. Wilson is encouraged, but not required, to hold securities of the Company since he has been a director for less than one year.

Attendance of Directors at Board of Directors and Committee Meetings

The following table sets forth the attendance of directors at Board of Directors and Committee meetings from the beginning of 2011 to February 22, 2012.

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

Director	Board	Audit	Compensation	Governance	Executive	Meetings Attended %	
						Board	Committee
Robert L. Crandall	12 of 12	7 of 7	6 of 6	4 of 4	4 of 4	100%	100%
Dan DiMaggio	12 of 12	7 of 7	6 of 6	4 of 4	—	100%	100%
William A. Etherington	12 of 12	7 of 7	6 of 6	4 of 4	4 of 4	100%	100%
Laurette Koellner	12 of 12	7 of 7	6 of 6	3 of 4	—	100%	94%
Craig H. Muhlhauser	12 of 12	—	—	—	—	100%	—
Joseph M. Natale ⁽¹⁾	2 of 2	—	—	—	—	100%	—
Eamon J. Ryan	12 of 12	7 of 7	6 of 6	4 of 4	—	100%	100%
Gerald W. Schwartz	10 of 12	—	—	—	—	83%	—
Michael Wilson ⁽²⁾	4 of 4	3 of 3	3 of 3	2 of 2	—	100%	100%

(1) Mr. Natale was appointed to the Board of Directors on January 25, 2012.

(2) Mr. Wilson was appointed to the Board of Directors and to each of the Audit, Compensation and Nominating and Corporate Governance Committees on October 19, 2011.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis sets out the policies of the Company for determining compensation paid to the Company's CEO, its Chief Financial Officer (the CFO) and the three other most highly compensated executive officers (collectively, the Named Executive Officers or NEOs). A description and explanation of the significant elements of compensation awarded to the NEOs during 2011 is set out in the section "— 2011 Compensation Decisions." In 2012, the Board of Directors amended the Compensation Committee mandate to include a formal annual review of the risks associated with the Company's executive compensation policies and practices.

Compensation Objectives

The Company's executive compensation philosophies and practices are designed to attract, motivate and retain the leaders who will drive the success of the Company. The Compensation Committee reviews compensation policies and practices every year, considers related risks and makes any adjustments it deems necessary to ensure the compensation policies are not reasonably likely to have a material adverse effect on the Company.

Compensation for executives is linked to the Company's performance. A comparator group of similarly sized technology companies is set out in table 7 (the Comparator Group). The Company benchmarks target compensation with reference to the median of the Comparator Group, with the opportunity for higher compensation for performance that exceeds the benchmark and lower compensation for performance that is below the benchmark.

The compensation package is designed to:

- ensure executives are compensated fairly and in a way that does not result in the Company incurring undue risk or encourage executives to take inappropriate risks;
- provide competitive fixed compensation (i.e., base salary and benefits), as well as a substantial amount of at-risk pay through the annual and equity-based incentive plans;

- reward executives for achieving operational and financial results that meet or exceed the Company's business plan and that are superior to those of direct competitors in the EMS industry through both annual incentives and equity-based incentives;
- align the interests of executives and shareholders through equity-based compensation;
- recognize that the executives work as a team to achieve corporate results; and
- ensure direct accountability for the annual operating results and the long-term financial performance of the Company.

Independent Advice

The Compensation Committee initially engaged Towers Watson in October 2006 as its independent compensation consultant to assist in identifying appropriate comparator companies against which to evaluate the Company's compensation levels, to provide data about those companies, and to provide observations and recommendations with respect to the Company's compensation practices versus those of both the Comparator Group and the market in general.

Management works with Towers Watson to review and, where appropriate, develop and recommend compensation programs that will ensure the Company's practices are competitive with market practices. Towers Watson also provides advice to the Compensation Committee on the policy recommendations prepared by management and keeps the Compensation Committee apprised of market trends in executive compensation. Towers Watson attended portions of all Compensation Committee meetings held in 2011, in person or by telephone, as requested by the Chairman of the Compensation Committee. The Compensation Committee holds *in camera* sessions with Towers Watson at each of its meetings.

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

Each year, the Compensation Committee reviews the scope of activities of Towers Watson and, if it deems appropriate, approves the corresponding budget. Any services and fees provided by Towers Watson at the request of management not related to executive compensation must be pre-approved by the Chairman of the Compensation Committee.

Compensation Process

The Compensation Committee reviews and approves compensation for the CEO and the other NEOs, including base salaries, annual incentive awards and equity-based incentive grants. The Committee evaluates the performance of the CEO relative to established objectives. The Committee reviews competitive data for the Comparator Group and consults with Towers Watson before exercising its independent judgment to determine appropriate compensation levels. The CEO reviews the performance evaluations of the other NEOs with the Committee and provides compensation recommendations. The Committee considers these recommendations, reviews market compensation information, consults with Towers Watson and exercises its independent judgment to determine if any adjustments are required prior to approval.

The Compensation Committee generally meets five times a year in January, April, July, October and December. At the July meeting, the Compensation Committee, based on recommendations from Towers Watson, selects the Comparator Group that will be used for the compensation review. At the October meeting, Towers Watson presents a competitive analysis of the total compensation for each of the NEOs, including the CEO, based on the established Comparator Group. Using this analysis, the Chief Legal and Administrative Officer (CLAO), who has responsibility for Human Resources, and the CEO, together with Towers Watson, develop base salary and equity-based incentive recommendations for the NEOs, except that the CEO and CLAO do not participate in the preparation of their own compensation recommendations. At the December meeting, base salary recommendations for the NEOs for the following year and the value and mix of their equity-based incentives are typically approved. If the value and mix of equity-based incentives are not approved at the December meeting, they are approved the following month at the January meeting. Previous grants of

equity-based awards and the current retention value of same are reviewed and may be taken into consideration when making this decision. The CLAO is not present at the Compensation Committee meetings when her compensation is discussed.

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

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

Compensation Risk Assessment

In 2011, the Compensation Committee engaged its compensation consultant, Towers Watson, to assist with a risk assessment of compensation programs provided to the senior executive team, including the annual performance incentive and the Company's two long-term incentive plans. The compensation risk assessment included interviews with key Board of Directors and management representatives to a) identify significant risks; b) understand the role of compensation in supporting appropriate risk taking; and c) understand how risk is governed and managed at the Company. Towers Watson also reviewed documentation relating to the Company's risk factors and compensation governance processes and programs. The Company's executive compensation programs for the NEOs were reviewed against Towers Watson's compensation risk assessment framework. Results of the review were presented to the Compensation Committee. The Compensation Committee has amended its mandate to include a formal review of the risks associated with the Company's compensation policies and practices on an annual basis.

The Company's compensation programs are designed with a balanced approach aligned with its business strategy and risk profile. A number of compensation practices have been implemented to mitigate potential compensation risk. Key risk-mitigating features in the Company's compensation governance processes and compensation structure include:

- **Compensation objectives.** The Company has formalized compensation objectives (see "— Compensation Objectives") to help guide compensation decisions and incentive design and to effectively support its pay-for-performance policy.
- **Annual review of incentive programs.** Each year, the Company reviews and sets performance measures and targets for the annual incentive plan and for performance share unit (PSU) grants under Celestica's Share Unit Plan (CSUP) that are aligned with the business plan and the Company's risk profile to ensure continued relevance and applicability. When new compensation programs are considered, they are stress-tested to ensure potential payouts would be reasonable within the context of the performance outcomes. The CEO compensation is stress-tested annually.
- **External independent compensation advisor.** On an on-going basis, the Compensation Committee retains the services of an independent compensation advisor, to provide an external perspective of marketplace changes and best practices related to compensation design, governance, and compensation risk management.
- **Variable compensation mix.** For the NEOs, a significant portion of target total direct compensation is delivered through variable compensation (annual performance incentive and long-term incentive plans). The majority of the value of target variable compensation is delivered through the long-term incentive plans. This mix provides a strong pay-for-performance relationship: it provides a competitive base level of

compensation through salary and mitigates the risk of encouraging the achievement of short-term goals at the expense of long-term sustainability and shareholder value.

- ***Incentive plan payouts capped.*** The annual performance incentive has a maximum payout cap for executives of two times target. Two additional EBIAT gates exist for payout under the annual incentive, and total EBIAT (as defined in table 13) must be achieved for other measures to pay above target. The PSU payout factor is also capped at two times target.
- ***Share ownership requirement.*** The NEOs are required to maintain a defined value of share ownership to align their interests with the long-term performance of the Company.
- ***Anti-hedging policy.*** The Company prohibits officers and directors from hedging equity-based compensation positions in the Company.
- ***Clawback policy.*** A clawback policy is in place for the CEO and CFO. In addition, all longer-term incentive awards made to NEOs may be subject to recoupment if certain employment conditions are breached.
- ***Severance protection.*** NEOs' entitlements on termination without cause are in part contingent on complying with confidentiality, non-solicitation and non-competition obligations (three year duration for the CEO, two years for other NEOs).

In performing its duties, the Compensation Committee considers the implications of the risks associated with the Company's compensation policies and practices. This includes identifying any such policies or practices that encourage executive officers to take inappropriate or excessive risks, including those identified by the Canadian Securities Administrators (CSA), identifying risks arising from such policies and practices that are reasonably likely to have a material adverse effect on the Company and considering the risk implications of the Company's compensation policies and practices and any proposed changes to them.

It is the Compensation Committee's view that the Company's compensation policies and practices do not encourage inappropriate or excessive risk-taking.

As described below, a significant portion of the executive officers' compensation is in the form of equity-based incentives. See "— Compensation Discussion and Analysis — Compensation Elements for the Named Executive Officers — Equity-Based Incentives." As such equity-based incentives are subject to time and/or performance vesting requirements, recipients benefit if shareholder value increases over the long-term and they are not incented to take actions that provide short-term benefits and expose the Company over a longer term to inappropriate or excessive risks.

In addition, the Company's share ownership guidelines require the CEO and executive vice presidents to continue to hold a minimum amount of the Company's shares, which also mitigates against executives taking inappropriate or excessive risks to improve short term performance. See table 25 — *Share Ownership Guidelines*. Moreover, executives and directors are prohibited from entering into speculative transactions and transactions designed to hedge or offset a decrease in market value of equity securities of the Company granted as compensation. For a description of the hedging policy, see "— Compensation Discussion and Analysis — Compensation Hedging Policy."

Comparator Companies

The Compensation Committee benchmarks salary, annual incentive and equity-based incentive awards to those of the Comparator Group, which is comprised of companies in the technology sector that are of comparable size, scope, market presence and/or complexity to the Company. The revenues of the Comparator Group companies are generally in the range of half to twice the Company's revenues. In addition, for 2011 the Committee included in the Comparator Group four companies whose revenues were outside this range: three EMS companies, being Benchmark Electronics, Inc., Plexus Corp. and Flextronics International Ltd., for direct industry comparison, and one other company that is not in the EMS industry, being EMC Company, for consistency with 2010. Xerox Corp., which was previously in the Comparator Group, was removed for 2011 because its revenues increased, as a result of an acquisition, to the point it was no longer a relevant comparator. Because of the international scope and the size of the Company, the Comparator Group is composed of

companies with international operations, thus allowing the Company to offer its executives total compensation that is competitive in the markets in which it competes.

The following table, which was reviewed by the Compensation Committee at its July meeting, sets out the Company's 2011 Comparator Group companies.

Table 7: Comparator Group⁽¹⁾

<u>Company Name</u>	<u>2010 Annual Revenue (millions)</u>	<u>Company Name</u>	<u>2010 Annual Revenue (millions)</u>
Advanced Micro Devices Inc.	\$ 6,494	Plexus Corp.	\$2,013
Agilent Technologies Inc.	\$ 5,444	Sanmina-SCI Corp.	\$6,319
Applied Materials Inc.	\$ 9,549	Seagate Technology	\$11,395
Benchmark Electronics, Inc.	\$ 2,402	SanDisk Corp. ⁽²⁾	\$4,827
Broadcom Corp.	\$ 6,612	Texas Instruments Inc.	\$13,966
Corning Inc.	\$ 6,632	Tyco Electronics Ltd.	\$12,070
EMC Corporation	\$ 17,015	Western Digital Corp.	\$9,850
Flextronics International Ltd. ⁽²⁾	\$ 28,680		
Harris Corp.	\$ 5,206	25th Percentile	\$4,821
Jabil Circuit, Inc.	\$ 13,409	50th Percentile	\$6,553
Lexmark International Inc.	\$ 4,200	75th Percentile	\$11,009
Micron Technology Inc.	\$ 8,482		
Molex Inc.	\$ 3,007		
NCR Corp.	\$ 4,819	Celestica Inc.	\$6,526
NVIDIA Corp.	\$ 3,543	Percentile	49th percentile

(1) All data was sourced from Standard & Poor's Capital IQ.

(2) Revenue for these companies reflects fiscal 2011 revenue due to the timing of year ends for those entities.

Additionally, broader market compensation data for other similarly-sized organizations provided by Towers Watson is referenced in accordance with a process approved by the Compensation Committee. The Compensation Committee used such data, among other things, in making compensation decisions. In addition to the survey data, proxy disclosure of the comparator companies for the most recently completed fiscal year was used when determining compensation for the CEO as well as the other NEOs.

Compensation Hedging Policy

The Company has adopted a policy regarding executive officer and director hedging. The policy prohibits executives and directors from, among other things, entering into speculative transactions and transactions designed to hedge or offset a decrease in market value of equity securities of the Company granted as compensation. Accordingly, executives may not sell short, buy put options or sell call options on the Company's securities or purchase financial instruments (including prepaid variable contracts, equity swaps, collars or units of exchange funds) which hedge or offset a decrease in the market value of the Company's securities.

Recoupment Provisions

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

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

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

Executives who are terminated for cause also forfeit all unvested RSUs, PSUs and stock options as well as all vested and unexercised stock options.

Compensation Elements for the Named Executive Officers

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

- base salary;
- annual incentives (annual variable cash payments);
- equity-based incentives (RSUs, PSUs and stock options);
- benefits; and
- perquisites.

Weighting of Compensation Elements

The at-risk portion of total compensation has the highest weighting at the most senior levels. Annual and equity-based incentive plan rewards are contingent upon the Company's performance and ensure a strong alignment with shareholder interests. The target weighting of compensation elements for 2011 is set out in the following table.

Table 8: Target Weighting of Compensation Elements

	Base Salary	Annual Incentive	Equity-based Incentives
CEO	14.8%	18.5%	66.7%
Executive Vice Presidents	18.8%	17.1%	64.1%

The Compensation Committee may exercise its discretion to either award compensation absent attainment of a relevant performance goal or similar condition, or to reduce or increase the size of any award or payout to any NEO. However, the Compensation Committee did not exercise such discretion in 2011.

Base Salary

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

Celestica Team Incentive Plan (CTI)

The objective of the CTI is to reward all eligible employees, including the NEOs, for the achievement of annual corporate and individual goals and objectives. Target awards for each of the NEOs are expressed as a percentage of salary and established with reference to the median of the Comparator Group. Actual awards for the NEOs are based on the achievement of pre-determined corporate and individual goals. Actual payouts can vary from 0% for performance below a threshold up to a maximum of 200% of the target award. Awards are determined in accordance with the following formula:

$$\boxed{\text{Business Result}} \times \boxed{\text{Individual Performance Factor (IPF)}} \times \boxed{\text{Target Incentive}} \times \boxed{\text{Eligible Earnings}} = \boxed{\text{CTI Payment}}$$

For 2011, the business performance goals were comprised of the following elements (as defined in table 13):

- corporate EBIAT margin (50%);
- corporate revenue (25%); and
- corporate return on invested capital (ROIC) (25%).

Individual contribution is recognized through the individual performance factor (IPF). The IPF is based on a review of each NEO's individual performance relative to business results, teamwork and the executive's key accomplishments. The IPF can adjust the executive's actual award by a factor of between 0.0x and 2.0x.

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

Equity-Based Incentives

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

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

At the December or January meeting, as the case may be, the Compensation Committee determines the dollar value and mix of the equity-based grants to be awarded to the NEOs based on the Comparator Group data analysis. On the grant date, the dollar value is converted into the number of units that will be granted using the closing price of the subordinate voting shares on the day prior to the grant. The annual grants are made following the blackout period that ends 48 hours after the Company's year-end results have been released.

Target equity-based incentives are determined with reference to the median awards of the Comparator Group; however, consideration is given to individual performance when determining actual awards. The equity mix varies by employee level and targets a higher percentage of performance elements at the NEO level where there is a stronger influence on results. The mix of equity-based incentives is reviewed by the Compensation Committee each year and for 2011 the mix for the NEOs was as follows:

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

The CEO has the discretion to issue equity-based awards throughout the year to attract new hires and to retain current employees within limits set by the Compensation Committee. The number of units available

throughout the year for these grants is pre-approved by the Compensation Committee at the January meeting. Subject to the Company's blackout periods, these grants typically take place at the beginning of each month. Any such grants to NEOs must be reviewed with the Compensation Committee at the next meeting following such grant and in practice are reviewed in advance with the Chairman of the Compensation Committee.

RSUs

NEOs are granted RSUs under either the LTIP or the CSUP as part of the Company's annual grant. RSUs are released in one-third installments.

Each RSU entitles the holder to one subordinate voting shares on the release date. The payout value of the award is based on the number of RSUs being released and the share price at the time of release. The Company has the right to settle the RSUs in either cash or subordinate voting shares.

PSUs

NEOs are granted PSUs under the CSUP. PSUs vest at the end of a three-year performance period subject to pre-determined performance criteria.

For awards granted on or after February 1, 2011, the number of PSUs that will actually vest ranges from 0% to 200% of target, depending on the Company's ranking over the three year period, relative to that of five direct competitors in the EMS industry: Benchmark Electronics, Inc., Flextronics International Ltd., Jabil Circuit, Inc., Sanmina-SCI Corporation and Plexus Corp. (collectively, the 2011 EMS Competitors) based on a total shareholder return (TSR) metric approved by the Compensation Committee. The actual number of PSUs that will vest will be determined as follows:

- Celestica's TSR will be ranked against that of each of the other 2011 EMS Competitors;
- the percentage of PSUs that will vest and become payable on the applicable release date will correspond to Celestica's TSR ranking as set out in table 11;
- if, however, any of the 2011 EMS Competitors has a TSR ranking that is within 500 basis points (+/-5%) of Celestica's TSR ranking, then the percentage of the target number that will vest will be the average of the percentages in table 11 that correspond to the TSR ranking of each such 2011 EMS Competitor (for example, if Celestica's TSR was 50% with a TSR ranking of fifth and a 2011 EMS Competitor's TSR was 55% with a TSR ranking of fourth, 60% of the target number would vest (*i.e.*, $(40\% + 80\%)/2$); and
- if Celestica's TSR is less than 0%, then regardless of Celestica's TSR ranking amongst the 2011 EMS Competitors, the maximum number of PSUs that may vest and become payable on the applicable release date will be 100% of the target number.

Table 11: TSR Rankings and Target Number

<u>Celestica's TSR ranking</u>	<u>Percentage of target number that will vest</u>
First	200%
Second	160%
Third	120%
Fourth	80%
Fifth	40%
Sixth	0%

The payout value of the award is based on the number of PSUs that vest and the price of subordinate voting shares at the time of release. Each PSU entitles the holder to receive one subordinate voting share on the applicable release date. The Company has the right to settle the PSUs in either cash or subordinate voting shares, provided that such subordinate voting shares may not be issued from treasury.

Stock Options

Stock options are awarded under the LTIP. Stock options vest at a rate of 25% annually on each of the first four anniversaries of the date of grant and expire after a ten year term. The exercise price of a stock option is the closing market price on the business day prior to the date of the grant.

The value of the stock options granted on January 31, 2012 in respect of 2011 performance was determined at the January meeting of the Compensation Committee. The number of stock options granted was determined using (i) the closing price on January 30, 2012 on the NYSE of \$8.21, and (ii) an average Black-Scholes factor of 0.477. The Black-Scholes factor was determined using the following variables: (i) volatility of the price of subordinate voting shares, and (ii) the risk-free rate over the expected life of the stock options. The exercise price for the stock options is the closing price on January 30, 2012, being \$8.21 on the NYSE for Messrs. Muhlhauser and Lindgren and C\$8.26 on the Toronto Stock Exchange (TSX) for Messrs. Nicoletti and Peri and Ms. DelBianco.

In determining the number of stock options to be granted, the Company keeps within a maximum level for stock option "burn rate," which refers to the number of shares issued under the LTIP in a given year relative to the total number of shares outstanding. The plan is not an evergreen plan and no stock options have been re-priced.

Other Compensation

Benefits

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

Perquisites

NEOs are entitled to a bi-annual comprehensive medical examination at a private health clinic. The Company also pays housing expenses for Mr. Muhlhauser in Toronto, travel costs between his home in New Jersey and Toronto, the services of a tax advisor and the associated tax equalization, if any.

2011 Compensation Decisions

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

Comparator Companies and Market Positioning

Salary, target annual incentive and equity-based incentive grants for the NEOs were benchmarked with reference to the market median of the Comparator Group.

Base Salary

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

Mr. Muhlhauser and Ms. DelBianco did not receive increases in 2011 as their existing salaries were competitive with the Comparator Group. The Compensation Committee granted increases to Messrs. Nicoletti, Peri and Lindgren on February 24, 2011 to reflect additional responsibilities associated with a re-organization. The salary increases were:

- for Mr. Nicoletti from \$512,000 to \$550,000;
- for Mr. Peri from \$504,000 to \$550,000; and
- for Mr. Lindgren from \$332,600 to \$400,000,

and took effect on February 27, 2011, the start of the next pay period.

Target Annual Incentive Award

The target annual incentive award (as a percentage of base salary) for each NEO was as follows:

- 125% for Mr. Muhlhauser;
- 80% for Messrs. Nicoletti and Peri for the period January 1, 2011 to February 26, 2011 and 100% for the period February 27, 2011 to December 31, 2011;
- 80% for Ms. DelBianco; and
- 60% for Mr. Lindgren for the period January 1, 2011 to February 26, 2011 and 80% for the period February 27, 2011 to December 31, 2011.

Business Performance

The business performance component payout factor for 2011 was 77.4% based on the following results:

Table 13: Business Performance

<u>Measure</u>	<u>Weight</u>	<u>Percentage Achievement Relative to Target</u>
Operating Margin (EBIAT margin) ⁽¹⁾	50%	80.9%
Corporate Revenue ⁽²⁾	25%	72.8%
ROIC ⁽³⁾	25%	74.9%
Payout Factor		77.4%

- (1) Operating Margin is calculated as EBIAT divided by Corporate Revenue where EBIAT is earnings before interest, amortization of intangible assets (excluding computer software), income taxes, stock-based compensation, restructuring and other charges, gains or losses related to the repurchase of shares or debt and impairment charges.
- (2) Corporate revenue means the Company's gross revenue.
- (3) ROIC was calculated as EBIAT divided by average net invested capital where average net invested capital includes total assets less cash, accounts payable, accrued and other current liabilities and provisions, and income taxes payable.

In assessing operating performance and operational effectiveness, the Company uses certain non-International Financial Reporting Standards (non-IFRS) measures such as adjusted gross margin, operating margin (EBIAT), ROIC and adjusted net earnings that do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies. Additional information regarding these non-IFRS measures can be found in Item 5, "Operating and Financial Review and Prospects — Management's Discussion and Analysis of Financial Condition and Results of Operations." The comparative financial data for 2010 also reflects non-IFRS measures.

Individual Performance Factor

At the beginning of each year, the Board of Directors and the CEO agree on performance goals for the CEO. Goals for the other NEOs that will support the CEO's goals are then established and agreed to by the CEO. For 2011, the CEO's goals focused on: financial performance, growing the business, employee engagement, and operational effectiveness. Each NEO's performance is measured on a number of factors including the formal goals established for the year.

Specific measures and achievements for each NEO in 2011 were:

Chief Executive Officer

- Financial performance: There was continued strong ROIC performance in 2011, with ROIC of 27.5% in 2011. Adjusted net earnings per share were \$1.11, growing 29% year-over-year.

- Growing the business: Revenue grew by 11%, from \$6.5 billion in 2010 to \$7.2 billion in 2011. IFRS net earnings increased 93% year-over-year. The Company also made significant gains in its diversified end markets, a strategic focus for the Company. Revenue for these end markets increased year-over-year by approximately 40%, reaching the \$1 billion level for 2011.
- Employee engagement: In 2011, an all employee survey was conducted to measure the level of employee engagement in the organization. Although targets were not achieved, the survey confirmed a high level of engagement and one that is considered to be approaching best in class employee engagement levels of leading global companies. In 2011, the Company continued its efforts to drive employee engagement with a focus on employee communications, performance management, employee development, talent management and employee recognition.
- Operational effectiveness: The target for total spend, as a percentage of manufacturing value add was not met.

In addition to the goals listed above, the Compensation Committee's assessment of Mr. Muhlhauser's performance in 2011 reflected the following achievements of the Company:

- a strong cash position, of \$659 million, a \$26 million increase from 2010 and the best among the Company's major North American competitors;
- key investments, such as the acquisition of the semiconductor equipment contract manufacturing operations of Brooks Automation Inc., that strengthened the Company's service offerings and relationships in the complex mechanical semiconductor space;
- growth in joint design and manufacturing and strengthened offerings in after-markets, as well as accelerated growth in specific end markets, including the diversified end market; and
- year-over-year improvement in key operational and financial metrics, such as EBIAT (3.6% compared to 3.4% in 2010) and free cash flow (\$144 million compared to \$106 million in 2010).

Other NEOs

Each of the other NEOs has responsibility for achievement of the overall corporate goals and objectives of the CEO. Each NEO has specific documented performance objectives that are assessed at year end. In addition, the CEO undertakes an assessment of the NEO's contributions to the Company's results. This assessment is largely subjective and based on his judgment of each of the other NEOs' contributions as a part of the senior leadership team. Based on the CEO's assessment, the Compensation Committee considered each of the NEOs to have met expectations in 2011 based on his or her individual performance and contribution to corporate goals.

Factors considered in the evaluation of each NEO included the following:

- (i) In a challenging market and competitive environment, Mr. Nicoletti's finance, after-market services, and diversified markets organization significantly contributed to the Company in 2011. Year-over-year improvement was realized for the Company's key financial metrics, including ROIC, for which the Company again led the industry. The Company achieved strong cash flow performance and an industry leading tax rate. The finance organization successfully led a number of initiatives in support of the Company's goals and objectives including: seamless transition to IFRS; implementation of multiple projects resulting in improvements in the effectiveness and efficiency of the Company's internal and external financial reporting process; and the support of a strategic acquisition. Under the leadership of Mr. Nicoletti, diversified markets achieved strong year-over-year revenue improvement, its solar strategy was successfully executed, and it increased as a percentage of the Company's overall business. Automated manufacturing services also had strong performance, exceeding key metrics and successfully launching its first healthcare customer program. A new offerings-focused after-market services strategy was developed and implemented, positioning this business for growth in 2012.
- (ii) Mr. Peri's global operations, supply chain management, design services and customer business unit organization made a significant impact on the Company in 2011. Under Mr. Peri's leadership, joint

design and manufacturing investment increased, enabling year-over-year growth in this key strategic area of the Company's business. Mr. Peri's organization successfully launched new supply chain offerings to the market in 2011. Supported by Mr. Peri's organization, the Company continued to drive strong relationships with customers and the global operations network delivered increased productivity and exceeded customer quality and delivery performance objectives. In a difficult economic environment, year-over-year revenue growth and profitability was realized. Mr. Peri's organization was recognized in 2011 with multiple customer and supply chain management awards, including the independent Supply Chain Council awarding the Company with the Operational Excellence Award, which recognizes excellence in the design and operation of the Company's supply chain.

- (iii) Ms. DelBianco's global Human Resources, Legal and Contracts and Corporate Communications teams supported corporate objectives on a number of fronts throughout 2011. A series of initiatives in human resources resulted in increased productivity, enhanced reporting, reduced costs and improved user experience, and also set a foundation for further improvements in 2012. Continued focus on talent management and succession, and further alignment of learning and development initiatives with business priorities also supported corporate objectives. Expansion of the corporate social responsibility and compliance programs resulted in positive feedback from customers as well as employees, and supported specific customer engagements. The Legal and Contracts team played an integral role in achieving corporate objectives by supporting multiple customer engagements and business initiatives and managing a number of legal and regulatory matters, as well as policy making and acquisition and integration activity. The Communications team provided outstanding support to the business, played a key role in successful marketing activities throughout the year, and also created and implemented programs designed to increase collaboration across the Company. In addition, Ms. DelBianco managed the corporate secretary's office.
- (iv) Mr. Lindgren's global operations, engineering services, and aerospace and defense organization made significant contributions to the Company in 2011. Under Mr. Lindgren's leadership, a new engineering services strategy was launched, positioning the Company to increase revenue and margin through targeted engineering solutions. The operations network continued to perform well in a challenging economic environment, delivering increased productivity, exceeding customer quality and delivery performance objectives and successfully launching key new programs. The operations network was recognized in 2011 with multiple outstanding partnership and operational excellence customer awards, as well as recognition for continuing to meet customer demand when a natural disaster hit Japan. Under Mr. Lindgren's leadership, the aerospace and defense centers of excellence were expanded, resulting in continued market share gains and a continued leadership position amongst the Company's North American competitors. In addition, Celestica was the first EMS provider to achieve AS9100 aerospace certification in China.

Equity-Based Incentives

Equity grants to NEOs in respect of 2011 performance consisted of RSUs, PSUs and stock options. The number of RSUs and stock options issued under the LTIP and the number of PSUs issued under the CSUP to the NEOs was based on the closing price of the subordinate voting shares on the NYSE on the day prior to the grant. Please see "— Compensation Discussion and Analysis — Compensation Elements for the Named Executive Officers — Equity-Based Incentives" for a description of the plans and the determination of the mix and amounts of these awards.

The Company provided the NEOs the following equity-based compensation on January 31, 2012 in respect of their 2011 performance. As of February 22, 2012, the total number of stock options issued in respect of 2011 performance to the NEOs was equal to 0.31% of outstanding shares, and the total number of stock options issued in respect of 2011 performance to all employees entitled to receive stock options was 0.50% of outstanding shares.

Table 14: NEO Equity Awards

Name	RSUs (#) ⁽²⁾	PSUs (#) ⁽¹⁾⁽²⁾	Stock Options (#) ⁽²⁾	Value of LTIP Award
Craig H. Muhlhauser	219,245	191,839	287,270	\$ 4,500,000
Paul Nicoletti ⁽³⁾	106,400	77,162	115,547	\$ 2,010,000
John Peri ⁽³⁾	110,635	72,899	109,163	\$ 2,010,000
Elizabeth L. DelBianco	69,428	60,749	90,969	\$ 1,425,000
Peter A. Lindgren ⁽³⁾	66,936	42,631	63,838	\$ 1,200,000

- (1) The number of PSUs is included at 100% of target level of performance.
- (2) Grants were based on share price of \$8.21, which was the closing price on the NYSE on January 30, 2012 and, with respect to stock options, a Black-Scholes factor of 0.477.
- (3) RSUs include a March 11, 2011 grant to reflect additional responsibilities associated with a reorganization. The RSU grants were based on a share price of \$10.98 which was the closing price on the NYSE on March 10, 2011: Mr. Nicoletti 18,215, Mr. Peri 27,322 and Mr. Lindgren 18,215.

EXECUTIVE COMPENSATION

Compensation of Named Executive Officers

The following table sets forth the compensation of the NEOs for the financial years ended December 31, 2009 through to December 31, 2011.

Table 15: Summary Compensation Table

Name & Principal Position	Year	Salary (\$)	Share- based Awards (\$) ⁽¹⁾⁽³⁾	Option- based Awards (\$) ⁽²⁾	Non-equity Incentive Plan Compensation		All Other Compensation (\$) ⁽⁶⁾	Total Compensation (\$)
					Annual Incentive Plans (\$) ⁽⁴⁾	Pension Value (\$) ⁽⁵⁾		
Craig H. Muhlhauser President and Chief Executive Officer	2011	\$ 1,000,000	\$ 3,375,000	\$ 1,125,000	\$ 967,500	\$ 228,897	\$ 53,650	\$ 6,750,047
	2010	\$ 1,000,000	\$ 3,750,000	\$ 1,250,000	\$ 2,044,969	\$ 137,696	\$ 211,918	\$ 8,394,583
	2009	\$ 1,000,000	\$ 3,000,000	\$ 1,000,000	\$ 904,950	\$ 0	\$ 142,476	\$ 6,047,426
Paul Nicoletti ⁽⁷⁾ EVP, Chief Financial Officer	2011	\$ 544,170	\$ 1,557,500	\$ 452,500	\$ 408,263	\$ 93,995	\$ 2,099	\$ 3,058,527
	2010	\$ 512,000	\$ 1,350,000	\$ 450,000	\$ 609,178	\$ 73,119	\$ 2,245	\$ 2,996,542
	2009	\$ 512,000	\$ 1,080,000	\$ 360,000	\$ 363,166	\$ 79,133	\$ 1,274	\$ 2,395,573
John Peri ⁽⁸⁾ Chief Operating Officer	2011	\$ 542,942	\$ 1,582,500	\$ 427,500	\$ 366,608	\$ 93,078	\$ 1,320	\$ 3,013,948
	2010	\$ 504,000	\$ 1,125,000	\$ 375,000	\$ 599,659	\$ 77,269	\$ 4,184	\$ 2,685,112
	2009	\$ 504,000	\$ 900,000	\$ 300,000	\$ 417,156	\$ 79,749	\$ 3,376	\$ 2,204,281
Elizabeth L. DelBianco EVP and Chief Legal & Administrative Officer	2011	\$ 444,000	\$ 1,068,750	\$ 356,250	\$ 274,925	\$ 79,394	\$ 1,782	\$ 2,225,101
	2010	\$ 444,000	\$ 1,125,000	\$ 375,000	\$ 528,271	\$ 68,062	\$ 2,078	\$ 2,542,411
	2009	\$ 444,000	\$ 900,000	\$ 300,000	\$ 367,395	\$ 59,270	\$ 1,004	\$ 2,071,669
Peter A. Lindgren ⁽⁹⁾ EVP, Global Operations	2011	\$ 389,659	\$ 950,000	\$ 250,000	\$ 232,023	\$ 42,385	\$ 14,700	\$ 1,878,767
	2010	\$ 332,640	\$ 600,000	\$ 200,000	\$ 326,500	\$ 22,748	\$ 14,700	\$ 1,496,588
	2009	\$ 332,640	\$ 480,000	\$ 160,000	\$ 135,500	\$ 0	\$ 14,700	\$ 1,122,840

- (1) Amounts in the column represent the value of RSUs and PSUs that were issued under the LTIP and CSUP, respectively on January 31, 2012 in respect of 2011 performance. Please see "— Compensation and Discussion Analysis — Compensation Elements for the Named Executive Officers — Equity-Based Incentives" for a description of the vesting terms of the awards and the process followed in determining the grant. The value included for PSUs is at 100% of target level performance. The number that will actually vest will vary from 0%-200% of the target grant depending on performance.
- (2) Amounts in the column represent the value of stock options that were issued under the LTIP on January 31, 2012 in respect of 2011 performance. Please see "— Compensation and Discussion Analysis — Equity-Based Incentives" for a description of the vesting terms of the awards and the process followed in determining the value of the grant. The grant date fair value of the option-based awards in table 15 is the same as the accounting fair value of such awards. The number of stock options granted was determined using (i) the closing price on January 30, 2012 on the NYSE of \$8.21, and (ii) an average Black-Scholes factor of 0.477. The Black-

Scholes factor was determined using the average following variables for each of the four vestings: (i) volatility; (ii) risk-free interest rate and (iii) expected life of the stock options. These average variables were (i) volatility of 52.57%; (ii) risk-free interest rate of 1.26%; and (iii) expected life of 5.5 years.

- (3) The estimated accounting fair value of the equity-based awards is calculated using the market price for subordinate voting shares as defined under each of the plans and various fair value pricing models. The grant date fair value of the RSU portion of the share-based awards in this table is the same as the accounting fair value of such awards. The accounting fair value of the PSU portion of the share-based awards to the NEOs with respect to 2011 were as follows: Mr. Muhlhauser - \$1.9 million; Mr. Nicoletti — \$0.8 million; Mr. Peri - \$0.7 million; Ms. DelBianco - \$0.6 million; and Mr. Lindgren - \$0.4 million. The accounting fair value for the PSU portion of the share-based awards reflects various assumptions as to estimated vesting for such awards in accordance with applicable accounting standards. The grant date value for the PSU portion of the share-based awards reflects the dollar amount of the award intended for compensation purposes, based on the market value of the underlying shares on the grant dates based on an assumption of 100% vesting. The accounting fair value for these NEOs assumed a zero forfeiture rate for all equity-based awards. The cost the Company records for PSUs granted after 2010 is determined using a Monte Carlo simulation model. The number of awards expected to be earned is factored into the grant date Monte Carlo valuation for the award. The number of PSUs that will vest depends on the level of achievement of a market performance condition, over a three-year period, based on the TSR of Celestica relative to the TSR of a pre-defined EMS competitor group. The grant date fair value is not subsequently adjusted regardless of the eventual number of awards that are earned based on the market performance condition.
- (4) Amounts in this column represent incentive payments made to the NEOs through the CTI. Please see "— Compensation and Discussion Analysis — Compensation Elements for the Named Executive Officers — Celestica Team Incentive Plan" for a description of the plan.
- (5) Pension values for Messrs. Nicoletti and Peri and Ms. DelBianco are reported in U.S. dollars, having been converted from Canadian dollars.
- (6) Amounts in this column represent, for 2011: (i) for Mr. Muhlhauser, housing expenses of \$39,480 while in Canada, travel expenses between Toronto and New Jersey of \$20,801, group life insurance of \$11,400, a 401(k) contribution of \$14,700 and tax preparation fees of \$2,500, less a tax equalization payment to the Company in the amount of \$35,551, and (ii) for Mr. Lindgren a 401(k) contribution of \$14,700.
- (7) Mr. Nicoletti's role was expanded to include responsibility for Diversified Markets and After-Market Services on February 26, 2011. His target incentive for 2011 was prorated at 80% for 57 days and 100% for 308 days.
- (8) Mr. Peri was appointed Chief Operating Officer on February 26, 2011. His target incentive for 2011 was prorated at 80% for 57 days and 100% for 308 days.
- (9) Mr. Lindgren was promoted from SVP, Growth and Emerging Markets to EVP, Global Operations on February 26, 2011. His target incentive for 2011 was prorated at 60% for 57 days and 80% for 308 days.

The following table provides details of each stock option grant outstanding and the aggregate number of unvested equity-based awards for each of the NEOs as of December 31, 2011.

Table 16: Outstanding Option-Based and Share-Based Awards⁽¹⁾

Name	Option-Based Awards				Share-Based Awards				
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) ⁽²⁾	Number of Shares or Units that have not Vested (#) ⁽³⁾	Market Payout Value of Awards that have not Vested at Minimum (\$) ⁽⁴⁾	Market Payout Value of Awards that have not Vested at Target (\$) ⁽⁴⁾	Market Payout Value of Awards that have not Vested at Maximum (\$) ⁽⁴⁾	Market Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
Craig H. Muhlhauser									
Jun. 6, 2005	50,000	\$ 13.00	Jun. 6, 2015	—	—	—	—	—	—
Jan. 31, 2006	148,488	\$ 10.00	Jan. 31, 2016	—	—	—	—	—	—
Feb. 2, 2007	125,000	\$ 6.05	Feb. 2, 2017	\$ 160,000	—	—	—	—	—
Feb. 5, 2008	225,000	\$ 6.51	Feb. 5, 2018	\$ 184,500	—	—	—	—	—
Feb. 3, 2009	520,833	\$ 4.13	Feb. 3, 2019	\$ 1,666,666	388,889	—	\$ 2,850,556	\$ 5,701,113	—
Feb. 2, 2010	217,865	\$ 10.20	Feb. 2, 2020	—	244,350	\$ 785,006	\$ 1,791,086	\$ 2,797,165	—
Feb. 1, 2011	258,462	\$ 9.87	Feb. 1, 2021	—	312,395	\$ 990,210	\$ 2,289,855	\$ 3,589,501	—
Jan. 31, 2012	287,270	\$ 8.21	Jan. 31, 2022	—	411,084	\$ 1,800,000	\$ 3,375,000	\$ 4,950,000	—
Paul Nicoletti									
Dec. 3, 2002	15,000	C\$ 29.11	Dec. 3, 2012	—	—	—	—	—	—
Jan. 31, 2004	13,333	C\$ 22.75	Jan. 31, 2014	—	—	—	—	—	—
May 11, 2004	3,333	C\$ 24.92	May 11, 2014	—	—	—	—	—	—
Dec. 9, 2004	13,600	C\$ 18.00	Dec. 9, 2014	—	—	—	—	—	—
Jan. 31, 2006	21,591	C\$ 11.43	Jan. 31, 2016	—	—	—	—	—	—
Jul. 31, 2007	22,875	C\$ 6.27	Jul. 31, 2017	\$ 28,226	—	—	—	—	—
Feb. 5, 2008	150,000	C\$ 6.51	Feb. 5, 2018	\$ 148,680	—	—	—	—	—
Feb. 3, 2009	225,000	C\$ 5.13	Feb. 3, 2019	\$ 537,069	140,000	—	\$ 1,060,585	\$ 2,121,169	—
Feb. 2, 2010	78,431	C\$ 10.77	Feb. 2, 2020	—	87,966	\$ 292,070	\$ 666,396	\$ 1,040,721	—
Feb. 1, 2011	93,046	C\$ 9.87	Feb. 1, 2021	—	112,462	\$ 368,417	\$ 851,968	\$ 1,335,518	—
Mar. 11, 2011	—	—	—	—	18,215	\$ 137,990	\$ 137,990	\$ 137,990	—
Jan. 31, 2012	115,547	C\$ 8.26	Jan. 31, 2022	—	165,347	\$ 736,733	\$ 1,381,376	\$ 2,026,018	—
John Peri									
Dec. 3, 2002	25,000	C\$ 29.11	Dec. 3, 2012	—	—	—	—	—	—
Jan. 31, 2004	16,667	C\$ 22.75	Jan. 31, 2014	—	—	—	—	—	—
Dec. 9, 2004	11,300	C\$ 18.00	Dec. 9, 2014	—	—	—	—	—	—
Jan. 31, 2006	20,455	C\$ 11.43	Jan. 31, 2016	—	—	—	—	—	—
Feb. 2, 2007	40,404	C\$ 7.10	Feb. 2, 2017	\$ 15,938	—	—	—	—	—
Feb. 2, 2007	161,616	C\$ 7.10	Feb. 2, 2017	\$ 63,751	—	—	—	—	—
Feb. 5, 2008	130,000	C\$ 6.51	Feb. 5, 2018	\$ 128,856	—	—	—	—	—
Feb. 3, 2009	208,333	C\$ 5.13	Feb. 3, 2019	\$ 497,285	116,667	—	\$ 883,823	\$ 1,767,646	—
Feb. 2, 2010	65,359	C\$ 10.77	Feb. 2, 2020	—	73,305	\$ 243,397	\$ 555,330	\$ 867,263	—
Feb. 1, 2011	77,539	C\$ 9.87	Feb. 1, 2021	—	93,718	\$ 307,017	\$ 709,970	\$ 1,112,924	—
Mar. 11, 2011	—	—	—	—	27,322	\$ 206,981	\$ 206,981	\$ 206,981	—
Jan. 31, 2012	109,163	C\$ 8.26	Jan. 31, 2022	—	156,212	\$ 696,031	\$ 1,305,058	\$ 1,914,086	—
Elizabeth L. DelBianco									
Dec. 3, 2002	12,000	C\$ 29.11	Dec. 3, 2012	—	—	—	—	—	—
Dec. 18, 2002	3,000	C\$ 23.29	Dec. 18, 2012	—	—	—	—	—	—
Apr. 18, 2003	8,000	C\$ 15.35	Apr. 18, 2013	—	—	—	—	—	—
Jan. 31, 2004	16,667	C\$ 22.75	Jan. 31, 2014	—	—	—	—	—	—
Dec. 9, 2004	11,300	C\$ 18.00	Dec. 9, 2014	—	—	—	—	—	—
Jan. 31, 2006	21,591	C\$ 11.43	Jan. 31, 2016	—	—	—	—	—	—
Feb. 2, 2007	9,091	C\$ 7.10	Feb. 2, 2017	\$ 3,586	—	—	—	—	—
Feb. 5, 2008	60,000	C\$ 6.51	Feb. 5, 2018	\$ 59,472	—	—	—	—	—
Feb. 3, 2009	156,250	C\$ 5.13	Feb. 3, 2019	\$ 372,964	116,667	—	\$ 883,823	\$ 1,767,646	—
Feb. 2, 2010	65,359	C\$ 10.77	Feb. 2, 2020	—	73,305	\$ 243,397	\$ 555,330	\$ 867,263	—
Feb. 1, 2011	77,539	C\$ 9.87	Feb. 1, 2021	—	93,718	\$ 307,017	\$ 709,970	\$ 1,112,924	—
Jan. 31, 2012	90,969	C\$ 8.26	Jan. 31, 2022	—	130,177	\$ 580,030	\$ 1,087,551	\$ 1,595,073	—

Name	Option-Based Awards				Share-Based Awards				
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) ⁽²⁾	Number of Shares or Units that have not Vested (#) ⁽³⁾	Market Payout Value of Share Awards that have not Vested at Minimum (\$) ⁽⁴⁾	Market Payout Value of Share Awards that have not Vested at Target (\$) ⁽⁴⁾	Market Payout Value of Share Awards that have not Vested at Maximum (\$) ⁽⁴⁾	Market Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
Peter A. Lindgren									
Dec. 3, 2002	25,000	\$ 18.66	Dec. 3, 2012	—	—	—	—	—	—
Jan. 31, 2004	23,333	\$ 17.15	Jan. 31, 2014	—	—	—	—	—	—
Dec. 9, 2004	21,000	\$ 14.86	Dec. 9, 2014	—	—	—	—	—	—
Jan. 31, 2006	15,909	\$ 10.00	Jan. 31, 2016	—	—	—	—	—	—
Feb. 2, 2007	24,240	\$ 6.05	Feb. 2, 2017	\$ 31,027	—	—	—	—	—
Feb. 5, 2008	60,000	\$ 6.51	Feb. 5, 2018	\$ 49,200	—	—	—	—	—
Feb. 3, 2009	111,111	\$ 4.13	Feb. 3, 2019	\$ 355,555	62,222	—	\$ 456,087	\$ 912,175	—
Feb. 2, 2010	34,858	\$ 10.20	Feb. 2, 2020	—	39,096	\$ 125,600	\$ 286,574	\$ 447,548	—
Feb. 1, 2011	41,354	\$ 9.87	Feb. 1, 2021	—	49,983	\$ 158,431	\$ 366,375	\$ 574,320	—
Mar. 11, 2011	—	—	—	—	18,215	\$ 133,516	\$ 133,516	\$ 133,516	—
Jan. 31, 2012	63,838	\$ 8.21	Jan. 31, 2022	—	91,352	\$ 400,000	\$ 750,000	\$ 1,100,000	—

- (1) Includes option-based and share-based awards granted on January 31, 2012 in respect of 2011 performance. Please see "— Compensation Discussion and Analysis — Compensation Elements for the Named Executive Officers — Equity-Based Incentives" for a discussion of the equity grants.
- (2) The value of unexercised in-the-money stock options for Messrs. Muhlhauser and Lindgren was determined using a share price of \$7.33, which was the closing price of subordinate voting shares on the NYSE on December 30, 2011. For Messrs. Nicoletti and Peri and Ms. DelBianco, a share price of C\$7.49 was used, which was the closing price of the subordinate voting shares on the TSX on December 30, 2011, converted to U.S. dollars at the average exchange rate for 2011 of \$1.00 equals C\$0.9887.
- (3) The value included for PSUs is at 100% of target level performance.
- (4) Market payout values at minimum vesting include the value of RSUs only as the minimum payout value of PSUs would be 0% of target. Market payout values at target vesting is determined using 100% of PSUs vesting and market payout values at maximum vesting is determined using 200% of PSUs vesting. Market payout values for Messrs. Muhlhauser and Lindgren are determined using a share price of \$7.33, which was the closing price of the subordinate voting shares on the NYSE on December 30, 2011, except for the share-based awards granted on January 31, 2012 in respect of 2011 performance for which the market payout values are determined using a share price of \$8.21, which was the closing price of the subordinate voting shares on the NYSE on January 30, 2012, the day before the grants. Market payout values for Messrs. Nicoletti and Peri and Ms. DelBianco are determined using a share price of C\$7.49, which was the closing price of the subordinate voting shares on the TSX on December 30, 2011, converted to U.S. dollars, except for the share-based awards granted on January 31, 2012 in respect of 2011 performance for which the market payout values are determined using a share price of C\$8.26, which was the closing price of the subordinate voting shares on the TSX on January 30, 2012, the day before the grants, converted to U.S. dollars.

The following table provides details of the value of option-based and share-based awards that vested during 2011 and the value of annual incentive awards paid for 2011 performance for each NEO.

Table 17: Incentive Plan Awards — Value Vested or Earned in 2011

Name	Option-based Awards — Value Vested During the Year (\$) ⁽¹⁾	Share-based Awards — Value Vested During the Year (\$) ⁽²⁾	Non-equity Incentive Plan Compensation — Value Earned During the Year (\$) ⁽³⁾
Craig H. Muhlhauser	\$ 2,334,869	\$ 8,535,440	\$ 967,500
Paul Nicoletti	\$ 607,350	\$ 2,948,283	\$ 408,263
John Peri	\$ 489,895	\$ 2,512,882	\$ 366,608
Elizabeth L. DelBianco	\$ 475,024	\$ 2,400,917	\$ 274,925
Peter A. Lindgren	\$ 294,162	\$ 1,231,392	\$ 232,023

(1) Amounts in this column reflect the value of stock options that were in-the-money on the vesting date. Stock options for Messrs. Muhlhauser and Lindgren vested as follows:

Vesting Date	Exercise Price	Closing Price on NYSE of SVS on Vesting Date
February 2, 2011	\$ 6.05	\$ 10.74
February 2, 2011	\$ 10.20	\$ 10.74
February 3, 2011	\$ 4.13	\$ 11.00
February 5, 2011	\$ 6.51	\$ 11.19

Stock options for Messrs. Nicoletti and Peri and Ms. DelBianco vested as follows:

Vesting Date	Exercise Price	Closing Price on TSX of SVS on Vesting Date
February 1, 2011	C\$ 7.10	C\$ 10.37
February 3, 2011	C\$ 5.13	C\$ 10.95
February 5, 2011	C\$ 6.51	C\$ 11.07

Stock options for Mr. Nicoletti vested as follows:

Vesting Date	Exercise Price	Closing Price on TSX of SVS on Vesting Date
July 31, 2011	C\$ 6.27	C\$ 7.79

(2) Amounts in this column reflect share-based awards that were released in 2011. Share-based awards were released for Messrs. Muhlhauser and Lindgren based on the price of subordinate voting shares on the NYSE as follows:

Type of Award	Date	Price
RSU	February 7, 2011	\$ 11.19
PSU	February 7, 2011	\$ 11.19
RSU	February 11, 2011	\$ 11.48
RSU	December 1, 2011	\$ 8.10

Share-based awards were released for Messrs. Nicoletti and Peri and Ms. DelBianco based on the price of subordinate voting shares on the TSX as follows:

Type of Award	Date	Price
RSU	February 7, 2011	C\$ 11.07
PSU	February 7, 2011	C\$ 11.07
RSU	February 11, 2011	C\$ 11.31
RSU	December 1, 2011	C\$ 8.21

All of the preceding C\$ values were converted to U.S. dollars at the average exchange rate for 2011 of \$1.00 equals C\$0.9887. PSUs that vested in 2011 were paid out at 200% as a result of the Company's ROIC performance being equal to or greater than the highest performance of the EMS Competitors.

- (3) Includes payments under the CTI made in February 2012 in respect of 2011 performance. Please see "— Compensation Discussion and Analysis — 2011 Compensation Decisions — Target Annual Incentive Award." These are the same amounts as disclosed in table 15 under the column "Non-equity Incentive Plan Compensation — Annual Incentive Plans."

The following table sets out the gains realized by NEOs from exercising stock options in 2011.

Table 18: Gains Realized by NEOs from Exercising Options

Name	Amount
Craig H. Muhlhauser	\$ 4,559,025
Paul Nicoletti	\$ 338,542
John Peri	\$ 0
Elizabeth L. DelBianco	\$ 0
Peter A. Lindgren	\$ 0

Pension Plans

The following table provides details of the amount of the Celestica contributions to the pension plans and the accumulated value as of December 31, 2011 for each NEO.

Table 19: Defined Contribution Pension Plan

Name	Accumulated Value at Start of Year (\$)	Compensatory (\$)	Accumulated Value at End of Year ⁽¹⁾ (\$)
Craig H. Muhlhauser ⁽²⁾	\$ 150,872	\$ 228,897	\$ 372,480
Paul Nicoletti ⁽³⁾	\$ 523,411	\$ 93,995	\$ 560,927
John Peri ⁽³⁾	\$ 810,551	\$ 93,078	\$ 832,452
Elizabeth L. DelBianco ⁽³⁾	\$ 429,688	\$ 79,394	\$ 479,339
Peter A. Lindgren ⁽²⁾	\$ 24,533	\$ 42,385	\$ 63,144

- (1) The difference between (i) the sum of the Accumulated Value at Start of Year column plus the Compensatory column and (ii) the Accumulated Value at End of Year column is attributable to non-compensatory changes in the Company's accrued obligations during the year ended December 31, 2011.
- (2) Amounts for Messrs. Muhlhauser and Lindgren include only amounts in their supplementary retirement plans and not amounts in their 401(k) plans.
- (3) The difference between the Accumulated Value at Start of Year and the Accumulated Value at End of Year reported in the 2010 management information circular for Messrs. Nicoletti and Peri and Ms. DelBianco is attributable to different exchange rates used in the 2010 and 2011 management information circulars. The exchange rate used in the 2010 management information circular was \$1.00 = C\$1.0298.

Messrs. Muhlhauser and Lindgren participate in two defined contribution retirement programs, one of which qualifies as a deferred salary arrangement under section 401(k) of the Internal Revenue Code (United States) (the 401(k) Plan). Under the 401(k) Plan, participating employees may defer 100% of their pre-tax earnings subject to any statutory limitations. The Company may make contributions for the benefit of eligible employees. The 401(k) Plan allows employees to choose how their account balances are invested on their behalf within a range of investment options provided by third-party fund managers. The Company contributes: (i) 3% of eligible compensation for the participant, and (ii) up to an additional 3% of eligible compensation by matching 50% of the first 6% contributed by the participant. The maximum contribution of the Company to the 401(k) Plan, based on the Internal Revenue Code rules and the 401(k) Plan formula for 2011, is \$14,700. Messrs. Muhlhauser and Lindgren also participate in a supplementary retirement plan that is also a defined contribution plan. It is designed to provide benefits equal to the difference between 8% of the participant's salary and paid incentive and the amount that Celestica would contribute to the 401(k) Plan assuming the participant contributes the amount required to receive the matching 50% contribution by Celestica. A notional account is maintained for Messrs. Muhlhauser and Lindgren and they are entitled to select from among the investment options available in the 401(k) Plan for the purpose of determining the return on their notional accounts.

Messrs. Nicoletti and Peri and Ms. DelBianco participate in the defined contribution portion of the Canadian Pension Plan. The defined contribution portion of the Canadian Pension Plan allows employees to choose how the Company's contributions are invested on their behalf within a range of investment options provided by third party fund managers. Retirement benefits depend upon the performance of the investment options chosen. Messrs. Nicoletti and Peri and Ms. DelBianco also participate in an unregistered supplementary pension plan (the Canadian Supplementary Plan). This is also a defined contribution plan that is designed to provide benefits of an amount equal to the difference between (i) the benefits determined in accordance with the formula set out in the Canadian Pension Plan and Canada Revenue Agency maximum pension benefits and (ii) 8% of the total salary and paid annual incentives. Notional accounts are maintained for each participant in the Canadian Supplementary Plan. Participants are entitled to select from among the investment options available in the registered plan for the purpose of determining the return on their notional accounts.

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

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

Messrs. Muhlhauser and Nicoletti and Ms. DelBianco

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

options granted to each of them vest immediately, (b) the unvested PSUs granted to each of them vest immediately at target level performance unless the terms of a PSU grant provide otherwise, or on such other more favourable terms as the Board of Directors in its discretion may provide, and (c) the RSUs granted to each of them shall vest immediately.

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

Mr. Muhlhauser is the only NEO currently eligible for retirement treatment under the LTIP or CSUP, however, these values have been provided for the other NEOs in tables 21 to 24 as an indication of the amount of such benefit when the NEO is eligible for retirement. In the event of retirement, (a) stock options continue to vest and are exercisable until the earlier of three years following retirement and the original expiry date, (b) RSUs will continue to vest on their vesting date, and (c) PSUs vest based on actual performance on a pro rata basis based on the number of days between the date of grant and the date of retirement.

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

The following tables summarize the payments to which Messrs. Muhlhauser and Nicoletti and Ms. DelBianco would have been entitled upon a change in control, or if their employment had been terminated on December 31, 2011 as a result of a change in control, retirement or termination without cause.

Table 20: Mr. Muhlhauser's Benefits

	Cash Portion ⁽¹⁾	Value of Exercisable/ Vested LTIP and CSUP	Other Benefits ⁽²⁾	Total
Change in Control — No Termination	—	\$ 8,629,955	—	\$ 8,629,955
Change in Control — Termination	\$ 7,884,919	\$ 8,629,955	\$ 473,000	\$ 16,987,874
Retirement ⁽³⁾	—	\$ 10,033,401	—	\$ 10,033,401
Termination without Cause ⁽³⁾	\$ 5,979,969	\$ 5,110,990	\$ 335,964	\$ 11,426,923

(1) Cash portion includes actual CTI payment for 2011.

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

(3) PSUs that vested on February 3, 2012 are included at 200%, which on December 31, 2011 was the Company's anticipated payout, and was in fact the resulting payout.

Table 21: Mr. Nicoletti's Benefits

	Cash Portion ⁽¹⁾	Value of Exercisable/ Vested LTIP and CSUP	Other Benefits ⁽²⁾	Total
Change in Control — No Termination	—	\$ 3,236,687	—	\$ 3,236,687
Change in Control — Termination	\$ 3,708,263	\$ 3,236,687	\$ 306,273	\$ 7,251,223
Retirement ⁽³⁾	—	\$ 3,758,852	—	\$ 3,758,852
Termination without Cause ⁽³⁾	\$ 2,608,263	\$ 1,846,937	\$ 203,517	\$ 4,658,717

(1) Cash portion includes actual CTI payment for 2011.

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

(3) PSUs that vested on February 3, 2012 are included at 200%, which on December 31, 2011 was the Company's anticipated payout, and was in fact the resulting payout.

Table 22: Ms. DelBianco's Benefits

	Cash Portion ⁽¹⁾	Value of Exercisable/ Vested LTIP and CSUP	Other Benefits ⁽²⁾	Total
Change in Control — No Termination	—	\$ 2,581,006	—	\$ 2,581,006
Change in Control — Termination	\$ 2,672,525	\$ 2,581,006	\$ 230,745	\$ 5,484,276
Retirement ⁽³⁾	—	\$ 3,016,151	—	\$ 3,016,151
Termination without Cause ⁽³⁾	\$ 1,873,325	\$ 1,537,880	\$ 153,665	\$ 3,564,870

(1) Cash portion includes actual CTI payment for 2011.

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

(3) PSUs that vested on February 3, 2012 are included at 200% which on December 31, 2011 was the Company's anticipated payout, and was in fact the resulting payout.

Messrs. Peri and Lindgren

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

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

Outside of the two-year period following a change in control, upon termination without cause, Messrs. Peri and Lindgren are entitled to payments and benefits that are substantially similar to those provided following a termination within two years of a change in control, except that (a) vested stock options may be exercised for a

period of 30 days and unvested stock options are forfeited on the termination date, (b) RSUs shall vest immediately on a pro rata basis based on the ratio of (i) the number of full years of employment completed between the date of grant and termination of employment, to (ii) the number of years between the date of grant and the vesting date, and (c) PSUs vest based on actual performance on a pro rata basis based on the ratio of (i) the number of full years of employment completed between the date of grant and the termination of employment, to (ii) the number of years between the date of grant and the vesting date.

In the event of retirement, (a) stock options continue to vest and are exercisable until the earlier of three years following retirement and the original expiry date, (b) RSUs will continue to vest on their vesting dates, and (c) PSUs vest based on actual performance and are prorated for the number of days between the date of grant and the date of retirement.

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

The following tables summarize the payments to which Messrs. Peri and Lindgren would have been entitled upon a change in control, or if their employment had been terminated on December 31, 2011 as a result of a change in control, retirement or termination without cause.

Table 23: Mr. Peri's Benefits

	Cash Portion ⁽¹⁾	Value of Exercisable/ Vested LTIP and CSUP	Other Benefits	Total
Change in Control — No Termination	—	\$ 2,790,465	—	\$ 2,790,465
Change in Control — Termination	\$ 2,199,825	\$ 2,790,465	—	\$ 4,990,290
Retirement ⁽²⁾	—	\$ 3,225,615	—	\$ 3,225,615
Termination without Cause ⁽²⁾	\$ 2,199,825	\$ 1,383,821	—	\$ 3,583,646

(1) Cash portion includes actual CTI payment for 2011.

(2) PSUs that vested on February 3, 2012 are included at 200%, which on December 31, 2011 was the Company's anticipated payout, and was in fact the resulting payout.

Table 24: Mr. Lindgren's Benefits

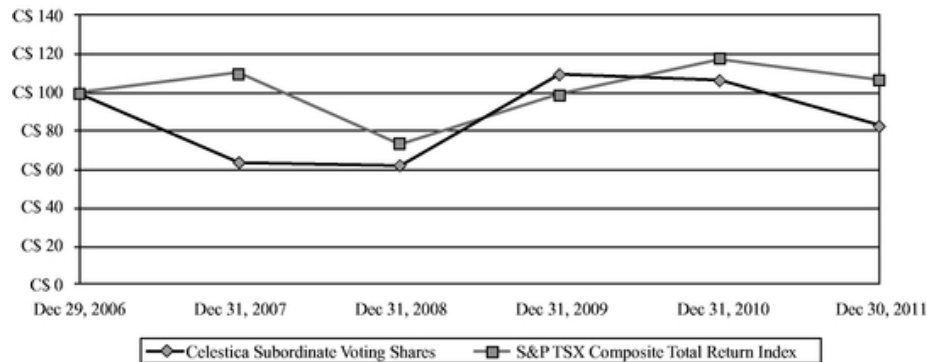
	Cash Portion ⁽¹⁾	Value of Exercisable/ Vested LTIP and CSUP	Other Benefits	Total
Change in Control — No Termination	—	\$ 1,511,845	—	\$ 1,511,845
Change in Control — Termination	\$ 1,496,068	\$ 1,511,845	—	\$ 3,007,913
Retirement ⁽²⁾	—	\$ 1,736,393	—	\$ 1,736,393
Termination without Cause ⁽²⁾	\$ 1,496,068	\$ 714,111	—	\$ 2,210,179

(1) Cash portion includes actual CTI payment for 2011.

(2) PSUs that vested on February 3, 2012 are included at 200%, which on December 31, 2011 was the Company's anticipated payout, and was in fact the resulting payout.

Performance Graph

The subordinate voting shares are listed and posted for trading under the symbol "CLS" on the NYSE and the TSX. The subordinate voting shares have been listed on the NYSE and the TSX since June 30, 1998. The following chart compares the cumulative TSR of C\$100 invested in subordinate voting shares with the cumulative TSR of the S&P/TSX Composite Total Return Index for the period from December 29, 2006 to December 30, 2011.



As can be seen from the performance graph above, an investment in the Company on January 1, 2007 would have resulted in a 17.5% loss in value over the five-year period ended December 30, 2011 compared with a 6.7% increase that would have resulted from an investment in the S&P/TSX Composite Total Return Index over the same period.

The compensation of the Company's NEOs has fluctuated over the same period as the Company dealt with, amongst other things, a significant decline in demand, competitive pressures, operational issues in some regions, significant restructuring and various leadership changes.

As a new management team implemented changes during 2007 and 2008, the Company's operating performance and financial results showed significant improvements to the point where the Company was the strongest financial performer amongst the North American EMS peers by the end of 2008 based on ROIC.

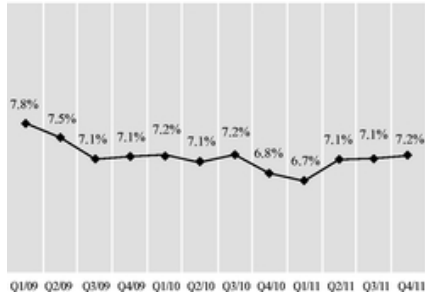
During this period of improved performance, total compensation for the NEOs increased to \$15.2 million in 2007 and \$19.8 million in 2008 as a result of implementing competitive compensation packages for the Company's new leadership team in 2007, as well as maximum annual incentive payouts due to strong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

Total compensation for the NEOs declined by 8% from \$18.3 million in 2010 to \$16.9 million in 2011 as the Company experienced a decline in overall demand due to increased economic uncertainty during the latter part of 2011. This decline in compensation was primarily driven by a decrease in long-term incentive awards reflecting competitive grant levels and lower than target achievement for annual incentive payouts.

The Company continues to be amongst the best performers in the EMS industry on key operating performance metrics. This strong financial performance also contributed to a continued stable outlook from the Company's key financial debt rating agency. The performance graphs set out below illustrate the Company's performance on non-IFRS measures of adjusted gross margin, operating margin (EBIAT), asset utilization and ROIC (see "— Compensation Discussion and Analysis — 2011 Compensation Decisions — Business

Performance" for further information on non-IFRS measures). The quarterly data for 2009 reflects non-GAAP measures. The quarterly data for 2010 and 2011 reflects non-IFRS measures.

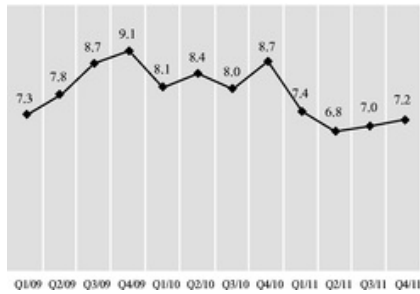
Adjusted gross margin
% of revenue



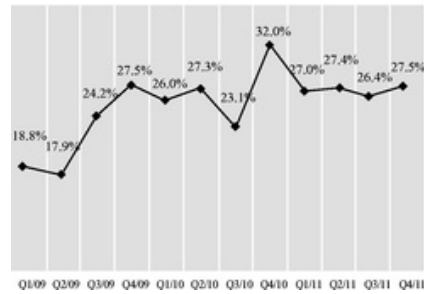
Operating margin (EBIAT)
% of revenue



Asset utilization
Inventory turns⁽¹⁾



Return on invested capital



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

In 2011, total compensation for NEOs was 7.0% of 2011 adjusted earnings, compared to 22.2% of adjusted earnings in 2007.

Executive Share Ownership

The Company has share ownership guidelines for the CEO and Executive Vice Presidents. The guidelines provide that these individuals are to hold a multiple of their salary in securities of the Company as shown in table 25. Executives subject to ownership guidelines are expected to achieve the specified ownership within a period of three years following the later of: (i) the date of hire, or (ii) the date of promotion to a level subject to ownership guidelines. Compliance is reviewed annually as of December 31 of each year. As of December 31, 2011, the CEO and all NEOs were in compliance with the share ownership guidelines.

Table 25: Share Ownership Guidelines

Name	Ownership Guidelines	Share Ownership (Value) ⁽¹⁾	Share Ownership (Multiple of Salary)
Craig H. Muhlhauser	\$3,000,000 (3 × salary)	\$ 10,132,376	10.1x
Paul Nicoletti	\$1,100,000 (2 × salary)	\$ 3,749,544	6.8x
John Peri	\$1,100,000 (2 × salary)	\$ 3,620,551	6.6x
Elizabeth L. DelBianco	\$888,000 (2 × salary)	\$ 2,561,337	5.8x
Peter A. Lindgren	\$800,000 (2 × salary)	\$ 1,682,843	4.2x

(1) Includes the following, as of December 31, 2011: (i) subordinate voting shares beneficially owned, (ii) all unvested RSUs, and (iii) PSUs that vested on February 3, 2012 at 200% of target, which, on December 31, 2011, was the Company's anticipated payout and was in fact the resulting payout; in each case, the value of which was determined using a share price of \$7.33 being the closing price of subordinate voting shares on the NYSE on December 30, 2011.

Securities Authorized for Issuance Under Equity Compensation Plans**Table 26: Equity Compensation Plans as at December 31, 2011**

Plan Category	Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (#)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (\$)	Securities Remaining Available for Future Issuance Under Equity Compensation Plans ⁽¹⁾ (#)	
Equity Compensation Plans Approved by Securityholders	Manufacturers' Services Limited (MSL) (plan acquired as part of acquisition)	479,339	\$14.03	0
	LTIP (Options)	7,650,771	\$9.48/CS\$11.48	N/A
	LTIP (RSUs)	1,806,758	N/A	N/A
	Total⁽²⁾	9,936,868	\$9.95/CS\$11.48	14,040,796
Equity Compensation Plans Not Approved by Securityholders		9,112,350 ⁽³⁾	N/A	N/A
	Total:	19,049,218	N/A	14,040,796

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

(2) The total number of securities to be issued under all equity compensation plans approved by shareholders represent 4.59% of the total number of outstanding shares at December 31, 2011 (MSL — 0.22%; LTIP (Options) — 3.54%; and LTIP (RSUs) — 0.83%).

(3) Including securities that are not issuable from treasury. RSUs and PSUs are granted pursuant to the CSUP and the CSUP provides that subordinate voting shares issuable thereunder may not be issued from treasury.

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

Up to 29,000,000 subordinate voting shares may be issued from treasury pursuant to the LTIP. The number of subordinate voting shares that may be issued from treasury under the LTIP to directors is limited to 2,000,000; however, the Company decided in 2004 that no more stock option grants under the LTIP would be made to directors. Under the LTIP, as of February 22, 2012, 6,259,780 subordinate voting shares have been issued from treasury, 8,582,894 subordinate voting shares are issuable under outstanding stock options and 2,413,288 subordinate voting shares are issuable under outstanding RSUs. Also as of February 22, 2012, 22,740,220 subordinate voting shares are reserved for issuance from treasury under the LTIP. In addition, the Company may satisfy obligations under the LTIP by acquiring subordinate voting shares in the market.

As of February 22, 2012, the Company had a gross overhang of 10.5%. Gross overhang refers to the total number of shares reserved for issuance under equity plans at any given time relative to the total number of shares outstanding, including shares reserved for outstanding stock options and RSUs. The Company's net overhang (i.e. the total number of shares that have been reserved to satisfy outstanding equity grants to employees relative to the total number of shares outstanding) was 5.1%.

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

Stock options issued under the LTIP may be exercised during a period determined in the LTIP, which may not exceed ten years. The LTIP also provides that, unless otherwise determined by the Board of Directors, stock options will terminate within specified time periods following the termination of employment of an eligible participant with the Company or affiliated entities. The exercise price for stock options issued under the LTIP is the closing price for subordinate voting shares on the day prior to the grant. The TSX closing price is used for Canadian employees and the NYSE closing price is used for all other employees. The exercise of stock options may be subject to vesting conditions, including specific time schedules for vesting and performance-based conditions such as share price and financial results. The grant of stock options to, or exercise of stock options by, an eligible participant may also be subject to certain share ownership requirements. The LTIP also provides that the Company may, at its discretion, make loans or provide guarantees for loans to assist participants to purchase subordinate voting shares upon the exercise of stock options or to assist participants to pay any income tax exigible upon exercise of stock options provided that in no event shall any such loan be outstanding for more than ten years from the date of the stock option grant. The Company has no such loans or guarantees outstanding.

The interest of any participant under the LTIP is generally not transferable or assignable. However, the LTIP does provide that a participant may assign his or her rights to a spouse, or a personal holding company or family trust controlled by the participant, of which any combination of the participant, the participant's spouse, minor children or grandchildren are shareholders or beneficiaries, as applicable.

Under the LTIP, eligible participants may be granted SARs, a right to receive a cash amount equal to the difference between the market price of the subordinate voting shares at the time of the grant and the market price of such shares at the time of exercise of the SAR. The market price used for this purpose is the closing price for subordinate voting shares on the day prior to the grant. The TSX closing price is used for Canadian employees and the NYSE closing price is used for all other employees. Such amounts may also be payable by the issuance of subordinate voting shares. The exercise of SARs may also be subject to conditions similar to those which may be imposed on the exercise of stock options.

Under the LTIP, eligible participants may be allocated performance units in the form of PSUs or RSUs, which represent the right to receive an equivalent number of subordinate voting shares at a specified release date. The issuance of such shares may be subject to vesting requirements similar to those described above with respect to the exercisability of stock 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 that may be issued to any one person pursuant to the performance unit program shall not exceed 1% of the aggregate issued and outstanding subordinate voting shares and multiple voting shares.

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

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

- (a) increasing the maximum number of subordinate voting shares that may be issued under the LTIP;
- (b) reducing the exercise price of an outstanding stock option (including cancelling and, in conjunction therewith, regranting a stock option at a reduced exercise price);
- (c) extending the term of any outstanding stock option or SAR;
- (d) expanding the rights of participants to assign or transfer a stock option, SAR or performance unit beyond that currently contemplated by the LTIP;
- (e) amending the LTIP to provide for other types of security-based compensation through equity issuance;
- (f) permitting a stock option to have a term of more than ten years from the grant date;
- (g) increasing or deleting the percentage limit on subordinate voting shares issuable or issued to insiders under the LTIP;
- (h) increasing or deleting the percentage limit on subordinate voting shares reserved for issuance to any one person under the LTIP (being 5% of the Company's total issued and outstanding subordinate voting shares and multiple voting shares);
- (i) adding to the categories of participants who may be eligible to participate in the LTIP; and
- (j) amending the amendment provision, subject to the application of the anti-dilution or re-organization provisions of the LTIP.

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

- (a) clerical changes (such as a change to correct an inconsistency or omission or a change to update an administrative provision);
- (b) a change to the termination provisions for the LTIP or for a stock option as long as the change does not permit the Company to grant a stock option with a termination date of more than ten years from the date of grant or extend an outstanding stock option's termination date beyond such date; and
- (c) a change deemed necessary or desirable to comply with applicable law or regulatory requirements.

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

C. Board Practices

Members of the Board of Directors are elected until the next annual meeting or until their successors are elected or appointed. See Item 6(A), "Directors and Senior Management" for details for the period during which each director has served in his/her office. Historically, our non-management directors have met in *in camera* session from time to time to consider such matters as they deem appropriate, without our chief executive officer, chief financial officer or other management present. In accordance with the NYSE Rules for listed companies, "non-management" directors are all those who are not executive officers of the Company. We have designated the Chairman of the Board as the presiding non-management director at all *in camera* sessions. The non-management directors can set their own agenda, maintain minutes and report back to the Board of Directors as a whole. Among the items that the non-management directors meet privately in *in camera* sessions to review is the performance of the Company's executive officers. Our Audit Committee, which consists solely of independent non-management directors, met in *in camera* session immediately following each board meeting in 2011.

Mr. Crandall, Mr. DiMaggio, Mr. Etherington, Ms. Koellner, Mr. Natale, Mr. Ryan and Mr. Wilson are independent directors under our independent standards in compliance with the New York Stock Exchange Listed Company Manual.

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

Communications with the Board of Directors

Shareholders and other interested parties may communicate with the Board of Directors, the Audit Committee, the Compensation Committee, any individual director, or all non-management directors as a group, by writing to:

Celestica Inc.
844 Don Mills Road
Toronto, Ontario, Canada M3C 1V7
Attention: Board of Directors

If the letter is from a shareholder, the letter should state that the sender is a shareholder. Under a process approved by the Board, depending on the subject matter, management will:

- forward the letter to the director or directors to whom it is addressed; or
- attempt to handle the matter directly (as where information about the Company or its stock is requested); or
- not forward the letter if it is primarily commercial in nature or relates to an improper or irrelevant topic.

A summary of all relevant communications that are received after the last meeting of the full Board of Directors and which are not forwarded will be presented at each meeting of the Board of Directors along with any specific communication requested by a director.

Shareholders and other interested parties who have concerns or complaints relating to accounting, internal accounting controls or other matters may also contact the Audit Committee by writing to the address set out above or by reporting the matter through our Ethics Hotline toll free at 1-888-312-2689. Callers outside the United States or Canada can place a collect call to 1-503-726-2457. Alternatively, concerns or complaints can be reported using a secure on-line web-based tool at www.ethics.celestica.com.

All communications will be handled in a confidential manner, to the degree the law allows. Communications may be made on an anonymous basis; however, in these cases the reporting individual must provide sufficient details for the matter to be reviewed and resolved. The Company will not tolerate any retaliation against an employee who makes a good faith report.

Board Committees

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

Executive Committee

The members of the Executive Committee are Mr. Crandall and Mr. Etherington, both of whom are independent directors. The purpose of the Executive Committee is to provide a degree of flexibility and ability to respond to time-sensitive matters where it is impractical to call a meeting of the full Board of Directors. The Executive Committee reviews such matters and makes such recommendations thereon to the Board of Directors as it considers appropriate, including matters designated by the Board of Directors as requiring Executive Committee review. Members of the Executive Committee also meet quarterly on an informal basis to review and stay informed about current business issues. The Board of Directors is briefed on these issues at their regularly scheduled meetings or, if the matter is material, between regularly scheduled meetings. All decisions of the Executive Committee are submitted to the Board of Directors for approval or ratification.

Audit Committee

The Audit Committee consists of Mr. Crandall, Mr. DiMaggio, Mr. Etherington, Ms. Koellner, Mr. Ryan and Mr. Wilson, all of whom are independent directors and are financially literate. Mr. Wilson joined the Audit Committee on October 19, 2011. Mr. Crandall and Mr. Etherington have each served as a chief financial officer of a large U.S. and/or Canadian organization. Ms. Koellner currently serves as the Chair of the Audit Committee of Sara Lee Corporation. All of the committee members have held executive positions with large corporations. The Audit Committee has a well-defined mandate which, among other things, sets out its relationship with, and expectations of, the external auditors, including the establishment of the independence of the external auditors and approval of any non-audit mandates of the external auditor; the engagement, evaluation, remuneration and termination of the external auditor; its relationship with, and expectations of, the internal auditor function and its oversight of internal control; and the disclosure of financial and related information. The Audit Committee has direct communication channels with the internal and external auditors to discuss and review specific issues and has the authority to retain such independent advisors as it considers appropriate. The Audit Committee reviews and approves the mandate and plan of the internal audit department on an annual basis. The Audit Committee's duties include responsibility for reviewing financial statements with management and the auditors, monitoring the integrity of Celestica's management information systems and internal control procedures, and reviewing the adequacy of Celestica's processes for identifying and managing risk.

The Audit Committee has established procedures for: (i) receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters; and (ii) confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. A copy of the Audit Committee Charter is available on our website at www.celestica.com.

Audit Committee Report:

The Audit Committee has reviewed and discussed the audited financial statements with management;

The Audit Committee has discussed with the independent auditors the matters required to be discussed by the statement on Auditing Standards No. 114 (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T;

The Audit Committee has received the written disclosures and the letter from the independent accountant as required by the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence; and

Based on the review and discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in Celestica's annual report for the last fiscal year for filing with the Commission.

The Audit Committee:

Mr. Crandall
Mr. DiMaggio
Mr. Etherington
Ms. Koellner
Mr. Ryan
Mr. Wilson

Compensation Committee

The Compensation Committee consists of Mr. Crandall, Mr. DiMaggio, Mr. Etherington, Ms. Koellner, Mr. Ryan and Mr. Wilson, all of whom are independent directors. Mr. Wilson joined the Compensation Committee on October 19, 2011. It is the responsibility of the Compensation Committee to define and communicate compensation policies and principles that reflect and support our strategic direction, business goals and desired culture. The mandate of the Compensation Committee includes the following: review and recommend to the Board of Directors Celestica's overall reward/compensation policy, including an executive compensation policy that is consistent with competitive practice and supports organizational objectives and shareholder interests; review annually, and submit to the Board of Directors for approval, the elements of our incentive compensation plans and equity-based plans, including plan design, performance targets, administration and total funds/shares reserved for payment; review and recommend to the Board of Directors the compensation of the CEO based on the Board of Directors' assessment of the annual performance of the CEO; review and recommend to the Board of Directors the compensation of our most senior executives; review our succession plans for key executive positions; and review and approve material changes to our organizational structure and human resource policies. See Item 6(B), "Compensation" for details regarding our processes and procedures for the consideration and determination of executive and director compensation and the role of our compensation consultant in determining compensation to executive officers and directors.

A copy of the Compensation Committee Charter is available on our website at www.celestica.com.

Compensation Committee Report:

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management and based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Celestica's annual report.

The Compensation Committee:

Mr. Crandall
Mr. DiMaggio
Mr. Etherington
Ms. Koellner
Mr. Ryan
Mr. Wilson

Nominating and Corporate Governance Committee

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

A copy of the Nominating and Corporate Governance Committee Charter is available on our website at <http://www.celestica.com>.

D. Employees

As of December 31, 2011, we employed approximately 31,000 permanent and temporary (contract) employees worldwide. Some of our employees in Austria, China, Japan, Mexico, Romania, Singapore and Spain are represented by unions or are covered by collective bargaining. The following table sets forth information concerning our employees by geographic location for the past three fiscal years:

<u>Date</u>	<u>Number of Employees</u>		
	<u>Americas</u>	<u>Europe</u>	<u>Asia</u>
December 31, 2009	11,000	3,000	19,000
December 31, 2010	11,000	4,000	20,000
December 31, 2011	8,000	3,000	20,000

Given the variable nature of our project flow and the quick response time required by our customers, it is critical that we are able to quickly adjust our production up or down to maximize efficiency. To achieve this, our approach has been to employ a skilled temporary labor force, as required. As at December 31, 2011, approximately 5,800 temporary (contract) employees (December 31, 2010 — 8,600) were engaged by Celestica worldwide. Celestica used, on average, approximately 7,300 temporary (contract) employees throughout 2011.

E. Share Ownership

The following table sets forth certain information concerning the direct and beneficial ownership of shares of Celestica at February 22, 2012 by each director who holds shares and each of the Named Executive Officers and all directors and executive officers of Celestica as a group. Unless otherwise noted, the address of each of the shareholders named below is Celestica's principal executive office. In this table, multiple voting shares are referred to as MVS and subordinate voting shares are referred to as SVS.

Name of Beneficial Owner ⁽¹⁾⁽²⁾	Voting Shares	Percentage of Class	Percentage of all Equity Shares	Percentage of Voting Power
Robert L. Crandall ⁽³⁾	90,000 SVS	*	*	*
Dan DiMaggio	0 SVS	—	—	—
William A. Etherington ⁽⁴⁾	25,000 SVS	*	*	*
Laurette Koellner	0 SVS	—	—	—
Joseph M. Natale	0 SVS	—	—	—
Eamon J. Ryan	0 SVS	—	—	—
Gerald W. Schwartz ⁽⁵⁾⁽⁶⁾	18,946,368 MVS 690,337 SVS	100.0% *	8.7% *	70.5% *
Michael Wilson	0 SVS	—	—	—
Craig H. Muhlhauser	1,934,771 SVS	*	*	*
Paul Nicoletti	743,192 SVS	*	*	*
John Peri	903,508 SVS	*	*	*
Elizabeth L. DelBianco	409,570 SVS	*	*	*
Peter A. Lindgren	416,515 SVS	*	*	*
Mary Gendron	188,860 SVS	*	*	*
Glen McIntosh	76,011 SVS	*	*	*
Scott Smith	67,996 SVS	*	*	*
All directors and executive officers as a group (16 persons) ⁽⁷⁾	18,946,368 MVS 5,545,760 SVS	100.0% 2.8%	8.7% 2.6%	70.5% *
Total percentage of all equity shares and total percentage of voting power			11.3%	71.3%

* 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 stock options granted pursuant to management investment plans of Onex are included as owned beneficially by named individuals, although the exercise of these stock options is subject to Onex meeting certain financial targets. More than one person may be deemed to have beneficial ownership of the same securities.
- (2) Information as to shares beneficially owned or shares over which control or direction is exercised is not within Celestica's knowledge and therefore has been provided by each nominee and officer.
- (3) Includes 20,000 subordinate voting shares subject to exercisable stock options.
- (4) Includes 15,000 subordinate voting shares subject to exercisable stock options.
- (5) The address of this shareholder is: c/o Onex Corporation, 161 Bay Street, P.O. Box 700, Toronto, Ontario, Canada M5J 2S1.
- (6) Includes 120,657 subordinate voting shares owned by a company controlled by Mr. Schwartz and all of the shares of Celestica beneficially owned by Onex, or in respect of which Onex exercises control or direction, of which 688,807 subordinate voting shares are subject to stock options granted to Mr. Schwartz pursuant to certain management incentive plans of Onex and 143,508 subordinate voting shares held in trust for Celestica Employee Nominee Corporation as agent for and on behalf of certain executives and employees of Celestica pursuant to certain of Celestica's employee share purchase and stock option plans. Mr. Schwartz, a director of Celestica, is the Chairman of the Board and Chief Executive Officer of Onex, and owns multiple voting shares of Onex carrying the right to elect a majority of the Onex board of directors. Accordingly, Mr. Schwartz may be deemed to be the beneficial owner of shares of Celestica owned by Onex; Mr. Schwartz, however, disclaims such beneficial ownership of the Celestica shares held by Onex and Celestica Employee Nominee Corporation.
- (7) Includes 3,029,784 subordinate voting shares subject to exercisable stock options.

Multiple voting shares and subordinate voting shares have different voting rights. Subordinate voting shares represent approximately 29% of the aggregate voting rights attached to Celestica's shares. See Item 10, "Additional Information — Memorandum and Articles of Incorporation."

At February 22, 2012, approximately 1,100 persons held stock options to acquire an aggregate of 8.8 million subordinate voting shares. Most of these stock options were issued pursuant to our Long-Term Incentive Plan. See Item 6(B), "Compensation." The following table sets forth information with respect to stock options outstanding as at February 22, 2012.

Beneficial Holders	Number of Subordinate Voting Shares Under Option	Exercise Price	Year of Issuance	Date of Expiry
Executive Officers (8 persons in total)	83,700	\$18.66/C\$29.11	During 2002	December 3, 2012-December 18, 2012
	8,000	C\$15.35	April 18, 2003	April 18, 2013
	78,500	\$17.15/C\$22.75	January 31, 2004	January 31, 2014
	3,333	C\$24.92	May 11, 2004	May 11, 2014
	60,500	\$14.86/C\$18.00	December 9, 2004	December 9, 2014
	50,000	\$13.00	June 6, 2005	June 6, 2015
	237,125	\$10.00/C\$11.43	January 31, 2006	January 31, 2016
	360,351	\$6.05/C\$7.10	February 2, 2007	February 2, 2017
	22,875	C\$6.27	July 31, 2007	July 31, 2017
	630,625	\$6.51/C\$6.51	February 5, 2008	February 5, 2018
	103,679	\$5.26	November 5, 2008	November 5, 2018
	1,332,638	\$4.13/C\$5.13	February 3, 2009	February 3, 2019
	25,000	\$8.05	November 5, 2009	November 5, 2019
	529,410	\$10.20/C\$10.77	February 2, 2010	February 2, 2020
	672,002	\$9.87/C\$9.87	February 1, 2011	February 1, 2021
	800,848	\$8.21/C\$8.26	January 31, 2012	January 31, 2022
Directors who are not Senior Management	5,000	\$32.40	April 21, 2002	April 21, 2012
	15,000	\$10.62	April 18, 2003	April 18, 2013
	15,000	\$18.25	May 10, 2004	May 10, 2014
All other Celestica Employees (other than MSL) (approximately 1,000 persons in total)	31,050	\$14.20-C\$39.57	During 2002	May 8, 2012-December 10, 2012
	533,900	\$18.66/C\$29.11	December 3, 2002	December 3, 2012
	72,250	\$10.62-\$19.90	During 2003	January 31, 2013-December 10, 2013
	529,987	\$17.15/C\$22.75	January 31, 2004	January 31, 2014
	83,008	\$13.80-C\$24.92	During 2004	February 6, 2014-November 5, 2014
	191,600	\$14.86/C\$18.00	December 9, 2004	December 9, 2014
	47,500	\$9.71-C\$16.23	During 2005	January 5, 2015-December 5, 2015
	271,760	\$10.00/C\$11.43	January 31, 2006	January 31, 2016
	32,218	\$9.35-C\$12.54	During 2006	February 6, 2016-December 5, 2016
	202,287	\$6.05/C\$7.10	February 2, 2007	February 2, 2017
	162,692	\$5.77-C\$7.76	During 2007	February 26, 2017-December 7, 2017
	366,125	\$6.51/C\$6.51	February 5, 2008	February 5, 2018
	107,784	\$4.90-C\$9.21	During 2008	March 5, 2018-December 5, 2018
	256,943	\$4.13/C\$5.13	February 3, 2009	February 3, 2019
	10,000	\$4.04	February 5, 2009	February 5, 2019
	153,594	\$10.20/C\$10.77	February 2, 2010	February 2, 2020
	205,735	\$9.87/C\$9.87	February 1, 2011	February 1, 2021
	7,435	C\$10.69	March 11, 2011	March 11, 2021
	283,440	\$8.21/C\$8.26	January 31, 2012	January 31, 2022
MSL Employees ⁽¹⁾	196,214	\$10.91-\$15.60	From 2002 to 2003	February 26, 2012-September 8, 2013

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

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table sets forth certain information concerning the direct and beneficial ownership of the shares of Celestica at February 22, 2012 by each person known to Celestica to own beneficially, directly or indirectly, 5% or more of the subordinate voting shares or the multiple voting shares. In this table, multiple voting shares are referred to as MVS and subordinate voting shares are referred to as SVS. Multiple voting shares and subordinate voting shares have different voting rights. Subordinate voting shares represent approximately 29% of the aggregate voting rights attached to Celestica's shares. See Item 10, "Additional Information — Memorandum and Articles of Incorporation."

Name of Beneficial Owner ⁽¹⁾	Number of Shares	Percentage of Class	Percentage of all Equity Shares	Percentage of Voting Power
Onex Corporation ⁽²⁾	18,946,368 MVS	100.0%	8.7%	70.5%
	569,680 SVS	*	*	*
Gerald W. Schwartz ⁽³⁾	18,946,368 MVS	100.0%	8.7%	70.5%
	690,337 SVS	*	*	*
MacKenzie Financial Corporation ⁽⁴⁾	34,170,070 SVS	17.2%	15.7%	5.1%
Greystone Managed Investments Inc. ⁽⁵⁾	11,861,483 SVS	6.0%	5.5%	1.8%
Letko, Brosseau & Ass. Inc. ⁽⁶⁾	13,157,841 SVS	6.6%	6.1%	2.0%
BMO Financial Corp. ⁽⁷⁾	12,580,935 SVS	6.3%	5.8%	1.9%
Total percentage of all equity shares and total percentage of voting power			42.1%	81.3%

* Less than 1%.

- (1) As used in this table, beneficial ownership means sole or shared power to vote or direct the voting of the security, or the sole or shared investment power with respect to a security (i.e., the power to dispose, or direct a disposition, of a security). A person is deemed at any date to have beneficial ownership of any security that such person has a right to acquire within 60 days of such date. More than one person may be deemed to have beneficial ownership of the same securities.
- (2) Includes 945,010 multiple voting shares held by wholly-owned subsidiaries of Onex, 143,508 subordinate voting shares held in trust for Celestica Employee Nominee Corporation as agent for and on behalf of certain executives and employees of Celestica pursuant to certain of Celestica's employee share purchase and stock option plans, and 102,597 subordinate voting shares directly or indirectly held by certain officers of Onex, which Onex or such other person has the right to vote.

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

subordinate voting shares.

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

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

The address of Mr. Schwartz is: 161 Bay Street P.O. Box 700, Toronto, Ontario, Canada M5J 2S1.

- (4) MacKenzie Financial Corporation (MacKenzie) is the beneficial owner of 34,170,070 subordinate voting shares and has sole voting power and sole dispositive power over these shares. The address of MacKenzie is: 180 Queen Street West, Toronto, Ontario, Canada M5V 3K1. The number of shares reported as owned by MacKenzie in this Major Shareholders Table and the information in this footnote is based on the Schedule 13G filed by MacKenzie with the SEC on February 14, 2012.
- (5) Greystone Managed Investments Inc. (Greystone) is the beneficial owner of 11,861,483 subordinate voting shares and has sole voting power over 11,273,753 subordinate voting shares and sole dispositive power over 11,861,483 subordinate voting shares. Accounts managed on a discretionary basis by Greystone have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the subordinate voting shares reported. To the best of Greystone's knowledge, no account holds more than 5 percent of the outstanding subordinate voting shares. The address of Greystone is: 300-1230 Blackfoot Drive, Regina, Saskatchewan, Canada, S4S 7G4. The number of shares reported as owned by Greystone in this Major Shareholders Table and the information in this footnote is based on the Schedule 13G/A filed by Greystone with the SEC on February 9, 2012.
- (6) Letko, Brosseau & Ass. Inc. (Letko) is the beneficial owner of 13,157,841 subordinate voting shares and has sole voting power and sole dispositive power over these shares. Clients of Letko have the right to receive or the power to direct the receipt of dividends from, or the proceeds from sale of, the subordinate voting shares reported as beneficially owned by Letko. No clients of Letko beneficially owns more than five percent of the subordinate voting shares. The address of Letko is: 1800 Mc Gill College Av., Suite 2510, Montreal, Quebec, Canada H3A 3J6. The number of shares reported as owned by Letko in this Major Shareholders Table and the information in this footnote is based on the Schedule 13G filed by Letko with the SEC on February 7, 2012.
- (7) BMO Financial Corp. (formerly Harris Financial Corp.) (BMO) is the beneficial owner of 12,580,935 subordinate voting shares and has sole voting power over 3,107,006 subordinate voting shares and sole dispositive power over 12,580,935 subordinate voting shares. The address of BMO is: 111 W. Monroe St., P.O. Box 755, Chicago, Illinois 60690. The number of shares reported as owned by BMO in this Major Shareholders Table and the information in this footnote is based on the Schedule 13G filed with the SEC on January 17, 2012 by BMO, on behalf of itself (as a parent holding company) and certain of its subsidiaries and its parent, identified therein.

In 2009, Onex converted approximately 11 million multiple voting shares into subordinate voting shares. Onex sold these subordinate voting shares as part of a secondary offering, resulting in a reduction in ownership percentages from 2008 to 2009. MacKenzie has been a major shareholder since 2007 and, in 2010, had increased its holdings by approximately 5% from 2009. Letko has been a major shareholder since 2007. Barclays Global Investors ceased to hold 5% of subordinate voting shares during 2009. Greystone has been a major shareholder since 2009. BMO became a holder of 5% or more of the subordinate voting shares during 2011.

Holders

On February 22, 2012, there were approximately 1,890 holders of record of subordinate voting shares, of which 475 holders, holding approximately 53% of the outstanding subordinate voting shares, were resident in the United States and 435 holders, holding approximately 47% of the outstanding subordinate voting shares, were resident in Canada.

B. Related Party Transactions

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

We have manufacturing agreements with two companies related to or under the control of Onex or Mr. Schwartz, the Chairman and Chief Executive Officer of Onex and one of our directors (2010 — one company). During 2011, we recorded revenue of \$90.9 million from these companies (2010 — \$43.3 million). At December 31, 2011, we had \$15.5 million due from these companies (December 31, 2010 — \$4.9 million). All transactions with these companies were in the normal course of operations and were recorded at the exchange amounts as agreed to by the parties based on arm's length terms. One of these companies was sold subsequent to year-end and will not be reported as a related party in 2012.

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

Subject to certain permitted forms of sale, such as identical or better offers to all holders of subordinate voting shares, Onex has agreed that it, and any of its affiliates that may hold multiple voting shares from time-to-time, will not sell any multiple voting shares, directly or indirectly, pursuant to a take-over bid (as that term is defined under applicable securities legislation and the agreement) under circumstances in which any applicable securities legislation would have required the same offer or a follow-up offer to be made to holders of subordinate voting shares if the sale had been a sale of subordinate voting shares rather than multiple voting shares, but otherwise on the same terms.

Our related party transactions are also disclosed in Item 5, "Operating and Financial Review and Prospects — Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Related Party Transactions."

Indebtedness of Related Parties

As at February 22, 2012, no related parties were indebted to Celestica, except for trade receivables under the manufacturing agreements as described herein.

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

See Item 18, "Financial Statements."

Litigation

We are party to litigation from time-to-time. We currently are not party to any legal proceedings which management expects will have a material adverse effect on the results of operations, business, or financial condition of Celestica. In 2007, securities class action lawsuits were commenced against us and our former Chief Executive and Chief Financial Officers in the United States District Court of the Southern District of New York by certain individuals, on behalf of themselves and other unnamed purchasers of our stock, claiming that they were purchasers of our stock during the period January 27, 2005 through January 30, 2007. The plaintiffs allege violations of United States federal securities laws and seek unspecified damages. They allege that during the purported period we made statements concerning our actual and anticipated future financial results that failed to disclose certain purportedly material adverse information with respect to demand and inventory in our Mexican operations and our information technology and communications divisions. In an amended complaint, the plaintiffs added one of our directors and Onex Corporation as defendants. On October 14, 2010, the District Court granted the defendants' motions to dismiss the consolidated amended complaint in its entirety. The plaintiffs appealed to the United States Court of Appeals for the Second Circuit the dismissal of its claims against us and our former Chief Executive and Chief Financial Officers, but not as to the other defendants. In a

summary order dated December 29, 2011, the Court of Appeals reversed the District Court's dismissal of the consolidated amended complaint and remanded the case to the District Court for further proceedings. Parallel class proceedings, including a claim issued in October 2011, remain against us and our former Chief Executive and Chief Financial Officers in the Ontario Superior Court of Justice, but neither leave nor certification of any actions has been granted by that court. We believe the allegations in the claims and the appeal are without merit and we intend to defend against them vigorously. However, there can be no assurance that the outcome of the litigation will be favorable to us or that it will not have a material adverse impact on our financial position or liquidity. In addition, we may incur substantial litigation expenses in defending these claims. We have liability insurance coverage that may cover some of our litigation expenses, potential judgments and settlement costs.

Dividend Policy

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

B. Significant Changes

None.

Item 9. The Offer and Listing

A. Offer and Listing Details

Market Information

The subordinate voting shares are listed on the NYSE and the TSX. The following tables set forth certain trading information for the subordinate voting shares in Canada and the United States for the periods indicated, as reported by Bloomberg LP. In the following tables, subordinate voting shares are referred to as SVS.

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

	United States Composite Trading		
	High	Low	Volume
	(Price per SVS)		
Year ended December 31, 2007	\$ 8.01	\$ 5.32	327,400,000
Year ended December 31, 2008	9.74	3.27	424,530,000
Year ended December 31, 2009	10.09	2.59	277,960,000
Year ended December 31, 2010	11.24	7.51	207,160,000
Year ended December 31, 2011	11.98	6.94	194,790,000

	Canadian Composite Trading		
	High	Low	Volume
	(Price per SVS)		
Year ended December 31, 2007	C\$ 9.48	C\$ 5.68	300,050,000
Year ended December 31, 2008	9.68	4.31	276,890,000
Year ended December 31, 2009	10.80	3.41	254,740,000
Year ended December 31, 2010	11.41	8.04	259,630,000
Year ended December 31, 2011	11.75	7.15	295,270,000

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

	United States Composite Trading		
	High	Low	Volume
	(Price per SVS)		
Year ended December 31, 2010			
First quarter	\$ 11.24	\$ 9.08	58,160,000
Second quarter	11.02	8.06	68,570,000
Third quarter	9.15	7.51	42,060,000
Fourth quarter	9.84	8.38	38,370,000
Year ended December 31, 2011			
First quarter	\$ 11.98	\$ 9.29	49,200,000
Second quarter	11.27	8.08	35,080,000
Third quarter	9.35	7.15	68,830,000
Fourth quarter	8.81	6.94	41,680,000
	Canadian Composite Trading		
	High	Low	Volume
	(Price per SVS)		
Year ended December 31, 2010			
First quarter	C\$ 11.41	C\$ 9.63	57,540,000
Second quarter	11.01	8.60	66,580,000
Third quarter	9.41	8.04	69,800,000
Fourth quarter	9.95	8.58	65,710,000
Year ended December 31, 2011			
First quarter	C\$ 11.75	C\$ 9.21	83,310,000
Second quarter	10.72	7.91	82,870,000
Third quarter	8.89	7.15	75,590,000
Fourth quarter	8.86	7.31	53,500,000

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

	United States Composite Trading		
	High	Low	Volume
	(Price per SVS)		
September 2011	\$ 8.41	\$ 7.15	17,670,000
October 2011	8.81	6.94	19,740,000
November 2011	8.74	7.54	11,620,000
December 2011	8.10	7.13	10,320,000
January 2012	8.51	7.48	15,590,000
February 2012	9.53	8.35	17,150,000
	Canadian Composite Trading		
	High	Low	Volume
	(Price per SVS)		
September 2011	C\$ 8.27	C\$ 7.36	23,130,000
October 2011	8.73	7.31	21,240,000
November 2011	8.86	7.93	16,400,000
December 2011	8.21	7.38	15,860,000
January 2012	8.54	7.67	22,650,000
February 2012	9.51	8.32	36,950,000

B. Plan of Distribution

Not applicable.

C. Markets

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

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Incorporation

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

Shareholder Rights and Limitations

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

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

C. Material Contracts

Information about material contracts, other than contracts entered into in the ordinary course of business, to which Celestica or any member of Celestica's group is a party, for the two years immediately preceding the publication of this Annual Report are described in Item 5, "Operating and Financial Review and Prospects — Liquidity and Capital Resources — Capital Resources."

D. Exchange Controls

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

E. Taxation

Material Canadian Federal Income Tax Considerations

The following is a summary of the material Canadian federal income tax considerations generally applicable to a person (a U.S. Holder), who acquires subordinate voting shares and who, for purposes of the Income Tax Act (Canada) (the Canadian Tax Act) and the Canada-United States Income Tax Convention (1980) (the Tax Treaty) at all relevant times is resident in the United States and is neither resident nor deemed to be resident in Canada, is eligible for benefits under the Tax Treaty, deals at arm's length and is not affiliated with Celestica, holds such subordinate voting shares as capital property, and does not use or hold, and is not deemed to use or hold, the subordinate voting shares in carrying on business in Canada. Special rules, which are not discussed in this summary, may apply to a U.S. Holder that is a financial institution (as defined in the Canadian Tax Act), or is an insurer to whom the subordinate voting shares are designated insurance property (as defined in the Canadian Tax Act).

This summary is based on Celestica's understanding of the current provisions of the Tax Treaty, the Canadian Tax Act and the regulations thereunder, all specific proposals to amend the Canadian Tax Act or the regulations publicly announced by the Minister of Finance (Canada) prior to February 22, 2012, and the current published administrative practices of the Canada Revenue Agency.

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

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder, and no representation with respect to the Canadian federal income tax consequences to any particular holder is made. Consequently, U.S. Holders of subordinate voting shares should consult their own tax advisors with respect to the income tax consequences to them having regard to their particular circumstances.

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

Taxation of Dividends

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

Disposition of Subordinate Voting Shares

A U.S. Holder will not be subject to tax under the Canadian Tax Act in respect of any capital gain realized on the disposition or deemed disposition of subordinate voting shares unless the subordinate voting shares constitute or are deemed to constitute "taxable Canadian property" other than "treaty-protected property", as defined in the Canadian Tax Act, at the time of such disposition. Generally, subordinate voting shares will not be "taxable Canadian property" to a U.S. Holder at a particular time, where the subordinate voting shares are listed on a designated stock exchange (which currently includes the TSX and NYSE) at that time, unless at any time during the 60-month period immediately preceding that time: (A) the U.S. Holder, persons with whom the U.S. Holder did not deal at arm's length, or the U.S. Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the capital stock of Celestica; and (B) more than 50% of

the fair market value of the subordinate voting shares was derived directly or indirectly from one or any combination of (i) real or immoveable properties situated in Canada, (ii) "Canadian resource properties", (iii) "timber resource properties" and (iv) options in respect of, or interests in, property described in (i) to (iii), in each case as defined in the Canadian Tax Act. In certain circumstances set out in the Canadian Tax Act, the subordinate voting shares of a particular U.S. Holder could be deemed to be "taxable Canadian property" to that holder. Even if the subordinate voting shares are "taxable Canadian property" to a U.S. Holder, they generally will be "treaty-protected property" to such holder by virtue of the Tax Treaty if the value of such shares at the time of disposition is not derived principally from "real property situated in Canada" as defined for these purposes under the Tax Treaty and the Canadian Tax Act. Consequently, on the basis that the value of the subordinate voting shares should not be considered derived principally from such "real property situated in Canada" at any relevant time, any gain realized by the U.S. Holder upon the disposition of the subordinate voting shares generally will be exempt from tax under the Canadian Tax Act.

Material United States Federal Income Tax Considerations

The following discussion describes the material United States federal income tax consequences to United States Holders (as defined below) of subordinate voting shares. A United States Holder is a citizen or resident of the United States, a corporation (or other entity taxable as a corporation), partnership or limited liability company created or organized in or under the laws of the United States or of any political subdivision thereof, an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or a trust, if either (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii) the trust has made an election under applicable U.S. Treasury regulations to be treated as a United States person. If a partnership (or limited liability company that is treated as a partnership) holds subordinate voting shares, the tax treatment of a partner generally will depend upon the status of the partner and upon the activities of the partnership. If you are a partner of a partnership holding subordinate voting shares, we suggest that you consult with your tax advisor. This summary is for general information purposes only. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to your decision to purchase, hold or dispose of subordinate voting shares. This summary considers only United States Holders who will own subordinate voting shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). In this context, the term "capital assets" means, in general, assets held for investment by a taxpayer. Material aspects of U.S. federal income tax relevant to non-United States Holders are also discussed below.

This discussion is based on current provisions of the Internal Revenue Code, current and proposed Treasury regulations promulgated thereunder and administrative and judicial decisions as of December 31, 2011, all of which are subject to change, possibly on a retroactive basis. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to any particular United States Holder based on the United States Holder's individual circumstances. In particular, this discussion does not address the potential application of the alternative minimum tax or U.S. federal income tax consequences to United States Holders who are subject to special treatment, including taxpayers who are broker dealers or insurance companies, taxpayers who have elected mark-to-market accounting, individual retirement and other tax-deferred accounts, tax-exempt organizations, financial institutions or "financial services entities," taxpayers who hold subordinate voting shares as part of a "straddle," "hedge" or "conversion transaction" with other investments, taxpayers owning directly, indirectly or by attribution at least 10% of the voting power of our share capital, and taxpayers whose functional currency (as defined in Section 985 of the Internal Revenue Code) is not the U.S. dollar.

This discussion does not address any aspect of U.S. federal gift or estate tax or state, local or non-U.S. tax laws. Additionally, the discussion does not consider the tax treatment of persons who hold subordinate voting shares through a limited liability company or through a partnership or other pass-through entity (such as an S corporation). For U.S. federal income tax purposes, income earned through a foreign or domestic partnership or similar entity is generally attributed to its owners. You are advised to consult your own tax advisor with respect to the specific tax consequences to you of purchasing, holding or disposing of the subordinate voting shares.

Taxation of Dividends Paid on Subordinate Voting Shares

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

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

United States Holders will generally have the option of claiming the amount of any Canadian income taxes withheld either as a deduction from gross income or as a dollar-for-dollar credit against their U.S. federal income tax liability, subject to specified conditions and limitations. Individuals who do not claim itemized deductions, but instead utilize the standard deduction, may not claim a deduction for the amount of the Canadian income taxes withheld, but these individuals generally may still claim a credit against their U.S. federal income tax liability. The amount of foreign income taxes that may be claimed as a credit in any year is subject to complex limitations and restrictions, which must be determined on an individual basis by each shareholder. The total amount of allowable foreign tax credits in any year cannot exceed the pre-credit U.S. tax liability for the year attributable to foreign source taxable income and further limitations may apply under the alternative minimum tax. A United States Holder will be denied a foreign tax credit with respect to Canadian income tax withheld from dividends received on subordinate voting shares to the extent that he or she has not held the subordinate voting shares for at least 15 days of the 31-day period beginning on the date which is 15 days before the ex-dividend date or to the extent that he or she is under an obligation to make related payments with respect to substantially similar or related property. Instead, a deduction may be allowed. Any days during which a United States Holder has substantially diminished his or her risk of loss on his or her subordinate voting shares are not counted toward meeting the 16-day holding period.

Subject to possible future changes in U.S. tax law, individuals, estates or trusts who receive "qualified dividend income" (excluding dividends from a PFIC) in taxable years beginning after December 31, 2002 and before January 1, 2013 generally will be taxed at a maximum U.S. federal rate of 15% (rather than the higher tax rates generally applicable to items of ordinary income) provided certain holding period requirements are met. Subject to the discussion of the PFIC rules below, Celestica believes that dividends paid by it with respect to its subordinate voting shares should constitute "qualified dividend income" for United States federal income tax purposes and that holders who are individuals (as well as certain trusts and estates) should be entitled to the reduced rates of tax, as applicable. Absent legislative action to extend the current rates, dividends paid after 2012 will be subject to tax, as ordinary income, at rates up to 43.4% (including a 3.8% tax on passive income derived by certain high-income taxpayers). Holders are urged to consult their own tax advisors regarding the impact of the "qualified dividend income" provisions of the Internal Revenue Code on their particular situations, including related restrictions and special rules.

Taxation of Disposition of Subordinate Voting Shares

Subject to the discussion of the PFIC rules below, upon the sale, exchange or other disposition of subordinate voting shares, a United States Holder will recognize capital gain or loss in an amount equal to the difference between his or her adjusted tax basis in his or her shares and the amount realized on the disposition.

A United States Holder's adjusted tax basis in the subordinate voting shares will generally be the initial cost, but may be adjusted for various reasons including the receipt by such United States Holder of a distribution that was not made up wholly of earnings and profits as described above under the heading "Taxation of Dividends Paid on Subordinate Voting Shares." A United States Holder that uses the cash method of accounting calculates the dollar value of the proceeds received on the sale date as of the date that the sale settles, while a United States Holder who uses the accrual method of accounting is required to calculate the value of the proceeds of the sale as of the "trade date," unless he or she has elected to use the settlement date to determine his or her proceeds of sale. Capital gain from the sale, exchange or other disposition of shares held more than one year is long-term capital gain and is eligible for a maximum 15% rate of taxation for non-corporate taxpayers. Absent legislative action to extend the current rates, such maximum rate will increase to 23.8% for long-term capital gain that is recognized after 2012 (including a 3.8% tax on passive income derived by certain high-income taxpayers). A reduced rate does not apply to capital gains realized by a United States Holder that is a corporation. Capital losses are generally deductible only against capital gains and not against ordinary income. In the case of an individual, however, unused capital losses in excess of capital gains may offset up to \$3,000 annually of ordinary income. Gain or loss recognized by a United States Holder on a sale, exchange or other disposition of subordinate voting shares generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. A United States Holder who receives foreign currency upon disposition of subordinate voting shares and converts the foreign currency into U.S. dollars subsequent to receipt will have foreign exchange gain or loss based on any appreciation or depreciation in the value of the foreign currency against the U.S. dollar. United States Holders should consult their own tax advisors regarding the treatment of a foreign currency gain or loss.

Tax Consequences if We Are a Passive Foreign Investment Company

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

- excess distributions by Celestica to a United States Holder would be taxed in a special way. "Excess distributions" are amounts received by a United States Holder with respect to subordinate voting shares in any taxable year that exceed 125% of the average distributions received by the United States Holder from the company in the shorter of either the three previous years or his or her holding period for his or her shares before the present taxable year. Excess distributions must be allocated ratably to each day that a United States Holder has held subordinate voting shares. A United States Holder must include amounts allocated to the current taxable year and to any non-PFIC years in his or her gross income as ordinary income for that year. A United States Holder must pay tax on amounts allocated to each prior taxable PFIC year at the highest marginal tax rate in effect for that year on ordinary income and the tax is subject to an interest charge at the rate applicable to deficiencies for income tax;
- the entire amount of gain that is realized by a United States Holder upon the sale or other disposition of shares would also be considered an excess distribution and would be subject to tax as described above; and
- a United States Holder's tax basis in shares that were acquired from a decedent would not receive a step-up to fair market value as of the date of the decedent's death but instead would be equal to the decedent's tax basis, if lower.

The special PFIC rules do not apply to a United States Holder if the United States Holder makes an election to treat the company as a "qualified electing fund" in the first taxable year in which he or she owns subordinate voting shares and if we comply with reporting requirements. Instead, a shareholder of a qualified electing fund is required for each taxable year to include in income a pro rata share of the ordinary earnings of the qualified electing fund as ordinary income and a pro rata share of the net capital gain of the qualified

electing fund as long-term capital gain, subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. We have agreed to supply United States Holders with the information needed to report income and gain pursuant to this election in the event that we are classified as a PFIC. The election is made on a shareholder-by-shareholder basis and may be revoked only with the consent of the Internal Revenue Service, or IRS. A shareholder makes the election by attaching a completed IRS Form 8621, including the PFIC annual information statement, to a timely filed U.S. federal income tax return. Even if an election is not made, a shareholder in a PFIC who is a United States Holder must file a completed IRS Form 8621 every year.

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

Despite the fact that we are engaged in an active business, we are unable to conclude that Celestica was not a PFIC in 2011, though we believe, based on our internally performed analysis, that such status is unlikely. The tests in determining PFIC status include the determination of the value of all assets of the Company which is highly subjective. Further, the tests for determining PFIC status are applied annually, and it is difficult to make accurate predictions of future income and assets, which are relevant to the determination as to whether we will be a PFIC in the future. Accordingly, based on our current business plan, we may be a PFIC in 2012 or in a future year. A United States Holder who holds subordinate voting shares during a period in which we are a PFIC will be subject to the PFIC rules, even if we cease to be a PFIC, unless he or she has made a qualifying electing fund election. Although we have agreed to supply United States Holders with the information needed to report income and gain pursuant to this election in the event that Celestica is classified as a PFIC, if Celestica was determined to be a PFIC with respect to a year in which we had not thought that it would be so treated, the information needed to enable United States Holders to make a qualifying electing fund election would not have been provided. United States Holders are strongly urged to consult their tax advisors about the PFIC rules, including the consequences to them of making a mark-to-market or qualifying electing fund elections with respect to subordinate voting shares in the event that Celestica is treated as a PFIC.

Tax Consequences for Non-United States Holders of Subordinate Voting Shares

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

- the item is effectively connected with the conduct by the non-United States Holder of a trade or business in the United States and, generally, in the case of a resident of a country that has an income treaty with the United States, such item is attributable to a permanent establishment in the United States;
- the non-United States Holder is an individual who holds subordinate voting shares as a capital asset and is present in the United States for 183 days or more in the taxable year of the disposition and does not qualify for an exemption; or
- the non-United States Holder is subject to tax pursuant to the provisions of U.S. tax law applicable to U.S. expatriates.

Information Reporting and Back-up Withholding

Payments made within the United States, or by a U.S. payor or U.S. middleman, of dividends and proceeds arising from certain sales or other taxable dispositions of subordinate voting shares will be subject to information reporting. Backup withholding tax, at the then applicable rate, will apply if a United States Holder (a) fails to furnish the United States Holder's correct U.S. taxpayer identification number (generally on Form W-9), (b) is

notified by the IRS that the United States Holder has previously failed to properly report items subject to backup withholding tax, or (c) fails to certify, under penalty of perjury, that the United States Holder has furnished the United States Holder's correct U.S. taxpayer identification number and that the IRS has not notified the United States Holder that the United States Holder is subject to backup withholding tax. However, United States Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a United States Holder's U.S. federal income tax liability, if any, or will be refunded, if the United States Holder follows the requisite procedures and timely furnishes the required information to the IRS. United States Holders should consult their own tax advisors regarding the information reporting and backup withholding tax rules.

Recently enacted legislation requires U.S. individuals to report an interest in any "specified foreign financial asset" if the aggregate value of such assets owned by the U.S. individual exceeds \$50,000 (or such higher amount as the IRS may prescribe in future guidance). Stock issued by a foreign corporation is treated as a specified foreign financial asset for this purpose.

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

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

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

You may access this Annual Report, including exhibits and schedules, on our website at <http://www.celestica.com> or request a copy free of charge through our website. Requests may also be directed to elsir@celestica.com, by mail to Celestica Investor Relations, 844 Don Mills Road, Toronto, Ontario, Canada M3C 1V7, or by telephone at 416-448-2211.

You may also review a copy of our filings with the SEC, including exhibits and schedules filed with this Annual Report, at the SEC's public reference facilities in Room 1580, 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of such materials from the Public Reference Section of the SEC, Room 1580, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. The SEC maintains a website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. We began to file electronically with the SEC in November 2000.

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

We also file reports, statements and other information with the Canadian Securities Administrators, or the CSA, and these can be accessed electronically at the CSA's System for Electronic Document Analysis and Retrieval website (<http://www.sedar.com>).

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

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Exchange Rate Risk

We have entered into foreign currency contracts to hedge foreign currency risk. These financial instruments include, to varying degrees, elements of market risk. The table below presents the notional amounts and weighted average exchange rates by expected (contractual) maturity dates. These notional amounts generally are used to calculate the contractual payments to be exchanged under the contracts. At December 31, 2011, we had foreign currency contracts covering various currencies in an aggregate notional amount of \$776.5 million (December 31, 2010 — \$658.7 million). These contracts had a fair value net unrealized loss of \$13.9 million at December 31, 2011 (December 31, 2010 — \$13.0 million net unrealized gain).

	Expected Maturity Date			Total	Fair Value Gain (Loss)
	2012	2013 - 2016	2017 and thereafter		
Forward Exchange Agreements					
Contract amount in millions					
Receive C\$/Pay U.S.\$					
Contract amount	\$ 339.9	\$ 9.7	\$ —	\$ 349.6	\$ (2.0)
Average exchange rate	0.98	0.97			
Receive Thai Baht/Pay U.S.\$					
Contract amount	\$ 124.6	\$ 19.6	—	\$ 144.2	\$ (4.7)
Average exchange rate	0.03	0.03			
Receive Malaysian Ringgit/Pay U.S.\$					
Contract amount	\$ 85.5	\$ 11.9	—	\$ 97.4	\$ (2.4)
Average exchange rate	0.32	0.32			
Receive Mexican Peso/Pay U.S.\$					
Contract amount	\$ 49.7	—	—	\$ 49.7	\$ (3.0)
Average exchange rate	0.08				
Receive Chinese Renminbi/Pay U.S.\$					
Contract amount	\$ 33.9	—	—	\$ 33.9	\$ (0.2)
Average exchange rate	0.16				
Pay British Pound Sterling/Receive U.S.\$					
Contract amount	\$ 33.4	—	—	\$ 33.4	\$ 0.1
Average exchange rate	1.54				
Receive Singapore \$/Pay U.S.\$					
Contract amount	\$ 19.8	—	—	\$ 19.8	\$ (0.6)
Average exchange rate	0.80				
Pay Euro/Receive U.S.\$					
Contract amount	\$ 14.8	—	—	\$ 14.8	\$ —
Average exchange rate	1.29				
Pay Japanese Yen/Receive U.S.\$					
Contract amount	\$ 14.0	—	—	\$ 14.0	\$ —
Average exchange rate	0.01				
Receive Romanian Lei/Pay U.S.\$					
Contract amount	\$ 10.8	—	—	\$ 10.8	\$ (0.8)
Average exchange rate	0.32				
Receive Other/Pay U.S.\$					
Contract amount	\$ 8.9	—	—	\$ 8.9	\$ (0.3)
Average exchange rate	—				
Total	<u>\$ 735.3</u>	<u>\$ 41.2</u>	<u>\$ —</u>	<u>\$ 776.5</u>	<u>\$ (13.9)</u>

Interest Rate Risk

Borrowings under our revolving credit facility bear interest at LIBOR or Prime rate plus a margin. If we borrow under this facility, we are exposed to interest rate risks due to fluctuations in these rates. A one-percentage point increase in these rates would increase interest expense by \$4.0 million annually, assuming we borrow a maximum of \$400.0 million under our credit facility. See note 12 to the Consolidated Financial Statements in Item 18.

We redeemed all of our outstanding Senior Subordinated Notes by March 31, 2010. See note 12 to the Consolidated Financial Statements in Item 18.

Item 12. Description of Securities Other than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

None.

Part II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

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

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

Item 16. [Reserved.]

Item 16A. Audit Committee Financial Expert

The Board of Directors has considered the extensive financial experience of Messrs. Crandall, Etherington, and Ms. Koellner and has determined that each of them is an audit committee financial expert within the meaning of the U.S. Sarbanes Oxley Act of 2002.

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

Item 16B. Code of Ethics

The Board of Directors has adopted a Finance Code of Professional Conduct for Celestica's CEO, our senior finance officers and all personnel in the finance organization to deter wrongdoing and promote honest

and ethical conduct in the practice of financial management; full, fair, accurate, timely and understandable disclosure; compliance with all applicable laws and regulations; prompt internal reporting of violations of the code and accountability for adherence to the code. These professionals are expected to abide by this code as well as Celestica's Business Conduct Governance policy and all of our other applicable business policies, standards and guidelines.

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

Item 16C. Principal Accountant Fees and Services

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

Our auditors are KPMG LLP. KPMG did not provide any financial information systems design or implementation services to us during 2010 or 2011. The Audit Committee has determined that the provision of the non-audit services by KPMG does not compromise KPMG's independence.

Audit Fees

KPMG billed \$3.6 million in 2011 (2010 — \$3.4 million) for audit services.

Audit-Related Fees

KPMG billed \$0.4 million in 2011 (2010 — \$0.7 million) for audit-related services, including a review of the 2010 IFRS comparative data, due diligence related to acquisitions and pension audits.

Tax Fees

KPMG billed \$0.4 million in 2011 (2010 — \$0.5 million) for tax compliance, tax advice and tax planning services.

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

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

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

Not applicable.

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

None.

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

In July 2010, we filed an NCIB with the TSX to repurchase, at our discretion until August 2, 2011, up to 18.0 million subordinate voting shares on the open market or as otherwise permitted, subject to the normal terms and limitations of such bids. As of December 31, 2010, we repurchased for cancellation a total of 16.1 million shares at a weighted average price of \$8.75 per share under the NCIB. We also purchase, from time-to-time, subordinate voting shares in the open market to settle awards to employees vesting under our equity-based compensations plans. During March and May, 2011, we repurchased a total of 0.8 million subordinate voting shares under this NCIB which were not cancelled as we used them to settle employee awards.

During 2011, the share purchases (in millions) were as follows:

Period	(a) Total number of SVS purchased	(b) Average price paid per SVS	(c) Total number of SVS purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of SVS that may yet be purchased under the plans or program
March 2011	0.7	\$ 11.14	0.7	0
May 2011	0.1	\$ 10.47	0.1	0
August 2011	2.3	\$ 7.94	0	0
September 2011	0.6	\$ 8.17	0	0
October 2011	0.4	\$ 8.49	0	0
November 2011	1.6	\$ 8.32	0	0
Total	5.7	\$ 8.56	0.8	—

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Corporate Governance

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

We submitted a certificate of Craig H. Muhlhauser, our CEO, to the NYSE in 2011 certifying that he was not aware of any violation by Celestica of its corporate governance listing standards.

The corporate governance guidelines can be accessed electronically at <http://www.celestica.com>.

Corporate Social Responsibility

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

Our guiding policies and principles include:

- Our Values, developed with input from our employees to reflect the characteristics and behaviours that are core to our Company.
- Our Business Conduct Governance Policy, which outlines the ethics and practices we consider necessary for a positive working environment and the high legal and ethical standards to which our employees are held accountable.
- The Electronics Industry Citizenship Coalition (EICC), of which we were a founding member. The EICC's Code of Conduct outlines industry standards to ensure that working conditions in the supply

chain are safe, workers are treated with respect and dignity, and manufacturing processes are environmentally responsible. Celestica is continually working to implement, manage and audit our compliance with this Code.

Since 2010, we have published a Corporate Social Responsibility Report and Environmental Sustainability Report. These reports, along with our Business Conduct Governance Policy, are available on our corporate website at <http://www.celestica.com>. These documents outline our high standards for business ethics, the policies we value and uphold, the progress we have made as a socially responsible organization and the key milestones we are working to achieve in 2012 and beyond.

Item 16H. Mine Safety Disclosure

Not applicable.

Part III

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

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

	<u>Page</u>
Management's Report on Internal Control over Financial Reporting	F-1
Reports of Independent Registered Public Accounting Firm	F-2, F-3
Consolidated Balance Sheet as at January 1, 2010, and December 31, 2010 and 2011	F-4
Consolidated Statement of Operations for the years ended December 31, 2010 and 2011	F-5
Consolidated Statement of Comprehensive Income for the years ended December 31, 2010 and 2011	F-6
Consolidated Statement of Changes in Equity for the years ended December 31, 2010 and 2011	F-7
Consolidated Statement of Cash Flows for the years ended December 31, 2010 and 2011	F-8
Notes to the Consolidated Financial Statements	F-9

Item 19. Exhibits

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

Exhibit Number	Description	Incorporated by Reference				
		Form	File No.	Filing Date	Exhibit No.	Filed Herewith
1.	Articles of Incorporation and Bylaws as currently in effect:					
1.1	Certificate and Articles of Incorporation	F-1	333-8700	April 29, 1998	3.1	
1.2	Certificate and Articles of Amendment effective October 22, 1996	F-1	333-8700	April 29, 1998	3.2	
1.3	Certificate and Articles of Amendment effective January 24, 1997	F-1	333-8700	April 29, 1998	3.3	
1.4	Certificate and Articles of Amendment effective October 8, 1997	F-1	333-8700	April 29, 1998	3.4	
1.5	Certificate and Articles of Amendment effective April 29, 1998	F-1/A	333-8700	June 1, 1998	3.5	
1.6	Articles of Amendment effective June 26, 1998	F-1	333-10030	February 16, 1999	3.6	
1.7	Restated Articles of Incorporation effective June 26, 1998	F-1	333-10030	February 16, 1999	3.7	
1.8	Restated Articles of Incorporation effective November 20, 2001	20-F	001-14832	April 21, 2003	1.8	
1.9	Restated Article of Incorporation effective May 13, 2003	20-F	001-14832	May 19, 2004	1.9	
1.10	Restated Article of Incorporation effective June 25, 2004	20-F	001-14832	March 23, 2010	1.10	
1.11	Bylaw No. 1	20-F	001-14382	March 23, 2010	1.11	
1.12	Bylaw No. 2	F-1	333-8700	April 29, 1998	3.9	
1.13	Bylaw No. 3	20-F	001-14832	May 19, 2004	1.12	
1.14	Bylaw No. A	20-F	001-14832	May, 2004	1.14	
2.	Instruments defining rights of holders of equity or debt securities:					
2.1	See Certificate and Articles of Incorporation and amendments thereto identified above					
2.2	Form of Subordinate Voting Share Certificate	F-1/A	333-8700	June 25, 1998	4.1	
2.3	Indenture, dated as of June 16, 2004, between Celestica Inc. and JPMorgan Chase Bank, N.A., as trustee	6-K	0001-14832	June 17, 2004	4.11	
2.4	Sixth Revolving Term Credit Agreement, dated January 14, 2011, between: Celestica Inc., the Subsidiaries of Celestica Inc. specified therein as Designated Subsidiaries, CIBC World Markets, as Joint Lead Arranger, RBC Capital Markets, as Joint Lead Arranger and Co-Syndication Agent, Canadian Imperial Bank of Commerce, a Canadian Chartered Bank, as Administrative Agent, Banc of America Securities LLC, as Co-Syndication Agent and the financial institutions named in Schedule A, as lenders	20-F	0001-14832	March 24, 2010	2.4	

Exhibit Number	Description	Incorporated by Reference				
		Form	File No.	Filing Date	Exhibit No.	Filed Herewith
2.5	Seventh Amendment dated November 17, 2010 to Revolving Trade Receivables Purchase Agreement between Celestica Inc., Celestica Corporation, Celestica Czech Republic S.R.O., Celestica Holdings PTE LTD, Celestica Valencia S.A., Celestica Hong Kong LTD., and Deutsche Bank AG, New York Branch	20-F	001-14832	March 24, 2010	2.5	
2.6	Amended and Restated Revolving Trade Receivables Purchase Agreement, dated as of November 4, 2011, among the Celestica Inc., Celestica LLC, Celestica Czech Republic s.r.o., Celestica Holdings Pte Ltd., Celestica Valencia S.A., Celestica Hong Kong Ltd., Celestica (Romania) s.r.l., Celestica Japan KK, Celestica Oregon LLC, each of the financial institutions named on Schedule I thereto and Deutsche Bank AG New York Branch†					X
4.	Certain Contracts:					
4.1	Services Agreement, dated as of January 1, 2009, between Celestica Inc. and Onex Corporation	20-F	0001-14382	March 23, 2010	4.1	
4.2	Executive Employment Agreement, dated as of July 26, 2007, between Celestica Inc., Celestica International Inc. and Celestica Corporation and Craig H. Muhlhauser	20-F	0001-14832	March 25, 2008	4.4	
4.3	Executive Employment Agreement, dated as of July 26, 2007, between Celestica Inc., Celestica International Inc. and Paul Nicoletti	20-F	0001-14832	March 25, 2008	4.5	
4.4	Executive Employment Agreement, dated as of January 1, 2008, between Celestica Inc., Celestica International Inc. and Elizabeth L. DelBianco	20-F	0001-14832	March 25, 2008	4.6	
4.5	Amended and Restated Celestica Inc. Long-Term Incentive Plan	20-F	0001-14382	March 23, 2010	4.5	
4.6	Amended & Restated Celestica Share Unit Plan	20-F	0001-14382	March 24, 2010	4.6	
4.7	D2D Employee Share Purchase and Option Plan (1997)	F-1/A	333-8700	June 1, 1998	10.20	
4.8	Celestica 1997 U.K. Approved Share Option Scheme	F-1	333-8700	April 29, 1998	10.19	
4.9	1998 U.S. Executive Share Purchase and Option Plan	S-8	333-9500	October 8, 1998	4.6	
8.1	Subsidiaries of Registrant					X
11.1	Finance Code of Professional Conduct	20-F	0001-14382	March 23, 2010	11.1	

Exhibit Number	Description	Incorporated by Reference			Exhibit No.	Filed Herewith
		Form	File No.	Filing Date		
11.2	Business Conduct Governance Policy	20-F	0001-14382	March 23, 2010	11.2	
12.1	Chief Executive Officer Certification					X
12.2	Chief Financial Officer Certification					X
13.1	Certification required by Rule 13a-14(b)*					X
15.1	Celestica Audit Committee Mandate	20-F	001-14832	March 21, 2006	15.1	
15.2	Consent of KPMG LLP, Chartered Accountants					X

† Certain confidential portions of this exhibit were omitted by means of redacting a portion of the text. This exhibit has been filed separately with the Secretary of the Securities and Exchange Commission without redactions pursuant to our Application for an Order Granting Confidential Treatment Pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

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

SIGNATURES

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

CELESTICA INC.

By: /s/ ELIZABETH L. DELBIANCO

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

Date: March 22, 2012

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Management maintains a comprehensive system of controls intended to ensure that transactions are executed in accordance with management's authorization, assets are safeguarded, and financial records are reliable. Management also takes steps to see that information and communication flows are effective and to monitor performance, including performance of internal control procedures.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2011 based on the criteria set forth in the Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2011, the Company's internal control over financial reporting is effective. The Company's independent auditors, KPMG LLP, have issued an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

March 7, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Celestica Inc.

We have audited Celestica Inc.'s (the "Company") internal control over financial reporting as of December 31, 2011, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's report on internal control over financial reporting." Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting. A Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company and its subsidiaries as at December 31, 2011 and 2010, and January 1, 2010, and the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and our report dated March 7, 2012 expressed an unqualified opinion on those consolidated financial statements.

Toronto, Canada
March 7, 2012

/s/ KPMG LLP
Chartered Accountants,
Licensed Public Accountants

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Celestica Inc.

We have audited the accompanying consolidated financial statements of the Company, which comprise the consolidated balance sheets as at December 31, 2011 and 2010, and January 1, 2010, the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in material respects, the consolidated financial position of the Company as of December 31, 2011 and 2010, and January 1, 2010, and its consolidated results of operations and its consolidated cash flows for the years ended December 31, 2011 and December 31, 2010, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matter

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2011, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 7, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Toronto, Canada
March 7, 2012

/s/ KPMG LLP
Chartered Accountants,
Licensed Public Accountants

CELESTICA INC.

CONSOLIDATED BALANCE SHEET

(in millions of U.S. dollars)

	January 1 2010	December 31 2010	December 31 2011
Assets			
Current assets:			
Cash and cash equivalents (note 21)	\$ 937.7	\$ 632.8	\$ 658.9
Accounts receivable (note 5)	828.1	945.1	810.8
Inventories (note 6)	676.1	845.7	880.7
Income taxes receivable	21.2	15.6	9.1
Assets classified as held-for-sale (note 7)	22.8	35.5	32.1
Other current assets	74.5	87.0	71.0
Total current assets	2,560.4	2,561.7	2,462.6
Property, plant and equipment (note 8)	371.5	332.2	322.7
Goodwill (note 9)	—	14.6	48.0
Intangible assets (note 9)	33.1	33.6	35.5
Deferred income taxes (note 20)	25.1	41.9	41.4
Other non-current assets (note 10)	31.7	29.9	59.4
Total assets	\$ 3,021.8	\$ 3,013.9	\$ 2,969.6
Liabilities and Equity			
Current liabilities:			
Accounts payable	\$ 927.1	\$ 1,176.2	\$ 1,002.6
Accrued and other current liabilities	261.1	279.1	268.7
Income taxes payable (note 20)	38.0	55.4	39.0
Current portion of provisions (note 11)	72.1	41.9	36.3
Current portion of long-term debt (note 12)	222.8	—	—
Total current liabilities	1,521.1	1,552.6	1,346.6
Retirement benefit obligations (note 19)	116.0	129.3	120.5
Provisions and other non-current liabilities (note 11)	7.1	12.9	11.1
Deferred income taxes (note 20)	31.9	36.2	27.6
Total liabilities	1,676.1	1,731.0	1,505.8
Equity:			
Capital stock (note 13)	3,591.2	3,329.4	3,348.0
Treasury stock (note 13)	(0.4)	(15.9)	(37.9)
Contributed surplus	222.7	360.9	369.5
Deficit	(2,476.7)	(2,403.8)	(2,203.5)
Accumulated other comprehensive income (loss) (note 14)	8.9	12.3	(12.3)
Total equity	1,345.7	1,282.9	1,463.8
Total liabilities and equity	\$ 3,021.8	\$ 3,013.9	\$ 2,969.6
Commitments, contingencies and guarantees (note 24)			
Subsequent event (note 13)			

Signed on behalf of the Board of Directors

[Signed] Director

[Signed] Director

The accompanying notes are an integral part of these consolidated financial statements.

CELESTICA INC.

CONSOLIDATED STATEMENT OF OPERATIONS

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

	Year ended December 31	
	2010	2011
Revenue	\$ 6,526.1	\$ 7,213.0
Cost of sales (note 15)	6,082.0	6,721.6
Gross profit	444.1	491.4
Selling, general and administrative expenses (SG&A) (note 15)	252.1	253.4
Research and development	—	13.8
Amortization of intangible assets (note 9)	15.8	13.5
Other charges (note 16)	49.9	6.5
Earnings from operations	126.3	204.2
Finance costs (note 17)	6.9	5.4
Earnings before income taxes	119.4	198.8
Income tax expense (recovery) (note 20):		
Current	33.4	10.3
Deferred	(15.2)	(6.6)
	18.2	3.7
Net earnings	\$ 101.2	\$ 195.1
Basic earnings per share	\$ 0.44	\$ 0.90
Diluted earnings per share	\$ 0.44	\$ 0.89
Shares used in computing per share amounts (in millions):		
Basic	227.8	216.3
Diluted (note 23)	230.1	218.3

The accompanying notes are an integral part of these consolidated financial statements.

CELESTICA INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of U.S. dollars)

	Year ended December 31	
	2010	2011
Net earnings	\$ 101.2	\$ 195.1
Other comprehensive income (loss), net of tax (note 14):		
Actuarial gains (losses) on pension plans (note 19)	(28.3)	5.2
Currency translation differences for foreign operations	1.6	(1.7)
Change from derivatives designated as hedges	1.8	(22.9)
Total comprehensive income	<u>\$ 76.3</u>	<u>\$ 175.7</u>

The accompanying notes are an integral part of these consolidated financial statements.

CELESTICA INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of U.S. dollars)

	Capital stock (note 13)	Treasury stock (note 13)	Contributed surplus	Deficit	Accumulated other comprehensive income (loss) (a)	Total equity
Balance — January 1, 2010	\$ 3,591.2	\$ (0.4)	\$ 222.7	\$ (2,476.7)	\$ 8.9	\$ 1,345.7
Capital transactions:						
Issuance of capital stock	6.6	—	—	—	—	6.6
Repurchase of capital stock (note 13)	(268.4)	—	127.8	—	—	(140.6)
Purchase of treasury stock	—	(26.2)	—	—	—	(26.2)
Stock-based compensation and other	—	10.7	19.6	—	—	30.3
Reclassification of cash-settled stock-based compensation to accrued liabilities (note 13)	—	—	(9.2)	—	—	(9.2)
Total comprehensive income:						
Net earnings for 2010	—	—	—	101.2	—	101.2
Other comprehensive income, net of tax:						
Actuarial losses on pension plans (note 19)	—	—	—	(28.3)	—	(28.3)
Currency translation differences for foreign operations	—	—	—	—	1.6	1.6
Change from derivatives designated as hedges	—	—	—	—	1.8	1.8
Balance — December 31, 2010	3,329.4	(15.9)	360.9	(2,403.8)	12.3	1,282.9
Capital transactions:						
Issuance of capital stock	18.6	—	(6.7)	—	—	11.9
Purchase of treasury stock	—	(49.4)	—	—	—	(49.4)
Stock-based compensation and other	—	27.4	15.3	—	—	42.7
Total comprehensive income:						
Net earnings for 2011	—	—	—	195.1	—	195.1
Other comprehensive income, net of tax:						
Actuarial gains on pension plans (note 19)	—	—	—	5.2	—	5.2
Currency translation differences for foreign operations	—	—	—	—	(1.7)	(1.7)
Change from derivatives designated as hedges	—	—	—	—	(22.9)	(22.9)
Balance — December 31, 2011	\$ 3,348.0	\$ (37.9)	\$ 369.5	\$ (2,203.5)	\$ (12.3)	\$ 1,463.8

(a) Accumulated other comprehensive income (loss) is net of tax. See note 14.

The accompanying notes are an integral part of these consolidated financial statements.

CELESTICA INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of U.S. dollars)

	<u>Year ended December 31</u>	
	<u>2010</u>	<u>2011</u>
Cash provided by (used in):		
Operating activities:		
Net earnings	\$ 101.2	\$ 195.1
Adjustments for items not affecting cash:		
Depreciation and amortization	87.0	77.2
Equity-settled stock-based compensation (note 13)	31.3	41.2
Other charges (note 16)	14.8	(12.1)
Finance costs	6.9	5.4
Income tax expense	18.2	3.7
Other	(7.7)	(31.3)
Changes in non-cash working capital items:		
Accounts receivable	(111.8)	147.0
Inventories	(162.8)	2.0
Other current assets	(11.9)	3.9
Accounts payable, accrued and other current liabilities and provisions	211.4	(216.9)
Non-cash working capital changes	(75.1)	(64.0)
Income taxes paid	(10.7)	(18.9)
Net cash provided by operating activities	<u>165.9</u>	<u>196.3</u>
Investing activities:		
Acquisitions, net of cash acquired (note 4)	(16.2)	(80.5)
Purchase of computer software and property, plant and equipment	(60.8)	(62.3)
Proceeds from sale of assets	15.9	17.1
Net cash used in investing activities	<u>(61.1)</u>	<u>(125.7)</u>
Financing activities:		
Repurchase of Senior Subordinated Notes (Notes) (note 12(b))	(231.6)	—
Repurchase of capital stock (note 13)	(140.6)	—
Purchase of treasury stock (note 13)	(26.2)	(49.4)
Issuance of capital stock (note 13)	4.6	11.9
Finance costs paid	(15.0)	(7.0)
Other	(0.9)	—
Net cash used in financing activities	<u>(409.7)</u>	<u>(44.5)</u>
Net increase (decrease) in cash and cash equivalents	(304.9)	26.1
Cash and cash equivalents, beginning of year	937.7	632.8
Cash and cash equivalents, end of year	<u>\$ 632.8</u>	<u>\$ 658.9</u>

The accompanying notes are an integral part of these consolidated financial statements.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in millions of U.S. dollars)

1. REPORTING ENTITY:

Celestica Inc. (Celestica) is incorporated in Canada with its corporate headquarters located at 844 Don Mills Road, Toronto, Ontario, M3C 1V7. Celestica is a publicly listed company on the Toronto Stock Exchange (TSX) and the New York Stock Exchange (NYSE).

Celestica delivers innovative supply chain solutions globally to original equipment manufacturers (OEMs) and service providers in the communications (comprised of enterprise communications and telecommunications), consumer, computing (comprised of servers and storage), and diversified (comprised of industrial, aerospace and defense, healthcare, green technology, semiconductor capital equipment and other) end markets. Our product lifecycle solutions include a full range of services to our customers including design, supply chain, manufacturing, engineering, complex mechanical and systems integration, order fulfillment, logistics and after-market services.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES:

Statement of compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements for the year ended December 31, 2011 are our first annual financial statements prepared in accordance with IFRS and its interpretations adopted by the IASB, including IFRS 1, *First-time Adoption of International Financial Reporting Standards*.

We have elected January 1, 2010 as the date of transition to IFRS (Transition Date). Prior to adopting IFRS, we prepared our consolidated financial statements in accordance with prior generally accepted accounting principles in Canada (GAAP). GAAP differs in some policies from IFRS. In accordance with the transition rules, we have retroactively applied IFRS to our consolidated financial statements for 2010.

An explanation of how the transition to IFRS has affected our reported financial position, financial performance and cash flows is provided in note 3. We have presented reconciliations and descriptions of the effect of our transition from prior GAAP to IFRS on our equity, net earnings and comprehensive income for the 2010 comparative period.

The consolidated financial statements were authorized for issuance by our board of directors on March 7, 2012.

Functional and presentation currency:

The consolidated financial statements are presented in U.S. dollars, which is also our functional currency. All financial information is presented in millions of U.S. dollars (except per share amounts).

Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses and the related disclosures of contingent assets and liabilities. Actual results could differ materially from those estimates and assumptions. We review our estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and may impact future periods as well.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

We have applied significant estimates and assumptions to our valuations of inventory and income taxes, to the amount and timing of restructuring charges or recoveries, to the measurement of the recoverable amount of our cash generating units (CGU), and to valuing our financial instruments, pension costs, stock-based compensation, provisions and contingencies.

The accounting policies below have been applied consistently to all periods presented in these consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of measurement:

The consolidated financial statements have been prepared primarily on the historical cost basis. Other measurement bases are described in the applicable notes.

(b) Basis of consolidation:

These consolidated financial statements include our subsidiaries. Subsidiaries that are acquired during the year are consolidated from their respective dates of acquisition. Inter-company transactions and balances are eliminated on consolidation.

(c) Business combinations:

We use the purchase method to account for business combinations. All identifiable assets and liabilities are recorded at fair value at the acquisition date. Obligations for contingent consideration and contingencies are also recorded at fair value on the acquisition date. Subsequent changes in the fair value of contingent liabilities from the date of acquisition to the settlement date are generally recorded in the consolidated statement of operations. We expense acquisition-related transaction costs as incurred in the consolidated statement of operations.

(d) Foreign currency translation:

The majority of our subsidiaries have a U.S. dollar functional currency which represents the currency of the primary economic environment in which they operate. For such subsidiaries, we translate monetary assets and liabilities denominated in foreign currencies into U.S. dollars at the period-end exchange rates. We translate non-monetary assets and liabilities denominated in foreign currencies at historic rates, and we translate revenue and expenses at the average exchange rates prevailing during the month of the transaction. Exchange gains and losses also arise on the settlement of foreign-currency denominated transactions. Foreign currency differences arising on translation are recognized in the consolidated statement of operations.

For foreign operations with a non-U.S. dollar functional currency, we translate assets and liabilities into U.S. dollars using the period-end exchange rates, and we translate revenue and expenses at the average exchange rates prevailing during the month of the transaction. Gains and losses arising from the translation of these foreign operations are deferred in the foreign currency translation account included in other comprehensive income (OCI).

(e) Cash and cash equivalents:

Cash and cash equivalents include cash on account and short-term investments with original maturities of three months or less. These instruments are subject to an insignificant risk of change in fair value over their terms and, as a result, we carry cash and cash equivalents at cost.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

(f) Accounts receivable:

We initially value our accounts receivable at fair value. We record an allowance for doubtful accounts against accounts receivable that management believes are impaired. We record specific allowances against customer receivables based on our evaluation of the customers' credit worthiness and knowledge of their financial condition. We also consider the aging of the receivables, customer and industry concentrations, the current business environment, and historical experience.

(g) Inventories:

We value our inventory on a first-in, first-out basis at the lower of cost and net realizable value. Cost includes direct materials, labor and overhead. In determining the net realizable value, we consider factors such as shrinkage, the aging of and future demand for the inventory and contractual arrangements with customers. We attempt to utilize excess inventory in other products we manufacture or return inventory to the suppliers or customers. A change to these assumptions could impact our inventory valuation and have a resulting impact on gross margins. We procure inventory based on specific customer orders and forecasts. If actual market conditions or our customers' product demands are less favourable than those projected, additional valuation adjustments may be required. To the extent economic circumstances have changed, previous write-downs are reversed and recognized in the consolidated statement of operations in the period the change occurs.

(h) Assets classified as held-for-sale:

Assets are classified as held-for-sale if the carrying amount will be recovered principally through a sale transaction rather than through its continued use. Management must be committed to the sale transaction and the asset must be immediately available for sale in its present condition. Assets classified as held-for-sale are measured at the lower of their carrying amount or fair value less costs to sell and are no longer depreciated.

(i) Property, plant and equipment:

We carry property, plant and equipment at cost less accumulated depreciation and accumulated impairment losses. Cost consists of expenditures directly attributable to the acquisition of the asset, including interest for constructing qualified long-term assets. We capitalize the cost of an asset when the economic benefits associated with that asset are probable and when the cost can be measured reliably. The costs of major renovations are capitalized and the carrying amount of replaced assets are written off. All other maintenance and repair costs are expensed in the consolidated statement of operations as incurred. Land is not depreciated. We recognize depreciation expense on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	25 years
Building/leasehold improvements	Up to 25 years or term of lease
Machinery and equipment	3 to 7 years

When components of an asset have a significantly different useful life than their primary asset, the components are accounted for and depreciated separately. Residual values, useful lives and methods of depreciation are reviewed annually at year end and adjusted prospectively. Gains and losses on the disposal or retirement of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized in the consolidated statement of operations in the period of disposal.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

(j) Leases:

We are the lessee of property, plant and equipment, primarily buildings and machinery. Leases where the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under these leases are generally treated as rentals and recognized as expenses on a straight-line basis over the term of the lease in our consolidated statement of operations. In instances where the risks and rewards of ownership have substantially transferred to us, we classify these leases as finance leases. Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments, and are depreciated over the shorter of the useful life of the asset and the lease term. Corresponding liabilities, net of finance costs, are included in the consolidated balance sheet. Each lease payment is allocated between the liability and finance costs.

(k) Goodwill and intangible assets:

Goodwill:

Goodwill is initially measured on the consolidated balance sheet as the excess of the fair value of the consideration paid compared to the fair value of the identifiable net assets acquired, including the fair value of any contingent consideration. Subsequently, we measure goodwill at cost less accumulated impairment losses. For purposes of impairment testing, we allocate goodwill to the CGU, or group of CGUs, that are expected to benefit from the acquisition. We do not amortize goodwill. See note 2(l), Impairment of goodwill, intangible assets and property, plant and equipment.

Intangible assets:

We record intangible assets on the consolidated balance sheet at fair value on the date of acquisition. We capitalize intangible assets when the economic benefits associated with the asset are probable and when the cost can be measured reliably. We amortize these assets on a straight-line basis over their estimated useful lives as follows:

Intellectual property	3 to 5 years
Other intangible assets	4 to 10 years
Computer software asset	1 to 10 years

Intellectual property assets consist primarily of certain non-patented intellectual property and process technology. Other intangible assets consist primarily of customer relationships and contract intangibles. Computer software assets consist primarily of software licenses. Residual values, useful lives and methods of amortization are reviewed annually at year end and adjusted as appropriate. Changes in the useful lives are made on a prospective basis.

(l) Impairment of goodwill, intangible assets and property, plant and equipment:

The carrying amounts of goodwill, intangible assets and property, plant and equipment are reviewed for impairment on an annual basis or whenever events or changes in circumstances (triggering events) indicate that the carrying amount of an asset may not be recoverable. If any such indication exists, the carrying amount of the asset is tested for impairment. Assets that cannot be tested individually are grouped with other assets that generate cash inflows that are largely independent of the cash inflows of other assets or group of assets, or CGU. Absent triggering events during the year, we conduct our impairment assessment in the fourth quarter of the year to correspond with our planning cycle.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

We recognize an impairment loss when the carrying amount of an asset or CGU exceeds the recoverable amount. The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. The process of determining the recoverable amount is subjective and requires management to exercise significant judgment in estimating future growth rates, including revenue and cash flow projections, and discount rates, among other factors. The process of determining fair value less costs to sell requires the valuation and use of appraisals to support our real property values. Impairment losses are recognized in the consolidated statement of operations. Impairment losses recognized in respect of a CGU are first allocated to reduce the carrying amount of goodwill and then allocated to reduce the carrying amount of other assets in the CGU on a pro rata basis.

Impairment losses for goodwill are not reversed in future periods. Impairment losses other than for goodwill are reversed if the losses recognized in prior periods no longer exist or have decreased. At each reporting date, we review for indicators that could change the estimates used to determine the recoverable amount. The amount of the reversal is limited to restoring the carrying amount to the amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized in prior periods.

(m) Provisions:

We recognize a provision for present legal or constructive obligations arising from past events when the amount can be reliably estimated and it is probable that an outflow of resources will be required to settle an obligation. At the end of each reporting period, we evaluate the appropriateness of the remaining balances. Adjustments to the recorded amounts may be required to reflect actual experience or changes in future estimates.

Restructuring:

We incur restructuring charges relating to workforce reductions, facility consolidations and costs associated with exiting businesses. Our restructuring charges include employee severance and benefit costs, gains, losses or impairments related to owned facilities and equipment we no longer use and which are available for sale, impairment of related intangible assets, and costs related to leased facilities and equipment we no longer use.

The recognition of these charges requires management to make certain judgments and estimates regarding the nature, timing and amounts associated with these restructuring plans. We recognize employee termination costs in the period the detailed plans are approved and the actions have either commenced or have been announced to employees. We recognize an impairment loss for owned facilities and equipment based on the fair value less costs to sell, with fair value estimated based on existing market prices for similar assets. For leased facilities that have been vacated, we discount the lease obligation based on future lease payments net of estimated sublease income. We recognize the change in provisions due to the passage of time as finance costs. To estimate future sublease income, we work with independent brokers to determine the estimated tenant rents we can expect to realize. At the end of each reporting period, we evaluate the appropriateness of the remaining balances. Adjustments to the recorded amounts may be required to reflect actual experience or changes in future estimates.

Legal:

In the normal course of our operations, we may be subject to lawsuits, investigations and other claims, including environmental, labor, product, customer disputes and other matters. The ultimate outcome or actual cost of settlement may vary significantly from our original estimates. Material obligations that have not been recognized as provisions, as the outcome is not probable or the amount cannot be reliably estimated, are disclosed as contingent liabilities, unless the likelihood of outcome is remote.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

Warranty:

We offer product and service warranties to our customers. We record a provision for future warranty costs based on the terms of the warranty, which vary by customer, product or service, management's best estimate of probable claims under these warranties, and historical experience. These estimates are reviewed and adjusted as necessary as experience develops or new information becomes known.

(n) Employee benefits:

Pension and non-pension post-employment benefits:

Pension and non-pension post-employment benefits are classified as either defined contribution plans or defined benefit plans.

Under defined contribution plans, our obligation is to make a fixed contribution to a separate entity with no further legal or constructive obligation to pay additional amounts if the pension plans fail to hold sufficient assets to cover the employee benefits. The related actuarial and investment risks fall on the employee. Obligations to make contributions to defined contribution plans are recognized as an employee benefit expense in the consolidated statement of operations in the period the employee services are rendered.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, our obligation is to provide an agreed upon benefit to current and former employees. We remain exposed to the actuarial and investment risks for defined benefit plans. The net obligation is actuarially determined using the projected unit credit method, based on service and management's best estimate of items such as the expected plan investment performance, salary escalation, compensation levels at time of retirement, retirement ages, the discount rate used in measuring the liability and expected healthcare costs. These actuarial assumptions could change from period-to-period and actual results could differ materially from the estimates originally made by management. Changes in assumptions could impact our pension plan valuations and our future pension expense and funding. Our obligation for each defined benefit plan consists of the present value of the defined benefit obligation less the fair value of plan assets and any unrecognized past service costs or credits, and is presented net on the consolidated balance sheet. When the actuarial calculation results in a benefit, the asset recognized is restricted to the total of cumulative unrecognized past service costs or credits and the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, we also consider any minimum funding requirements that apply to the plan. An economic benefit is available if it is realizable during the life of the plan, or on settlement of the plan liabilities.

We recognize the vested portion of past service costs or credits arising from plan amendments immediately in our consolidated statement of operations. The unvested portion is deferred and amortized on a straight-line basis over the vesting period. We recognize actuarial gains and losses on plan assets or obligations through OCI and deficit. Curtailment gains or losses may arise from significant changes to a plan. We offset curtailment gains or losses against any related unrecognized past service costs or credits and record any excess gains or losses when the curtailment occurs.

Stock-based compensation:

We grant stock options, performance options, performance share units (PSUs) and restricted share units (RSUs) to employees as part of our equity-based compensation plans. Stock options and RSUs vest in installments over the vesting period. Stock options vest 25% per year for four years. RSUs vest approximately one-third per year for three years. PSUs vest at the end of their respective terms, generally three years, to the extent that performance conditions have been met. We treat each installment as a separate grant in determining the compensation expense.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

The grant date fair value of options granted to employees is recognized as compensation expense, with a corresponding charge to contributed surplus, over the period that the employees become unconditionally entitled to the options. The expense is adjusted to reflect the estimated number of options expected to vest at the end of the vesting period. When options are exercised, the proceeds are credited to capital stock. We measure the fair value of options using the Black-Scholes option pricing model. Measurement inputs include the price of our subordinate voting shares on the grant date, exercise price of the option, expected volatility of our subordinate voting shares (based on weighted average historic volatility), weighted average expected life of the option (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate.

The cost we record for equity-settled RSUs, and for PSUs granted prior to 2011, is based on the market value of our subordinate voting shares at the time of grant. The cost of the PSUs, which vest based on a non-market performance condition, is recorded based on our best estimate of the outcome of the performance condition and adjusted as new facts and circumstances arise. We amortize this cost to compensation expense in the consolidated statement of operations, with a corresponding charge through contributed surplus in the consolidated balance sheet, over the period the employees become unconditionally entitled to the awards. Historically, we have generally settled these awards with subordinate voting shares purchased in the open market. Cash-settled awards are accounted for as liabilities and remeasured based on our share price at each reporting date until the settlement date. The corresponding charge is recorded in the consolidated statement of operations.

The cost we record for PSUs granted after 2010 is determined using a Monte Carlo simulation model. The number of awards expected to be earned is factored into the grant date Monte Carlo valuation for the award. The number of PSUs that will vest depends on the level of achievement of a market performance condition, over a three-year period, based on the total shareholder return (TSR) of Celestica relative to the TSR of a pre-defined electronics manufacturing services (EMS) competitor group. The grant date fair value is not subsequently adjusted regardless of the eventual number of awards that are earned based on the market performance condition. Compensation expense is recognized in the consolidated statement of operations on a straight-line basis over the requisite service period and is reduced for estimated PSU awards that will not vest as a result of not meeting the employment conditions.

We grant deferred share units (DSU) to certain members of our board of directors as part of their compensation, which is comprised of an annual retainer, an annual equity award and meeting fees. The number of DSUs granted is determined by dividing the cash amount of the fees and retainers earned by the closing price of the subordinate voting shares on the NYSE on the last business day of the quarter. Each DSU represents the right to receive one subordinate voting share or an equivalent value in cash when the individual ceases to serve as a director. For DSUs granted prior to January 1, 2007, we may settle these share units with subordinate voting shares, issued from treasury or purchased in the open market, or by cash. For DSUs granted after January 1, 2007, we may only settle these share units with subordinate voting shares purchased in the open market or by cash. We amortize the cost of DSUs to compensation expense over the period the services are rendered.

(o) Deferred financing costs:

Deferred financing costs consist of costs relating to the issuance of debt. We record financing costs as a reduction to the cost of the related debt which we amortize to the consolidated statement of operations over the term of the related debt or when the debt is retired, if earlier.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

(p) Income taxes:

Our income tax expense for the period is comprised of current and deferred income taxes. Current taxes and deferred taxes are recognized in the consolidated statement of operations, except to the extent that they relate to items recognized in OCI or directly in equity. In these cases, the taxes are also recognized in OCI or directly in equity, respectively.

We use the liability method of accounting for deferred income taxes. Under this method, we recognize deferred income tax assets and liabilities for future income tax consequences attributable to temporary differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases, and on unused tax losses and tax credit carryforwards. We measure deferred income taxes using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. We recognize deferred income tax assets only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences as well as unused tax losses and tax credit carryforwards can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. We recognize the effect of a change in income tax rates in the period of enactment or substantive enactment.

Deferred income taxes are not recognized if they arise from the initial recognition of goodwill, nor are they recognized on temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred income taxes are also not recognized on temporary differences relating to investments in subsidiaries to the extent we are able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

We record current income tax expense or recovery based on taxable income earned or loss incurred for the period in each tax jurisdiction where we operate, and for any adjustment to taxes payable in respect of previous years, using tax laws that are enacted or substantively enacted at the balance sheet date.

In the ordinary course of business, there are many transactions for which the ultimate tax outcome is uncertain. The final tax outcome of these matters may be different from the estimates originally made by management in determining our income tax provisions. Management periodically evaluates the positions taken in our tax returns with respect to situations in which applicable tax rules are subject to interpretation. We establish provisions related to tax uncertainties where appropriate based on our best estimate of the amount that will ultimately be paid to or received from tax authorities. We recognize accrued interest and penalties relating to tax uncertainties in current income tax expense.

(q) Financial assets and financial liabilities:

Financial assets and financial liabilities are initially recognized at fair value and subsequently measured at either fair value or amortized cost based on their classification as described below. See note 2(s), Impairment of financial assets.

Fair value through profit or loss:

Financial assets and financial liabilities that are purchased or incurred, respectively, with the intention of generating earnings in the near term and derivatives other than hedging instruments are classified as fair value through profit or loss. This category includes our short-term investments in money market funds grouped with cash equivalents and derivative assets not qualifying for hedge accounting. Investments are initially recognized and subsequently carried at fair value with changes recognized through our consolidated statement of operations. Transaction costs are expensed as incurred in the consolidated statement of operations.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

Held-to-maturity investments:

Securities that have fixed or determinable payments and a fixed maturity date, which we intend to and have the ability to hold to maturity, are classified as held-to-maturity and includes our term deposits grouped with cash equivalents. Held-to-maturity financial assets are initially recognized in the consolidated balance sheet at fair value plus directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest rate method, less any impairment losses.

Loans and receivables:

Financial assets with fixed or determinable payments, such as our accounts receivable, are classified as loans and receivables. This category excludes any derivative assets or assets that are quoted in active markets. Loans and receivables are initially recognized in the consolidated balance sheet at fair value plus directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest rate method, less any impairment losses.

Other financial liabilities:

This category is for financial liabilities that are not classified as fair value through profit or loss and includes accounts payable, the majority of our accrued liabilities and certain other provisions. We record these financial liabilities at amortized cost in the consolidated balance sheet.

Available-for-sale:

We currently do not hold any financial assets designated as available-for-sale.

(r) Derivatives and hedge accounting:

We enter into forward exchange and option contracts to hedge the cash flow risk associated with firm purchase commitments and forecasted transactions in foreign currencies that are considered highly probable and to hedge foreign-currency denominated balances. We do not enter into derivatives for speculative purposes.

At the inception of a hedging relationship, we formally document our relationship between the hedging instrument and the hedged item, as well as our risk management objectives and strategy for undertaking the various hedge transactions. Our process includes linking all derivatives to specific assets and liabilities on the consolidated balance sheet or to specific firm commitments or forecasted transactions. We have also formally assessed, both at the hedge's inception and at the end of each quarter, whether the derivatives used in hedged transactions are highly effective in offsetting changes in the cash flows of the hedged items. We record the gain or loss from these forward contracts in the same line item where the underlying exposures are recognized in the consolidated statement of operations. For our non-designated hedges against our balance sheet exposures denominated in foreign currencies, we record the gain or loss from these forward contracts in SG&A.

In certain circumstances, we have not designated forward contracts as hedges and therefore have marked these contracts to market each period, resulting in a gain or loss in our consolidated statement of operations.

All derivatives are measured at fair value in our consolidated balance sheet. The majority of our derivative assets and liabilities arise from foreign currency forward contracts that we designate as cash flow hedges. In a cash flow hedge, we defer the changes in the fair value of the hedging derivative, to the extent effective, in OCI until the asset, liability or forecasted transactions being hedged are recognized in our consolidated statement of operations. For hedges that are discontinued before the end of the original hedge term, we amortize the unrealized hedge gain or loss in OCI to operations over the remaining term of the original hedge. If the hedged item ceases to exist before the end of the original hedge term, we recognize the unrealized hedge gain or loss in OCI immediately in our consolidated statement of operations. For our current cash flow hedges, the majority of the underlying expenses we hedge are included in cost of sales in our consolidated statement of operations.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

We value our derivative assets and liabilities based on inputs that are either readily available in public markets or derived from information available in public markets. Inputs used include discount rates and forward exchange rates. Changes in these inputs can cause significant volatility in the fair value of our financial instruments in the short-term.

(s) Impairment of financial assets:

Financial assets are reviewed at each reporting date and are deemed to be impaired when objective evidence resulting from one or more events subsequent to the initial recognition of the asset indicates the estimated future cash flows of the asset has been negatively impacted. Impairment losses are measured as the excess of the carrying amount over the fair value of the asset and are recognized in the consolidated statement of operations.

(t) Revenue:

We derive most of our revenue from the sale of electronic products and services that we have manufactured or provided to customer specifications. We also derive revenue from design, engineering, fulfillment and after-market services. We recognize revenue from the sale of products and services rendered when all material risks and benefits associated with the products sold or services rendered have passed to the buyer and no material uncertainties remain as to the collection of our receivables. We assume no further performance obligations after revenue has been recognized, other than our standard manufacturing or service warranties.

We provide warehousing services in connection with manufacturing services to certain customers. We assess the contracts to determine whether the manufacturing and warehousing services can be accounted for as separate units of accounting. If the services do not constitute separate units of accounting, or the manufacturing services do not meet all of the revenue recognition requirements, we defer recognizing revenue until we have shipped the products to the customer.

(u) Government grants:

We may receive government grants related to equipment purchases or other expenditures. We recognize these grants when there is reasonable assurance that we will retain the benefits. If we receive a grant but do not have reasonable assurance that we will comply with the conditions of the grant, we will defer the grant and record a liability on our consolidated balance sheet until the conditions are fulfilled. For grants that relate to the purchase of equipment, we reduce the cost of the asset in the period the cost is incurred or when the conditions are fulfilled, and we calculate amortization on the net amount. For grants that relate to operating expenditures, we reduce the expense in the period the cost is incurred or when the conditions are fulfilled.

(v) Research and development:

We incur costs relating to research and development activities. We expense these costs as incurred in the consolidated statement of operations unless development costs meet certain criteria for capitalization. No amounts were capitalized during 2010 or 2011.

(w) Earnings per share (EPS):

Basic EPS is calculated by dividing net earnings by the weighted average number of shares outstanding during the period. Diluted EPS is calculated using the treasury stock method, which reflects the potential dilution from equity-based awards that are issued from treasury.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

(x) *Recently issued accounting pronouncements:*

In October 2010, the IASB issued amendments to IFRS 7, *Financial Instruments*, which requires enhanced disclosures relating to the derecognition of financial assets that have been transferred, including quantitative and qualitative disclosures of the nature and extent of risks arising from the transfer. This amendment is effective for 2012. We do not expect the adoption of this amendment to have a material impact on the disclosures related to our accounts receivable sales program in our consolidated financial statements.

During 2011, the IASB finalized several standards and amendments which may impact us. These new or amended standards will be effective January 1, 2013, except for IFRS 9 which is deferred to 2015. We are currently evaluating the impact of adopting the following new or amended standards on our consolidated financial statements.

IFRS 9, Financial Instruments:

This standard replaces IAS 39, *Financial Instruments: Recognition and Measurement*, in phases. The first phase of the standard establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification will depend on the entity's business model and the contractual cash flow characteristics of the financial asset. The second phase adds new requirements related to the classification and measurement of financial liabilities and to the derecognition of financial assets and liabilities.

IFRS 10, Consolidated Financial Statements:

This standard replaces certain sections of IAS 27, *Consolidated And Separate Financial Statements*. This standard is intended to ensure the same criteria are applied to all types of entities when determining control for consolidated reporting.

IFRS 11, Joint Arrangements:

This standard replaces the existing standards on joint ventures. It distinguishes joint ventures from joint operations and establishes the accounting for interests in each of these joint arrangements. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements unless we enter into such arrangements.

IFRS 12, Disclosure Of Interests In Other Entities:

This standard supplements the existing disclosure requirements about interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities, and focuses on the nature, risks and financial effects associated with such interests on financial position, financial performance and cash flows.

IFRS 13, Fair Value Measurement:

This standard provides extensive guidance on determining fair value for measurement or disclosure purposes.

IAS 1, Presentation Of Financial Statements (revised):

This amendment requires changes to the presentation of items in OCI. We do not expect the adoption of this amendment to have a material impact on our consolidated financial statements.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

IAS 19, Employee Benefits (revised):

This amendment eliminates the option of deferring actuarial gains and losses resulting from defined benefit plans (corridor approach) and requires that all past service costs and credits, whether vested or unvested, be recognized immediately in operations. The amendment also identifies changes to the required calculation of net interest expense and requires additional disclosures about defined benefit plans and termination benefits. We do not expect the adoption of this revised standard to have a material impact on our consolidated financial statements since we elected to recognize all cumulative actuarial gains or losses before and subsequent to the Transition Date through OCI and deficit. We have approximately \$7 of unrecognized past service credits which we have deferred under IFRS as at December 31, 2011 that we will retroactively recognize as a reduction to deficit on adoption of this amendment in 2013.

3. TRANSITION TO IFRS:

We adopted IFRS on January 1, 2011. In accordance with the transitional rules in IFRS 1, we have applied IFRS retroactively to our comparative data as of January 1, 2010, the Transition Date. In preparing these consolidated financial statements, we also applied certain exceptions and exemptions available under IFRS 1 to our conversion from GAAP to IFRS as discussed below.

Estimates:

The estimates we made previously under GAAP were not revised for IFRS except where necessary to reflect differences in accounting policies.

SUMMARY OF EXCEPTIONS AND EXEMPTIONS:

Business combinations:

IFRS 1 allows us to apply IFRS 3 (revised), *Business Combinations*, on a prospective or retrospective basis. We have elected to apply this standard on a prospective basis for all business combinations completed subsequent to the Transition Date.

Cumulative currency translation differences:

IFRS 1 allows cumulative currency translation differences for foreign operations to be cleared through equity on transition. Gains or losses from the subsequent disposal of foreign operations would exclude translation differences arising prior to the adoption of IFRS. We elected to clear our cumulative currency translation balance to zero on the Transition Date. See note 3(e).

Employee benefits:

IFRS 1 provides the option to retrospectively apply the corridor approach for the recognition of actuarial gains and losses, or to recognize all cumulative gains and losses deferred under GAAP in deficit at the Transition Date. We elected to recognize all cumulative actuarial gains and losses that existed at the Transition Date through deficit for all of our defined benefit and post-employment benefit plans.

Hedge accounting:

Only hedging relationships that satisfied the hedge accounting criteria as at the Transition Date were reflected as hedges under IFRS. All existing hedging relationships were recognized under IFRS on the Transition Date.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

RECONCILIATION OF GAAP TO IFRS:

The following tables set forth, for the periods indicated, a reconciliation from GAAP to IFRS, of our equity, net earnings and comprehensive income:

	Notes	January 1 2010	December 31 2010
Reconciliation of equity:			
Equity in accordance with GAAP		\$ 1,475.8	\$ 1,421.3
Employee benefits	a	(130.4)	(152.4)
Restructuring provision	b	(1.3)	9.8
Income taxes	c	1.6	5.6
Business combinations	d	—	(1.0)
Other		—	(0.4)
Equity in accordance with IFRS		<u>\$ 1,345.7</u>	<u>\$ 1,282.9</u>

	Notes	Year ended December 31 2010
Reconciliation of net earnings:		
Net earnings in accordance with GAAP		\$ 80.8
Employee benefits (includes related foreign exchange)	a	6.7
Restructuring provision	b	11.1
Income taxes	c	3.6
Business combinations	d	(1.0)
Stock-based compensation	f	0.4
Other		(0.4)
IFRS adjustments to net earnings		<u>20.4</u>
Net earnings in accordance with IFRS		<u>\$ 101.2</u>

	Notes	Year ended December 31 2010
Reconciliation of comprehensive income:		
Comprehensive income in accordance with GAAP		\$ 84.2
IFRS adjustments to net earnings as above		20.4
Actuarial losses on pension plans, net of tax	a	(28.3)
Comprehensive income in accordance with IFRS		<u>\$ 76.3</u>

Transitional adjustments:

(a) *Employee benefits and actuarial losses on pension plans:*

Under GAAP, actuarial gains and losses arising from defined benefit and post-retirement benefit plans were deferred and amortized to operations over time using the corridor approach. Under IFRS, we elected to recognize all cumulative actuarial gains or losses deferred under GAAP through deficit at the Transition Date. At December 31, 2009, we had \$140.3 of unrecognized actuarial losses under GAAP. Under GAAP, prior service costs or credits were deferred and amortized to operations over the remaining service period or life expectancy. Under IFRS, we recognized vested prior service credits deferred under GAAP through deficit at the Transition Date. At December 31, 2009, we had \$9.9 of unrecognized vested prior service credits under GAAP.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

At December 31, 2009, the balance of our pension asset and pension obligations under GAAP were \$104.4 and \$75.4, respectively. Compared to GAAP, the IFRS pension-related transitional adjustments had the following effect on the consolidated balance sheets:

	January 1 2010	December 31 2010
Decrease in pension asset (included in other non-current assets)	\$ 89.8	\$ 104.3
Increase in retirement benefit obligations	40.6	48.1
	<u>\$ 130.4</u>	<u>\$ 152.4</u>

Employee benefit expense for the year ended December 31, 2010 was lower under IFRS compared to GAAP by \$6.7 (including the impact of related foreign exchange gains or losses on the net pension liabilities recorded on transition), as the employee benefit expense under IFRS excludes the impact of the above actuarial losses and vested prior service credits that we recorded directly through deficit on the Transition Date. Under IFRS, we elected to recognize actuarial gains and losses incurred after the Transition Date through OCI and directly in deficit. For the year ended December 31, 2010, we recognized actuarial losses of \$28.3 (\$28.7 less \$0.4 of tax) through OCI and deficit.

(b) *Restructuring provision:*

Under GAAP, we discounted significant restructuring provisions using the discount rate at the time of initial measurement and we recorded no adjustments to reflect subsequent changes in discount rates. Under IFRS, we remeasure our provisions each reporting period using the current period pre-tax discount rates. On the Transition Date, we increased the restructuring provision liability by \$1.3 to reflect the impact of then current discount rates. For the year ended December 31, 2010, IFRS net earnings were higher than GAAP net earnings by \$0.4 to reflect changes in discount rates during the year. In addition, IFRS defers the recognition of restructuring charges until the plans are implemented or announced to employees. Under GAAP, our restructuring charges for 2010 included \$10.7 for actions not yet announced at December 31, 2010, which we reversed under IFRS. We recorded these charges during 2011 when we announced the actions. See note 16(a). There were no restructuring adjustments related to unannounced actions at the Transition Date. Our restructuring provision at January 1, 2010 was \$45.3 (December 31, 2010 — \$20.0) under IFRS. See note 11.

(c) *Income taxes:*

Under IFRS, we recognize net deferred income tax assets for temporary differences arising from inter-company transfers of property and equipment and to reflect the tax effect of revaluing foreign currency denominated non-monetary balances, which are not required under GAAP. We also recorded the deferred income tax effects of the other IFRS adjustments.

(d) *Business combinations:*

Under IFRS, we expense acquisition-related transaction costs as incurred. As a result of transaction costs associated with our two acquisitions in 2010, IFRS net earnings for the year ended December 31, 2010 were lower than GAAP net earnings by \$1.0. Under GAAP, we capitalized these costs as part of the purchase price allocation. IFRS also requires that obligations for contingent consideration be recorded at fair value at the acquisition date. Under GAAP, contingent consideration is only recorded when the amounts are reasonably estimable and the outcome is certain. For one acquisition in 2010, we recorded additional goodwill of \$4.5 under IFRS, with a corresponding increase to other non-current provisions on the acquisition date. Subsequent changes in the fair value of the contingent consideration from the date of acquisition to the settlement date are generally recorded in our consolidated statement of operations. At December 31, 2010, the fair value of the contingent consideration increased to \$4.6 due to changes in foreign exchange rates. See note 4.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

(e) *Cumulative currency translation adjustment:*

In accordance with IFRS 1, we elected to clear our cumulative currency translation balance to zero through equity on the Transition Date. We eliminated \$46.9 of cumulative currency translation gains from OCI and reduced our deficit upon transition to IFRS. Total equity was not affected.

Other adjustments and reclassifications:

(f) *Stock-based compensation:*

Under GAAP, we treated each grant as a single arrangement and determined compensation expense at the time of grant which we amortized over the vesting period, generally three to four years, on a straight-line basis. IFRS requires a separate calculation of compensation expense for awards that vest in installments. Under IFRS, compensation expense differs from GAAP due to the changing fair values used for each installment and the timing of recognizing compensation expense. Generally this results in accelerated expense recognition under IFRS. On the Transition Date, we recognized additional compensation expense of \$11.7 which increased our deficit with a corresponding offset to contributed surplus. Total equity was not affected. Under IFRS as compared to GAAP, stock-based compensation expense for the year ended December 31, 2010 decreased by \$0.4 to \$41.9.

(g) *Assets classified as held-for-sale:*

Under IFRS, we classify assets held-for-sale separately on the consolidated balance sheet. Under GAAP, we included assets held-for-sale with property, plant and equipment and long-term assets on our consolidated balance sheet. On the Transition Date, we reclassified assets held-for-sale of \$22.8 to a separate line item. Total equity was not affected by this reclassification. At December 31, 2010, we had \$35.5 in assets classified as held-for-sale.

Cash flow:

The adoption of IFRS did not significantly impact our cash flows compared to GAAP. Under IFRS, we reclassified \$15.0 of finance costs paid, primarily for interest paid on our Notes prior to redemption in March 2010, from operating activities to financing activities for the year ended December 31, 2010. There were no changes to overall net cash flows.

4. ACQUISITIONS:

In June 2011, we completed the acquisition of the semiconductor equipment contract manufacturing operations of Brooks Automation, Inc. We acquired certain assets located in Portland, Oregon and the shares of China-based Brooks Automation Limited. The operations specialize in manufacturing complex mechanical equipment and providing systems integration services to some of the world's largest semiconductor equipment manufacturers.

The final purchase price of \$80.5, net of cash acquired, was financed from cash on hand and \$45.0 from our revolving credit facility which we repaid in 2011. Details of the final purchase price allocation are as follows:

Current assets, net of cash acquired	\$ 49.9
Capital and other long-term assets	1.5
Customer intangible assets	12.5
Goodwill	33.8
Current liabilities	(17.2)
	<u>\$ 80.5</u>

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

Through this acquisition, we established an entry into the semiconductor capital equipment market, added capabilities to our service offerings, and acquired an experienced design and engineering workforce we can leverage with our existing customers. We expect approximately one-third of the goodwill will be tax deductible. We expensed acquisition-related transaction costs of \$0.6 through other charges. These operations did not contribute significantly to our overall consolidated results of operations for 2011.

In January 2010, we completed the acquisition of Scotland-based Invec Solutions Limited (Invec). Invec provides warranty management, repair and parts management services to companies in the information technology and consumer electronics markets. In August 2010, we completed the acquisition of Austrian-based Allied Panels Entwicklungs-und Produktions GmbH (Allied Panels), a medical engineering and manufacturing service provider that offers concept-to-full-production solutions in medical devices with a core focus on the diagnostic and imaging market. The total purchase price for these two acquisitions was \$18.3 and was financed with cash. The amount of goodwill and amortizable intangible assets recorded on the acquisition dates was \$14.1 (the majority of which we expect will not be tax deductible) and \$16.1, respectively. The purchase price for Allied Panels is subject to adjustment for contingent consideration (\$4.5 was included in goodwill on the acquisition date) if specific pre-determined financial targets are achieved through 2012. Subsequent changes in the fair value of contingent consideration from the date of acquisition to the settlement date are generally recorded in our consolidated statement of operations. At December 31, 2011, we reduced the fair value of the contingent consideration to \$3.2 by releasing \$1.3 through other charges in our consolidated statement of operations. See note 16(d).

Pro forma disclosures: Revenue and earnings for the combined companies for each of the reporting periods would not have been materially different had the acquisitions in each year occurred at the beginning of the respective years.

5. ACCOUNTS RECEIVABLE:

We have an agreement to sell up to \$250.0 in accounts receivable (subject to pre-determined limits by customer) to a third-party bank on a committed basis. In November 2011, we amended our accounts receivable facility to add a tranche that allows us to sell to two third-party banks up to an additional \$150.0 in accounts receivable on an uncommitted basis. Both banks had a Standard and Poor's rating of A-1 at December 31, 2011. At December 31, 2011, we had sold \$60.0 of accounts receivable under this facility (December 31, 2010 — \$60.0). The accounts receivable sold are removed from our consolidated balance sheet and reflected as cash provided by operating activities in our consolidated statement of cash flows. We pay interest and commitment fees which we record through finance costs in our consolidated statement of operations. This facility expires in November 2012.

6. INVENTORIES:

Inventory is comprised of the following:

	December 31	
	2010	2011
Raw materials	\$ 637.1	\$ 654.3
Work in progress	81.3	68.5
Finished goods	127.3	157.9
	<u>\$ 845.7</u>	<u>\$ 880.7</u>

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

During 2011, we recorded a net inventory valuation provision through cost of sales of \$4.5 to reflect changes in the value of our inventory to net realizable value. During 2010, we recorded net inventory valuation recoveries through cost of sales of \$5.0 primarily to reflect realized gains on the disposition of inventory previously written down.

7. ASSETS CLASSIFIED AS HELD-FOR-SALE:

As a result of previously announced restructuring actions, we reclassified certain assets as held-for-sale. At that time, the fair value less estimated costs to sell exceeded the carrying value of those assets and no impairment was recorded on the reclassification. We have programs underway to sell these assets.

At December 31, 2011, we had \$32.1 (December 31, 2010 — \$35.5) of assets classified as held-for-sale, primarily land and buildings in Europe and the Americas.

8. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment are comprised of the following:

	2010		
	Cost	Accumulated Depreciation and Impairment	Net Book Value
Land	\$ 27.4	\$ 7.8	\$ 19.6
Buildings including improvements	276.5	130.7	145.8
Machinery and equipment	742.1	575.3	166.8
	<u>\$ 1,046.0</u>	<u>\$ 713.8</u>	<u>\$ 332.2</u>

	2011		
	Cost	Accumulated Depreciation and Impairment	Net Book Value
Land	\$ 28.1	\$ 7.8	\$ 20.3
Buildings including improvements	272.9	134.6	138.3
Machinery and equipment	727.1	563.0	164.1
	<u>\$ 1,028.1</u>	<u>\$ 705.4</u>	<u>\$ 322.7</u>

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

The following table details the changes to the net book value of property, plant and equipment:

	Land	Buildings including Improvements	Machinery and Equipment	Total
Balance — January 1, 2010	\$ 34.3	\$ 159.4	\$ 177.8	\$ 371.5
Additions	—	10.9	52.1	63.0
Acquisitions through business combinations	—	—	0.6	0.6
Depreciation	—	(14.8)	(55.7)	(70.5)
Impairment loss (note 16(b))	—	(5.1)	(1.3)	(6.4)
Reclassification to assets held-for-sale and other disposals	(15.4)	(4.0)	(5.3)	(24.7)
Foreign exchange and other	0.7	(0.6)	(1.4)	(1.3)
Balance — December 31, 2010	19.6	145.8	166.8	332.2
Additions	—	8.4	51.9	60.3
Acquisitions through business combinations	—	0.7	0.4	1.1
Depreciation	—	(10.9)	(52.8)	(63.7)
Reclassification to assets held-for-sale and other disposals	—	(5.2)	(2.1)	(7.3)
Foreign exchange and other	0.7	(0.5)	(0.1)	0.1
Balance — December 31, 2011	\$ 20.3	\$ 138.3	\$ 164.1	\$ 322.7

The net book value of property, plant and equipment at December 31, 2011 included \$0.3 (December 31, 2010 — \$0.1) of assets under finance leases.

9. GOODWILL AND INTANGIBLE ASSETS:

Goodwill and intangible assets are comprised of the following:

	2010		
	Cost	Accumulated Amortization and Impairment	Net Book Value
Goodwill	\$ 14.6	\$ —	\$ 14.6
Intellectual property	\$ 111.3	\$ 111.3	\$ —
Other intangible assets	202.3	186.9	15.4
Computer software assets	269.1	250.9	18.2
	\$ 582.7	\$ 549.1	\$ 33.6

	2011		
	Cost	Accumulated Amortization and Impairment	Net Book Value
Goodwill	\$ 48.0	\$ —	\$ 48.0
Intellectual property	\$ 111.3	\$ 111.3	\$ —
Other intangible assets	214.5	193.0	21.5
Computer software assets	271.1	257.1	14.0
	\$ 596.9	\$ 561.4	\$ 35.5

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

The following table details the changes to the net book value of goodwill and intangible assets:

	Goodwill	Other Intangible Assets	Computer Software Assets	Total
Balance — January 1, 2010	\$ —	\$ 8.9	\$ 24.2	\$ 33.1
Additions	—	—	2.6	2.6
Acquisitions through business combinations (note 4)	14.1	12.0	4.1	30.2
Amortization	—	(5.9)	(9.9)	(15.8)
Impairment loss (note 16(b))	—	—	(2.7)	(2.7)
Other	0.5	0.4	(0.1)	0.8
Balance — December 31, 2010	14.6	15.4	18.2	48.2
Additions	—	—	2.6	2.6
Acquisitions through business combinations (note 4)	33.8	12.5	—	46.3
Amortization	—	(6.2)	(7.3)	(13.5)
Other	(0.4)	(0.2)	0.5	(0.1)
Balance — December 31, 2011	<u>\$ 48.0</u>	<u>\$ 21.5</u>	<u>\$ 14.0</u>	<u>\$ 83.5</u>

We conduct our annual impairment assessment of goodwill and intangible assets in the fourth quarter of each year or whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. See note 16(b). In the fourth quarter of 2011, we recorded no impairment against goodwill or intangible assets as the recoverable amounts exceeded their carrying amounts. In the fourth quarter of 2010, we recorded a non-cash impairment charge of \$2.7 to write down computer software assets in the Americas and Europe.

10. OTHER NON-CURRENT ASSETS:

	December 31	
	2010	2011
Net pension assets (note 19)	\$ 13.5	\$ 40.5
Land rights	9.3	9.1
Other	7.1	9.8
	<u>\$ 29.9</u>	<u>\$ 59.4</u>

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

11. PROVISIONS:

Our provisions include restructuring, warranty and other. The following chart details the changes in our provisions:

	Restructuring	Warranty	Other ⁽ⁱ⁾	Total
Balance — December 31, 2010	\$ 20.0	\$ 10.2	\$ 20.8	\$ 51.0
Acquisitions through business combinations	—	0.4	—	0.4
Provisions	18.8	11.5	4.3	34.6
Reversal of prior year provisions	(0.6)	(4.4)	(7.7)	(12.7)
Payments/usage	(21.6)	(5.4)	(3.8)	(30.8)
Accretion and foreign exchange	0.1	(0.2)	(0.4)	(0.5)
Balance — December 31, 2011	<u>\$ 16.7</u>	<u>\$ 12.1</u>	<u>\$ 13.2</u>	<u>\$ 42.0</u>
Current	<u>\$ 16.7</u>	<u>\$ 10.3</u>	<u>\$ 9.3</u>	<u>\$ 36.3</u>
Non-current ⁽ⁱⁱ⁾	<u>—</u>	<u>1.8</u>	<u>3.9</u>	<u>5.7</u>
December 31, 2011	<u>\$ 16.7</u>	<u>\$ 12.1</u>	<u>\$ 13.2</u>	<u>\$ 42.0</u>

(i) Includes legal provisions, certain other provisions and liabilities, and asset retirement obligations.

(ii) Included in provisions and other non-current liabilities on our consolidated balance sheet.

12. CREDIT FACILITIES AND LONG-TERM DEBT:

(a) Credit facilities:

In January 2011, we renewed our revolving credit facility on generally similar terms and conditions, and increased the size of the facility from \$200.0 to \$400.0 with a maturity of January 2015. We are required to comply with certain restrictive covenants including those relating to debt incurrence, the sale of assets, a change of control and certain financial covenants related to indebtedness, interest coverage and liquidity. We pledged certain assets, including the shares of certain subsidiaries, as security for borrowings under this facility. The facility includes a \$25.0 swing line that provides for short-term borrowings up to a maximum of seven days. The credit facility permits us and certain designated subsidiaries to borrow funds for general corporate purposes (including acquisitions).

Borrowings under this facility bear interest at LIBOR or Prime rate for the period of the draw plus a margin. The terms of these draws have historically been less than 90 days. At December 31, 2011 and 2010, no amounts were drawn under this facility and we were in compliance with all covenants. Commitment fees paid in 2011 were \$2.0. At December 31, 2011, we had \$27.0 of letters of credit that were issued under our credit facility.

We also have uncommitted bank overdraft facilities available for intraday and overnight operating requirements which total \$70.0 at December 31, 2011. There were no amounts drawn under these overdraft facilities at December 31, 2011 and 2010.

During any period, we may borrow and repay amounts under these facilities. The amounts we borrow and repay can vary significantly from month-to-month depending upon our working capital and other cash requirements.

(b) Senior Subordinated Notes:

In March 2010, we paid \$231.6 to repurchase the remaining outstanding Notes and recognized a loss of \$8.8 in other charges. We redeemed all of our outstanding Notes prior to March 31, 2010.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

13. CAPITAL STOCK:

We are authorized to issue an unlimited number of subordinate voting shares, which entitle the holder to one vote per share, and an unlimited number of multiple voting shares, which entitle the holder to 25 votes per share. Except as otherwise required by law, the subordinate voting shares and multiple voting shares vote together as a single class on all matters submitted to a vote of shareholders, including the election of directors. The holders of the subordinate voting shares and multiple voting shares are entitled to share ratably, as a single class, in any dividends declared subject to any preferential rights of any outstanding preferred shares in respect of the payment of dividends. Each multiple voting share is convertible at any time at the option of the holder thereof and automatically, under certain circumstances, into one subordinate voting share. We are also authorized to issue an unlimited number of preferred shares, issuable in series.

Capital transactions:

During 2011, we issued 1.9 million (2010 — 0.8 million) subordinate voting shares upon the exercise of employee stock options for cash proceeds of \$11.9 (2010 — \$4.6). We also issued 0.4 million (2010 — nil) subordinate voting shares from treasury with an ascribed value of \$3.1 (2010 — nil) upon the vesting of certain RSUs and DSUs. We also settled RSUs and PSUs with subordinate voting shares purchased in the open market and by cash. Settlement of these awards is described below.

In July 2010, we filed a Normal Course Issuer Bid (NCIB) with the TSX to repurchase, at our discretion until the expiry of the NCIB on August 2, 2011, up to 18.0 million subordinate voting shares on the open market or as otherwise permitted, subject to normal terms and limitations of such bids. We repurchased and cancelled a total of 16.1 million subordinate voting shares at a weighted average price of \$8.75 per share during the course of the NCIB. The maximum number of subordinate voting shares we were permitted to repurchase for cancellation under the NCIB was reduced by 1.9 million subordinate voting shares we purchased for equity-based compensation plans during the period of the NCIB. During 2010, we paid \$140.6 to repurchase subordinate voting shares for cancellation. During 2011, we did not repurchase any subordinate voting shares for cancellation.

On February 7, 2012, the TSX approved a new NCIB allowing us to repurchase, at our discretion, until the earlier of February 8, 2013 and the completion of purchases under the bid, up to approximately 16.2 million subordinate voting shares, representing 10% of the public float of our subordinate voting shares (or approximately 7.5% of our total subordinate voting and multiple voting shares outstanding) on the open market or as otherwise permitted, subject to the normal terms and limitations of such bids. The maximum number of subordinate voting shares we are permitted to repurchase for cancellation under the new bid will be reduced by the number of subordinate voting shares we purchase for equity-based compensation plans, which we estimate will be approximately 3 million shares.

As at December 31, 2011, we had 197.6 million (December 31, 2010 — 195.3 million) issued and outstanding subordinate voting shares and 18.9 million (December 31, 2010 — 18.9 million) issued and outstanding multiple voting shares.

Equity-Based Compensation:

Long-Term Incentive Plan (LTIP):

Under the LTIP, we may grant stock options, performance options and performance share units to eligible employees, executives and consultants. Under the LTIP, we may issue up to 29.0 million subordinate voting shares from treasury.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

Share Unit Plan (SUP):

Under the SUP, we may grant RSUs and PSUs to eligible employees. Under the SUP, we have the option to satisfy the delivery of the share units by purchasing subordinate voting shares in the open market or by cash, rather than issuing subordinate voting shares from treasury.

We may grant DSUs to members of our board of directors. These share units may be settled by cash or with subordinate voting shares issued from treasury or purchased in the open market, depending on when the DSUs were granted. As at December 31, 2011, we had 0.9 million DSUs which were outstanding and fully vested.

During 2011, we recognized stock-based compensation expense totaling \$44.2 (2010 — \$41.9) in cost of sales and SG&A. Our stock-based compensation expense varies each period, and includes mark-to-market adjustments for awards we settle in cash and plan adjustments. Our performance-based compensation expense generally varies depending on the level of achievement of pre-determined performance goals and financial targets. In 2011, we recorded a mark-to-market adjustment of \$2.7 related to awards we settled in cash in February 2011 (2010 — adjustment of \$7.6). During 2011, we amended the retirement eligibility clauses in our equity-based compensation plans which accelerated our recognition of the related compensation expense of \$4.8.

Stock option plans:

We have granted stock options and performance options as part of our LTIP. Options are granted at prices equal to the market value on the day prior to the date of the grant and are exercisable during a period not to exceed 10 years from the grant date.

Stock option transactions were as follows:

	<u>Number of Options (in millions)</u>	<u>Weighted Average Exercise Price</u>
Outstanding at January 1, 2010	11.3	\$ 11.20
Granted	0.8	\$ 10.46
Exercised	(0.8)	\$ 6.18
Forfeited/Expired	(0.8)	\$ 25.38
Outstanding at December 31, 2010	10.5	\$ 10.66
Granted	0.9	\$ 9.78
Exercised	(1.9)	\$ 6.11
Forfeited/Expired	(1.4)	\$ 16.93
Outstanding at December 31, 2011	8.1	\$ 10.51
Shares reserved for issuance upon exercise of stock options or awards (in millions)	<u>23.4</u>	

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

The following options were outstanding as at December 31, 2011:

<u>Range of Exercise Prices</u>	<u>Outstanding Options</u> (in millions)	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Life of Outstanding Options</u> (years)	<u>Exercisable Options</u> (in millions)	<u>Weighted Average Exercise Price</u>
\$ 4.04 - \$ 4.90	1.7	\$ 4.14	7.1	0.6	\$ 4.14
\$ 5.26 - \$ 6.51	1.8	\$ 6.24	5.8	1.4	\$ 6.19
\$ 6.66 - \$10.00	1.6	\$ 9.58	7.1	0.7	\$ 9.31
\$10.15 - \$10.20	0.7	\$ 10.20	8.0	0.2	\$ 10.20
\$10.62 - \$17.11	0.5	\$ 14.09	2.7	0.5	\$ 14.14
\$17.15 - \$18.46	0.7	\$ 17.23	2.1	0.7	\$ 17.23
\$18.66 - \$39.57	0.6	\$ 18.96	0.9	0.6	\$ 18.96
\$10.91 - \$13.89	0.3	\$ 13.35	0.6	0.3	\$ 13.35
\$14.67 - \$15.60	0.2	\$ 14.81	0.2	0.2	\$ 14.81
	<u>8.1</u>			<u>5.2</u>	

We amortize the estimated fair value of options to expense over the vesting period of four years. We determined the fair value of the options using the Black-Scholes option pricing model with the following weighted average assumptions:

	<u>Year ended December 31</u>	
	<u>2010</u>	<u>2011</u>
Risk-free interest rate	2.6%	2.3%
Dividend yield	0.0%	0.0%
Expected volatility of the market price of our shares	53%	52%
Expected option life (in years)	5.5	5.5
Weighted-average fair value of options granted	\$ 5.17	\$ 4.86

Restricted share units and performance share units:

We have granted RSUs and PSUs as part of our LTIP and SUP. These grants generally entitle the holder to receive one subordinate voting share or, at our discretion, the cash equivalent of the market value of a subordinate voting share at the date of vesting. Historically, we have generally settled these awards with subordinate voting shares purchased in the open market. The grant date fair value of RSUs and PSUs is amortized to expense over the vesting period. The number of PSUs that will actually vest will vary from 0% to 200% depending on the achievement of pre-determined performance goals and financial targets. The number of PSUs below represents the maximum payout at 200%. The following table outlines the RSU and PSU transactions. As of December 31, 2011, none of the RSUs or PSUs were vested.

<u>Number of awards (in millions)</u>	<u>RSUs</u>	<u>PSUs</u>
Outstanding at January 1, 2010	6.6	7.0
Granted	1.9	1.8
Settled	(3.3)	(0.7)
Forfeited/Expired	(0.4)	(0.4)
Outstanding at December 31, 2010	4.8	7.7
Granted	2.3	2.1
Settled	(3.2)	(1.8)
Forfeited/Expired	(0.4)	(0.6)
Outstanding at December 31, 2011	<u>3.5</u>	<u>7.4</u>

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

During 2011, we granted 2.1 million PSUs that vest based on the achievement of a market performance condition based on TSR. See note 2(n) for a description of TSR. We estimated the grant date fair value of these PSUs using a Monte Carlo simulation model. We expect to settle these awards with subordinate voting shares purchased in the open market. RSUs vest approximately one-third each year. PSUs vest at the end of their respective terms, generally three years, to the extent that performance conditions have been met.

The weighted average grant date fair value of RSUs awarded in 2011 was \$9.78 per share (2010 — \$9.89 per share). The weighted average grant date fair value of PSUs awarded in 2011 was \$13.75 per share (2010 — \$10.20 per share).

From time-to-time, we pay cash for the purchase of subordinate voting shares in the open market by a trustee to satisfy the delivery of subordinate voting shares under our equity-based compensation plans. We classify these shares for accounting purposes as treasury stock until they are delivered pursuant to the awards. During 2011, we paid \$49.4 (2010 — \$26.2) for the trustee to purchase 5.7 million (2010 — 2.8 million) subordinate voting shares in the open market. At December 31, 2011, the trustee held 4.5 million (December 31, 2010 — 1.7 million) subordinate voting shares with an ascribed value of \$37.9 (December 31, 2010 — \$15.9), for delivery under these plans.

We elected to cash-settle certain awards vesting in the first quarters of 2010 and 2011 due to limitations in the number of subordinate voting shares we could purchase in the open market as a result of terms in our subordinated debt and our share buy-back program. Cash-settled awards are accounted for as liabilities and remeasured based on our share price at each reporting date until the settlement date, with a corresponding charge to compensation expense. We recorded additional compensation expense to reflect the mark-to-market adjustment on these cash-settled awards of \$2.7 during 2011 (2010 — \$7.6). As a result of our past decisions to settle these awards with cash, we reclassified the accumulated balance of \$9.2 in the fourth quarter of 2010, representing the grant date market value of vested awards, from contributed surplus to accrued liabilities. Since management currently intends to settle all other share unit awards with shares purchased in the open market by a trustee, we expect to continue to account for share unit awards as equity-settled awards.

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:

	Year ended	
	December 31	
	2010	2011
Opening balance of foreign currency translation account	\$ —	\$ 1.6
Foreign currency translation adjustments	1.6	(1.7)
Closing balance	1.6	(0.1)
Opening balance of unrealized net gain or loss on cash flow hedges	\$ 8.9	\$ 10.7
Net gain (loss) on cash flow hedges (i)	23.0	(9.7)
Reclass net gain on cash flow hedges to operations (ii)	(21.2)	(13.2)
Closing balance (iii)	10.7	(12.2)
Accumulated other comprehensive income (loss)	\$ 12.3	\$ (12.3)

(i) Net of income tax recovery of \$0.7 for 2011 (2010 — \$0.8 income tax expense).

(ii) Net of income tax expense of nil for 2011 (2010 — \$0.6 income tax expense).

(iii) Net of income tax recovery of \$0.4 as of December 31, 2011 (December 31, 2010 — \$0.3 income tax expense).

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

We expect that the majority of losses on cash flow hedges reported in the 2011 accumulated other comprehensive loss balance will be reclassified to operations during 2012, primarily through cost of sales as the underlying expenses that are being hedged are included in cost of sales.

15. EXPENSES BY NATURE:

We have presented our consolidated statement of operations by function. Included in our cost of sales and SG&A for the year ended December 31, 2011 were employee-related costs of \$800.4 (2010 — \$758.6) including stock-based compensation of \$44.2 (2010 — \$41.9), freight and transportation costs of \$104.0 (2010 — \$89.7), depreciation expense of \$63.7 (2010 — \$70.5) and rental expense of \$45.3 (2010 — \$49.5).

16. OTHER CHARGES:

	Year ended December 31	
	2010	2011
Restructuring (a)	\$ 35.8	\$ 14.5
Asset impairment (b)	9.1	—
Loss on repurchase of Notes (note 12(b))	8.8	—
Recovery of damages (c)	(2.1)	(5.2)
Other (d)	(1.7)	(2.8)
	<u>\$ 49.9</u>	<u>\$ 6.5</u>

(a) *Restructuring:*

Our restructuring actions included consolidating facilities and reducing our workforce. The restructuring charges are comprised of the following:

	Year ended December 31	
	2010	2011
Cash charges	\$ 35.5	\$ 18.2
Non-cash charges (recoveries)	0.3	(3.7)
	<u>\$ 35.8</u>	<u>\$ 14.5</u>

Our restructuring charges for 2011 were \$18.2, primarily for employee termination costs, offset partially by recoveries of \$3.7 representing gains from the sale of vacated properties and surplus equipment. Our net restructuring charges were \$14.5, slightly higher than our estimated restructuring costs for 2011 of \$10.7, reflecting additional actions we announced in response to continued economic uncertainties.

The closing balance of our restructuring provision consists of the following:

	December 31	
	2010	2011
Employee termination costs	\$ 4.7	\$ 9.7
Contractual lease obligations and other costs, including accretion	15.3	7.0
	<u>\$ 20.0</u>	<u>\$ 16.7</u>

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

We expect to pay our remaining employee termination costs during the first half of 2012. See note 11.

(b) Annual impairment assessment:

We conduct our annual impairment assessment of goodwill, intangible assets and property, plant and equipment in the fourth quarter of each year or whenever events or changes in circumstance indicate that the carrying amount of the asset may not be recoverable. We recognize an impairment loss when the carrying amount of a CGU or group of CGUs exceeds the recoverable amount, which is determined as the greater of its value-in-use and its fair value less costs to sell. In the fourth quarter of 2011, we recorded no impairment against goodwill, intangible assets or property, plant and equipment as the recoverable amounts exceeded their carrying amounts.

The process of determining the recoverable amount of a CGU is subjective and requires management to exercise significant judgment in estimating future growth rates and discount rates, among other factors. The assumptions used in our annual impairment assessment are determined based on past experiences adjusted for expected changes in future conditions. Our major assumptions include projections of cash flows, with primary emphasis on our 2012 plan and with consideration for our strategic plan which extends to 2014. Both the 2012 plan and the three-year strategic plan were approved by management and presented to our board of directors. We used our weighted-average cost of capital of approximately 13%, on a pre-tax basis, to discount our cash flows and adjusted as necessary to reflect the projected growth rates in the cash flows. If the remaining life of a CGU's primary asset extended beyond 2014, we assumed that the subsequent cash flows would be consistent with the 2014 projections. Where applicable, we worked with independent brokers to obtain the market prices to estimate our real property values.

We performed a sensitivity analysis to identify the impact of changes in key assumptions, including discount rates and projected growth rates. We did not identify any reasonably probable changes in assumptions that would result in material impairments to our CGUs.

In the fourth quarter of 2010, we recorded a non-cash impairment charge of \$9.1 primarily against computer software and property, plant and equipment in the Americas and Europe.

(c) Recovery of damages:

In 2009, we recorded a provision related to a recovery of damages upon settlement of a class action lawsuit. Based on management's assessment of the potential outcomes, we deemed this provision was no longer necessary and released \$5.2 during 2011 (2010 — release of \$2.1) through other charges.

(d) Other:

Other is comprised of recoveries on certain assets that were previously written down through other charges and acquisition-related transaction costs. In 2011, we reduced the fair value of our contingent liability by \$1.3 related to our Allied Panels acquisition and recorded the recovery through other charges. See note 4.

17. FINANCE COSTS:

Our finance costs for 2011 and 2010 were \$5.4 and \$6.9, respectively, comprised primarily of finance costs related to our credit facilities and interest costs on our 2013 Notes until their redemption in March 2010.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

18. RELATED PARTY TRANSACTIONS:

Onex Corporation (Onex) owns, directly or indirectly, all of our outstanding multiple voting shares. Accordingly, Onex generally has the power to control the outcome of matters on which shareholders are entitled to vote. Gerald Schwartz, the Chairman and Chief Executive Officer of Onex and one of our directors, owns multiple voting shares of Onex carrying the right to elect a majority of Onex's board of directors.

We have manufacturing agreements with two companies related to or under the control of Onex or Gerald Schwartz (2010 — one company). During 2011, we recorded revenue of \$90.9 (2010 — \$43.3) from these companies. At December 31, 2011, we had \$15.5 (December 31, 2010 — \$4.9) due from these companies. All transactions with these companies were in the normal course of operations and were recorded at the exchange amount as agreed to by the parties based on arm's length terms. One of these companies was sold subsequent to year-end and will not be reported as a related party in 2012.

In January 2009, we entered into a Services Agreement with Onex for the services of Gerald Schwartz, as a director of Celestica. The term of this agreement was for one year and it automatically renews for successive one-year terms unless either party provides a notice of intent not to renew. Onex receives compensation under the Services Agreement in an amount equal to \$0.2 per year, payable in DSUs in equal quarterly installments in arrears.

Our key management team consists of directors and senior executive officers. The aggregate compensation, representing the expenses we recognized under IFRS, for our directors and key management team was as follows:

	Year ended December 31	
	2010	2011
Short-term employee benefits and costs	\$ 7.1	\$ 5.2
Post-employment and other long-term benefits	0.4	0.6
Equity-based compensation	17.0	19.5
	<u>\$ 24.5</u>	<u>\$ 25.3</u>

19. PENSION AND NON-PENSION POST-EMPLOYMENT BENEFIT PLANS:

We provide pension and non-pension post-employment benefit plans for our employees. Pension benefits include traditional pension plans as well as supplemental pension plans. Some employees in Canada, Japan and the United Kingdom participate in defined benefit plans. Defined contribution plans are offered to certain employees, mainly in Canada and the U.S.

We provide non-pension post-employment benefits (other benefit plans) to retired and terminated employees in Canada, the U.S., Mexico and Thailand. These benefits include one-time retirement and termination benefits, medical, surgical, hospitalization coverage, supplemental health, dental and group life insurance.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

Our pension funding policy is to contribute amounts sufficient to meet minimum local statutory funding requirements that are based on actuarial calculations. We may make additional discretionary contributions taking into account actuarial assessments and other factors. Contributions made by us to support ongoing plan obligations have been included in the deferred asset or liability accounts on our consolidated balance sheet. Actuarial valuations for our two largest pension plans are required every three years. The actuarial valuation for our Canadian pension plan was completed using a measurement date of December 2008; the next valuation will have a measurement date of December 2011. Our United Kingdom pension plan actuarial valuation was completed using a measurement date of April 2010; the next valuation will have a measurement date of April 2013.

We currently fund our non-pension post-employment benefit plans as we incur benefit payments. The most recent actuarial valuations for our largest non-pension post-employment benefit plans were completed using measurement dates of October 2009 and January 2010. The next actuarial valuations for these plans will have measurement dates of January 2012 and June 2012, respectively. We accrue the expected costs of providing non-pension post-employment benefits during the periods in which the employees render service.

We used a measurement date of December 31, 2011 for the accounting valuation for pension and non-pension post-employment benefits.

Pension fund assets are invested primarily in fixed income and equity securities. Asset allocation between fixed income and equity is adjusted based on the expected life of the plan and the expected retirement of the plan participants. Currently, the asset allocation allows for 60% to 68% (2010 — 57% to 58%) investment in fixed income, 32% to 37% (2010 — 36% to 39%) investment in equities through mutual funds, and 1% to 2% (2010 — 4% to 6%) in real estate/other investments. Our pension funds do not invest directly in our shares, but may invest indirectly as a result of the inclusion of our shares in certain market investment funds.

All of our plan assets are measured at their fair value using inputs described in the fair value hierarchy in note 21. At December 31, 2011, \$185.9 (December 31, 2010 — \$185.0) of our plan assets were measured using level 1 inputs of the fair value hierarchy and \$261.3 (December 31, 2010 — \$205.2) of our plan assets were measured using level 2 inputs of the fair value hierarchy. Some of the plan assets are held with counterparty financial institutions each of which had a Standard and Poor's rating of A or above at December 31, 2011. The remaining assets are held with financial institutions where ratings are not available. For these institutions, Celestica monitors counterparty risk based on the diversification of plan assets. These plan assets are maintained in segregated accounts by a custodian that is independent from the fund managers. We believe that the counterparty risk is low.

Plan assets are measured at their fair values; however, the amounts we can record for defined benefit plan assets may be restricted under IFRS. A description of this restriction is in note 2(n). Based on a review of the terms and conditions, and the statutory minimum funding requirements of our defined benefit plans, we have determined that the present value of future pension refunds or reductions in future contributions of our pension plans exceeded the total of the fair value of plan assets net of the present value of related obligations. This determination was made on a plan-by-plan basis. As a result of our assessment, there were no reductions to the amounts we recorded for defined benefit plan assets as at December 31, 2010 and 2011.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

The table below presents the market value of the assets as follows:

	Fair Market Value at December 31		Actual Asset Allocation (%) at December 31	
	2010	2011	2010	2011
Fixed income securities	\$ 226.6	\$ 286.5	58%	64%
Equities held through mutual funds	141.6	153.4	36%	34%
Other	22.0	7.3	6%	2%
Total	\$ 390.2	\$ 447.2	100%	100%

The following tables provide a summary of the financial position of our retirement benefit plans:

	Pension Plans Year ended December 31		Other Benefit Plans Year ended December 31	
	2010	2011	2010	2011
Plan assets, beginning of year	\$ 357.3	\$ 390.2	\$ —	\$ —
Expected return on plan assets	20.1	19.9	—	—
Actuarial gains in other comprehensive income	15.6	27.6	—	—
Employer contributions	23.9	35.7	3.7	5.2
Voluntary employee contributions	0.1	0.1	—	—
Plan settlements	(9.7)	—	—	—
Benefits and expenses paid	(19.4)	(21.4)	(3.7)	(5.2)
Foreign currency exchange rate changes	2.3	(4.9)	—	—
Plan assets, end of year	\$ 390.2	\$ 447.2	\$ —	\$ —

	Pension Plans Year ended December 31		Other Benefit Plans Year ended December 31	
	2010	2011	2010	2011
Accrued benefit obligations, beginning of year	\$ 386.5	\$ 420.3	\$ 64.1	\$ 78.1
Current service cost	3.0	3.1	2.3	2.7
Interest cost	21.2	21.6	4.0	4.2
Voluntary employee contributions	0.1	0.1	—	—
Actuarial losses in other comprehensive income	35.1	16.8	9.2	6.2
Plan curtailments/settlements	(9.0)	—	(1.6)	—
Benefits and expenses paid	(19.4)	(21.4)	(3.7)	(5.2)
Foreign currency exchange rate changes	2.8	(3.5)	3.8	(2.5)
Accrued benefit obligations, end of year	\$ 420.3	\$ 437.0	\$ 78.1	\$ 83.5
Excess (deficiency) of plan assets over accrued benefit obligations	\$ (30.1)	\$ 10.2	\$ (78.1)	\$ (83.5)
Unrecognized past service credit	—	—	(7.6)	(6.7)
Net pension benefit (cost) recognized, end of year	\$ (30.1)	\$ 10.2	\$ (85.7)	\$ (90.2)

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

Experience gains or losses represent the differences between the actual results and those we expected based on applying actuarial assumptions in valuing pension plan assets and obligations. The following table outlines our experience gains and losses:

	Pension Plans Year ended December 31		Other Benefit Plans Year ended December 31	
	2010	2011	2010	2011
Experience gains on plan assets	\$ 15.6	\$ 27.6	\$ —	\$ —
Experience gains (losses) on plan obligations	3.8	1.0	(0.8)	(1.6)

The following table outlines the pension balances as reported on our consolidated balance sheet:

	December 31 2010			December 31 2011		
	Pension Plans	Other Benefit Plans	Total	Pension Plans	Other Benefit Plans	Total
Retirement benefit obligations	\$ (43.6)	\$ (85.7)	\$ (129.3)	\$ (30.3)	\$ (90.2)	\$ (120.5)
Pension assets (note 10)	13.5	—	13.5	40.5	—	40.5
	\$ (30.1)	\$ (85.7)	\$ (115.8)	\$ 10.2	\$ (90.2)	\$ (80.0)

The following table outlines the net expense recognized in our consolidated statement of operations for retirement benefits:

	Pension Plans Year ended December 31		Other Benefit Plans Year ended December 31	
	2010	2011	2010	2011
Current service cost	\$ 3.0	\$ 3.1	\$ 2.3	\$ 2.7
Interest cost	21.2	21.6	4.0	4.2
Expected return on plan assets	(20.1)	(19.9)	—	—
Amortization of past service cost	—	—	(0.7)	(0.7)
Curtailment loss (gain)	0.7	—	(1.8)	—
	4.8	4.8	3.8	6.2
Defined contribution pension plan expense	9.7	9.8	—	—
Total expense for the year	\$ 14.5	\$ 14.6	\$ 3.8	\$ 6.2

Total expense for pension plans and non-pension post-employment benefits is generally included in cost of sales and SG&A expenses.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

The following table outlines the actuarial gains and losses, net of tax, recognized in OCI and directly in equity:

	Year ended December 31	
	2010	2011
Cumulative actuarial loss, beginning of year	\$ —	\$ 28.3
Actuarial loss (gain) recognized during the year (i)	28.3	(5.2)
Cumulative actuarial loss, end of year (ii)	\$ 28.3	\$ 23.1

- (i) Net of income tax recovery of \$0.6 for 2011 (2010 — \$0.4 income tax recovery).
- (ii) Net of income tax recovery of \$1.0 as at December 31, 2011 (December 31, 2010 — \$0.4 income tax recovery).

The following percentages and assumptions were used in measuring the plans for the year ended December 31 as follows:

	Pension Plans		Other Benefit Plans	
	2010	2011	2010	2011
Weighted average discount rate at December 31 (i) for:				
Benefit obligations	5.1	4.7	5.5	5.1
Net pension cost	5.7	5.1	6.4	5.5
Weighted average rate of compensation increase for:				
Benefit obligations	3.5	3.4	4.7	4.7
Net pension cost	3.5	3.5	4.7	4.7
Weighted average expected long-term rate of return on plan assets (ii) for:				
Net pension cost	5.7	5.0	—	—
Healthcare cost trend rates:				
Immediate trend	—	—	7.2	7.1
Ultimate trend	—	—	4.5	4.5
Year the ultimate trend rate is expected to be achieved	—	—	—	2030

Management applied significant judgment in determining these assumptions. We evaluate these assumptions on a regular basis taking into consideration current market conditions and historical market data. Actual results could differ materially from those estimates and assumptions.

- (i) The weighted average discount rate is determined using publicly available rates for high-yield corporate bonds and government bonds for each country where there is a pension or non-pension benefit plan. A lower discount rate would increase the present value of the benefit obligation.
- (ii) The weighted average rate of return for each asset class contained in our approved investment strategy is used to derive the expected long-term rate of return on assets. For fixed income securities, the long-term rate of return on bonds by country is used. The duration of the long-term rate of return on the bonds coincides with the estimated maturity of the plan obligations. For equity securities, an expected equity risk premium is aggregated with the long-term rate of return on bonds. The expected equity risk premium is specific by country and is based on historic equity returns. There is no assurance that the plans will earn the assumed rate of return on plan assets.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

Assumed healthcare trend rates impact the amounts reported for healthcare plans. A one percentage-point change in the assumed healthcare trend rate would have the following effects:

	Other Benefit Plans	
	Year ended December 31	
	2010	2011
1% Increase		
Effect on benefit obligation	\$ 8.1	\$ 9.0
Effect on current service cost and interest cost	0.7	0.5
1% Decrease		
Effect on benefit obligation	\$ (6.8)	\$ (7.5)
Effect on current service cost and interest cost	(0.6)	(0.5)

In 2011, we made contributions to the pension plans of \$45.5 (2010 — \$33.6), of which \$9.8 (2010 — \$9.7) was for defined contribution plans and \$35.7 (2010 — \$23.9) was for defined benefit plans. We may, from time-to-time, make voluntary contributions to the pension plans. In 2011, we made contributions to the non-pension post-employment benefit plans of \$5.2 (2010 — \$3.7) to fund benefit payments.

We estimate our 2012 contributions to be \$10.6 for defined benefit pension plans, \$9.8 for defined contribution pension plans, and \$4.1 for our non-pension post-employment benefit plans.

20. INCOME TAXES:

	Year ended December 31	
	2010	2011
Current income tax expense (recovery):		
Current year	\$ 17.3	\$ 22.7
Adjustments for prior years, including changes to net provisions related to tax uncertainties	16.1	(12.4)
	33.4	10.3
Deferred income tax expense (recovery):		
Origination and reversal of temporary differences	3.0	(7.5)
Change in unrecognized tax losses and deductible temporary differences	(18.2)	0.9
	(15.2)	(6.6)
Income tax expense	\$ 18.2	\$ 3.7

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

A reconciliation of income taxes calculated at the statutory income tax rate to the income tax expense (recovery) at the effective tax rate is as follows:

	Year ended	
	December 31	
	2010	2011
Earnings before income taxes	\$ 119.4	\$ 198.8
Income tax expense at Celestica's statutory income tax rate ⁽ⁱ⁾ of 28.3% (2010 — 31.0%)	\$ 37.0	\$ 56.2
Impact on income taxes from:		
Manufacturing and processing deduction	(0.4)	(0.6)
Foreign income taxed at lower rates	(72.7)	(14.9)
Foreign exchange	25.8	(31.4)
Other, including non-taxable and non-deductible items	46.7	(6.5)
Change in recognition of prior years' tax losses	(19.8)	4.3
Change in unrecognized deductible temporary differences	(4.9)	(6.1)
Current year losses for which no deferred tax assets were recognized	6.5	2.7
Income tax expense	\$ 18.2	\$ 3.7

- (i) Our statutory income tax rate was 28.3% for 2011 compared to 31.0% for 2010. The decrease in our statutory income tax rate was a result of reductions in the federal and provincial Canadian tax rates.

Our effective tax rate can vary significantly period-to-period for various reasons, including the mix and volume of business in lower tax jurisdictions in Europe and Asia, in jurisdictions with tax holidays and tax incentives, and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which tax losses and deductible temporary differences could be utilized. Our effective tax rate can also vary as a result of foreign exchange fluctuations, operating losses and changes in our provisions related to tax uncertainties.

During 2011, we formally settled tax audits related to the years 1999 through 2008 of one of our Hong Kong subsidiaries for amounts previously accrued. During 2010, we recorded an adjustment relating to these tax audits which had the effect of increasing the effective tax rate for 2010. During 2011, we formally settled tax audits related to the years 2001 through 2006 and 2009 of one of our Malaysian subsidiaries. As a result, we released provisions previously recorded for Malaysian tax uncertainties. In addition, we recognized a deferred tax recovery in Canada for an inter-company investment we wrote off relating to a restructured subsidiary.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

The movement of deferred tax assets and liabilities for the periods indicated are as follows:

	Unrealized foreign exchange gains	Accounting provisions not currently deductible	Pensions and non-pension post-retirement benefits	Tax losses carried forward	Property, plant and equipment and intangibles	Other	Reclassification between deferred tax assets and deferred tax liabilities ⁽ⁱ⁾	Total
Deferred tax assets:								
Balance — January 1, 2010	\$ 4.3	\$ 20.3	\$ —	\$ 104.4	\$ 6.5	\$ 24.2	\$ (134.6)	\$ 25.1
Credited (charged) to net earnings	2.0	(0.4)	—	15.9	2.9	(6.6)	—	13.8
Effects of foreign exchange	0.2	—	—	2.2	0.4	0.8	—	3.6
Other	—	—	—	—	(2.8)	0.4	1.8	(0.6)
Balance — December 31, 2010	6.5	19.9	—	122.5	7.0	18.8	(132.8)	41.9
Credited (charged) to net earnings	(0.8)	(2.7)	—	0.6	13.5	(16.7)	—	(6.1)
Effects of foreign exchange	(0.2)	—	—	(8.4)	(0.4)	(1.1)	—	(10.1)
Other	—	—	—	—	0.1	1.1	14.5	15.7
Balance — December 31, 2011	\$ 5.5	\$ 17.2	\$ —	\$ 114.7	\$ 20.2	\$ 2.1	\$ (118.3)	\$ 41.4
Deferred tax liabilities:								
Balance — January 1, 2010	\$ 134.0	\$ —	\$ 26.7	\$ —	\$ —	\$ 5.8	\$ (134.6)	\$ 31.9
Charged (credited) to net earnings	(6.6)	—	4.5	—	—	0.7	—	(1.4)
Effects of foreign exchange	3.7	—	—	—	—	—	—	3.7
Other	—	—	(0.4)	—	—	0.6	1.8	2.0
Balance — December 31, 2010	131.1	—	30.8	—	—	7.1	(132.8)	36.2
Charged (credited) to net earnings	20.7	—	(26.2)	—	—	(7.2)	—	(12.7)
Effects of foreign exchange	(9.9)	—	—	—	—	—	—	(9.9)
Other	—	—	(0.6)	—	—	0.1	14.5	14.0
Balance — December 31, 2011	\$ 141.9	\$ —	\$ 4.0	\$ —	\$ —	\$ —	\$ (118.3)	\$ 27.6

(i) This reclassification reflects the offsetting of deferred tax assets and deferred tax liabilities to the extent they relate to the same taxing authorities and there is a legally enforceable right to do so.

The amount of deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized is \$1,767.3 (December 31, 2010 — \$2,011.8). We have not recognized deferred tax assets in respect of these items because it is not probable that future taxable profit will be available against which we can utilize the benefits. A portion of these tax losses expires between 2012 and 2031 and a portion can be carried forward indefinitely to offset taxable profits. The deductible temporary differences do not expire under current tax legislation.

The aggregate amount of temporary differences associated with investments in subsidiaries for which we have not recognized deferred tax liabilities is \$2.3.

We have recorded net deferred tax assets of \$6.5 for one of our subsidiaries in Asia which realized a loss in 2010. We have recognized deferred tax assets based on our best estimate of future taxable profit that we expect the subsidiary to achieve based on our review of its financial projections.

Certain countries in which we do business negotiate tax incentives to attract and retain our business. Our tax expense could increase if certain tax incentives we benefit from are retracted. A retraction could occur if we fail to satisfy the conditions on which these tax incentives are based, if they are not renewed upon expiration, or tax rates applicable to us in such jurisdictions are otherwise increased. We believe we will comply with the conditions of the tax incentives; however, changes in our outlook in any particular country could impact our ability to meet the conditions.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

We have been granted tax incentives, including tax holidays, for our China, Malaysia and Thailand subsidiaries. The tax benefit arising from these incentives is approximately \$27.5 or \$0.13 per diluted share for 2011, and \$28.4 or \$0.12 per diluted share for 2010. These tax incentives are subject to certain conditions with which we intend to comply and they expire between 2012 and 2020.

See note 24 regarding income tax contingencies.

21. FINANCIAL INSTRUMENTS:

Our financial assets are comprised primarily of cash and cash equivalents, accounts receivable and derivatives used for hedging purposes. Our financial liabilities are comprised primarily of accounts payable, certain accrued and other liabilities and provisions, and derivatives. The majority of our financial liabilities are recorded at amortized cost except for derivative liabilities, which are measured at fair value. Our term deposits are classified as held-to-maturity and our short-term investments in money market funds are recorded at fair value, with changes recognized through our consolidated statement of operations.

Cash and cash equivalents are comprised of the following:

	December 31	
	2010	2011
Cash	\$ 242.6	\$ 191.7
Cash equivalents	390.2	467.2
	<u>\$ 632.8</u>	<u>\$ 658.9</u>

Our current portfolio consists of bank deposits and certain money market funds that hold primarily U.S. government securities. The majority of our cash and cash equivalents are held with financial institutions each of which had at December 31, 2011 a Standard and Poor's rating of A-1 or above.

Financial risk management objectives:

We have exposures to a variety of financial risks through our operations. We regularly monitor these risks and established policies and business practices to mitigate the adverse effects of these potential exposures. We have used derivative financial instruments, such as foreign currency forward contracts, to reduce the effects of some of these risks. We do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(a) Currency risk:

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

Our major currency exposures at December 31, 2011 are summarized in U.S. dollars equivalents in the following table. We have included in this table only those items that we classify as financial assets or liabilities and which were denominated in non-functional currencies. In accordance with the financial instruments

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

standard, we have excluded items such as retirement benefits and income taxes. The local currency amounts have been converted to U.S. dollar equivalents using the spot rates at December 30, 2011.

	Chinese renminbi	Thai baht	Mexican peso	Canadian dollar
Cash and cash equivalents	\$ 25.9	\$ 5.0	\$ 0.5	\$ 5.7
Accounts receivable	19.4	—	—	3.9
Other financial assets	1.6	0.3	0.6	—
Accounts payable and certain accrued and other liabilities and provisions	(37.2)	(15.3)	(14.6)	(42.3)
Net financial assets (liabilities)	<u>\$ 9.7</u>	<u>\$ (10.0)</u>	<u>\$ (13.5)</u>	<u>\$ (32.7)</u>

Foreign currency risk sensitivity analysis:

At December 31, 2011, a one-percentage point strengthening or weakening of the following currencies against the U.S. dollar for our financial instruments denominated in non-functional currencies is summarized in the following table. The financial instruments impacted by a change in exchange rates include our exposures to the above financial assets or liabilities denominated in non-functional currencies and our foreign exchange forward contracts.

	Chinese renminbi	Thai baht	Mexican peso	Canadian dollar
1% Strengthening				
Net earnings	\$ 0.4	\$ —	\$ (0.2)	\$ 1.8
Other comprehensive income	—	1.2	0.4	1.1
1% Weakening				
Net earnings	(0.4)	—	0.2	(1.7)
Other comprehensive income	—	(1.2)	(0.4)	(1.1)

(b) Interest rate risk:

Borrowings under our revolving credit facility bear interest at LIBOR or Prime rate plus a margin. A one-percentage point increase in these rates would increase interest expense, assuming maximum borrowings under our \$400.0 revolving credit facility, by \$4.0 annually. At December 31, 2011, no amounts were drawn under this credit facility.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss to us. We believe the credit risk of counterparty non-performance is low. With respect to our financial market activities, we have adopted a policy of dealing only with creditworthy counterparties to mitigate the risk of financial loss from defaults. We monitor the credit risk of the counterparties with whom we conduct business, through a combined process of credit rating reviews and portfolio reviews. To mitigate the risk of financial loss from defaults under our foreign currency forward contracts, our contracts are held by counterparty financial institutions each of which had a Standard and Poor's rating of A- or above at December 31, 2011. In addition, we maintain cash and short-term investments in high quality investments or on deposit with major financial institutions. Each financial institution with which we have our accounts receivable sales program had a Standard and Poor's rating of A-1 at December 31, 2011. At December 31, 2011, we sold \$60.0 of accounts receivable under this sales program.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

We also provide unsecured credit to our customers in the normal course of business. The financial instruments that potentially subject us to credit risk include our accounts receivable, inventory on hand, and non-cancelable purchase orders in support of customer demand. We perform ongoing credit evaluations of our customers' financial conditions. In certain instances, we may obtain letters of credit or other forms of security from our customers. We consider credit risk in determining our estimates of reserves for potential credit losses. The carrying amount of financial assets recorded in the financial statements, net of any allowances or reserves for losses, represents our estimate of maximum exposure to credit risk.

At December 31, 2011, less than 1% of our gross accounts receivable are over 90 days past due. Accounts receivable are net of an allowance for doubtful accounts of \$2.7 at December 31, 2011 (December 31, 2010 — \$5.1).

(d) Liquidity risk:

Liquidity risk is the risk that we may not have cash available to satisfy our financial obligations as they come due. The majority of our financial liabilities recorded in accounts payable, accrued and other liabilities and provisions are due within 90 days. At December 31, 2011, we did not have any long-term debt. We manage liquidity risk by maintaining a portfolio of liquid funds and investments and having access to a revolving credit facility, intraday and overnight bank overdraft facilities and an accounts receivable sales program. We believe that cash flow from operating activities, together with cash on hand, cash from the sale of accounts receivable, and borrowings available under our revolving credit facility and intraday and overnight bank overdraft facilities are sufficient to fund our financial obligations. We have also, on occasion, entered into short-term arrangements with one customer to fund inventory in excess of previously agreed upon levels through cash deposits. At December 31, 2011, we had a deposit of \$120.0 (December 31, 2010 — \$75.0) from one customer.

Fair values:

We used the following methods and assumptions to estimate the fair value of each class of financial instruments:

The carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and provisions approximate the fair values of these financial instruments due to the short-term nature of these instruments. The fair values of foreign currency contracts are estimated using generally accepted valuation models based on discounted cash flow analysis with inputs of observable market data, including currency rates and discount factors. Discount factors are adjusted by our own credit risk or the credit risk of the counterparty, depending if the fair values are in liability or asset positions, respectively. The carrying value of our Notes was comprised of elements recorded at fair value and amortized cost. We redeemed all of our outstanding Notes prior to March 31, 2010.

Fair value measurements:

In the table below, we have segregated our financial assets and liabilities, that are measured at fair value, based on the inputs used to determine fair value at the measurement date. The three levels within the fair value hierarchy, based on the reliability of inputs, are as follows:

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly (*i.e.* prices) or indirectly (*i.e.* derived from prices); and

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

- level 3 inputs are inputs for the asset or liability that are not based on observable market data (*i.e.* unobservable inputs).

	December 31, 2010			December 31, 2011		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets:						
Cash equivalents (money market funds)	\$ 20.6	\$ —	\$ 20.6	\$ 57.3	\$ —	\$ 57.3
Derivatives — foreign currency forward contracts	—	14.5	14.5	—	2.0	2.0
	<u>\$ 20.6</u>	<u>\$ 14.5</u>	<u>\$ 35.1</u>	<u>\$ 57.3</u>	<u>\$ 2.0</u>	<u>\$ 59.3</u>
Liabilities:						
Derivatives — foreign currency forward contracts	\$ —	\$ 1.5	\$ 1.5	\$ —	\$ 15.9	\$ 15.9
	<u>\$ —</u>	<u>\$ 1.5</u>	<u>\$ 1.5</u>	<u>\$ —</u>	<u>\$ 15.9</u>	<u>\$ 15.9</u>

See note 19 for the input levels used to measure the fair value of our pension assets.

Money market funds are valued using a market approach based on the quoted market prices of identical instruments. Foreign currency forward contracts are valued using an income approach, by comparing the current quoted market forward rates to our contract rates and discounting the values with appropriate market observable credit risk adjusted rates. We have not valued any of our financial instruments using level 3 (unobservable) inputs. There were no transfers of fair value measurements between level 1 and level 2 of the fair value hierarchy in 2010 or 2011.

Derivatives and hedging activities:

We enter into foreign currency contracts to hedge foreign currency risks relating to cash flow and balance sheet exposures. At December 31, 2011, we had forward exchange contracts to trade U.S. dollars in exchange for the following currencies:

Currency	Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months	Fair value gain/(loss)
Canadian dollar	\$ 349.6	\$ 0.98	15	\$ (2.0)
Thai baht	144.2	0.03	15	(4.7)
Malaysian ringgit	97.4	0.32	15	(2.4)
Mexican peso	49.7	0.08	12	(3.0)
Chinese renminbi	33.9	0.16	12	(0.2)
British pound	33.4	1.54	4	0.1
Singapore dollar	19.8	0.80	12	(0.6)
Euro	14.8	1.29	4	—
Japanese yen	14.0	0.01	3	—
Romanian lei	10.8	0.32	12	(0.8)
Other	8.9	—	4	(0.3)
Total	<u>\$ 776.5</u>			<u>\$ (13.9)</u>

At December 31, 2011, the fair value of these contracts was a net unrealized loss of \$13.9 (December 31, 2010 — net unrealized gain of \$13.0). At December 31, 2011, we recorded \$2.0 of derivative assets in other current assets and \$15.9 of derivative liabilities in accrued and other current and non-current liabilities. The unrealized gains or losses are a result of fluctuations in foreign exchange rates between the date the currency forward contracts were entered into and the valuation date at period end. Changes in the fair value of hedging

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

derivatives to which we apply cash flow hedge accounting, to the extent effective, are deferred in OCI until the expenses or items being hedged are recognized in our consolidated statement of operations. Any hedge ineffectiveness, which at December 31, 2011 was not significant, is immediately recognized in our consolidated statement of operations.

We have not designated certain forward contracts to trade U.S. dollars as hedges, most significantly our Canadian dollar and British pound sterling contracts, and have marked these contracts to market each period through our consolidated statement of operations.

22. CAPITAL DISCLOSURES:

Our main objective in managing our capital resources are to ensure liquidity and to have funds available for working capital or other investments required to grow our business. Our capital resources consist of cash, short-term investments, access to a revolving credit facility, intraday and overnight bank overdraft facilities, an accounts receivable sales program and capital stock.

We regularly review our borrowing capacity and make adjustments, as available, for changes in economic conditions. At December 31, 2011, we had access to a \$400.0 revolving credit facility and \$70.0 in intraday and overnight bank overdraft facilities, and we could sell up to \$250.0 in accounts receivable on a committed basis and up to \$150.0 in accounts receivable on an uncommitted basis under an accounts receivable sales program to provide short-term liquidity. We sold \$60.0 of accounts receivable at December 31, 2011. At December 31, 2011, we had \$27.0 of letters of credit that were issued under our credit facility. Our revolving credit facility has restrictive covenants, including those relating to debt incurrence, the sale of assets and a change of control. The facility also contains financial covenants relating to indebtedness, interest coverage and liquidity and we have pledged certain assets as security. We closely monitor our business performance to evaluate compliance with our covenants. We continue to monitor and review the most cost-effective methods for raising capital, taking into account these restrictions and covenants. Our revolving credit facility matures in January 2015 and our accounts receivable sales program is available until November 2012. The amounts we may borrow and repay under these facilities can vary significantly from month-to-month depending on our working capital and other cash requirements. We have also, on occasion, entered into short-term arrangements with one customer to fund inventory in excess of previously agreed upon levels through cash deposits.

We redeemed all of our outstanding Notes prior to March 31, 2010. We also cancelled 16.1 million subordinate voting shares under the NCIB we commenced in July 2010. On February 7, 2012, the TSX approved a new NCIB. See note 13. We have not distributed, nor do we have any current plan to distribute, any dividends to our shareholders. We have purchased, and expect to continue to purchase, subordinate voting shares from time-to-time in the open market for delivery under our equity-based compensation plans.

Our strategy on capital risk management has not changed significantly since the end of 2010. Other than the restrictive covenants associated with our revolving credit facility noted above, we are not subject to any contractual or regulatory capital requirements. While some of our international operations are subject to government restrictions on the flow of capital into and out of their jurisdictions, these restrictions have not had a material impact on our operations or cash flows.

23. WEIGHTED AVERAGE NUMBER OF SHARES DILUTED (in millions):

	<u>2010</u>	<u>2011</u>
Weighted average number of shares (basic)	227.8	216.3
Dilutive effect of equity-based compensation plans	2.3	2.0
Weighted average number of shares (diluted)	<u>230.1</u>	<u>218.3</u>

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

For the year ended December 31, 2011, we excluded 4.5 million of equity-based awards (year ended December 31, 2010 — 4.7 million) from the diluted weighted average per share calculation as they were out-of-the-money.

24. COMMITMENTS, CONTINGENCIES AND GUARANTEES:

At December 31, 2011, we have future minimum lease payments as follows:

	Operating Leases
2012	\$ 29.6
2013	25.8
2014	17.8
2015	7.6
2016	4.4
Thereafter	19.2

Our operating leases primarily relate to premises. As at December 31, 2011, we had committed \$48.0 in capital expenditures, principally for facilities, machinery and equipment to support new customer programs.

We have contingent liabilities in the form of letters of credit, letters of guarantee and surety bonds which we provided to various third parties. These guarantees cover various payments, including customs and excise taxes, utility commitments and certain bank guarantees. At December 31, 2011, these contingent liabilities amounted to \$40.9 (December 31, 2010 — \$49.5), including \$27.0 of letters of credit that were issued under our credit facility.

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

Litigation:

In the normal course of our operations, we may be subject to lawsuits, investigations and other claims, including environmental, labor, product, customer disputes and other matters. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not always possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such matters will not have a material adverse impact on our results of operations, financial position or liquidity.

In 2007, securities class action lawsuits were commenced against us and our former Chief Executive and Chief Financial Officers in the United States District Court of the Southern District of New York by certain individuals, on behalf of themselves and other unnamed purchasers of our stock, claiming that they were purchasers of our stock during the period January 27, 2005 through January 30, 2007. The plaintiffs allege violations of United States federal securities laws and seek unspecified damages. They allege that during the purported period we made statements concerning our actual and anticipated future financial results that failed to disclose certain purportedly material adverse information with respect to demand and inventory in our Mexican operations and our information technology and communications divisions. In an amended complaint, the plaintiffs added one of our directors and Onex as defendants. On October 14, 2010, the District Court granted the defendants' motions to dismiss the consolidated amended complaint in its entirety. The plaintiffs

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

appealed to the United States Court of Appeals for the Second Circuit the dismissal of its claims against us, our former Chief Executive and Chief Financial Officers, but not as to the other defendants. In a summary order dated December 29, 2011, the Court of Appeals reversed the District Court's dismissal of the consolidated amended complaint and remanded the case to the District Court for further proceedings. Parallel class proceedings, including a claim issued in October 2011, remain against us and our former Chief Executive and Chief Financial Officers in the Ontario Superior Court of Justice, but neither leave nor certification of any actions has been granted by that court. We believe the allegations in the claims are without merit and we intend to defend against them vigorously. However, there can be no assurance that the outcome of the litigation will be favorable to us or that it will not have a material adverse impact on our financial position or liquidity. In addition, we may incur substantial litigation expenses in defending the claims. We have liability insurance coverage that may cover some of our litigation expenses, potential judgments or settlement costs.

Income taxes:

We are subject to tax audits and reviews by various tax authorities of historical information which could result in additional tax expense in future periods relating to prior results. Reviews by tax authorities generally focus on, but are not limited to, the validity of our inter-company transactions, including financing and transfer pricing policies which generally involve subjective areas of taxation and a significant degree of judgment. If any of these tax authorities are successful with their challenges, our income tax expense may be adversely affected and we could also be subject to interest and penalty charges.

In connection with ongoing tax audits in Canada, tax authorities have taken the position that income reported by one of our Canadian subsidiaries in 2001 through 2004 should have been materially higher as a result of certain inter-company transactions.

In connection with a tax audit in Brazil, tax authorities have taken the position that income reported by our Brazilian subsidiary in 2004 should have been materially higher as a result of certain inter-company transactions. If Brazilian tax authorities ultimately prevail in their position, our Brazilian subsidiary's tax liability would increase by approximately 43.5 million Brazilian reais (approximately \$23.2 at current exchange rates). In addition, Brazilian tax authorities may make similar claims in future audits with respect to these types of transactions. In June 2011, we received a ruling from the Brazilian Lower Administrative Court that was largely consistent with our original filing position. As the ruling generally favored the taxpayer, the matter has been sent to a court of appeals. We have not accrued for any potential adverse tax impact for the 2004 tax audit as we believe our Brazilian subsidiary has reported the appropriate amount of income arising from inter-company transactions.

We have and expect to continue to recognize the future benefit of certain Brazilian tax losses on the basis that these tax losses can and will be fully utilized in the fiscal period ending on the date of dissolution of our Brazilian subsidiary. While our ability to do so is not certain, we believe that our interpretation of applicable Brazilian law will be sustained upon full examination by the Brazilian tax authorities and, if necessary, upon consideration by the Brazilian judicial courts. Our position is supported by our Brazilian legal tax advisors. A change to the benefit realizable on these Brazilian losses could increase our net future tax liabilities by approximately 55.5 million Brazilian reais (approximately \$29.6 at current exchange rates).

Tax audits for the years 2001 through 2006 and 2009 of one of our Malaysian subsidiaries were closed in 2011 without any significant adjustments. As a result of our successful defenses, we have released provisions previously recorded for Malaysian tax uncertainties of 31.9 million Malaysian ringgit (approximately \$10.0 at current exchange rates).

The successful pursuit of the assertions made by any taxing authority related to the above noted tax audits or others could result in us owing significant amounts of tax, interest and possibly penalties. We believe we have substantial defenses to the asserted positions and have adequately accrued for any probable potential adverse

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

tax impact. However, there can be no assurance as to the final resolution of these claims and any resulting proceedings and if these claims and any ensuing proceedings are determined adversely to us, the amounts we may be required to pay could be material.

Japan:

The major earthquake and tsunami in Japan in March 2011, including the aftermath of those events, affected our local operations in the first quarter of 2011. Our operations in Japan include a sales office, a repair service center and a manufacturing facility. The manufacturing facility in Miyagi, Japan was damaged and operations were interrupted for approximately two weeks in March 2011. Production had resumed by the end of the first quarter. We have filed an insurance claim which exceeds the carrying value of the damaged assets. Any excess of the insurance proceeds above the carrying value of the damaged assets will be recorded in the period the insurance claim is resolved.

25. SEGMENT AND GEOGRAPHIC INFORMATION:

We are required to disclose certain information regarding operating segments, products and services, geographic areas and major customers. Operating segments are defined as components of an enterprise for which separate financial information is available that is regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Our reportable segment is comprised of our electronics manufacturing services business. Our chief operating decision maker is our Chief Executive Officer.

The following table indicates revenue by end market as a percentage of total revenue. Our revenue fluctuates from period-to-period depending on numerous factors, including but not limited to: seasonality of business, the mix and complexity of the products or services we provide, the extent, timing and rate of new program wins, follow-on business, or losses from new, existing or disengaging customers, the phasing in or out of programs, the success in the marketplace of our customers' products and changes in customer demand. We expect that the pace of technological change, the frequency of OEMs transferring business among EMS competitors, the level of outsourcing by OEMs (including decisions to insource), and the constantly changing dynamics of the global economy will also continue to impact our business from period-to-period.

	Year ended December 31	
	2010	2011
Consumer	25%	25%
Diversified	12%	14%
Enterprise Communications	24%	26%
Servers	14%	15%
Storage	12%	11%
Telecommunications	13%	9%

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in millions of U.S. dollars)

The following table details our external revenue allocated by manufacturing location among countries exceeding 10%:

	Year ended	
	December 31	
	2010	2011
Mexico	27%	25%
Thailand	21%	21%
China	14%	14%
Malaysia	11%	*
Romania	*	11%

* Less than 10% in the period indicated

The following table details our allocation of property, plant and equipment, intangible assets and goodwill among countries exceeding 10%.

	December 31	
	2010	2011
China	21%	26%
Canada	10%	13%
Thailand	14%	12%
Mexico	18%	12%
Romania	11%	*

* Less than 10% in the period indicated

Customers:

During 2011, two customers individually represented more than 10% of total revenue. In aggregate, these customers comprised 30% of total revenue. At December 31, 2011, two customers individually represented more than 10% of total accounts receivable.

During 2010, one customer individually comprised 20% of total revenue. At December 31, 2010, one customer individually represented more than 10% of total accounts receivable.

Research In Motion accounted for 19% of total revenue in 2011 (2010 — 20%).

QuickLinks

[TABLE OF CONTENTS](#)

[Part I](#)

[Item 1. Identity of Directors, Senior Management and Advisers](#)

[Item 2. Offer Statistics and Expected Timetable](#)

[Item 3. Key Information](#)

[Item 4. Information on the Company](#)

[Item 4A. Unresolved Staff Comments](#)

[Item 5. Operating and Financial Review and Prospects](#)

[MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS](#)

[Item 6. Directors, Senior Management and Employees](#)

[Item 7. Major Shareholders and Related Party Transactions](#)

[Item 8. Financial Information](#)

[Item 9. The Offer and Listing](#)

[Item 10. Additional Information](#)

[Item 11. Quantitative and Qualitative Disclosures about Market Risk](#)

[Item 12. Description of Securities Other than Equity Securities](#)

[Part II](#)

[Item 13. Defaults, Dividend Arrearages and Delinquencies](#)

[Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds](#)

[Item 15. Controls and Procedures](#)

[Item 16A. Audit Committee Financial Expert](#)

[Item 16B. Code of Ethics](#)

[Item 16C. Principal Accountant Fees and Services](#)

[Item 16D. Exemptions from the Listing Standards for Audit Committees](#)

[Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers](#)

[Item 16F. Change in Registrant's Certifying Accountant](#)

[Item 16G. Corporate Governance](#)

[Item 16H. Mine Safety Disclosure](#)

[Part III](#)

[Item 17. Financial Statements](#)

[Item 18. Financial Statements](#)

[Item 19. Exhibits](#)

[SIGNATURES](#)

[MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING](#)

[REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM](#)

[REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM](#)

[CELESTICA INC. CONSOLIDATED BALANCE SHEET \(in millions of U.S. dollars\)](#)

[CELESTICA INC. CONSOLIDATED STATEMENT OF OPERATIONS \(in millions of U.S. dollars, except per share amounts\)](#)

[CELESTICA INC. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME \(in millions of U.S. dollars\)](#)

[CELESTICA INC. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY \(in millions of U.S. dollars\)](#)

[CELESTICA INC. CONSOLIDATED STATEMENT OF CASH FLOWS \(in millions of U.S. dollars\)](#)

[CELESTICA INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS \(in millions of U.S. dollars\)](#)

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR PORTIONS OF THIS DOCUMENT. THE CONFIDENTIAL PORTIONS HAVE BEEN REDACTED AND ARE DENOTED BY ASTERISKS IN BRACKETS [**]. THE CONFIDENTIAL PORTIONS HAVE BEEN SEPARATELY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

US\$250,000,000

AMENDED AND RESTATED REVOLVING TRADE RECEIVABLES PURCHASE AGREEMENT

among

CELESTICA INC.,

as Servicer

and

**CELESTICA LLC,
CELESTICA CZECH REPUBLIC S.R.O.,
CELESTICA HOLDINGS PTE LTD.,
CELESTICA VALENCIA S.A. (SOCIEDAD UNIPERSONAL),
CELESTICA HONG KONG LTD.
CELESTICA (ROMANIA) S.R.L.
CELESTICA JAPAN KK
CELESTICA OREGON LLC
as Sellers,**

and

**EACH OF THE PURCHASERS LISTED HEREIN,
as Purchasers,**

and

**DEUTSCHE BANK AG, NEW YORK BRANCH,
as Administrative Agent**

Dated as of November 4, 2011

DEUTSCHE BANK AG NEW YORK, as Lead Arranger

Table of Contents

Section 1 - DEFINITIONS	1
1.1 Defined Terms	1
1.2 Other Definitional Provisions	12
Section 2 - THE INVESTMENTS	13
2.1 Purchaser's Investment Limits	13
2.2 Procedure for Making Purchases	13
2.3 Sale and Assignment	15
2.4 Fees	15
2.5 Computation and Payments; Commitment Fees	15
2.6 Pro Rata Treatment and Payments	16
2.7 Requirements of Law	16
2.8 Taxes	17
2.9 Indemnity	18
2.10 Records	19
2.11 Purchase Price Adjustments/Deferred Purchase Price	19
2.12 Repurchases of Purchased Assets: Deemed Collections	20
2.13 Application of Collections	21
Section 3 - REPRESENTATIONS AND WARRANTIES	22
3.1 Financial Condition	22
3.2 No Change	22
3.3 Existence; Compliance with Law	22
3.4 Power; Authorization; Enforceable Obligations	23
3.5 No Legal Bar	23
3.6 Litigation	23
3.7 No Default	23
3.8 Ownership of Property; Liens	24
3.9 Taxes	24
3.10 Federal Regulations	24
3.11 Investment Company Act; Other Regulations	24
3.12 Accuracy of Information, etc.	25
3.13 Solvency	25
3.14 Security Documents	25
3.15 Principal Place of Business	25
3.16 Accounting for Scheduled Receivables	25
3.17 Compliance with Money Laundering and Anti-Terrorist Laws	25
Section 4 - CONDITIONS PRECEDENT	26
4.1 Conditions Precedent to Initial Purchase	26
4.2 Conditions Precedent to All Purchases	27
4.3 Conditions to Effectiveness	28
Section 5 - COVENANTS	29
5.1 Financial Statements	29
5.2 Certificates; Other Information	29
5.3 Payment of Obligations	30
5.4 Maintenance of Existence; Compliance	30
5.5 Maintenance of Property; Insurance	30
5.6 Inspection of Property; Books and Records; Discussions	30
5.7 Notices	30
5.8 Use of Proceeds	31
5.9 Irrevocable Payment Instructions	31
5.10 Further Assurances	31
5.11 Offices, Records, Books of Account	31
5.12 Sales, Liens, Etc.	32
5.13 Extension or Amendment of Receivables	32
5.14 Status of Scheduled Receivables	32

5.15	Account Generation and Servicing Practices	32
5.16	Inconsistent Instructions	32
5.17	Designation of New Eligible Buyers	32
5.18	Designation of New Sellers / Removal of Sellers	33
Section 6	SERVICER OBLIGATIONS	33
6.1	Appointment of Servicer	33
6.2	Duties of Servicer	33
6.3	Reporting Requirements	34
6.4	Application Requirements	34
Section 7	TERMINATION EVENTS AND REMEDIES	34
Section 8	THE ADMINISTRATIVE AGENT	36
8.1	Appointment	36
8.2	Delegation of Duties	36
8.3	Exculpatory Provisions	36
8.4	Reliance by Administrative Agent	37
8.5	Notice of Termination	37
8.6	Non-Reliance on Administrative Agent and Other Purchasers	38
8.7	Indemnification	38
8.8	Agent in Its Individual Capacity	39
8.9	Successor Administrative Agent	39
8.10	Determination Pursuant to Security Documents	39
8.11	Merger of the Administrative Agent	40
Section 9	MISCELLANEOUS	40
9.1	Amendments and Waivers	40
9.2	Notices	41
9.3	No Waiver; Cumulative Remedies	42
9.4	Survival of Representations and Warranties	42
9.5	Payment of Expenses and Taxes	42
9.6	Successors and Assigns; Participations and Assignments	44
9.7	Adjustments; Set-off	46
9.8	Counterparts	46
9.9	Severability	46
9.10	Integration	46
9.11	Governing Law	46
9.12	Submission To Jurisdiction; Waivers	47
9.13	Judgment Currency	47
9.14	Interest Act	47
9.15	Confirmation of Guarantee	47
9.16	Amendment and Restatement	48
Section 1	DEFINITIONS	2
1.1	Defined Terms. Unless otherwise stated, capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Purchase Agreement referred to above	2
Section 2	Payment Account and Concentration Account	2
2.1	Establishment of Payment Account	2
2.2	Amounts in Payment Account	2
2.3	Establishment of Concentration Account	2
2.4	Amounts in Concentration Account	3
Section 3	Deposits, Transfers and Disbursements	3
3.1	Disbursements	3
3.2	General Rules Relating to Account	3
Section 4	Authority of Collection Agent	3
Section 5	Notices	4
Section 6	Amendments; No Waiver; Cumulative Remedies	4
6.1	Amendments. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Servicer and the Collection Agent, provided that any provision of this Agreement may be waived by the Collection	

Agent in a letter or agreement executed by the Collection Agent or by telex or facsimile transmission from the Collection Agent	4
6.2 No Waiver. No failure to exercise and no delay in exercising, on the part of the Collection Agent, the Administrative Agent or any Purchaser, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege	4
6.3 Cumulative Remedies. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any other rights, remedies, powers and privileges provided by law	4
Section 7 . Successors and Assigns	4
Section 8 . Counterparts	4
Section 9 . Severability	5
Section 10 . Integration	5
Section 11 . Governing Law	5
Section 12 . Submission to Jurisdiction; Waivers	5
Section 13 . Judgment Currency	5
Section 14 Waiver of Jury Trial	6
Section 15 Section Headings	6
Section 16 Indemnity	6

Schedules

Schedule 1.1	Purchasers' Investment Limits
Schedule 1.2	Eligible Buyers and Obligor Limits
Schedule 3.4	Consents, Authorizations, Filings and Notices
Schedule 3.9	Taxes
Schedule 3.14	Actions to Perfect Ownership Interests in Scheduled Receivables and Security Interests in Collateral
Schedule 3.15	Principal Places of Business of the Sellers

Exhibits

Exhibit A	Form of Receivables Assignment Agreement
Exhibit B	Form of Irrevocable Payment Instructions
Exhibit C	Form of Collection Agency and Account Agreement
Exhibit D	Form of Purchase Notice
Exhibit E	Form of Servicer's Report
Exhibit F	Form of Receivables Presentation
Exhibit G	Form of Guarantee
Exhibit H	Form of U.S. Deposit Account Control Agreement
Exhibit I	Form of Agency Agreement
Exhibit J	Form of Assignment and Acceptance
Exhibit K	Form of Security Deed (UK Account Pledge)
Exhibit L	Form of Collection Account Pledge Agreement

AMENDED AND RESTATED REVOLVING TRADE RECEIVABLES PURCHASE AGREEMENT (this “Agreement”), dated as of November 4, 2011 among Celestica Inc., a corporation organized and existing under the laws of the Province of Ontario, Canada (“Celestica Canada”), as delegated servicer hereunder (in such capacity, the “Servicer”), Celestica LLC, a corporation organized and existing under the laws of Delaware (“Celestica LLC”), as a Seller hereunder, Celestica Czech Republic s.r.o., a limited liability company organized and existing under the laws of the Czech Republic (“Celestica Czech Republic”), as a Seller hereunder, Celestica Holdings Pte Ltd., a limited liability company organized and existing under the laws of Singapore (“Celestica Holdings”), as a Seller hereunder, Celestica Valencia S.A., a sociedad unipersonal organized and existing under the laws of Spain (“Celestica Valencia”), as a Seller hereunder, Celestica Hong Kong Ltd., a limited liability company incorporated under the laws of Hong Kong (“Celestica Hong Kong”), as a Seller hereunder, Celestica (Romania) s.r.l. (“Celestica Romania”), a corporation incorporated under the laws of Romania, Celestica Japan KK, a limited liability company organized and existing under the laws of Japan (“Celestica Japan”), as a Seller hereunder, Celestica Oregon LLC, a limited liability company organized and existing under the laws of Delaware (“Celestica Oregon”) (each of Celestica LLC, Celestica Czech Republic, Celestica Holdings, Celestica Valencia, Celestica Hong Kong, Celestica Romania, Celestica Japan, Celestica Electronics (M) SND BHD and Celestica Oregon and each New Seller pursuant to Section 5.18(a) being individually a “Seller” and collectively the “Sellers”), each of the financial institutions named on Schedule I hereto as purchasers (the “Purchasers”), and Deutsche Bank AG New York Branch, as administrative agent (the “Administrative Agent”).

The parties hereto hereby agree as follows:

SECTION 1 - DEFINITIONS

1.1 Defined Terms

As used in this Agreement, the terms listed in this Section 1.1 shall have the respective meanings set forth in this Section 1.1:

“Administrative Agent”: Deutsche Bank AG New York Branch, as the administrative agent for the Purchasers under this Agreement and the other Transaction Documents, together with any of its successors.

“Affiliate”: as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, “control” of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

“Agency Agreement”: the agency agreement among the Administrative Agent, the Collection Agent and the Purchasers, substantially in the form of Exhibit J hereto.

“Agreement”: as defined in the preamble hereto.

“Applicable Margin”: the Tranche A Applicable Margin, the Tranche B Applicable Margin, the Tranche C Applicable Margin or the Tranche D Applicable Margin, as the context may require.

“Applicable Percentage” means 100%.

“Approved Rating Agency”: Standard & Poor’s, Moody’s Investor Service or another rating agency acceptable to the Administrative Agent and the Servicer.

“Assignee”: as defined in Section 9.6(c).

“Assignment Agreements”: each receivables assignment agreement, substantially in the form of Exhibit A, executed and delivered by a Seller in respect of a Purchase or all Purchases, as the case may be, hereunder.

“Assignment and Acceptance”: an Assignment and Acceptance, substantially in the form of Exhibit K.

“Assignor”: as defined in Section 9.6(c).

“Availability Termination Date”: the earlier of (i) the date that is the seventh anniversary of the Closing Date and (ii) the date on which the Administrative Agent delivers to the Servicer a notice of termination as a result of a Termination Event in accordance herewith (or the date on which such termination becomes effective automatically pursuant to Section 7).

“BBA JPY LIBOR”: means for any day, the rate that appears as the British Bankers Assoc. Interest Settlement Rates Page (the display designated as Page [LIBOR] on the Reuters Service or such other page as may replace such page on such service for the purpose of displaying the rates at which Yen deposits are offered by leading banks in the London interbank deposit market), as determined by the Administrative Agent, based in each case on the overnight rate at approximately 11:00 a.m. London, England time on the day of determination; provided that (a) if such day is not a Business Day in London, England, the BBA JPY LIBOR for such day shall be such rate that, so appears on the next preceding Business Day, and (b) if no such rate so appears on such next succeeding Business Day, the BBA JPY LIBOR for such day shall be the average rate charged to the Purchasers on such day on such transactions as determined by the Purchasers.

“Benefitted Purchaser”: as defined in Section 9.7.

“Board”: the Board of Governors of the Federal Reserve System of the United States (or any successor).

“BSA”: the U.S. Bank Secrecy Act of 1970, as amended.

“Business Day”: a day other than a Saturday, Sunday or other day on which commercial banks in New York City and Toronto, Canada are authorized or required by law to close provided, that with respect to determinations of the LIBOR Rate, such day is also a day for trading by and between banks in Dollar deposits or Japanese Yen deposits, as applicable in London, England.

“Capital Stock”: any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

“Celestica Reports”: as defined in Section 3.12.

“Chargebacks”: any amounts debited from Collection Accounts pursuant to the related Deposit Account Control Agreements in respect of returned checks or other reversals in respect of payments previously applied as Collections hereunder.

“Closing Date”: November 23, 2005.

“Collateral”: all the collateral pledged or purported to be pledged pursuant to any of the Security Documents.

“Collection Account Agreement”: the Collection Agency and Account Agreement, dated as of November 23, 2005, among Celestica Corp., the Servicer and the Collection Agent, as amended, supplemented or otherwise modified from time to time.

“Collection Account Pledge Agreement”: the Collection Account Pledge Agreement, dated as of November 23, 2005, among the Sellers, the Servicer and the Collection Agent, as amended, supplemented or otherwise modified from time to time.

“Collection Accounts”: each of account Nos. 37566-57607 (maintained by Celestica LLC), 37566-84489 (maintained by Celestica LLC), 37566-843 53 (maintained by Celestica Hong Kong), 25852-048 (maintained by Celestica Czech Republic), 37566-84340 (maintained by Celestica Holdings), 23963-011 (maintained by Celestica Valencia), the Japanese Yen Collection Account (maintained by Celestica Japan), 4427214572 (maintained by Celestica Oregon), and 600849283013 (maintained by Celestica Romania) in each case with Bank of America and each other account from time to time opened by a Seller and subject to the lien of the Collection Account Pledge Agreement, provided that the relevant account bank shall have executed and delivered a Deposit Account Control Agreement or Security Deed, as the case may be, in form and substance satisfactory to the Administrative Agent and shall have taken such other measures as the Administrative Agent shall require to assure its security interest in such account.

“Collection Agent”: Deutsche Bank AG, New York Branch, as the collection agent for the Purchasers under the Security Documents, together with any of its successors.

“Collection Agent’s Fees and Expenses”: as defined in Section 4.1 of the Collection Account Agreement.

“Collections”: all collections and other proceeds received and payment of any amounts owed by Obligor in respect of Scheduled Receivables, including, without limitation, purchase price, finance charges, interest and all other charges, or applied to amounts owed in respect of such Scheduled Receivables (including without limitation, net proceeds of the sale or other disposition of repossessed goods or other collateral or property of the applicable Obligor or any other Person directly or indirectly liable for the payment of such Scheduled Receivable and available to be applied thereon) plus all amounts paid by the Sellers as Deemed Collections and all other proceeds of such Scheduled Receivable.

“Commitment Fee”: means the fee referred to in Section 2.5(b).

“Concentration Account”: account no. 37566-88715 maintained by Celestica LLC with Bank of America, subject to the lien of the Collection Account Pledge Agreement and a Deposit Account Control Agreement.

“Contract”: means, with respect to any Scheduled Receivable, any and all contracts, understandings, instruments, agreements, leases, invoices, notes or other writings pursuant to which such Scheduled Receivable arises or which evidences such Scheduled Receivable or under which the applicable Obligor becomes or is obligated to make payment in respect of such Scheduled Receivable.

“Contractual Obligation”: as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control”: the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and “Controlling” and “Controlled” shall have meanings correlative thereto.

“Cut-Off Date”: in respect of a Purchase, the date specified in the related Purchase Notice, which date shall be no more than five Business Days prior to the related Purchase Date.

“Czech Republic”: the Czech Republic and any governmental subdivision thereof.

“Deemed Collections”: amounts paid to the Purchasers pursuant to Section 2.12.

“Defaulted Receivable”: a Scheduled Receivable that is unpaid and outstanding 90 days after the invoice date thereof.

“Deferred Purchase Price”: amounts payable to the Sellers pursuant to Section 2.11(a).

“Deposit Account Control Agreement”: each deposit account control agreement executed and delivered by Bank of America in respect of the Collection Accounts, substantially in the form of Exhibit I hereto, and by each other bank with which a Seller maintains a Collection Account.

“Dilution”: any adjustment in the outstanding Principal Amount of a Scheduled Receivable, after the relevant Cut-Off Date, attributable to any credits, rebates, billing errors, sales or similar taxes, discounts, setoffs, disputes, chargebacks, returns, allowances or similar items.

“Disposition”: with respect to any property, any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof. The terms “Dispose” and “Disposed of” shall have correlative meanings.

“Dollars” and “\$”: dollars in lawful currency of the United States.

“Eligible Buyer”: each purchaser or prospective purchaser of Goods specified on Schedule 1.2 hereto, and such additional “Eligible Buyers” as may be added from time to time in accordance with Section 5.17. Eligible Buyers are either Tranche A Eligible Buyers, Tranche B Eligible Buyers, Tranche C Eligible Buyers or Tranche D Eligible Buyers.

“Eligible Receivables”: on an applicable Purchase Date, any Receivable (i) which has a Scheduled Due Date and which Scheduled Due Date is not later than 75 days after the invoice date thereof, (ii) which is an “account” as defined in the UCC, (iii) which is denominated and payable in Dollars or in the case of Celestica Japan, Japanese Yen, (iv) which, together with the related Contract, is in full force and effect and constitutes the legal, valid and binding obligation of the applicable Obligor enforceable against each such Obligor in accordance with its terms and subject to no asserted right of offset, counterclaim or other defense, (v) which satisfied on the relevant invoice date all requirements of the applicable Seller’s standard customer credit policies, including that the Receivable is not delinquent or defaulted, (vi) which, in respect of a Purchase under Section 2.2(b), satisfies all applicable Obligor Limits, (vii) which was generated in the ordinary course of the respective Seller’s business and (viii) in respect of which the related Eligible Buyer has been provided with Irrevocable Payment Instructions except, in respect of a Tranche C Receivable where irrevocable Payment Instructions have not been given as noted in the relevant Purchase Notice.

“Executive Order”: that certain U.S. Presidential Executive Order No. 13224 (September 23, 2001).

“Extended Availability Termination Date”: following timely notice of extension and payment of the related fee pursuant to Section 2.1, means the earlier of (i) the date that is the first anniversary of the Availability Termination Date and (ii) the date on which the Administrative Agent delivers to the Servicer a notice of termination as a result of a Termination Event in accordance herewith (or the date on which such termination becomes effective automatically pursuant to Section 7).

“Fee Letter”: as defined in Section 2.4.

“Funding Cost Amount”: means, in respect of Scheduled Receivables that are the object of a Purchase, an amount determined by the Administrative Agent in the applicable currency equal to (A) the sum, for each day from and after the applicable Purchase Date, of the product of (i) the Investment for such Scheduled Receivables on such day and (ii) a fraction, the numerator of which is equal to the sum of the LIBOR Rate or BBA JPY LIBOR (in the case of Japanese Yen denominated Purchases) plus the Applicable Margin for such Purchase and the denominator of which is 360 plus (B) the sum, for each day from and after the applicable Purchase Date, of the product of (i) the aggregate amount, if any, of Deemed Collections in respect of such Scheduled Receivables required to be deposited by the Sellers on any such day and any prior day that have not been deposited on or before such day, and (ii) a fraction, the numerator of which is equal to one percent and the denominator of which is equal to 360.

“Funding Office”: the first office of the Administrative Agent specified in Section 9.2 or such other office as may be specified from time to time by the Administrative Agent as its funding office by written notice to the Servicer and the Purchasers.

“GAAP”: generally accepted accounting principles as in effect in Canada.

“Goods”: products or services, including without limitation computer components and technology goods and related services.

“Governmental Authority”: any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

“Governmental Lists”: (a) the SDN List, (b) the Denied Persons List and the Entity List maintained by the United States Department of Commerce, (c) the List of Designated Foreign Terrorist Organizations and List of Debarred Parties maintained by the United States Department of State, (d) any other publicly-available list of terrorists, terrorist organizations or narcotics traffickers maintained pursuant to any of the OFAC Laws and Regulations, and (e) any list or qualification of “Designated Nationals” as defined in , the Cuban Assets Control Regulations, 31 C.F.R. Part 515, as all such Governmental Lists may be updated from time to time and to the extent made publicly available on the respective governmental agency’s website.

“Group Members”: the collective reference to Celestica Canada and its consolidated Subsidiaries.

“Guarantee”: the guarantee of Celestica Canada dated as of the date hereof.

“Guarantee Obligation”: as to any Person (the “guaranteeing person”), any obligation of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the “primary obligations”) of any other third Person (the “primary obligor”) in any manner, whether directly or indirectly.

“Guarantor”: Celestica Canada in its capacity as guarantor under the Guarantee.

“Hedge Agreements”: all interest rate swaps, caps or collar agreements or similar arrangements dealing with interest rates or currency exchange rates or the exchange of nominal interest obligations, either generally or under specific contingencies.

“Hong Kong”: the Hong Kong Special Administrative Region of the People’s Republic of China.

“Incipient Termination Event”: any event which, with the giving of notice, the lapse of time, or both, would become a Termination Event.

“Indebtedness”: of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of such Person’s business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or Purchaser under such agreement in the event of default are limited to repossession or sale of such property), (e) all capital lease obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party or applicant under or in respect of acceptances, letters of credit, surety bonds or similar arrangements, (g) the liquidation value of all redeemable preferred Capital Stock of such Person, (h) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (a)

through (g) above, (i) all obligations of the kind referred to in clauses (a) through (h) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation, and (i) all obligations of such Person in respect of Hedge Agreements. The Indebtedness of any Person shall include the Indebtedness of any other entity (including, without limitation, any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of a direct statutory or contractual provision.

“Indemnified Amounts”: any and all claims, damages, costs, expenses, losses and liabilities (including all reasonable fees and other charges of any law firm or other external counsel).

“Indemnified Person”: the Administrative Agent, the Purchasers and their respective Affiliates, together with their respective officers, directors, employees, advisors, agents, successors, transferees and permitted assigns and controlling persons.

“Indemnified Taxes”: as defined in Section 2.8(a).

“Initial Purchase Price”: means, in respect of Scheduled Receivables of an Eligible Buyer that are the object of a Purchase, such Eligible Buyer’s Applicable Percentage of the outstanding Principal Amount of such Scheduled Receivables as set out in the relevant Purchase Notice.

“Investment”: means, on any date of determination with respect to Scheduled Receivables that are the object of a Purchase, the Initial Purchase Price in respect thereof plus the accrued Funding Cost Amount for such Scheduled Receivables up to but excluding such date of determination, less the aggregate amount of Collections transferred (or deemed to be transferred) to the Payment Account or Japanese Yen Payment Account, as applicable in respect of such Scheduled Receivables prior to such date of determination as reflected in the relevant Transfer Report or Servicer Report, and less the amount of Purchase Price Adjustment relating to such Scheduled Receivables transferred to the Payment Account or Japanese Yen Payment Account, as applicable prior to such date of determination, provided that the Investment for any Purchase shall not be less than zero.

“Irrevocable Payment Instruction”: each Irrevocable Payment Instruction, substantially in the form of Exhibit B, to be provided to each Eligible Buyer in the relevant invoice for the Scheduled Receivable, providing for payment of such Receivables to a Collection Account.

“Italy”: the Republic of Italy and any governmental subdivision thereof.

“Japan”: Japan and any governmental subdivision thereof.

“Japanese Yen”: means the lawful currency of Japan.

“Japanese Yen Collections”: means Collections denominated in Japanese Yen.

“Japanese Yen Collection Account”: means a Collection Account to be opened and maintained by Celestica Japan, the particulars of which shall be provided to the Administrative Agent after the account has been opened.

“Japanese Yen Payment Account”: means the account of the Administrative Agent maintained at Deutsche Bank AG Tokyo, Swift Code: DEUTJPJT, Account Name: Deutsche Bank AG New York Branch (Swift: DEUTUS33), Account No: 8418523300000.

“Lead Arranger”: Deutsche Bank AG New York.

“LIBOR Rate”: for any day, the rate that appears as the British Bankers Assoc. Interest Settlement Rates Page (the display designated as Page LIBOR01 on the Reuters Service or such other page as may replace such page on such service for the purpose of displaying the rates at which Dollar deposits are offered by leading banks in the London interbank deposit market), as determined by the Administrative Agent, based in each case on the overnight rate at approximately 11:00 a.m. London, England time on the day of determination; provided that (a) if such day is not a Business Day in London, England, the LIBOR Rate for such day shall be such rate that, so appears on the next preceding Business Day, and (b) if no such rate so appears on such next succeeding Business Day, the LIBOR Rate for such day shall be the average rate charged to the Purchasers on such day on such transactions as determined by the Purchasers.

“Lien”: any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

“Material Adverse Effect”: an event or occurrence in respect of (a) the Purchased Assets, (b) the business, assets, property, operations or condition (financial or otherwise) of Celestica Canada, any Seller, and their respective Subsidiaries, taken as a whole, or (c) the validity or enforceability of any of the Transaction Documents, in each case that could reasonably be expected to have a material adverse effect on the enforceability or collectibility of the Purchased Assets, the performance by Celestica Canada under the Guarantee or the rights and remedies of the Collection Agent, the Administrative Agent or the Purchasers thereunder against any Seller or the Servicer.

“New Eligible Buyer”: as defined in Section 5.17.

“New Seller”: as defined in Section 5.17.

“Obligations”: all amounts payable as indemnity hereunder and all other obligations and liabilities of the Sellers and the Servicer to the Collection Agent, the Administrative Agent or to the Purchasers, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Transaction Document or any other document made, delivered or given in connection herewith or therewith, whether on account of interest, reimbursement obligations, fees, indemnities, costs, expenses (including, without limitation, all reasonable fees, charges and disbursements of counsel to the Collection Agent, the Administrative Agent or to the Purchaser that are required to be paid by the Sellers pursuant hereto) or otherwise.

“Obligor”: with respect to any Receivable, the Eligible Buyer obligated to make payments with respect to such Receivable, any guarantor of such Eligible Buyer’s obligations and any bank or financial institution that has opened or confirmed a letter of credit in respect of an Eligible Buyer’s obligations.

“Obligor Limits”: the specified limit expressed in Dollars on the aggregate net amount payable (net of credit memos) of Scheduled Receivables of any Tranche A Eligible Buyer, Tranche B Eligible Buyer or Tranche D Eligible Buyer that may be purchased and remain outstanding at any time hereunder in respect of Purchased Receivables, as set forth in Schedule 1.2, as amended. For the purposes of this definition, Japanese Yen denominated Receivables will be converted to Dollars at the Spot Rate in effect on the date of purchase.

“OFAC”: the Office of Foreign Assets Control, United States Department of the Treasury, or any other office, agency or department that succeeds to the duties of OFAC.

“OFAC Laws and Regulations”: any lists, laws, rules, sanctions and regulations maintained by OFAC pursuant to any authorizing statute, executive order or regulation, including the Trading with the Enemy Act, 50 U.S.C. App. 1-44, as amended from time to time, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, as amended from time to time, the Iraqi Sanctions Act, Publ. L. No. 101-513,

the United National Participation Act, 22 U.S.C. § 287c, as amended from time to time, the International Security and Development Cooperation Act, 22 U.S.C. § 2349 as-9, as amended from time to time, The Cuban Democracy Act, 22 U.S.C. §§ 6001-10, as amended from time to time, The Cuban Liberty and Democratic Solidarity Act, 18 U.S.C. §§ 2332d and 2339b, as amended from time to time, and The Foreign Narcotics Kingpin Designation Act, Publ. L. No. 106-120, as amended from time to time.

“Organizational Documents”: with respect to any Person, if such Person is a corporation, its articles of incorporation, charter and by-laws, or other organizational or governing documents, or if such Person is a partnership, its certificate of partnership, if any, and partnership agreement and, in each case, any stockholder or similar agreements between and among the holders of ownership interests in such Person.

“Original Agreement”: means the Revolving Trade Receivables Purchase Agreement among Celestica Inc., each of the sellers listed thereto, each of the purchasers listed thereto and the Administrative Agent, entered into on November 23, 2005 (as amended by the First Amendment to Revolving Trade Receivables Purchase Agreement dated as of October 31, 2006, by the Second Amendment to Revolving Trade Receivables Purchase Agreement dated as of June 28, 2007, by the Third Amendment to Revolving Trade Receivables Purchase Agreement dated as of August 15, 2008, by the Fourth Amendment to Revolving Trade Receivables Purchase Agreement dated as of June 11, 2009, by the Fifth Amendment to Revolving Trade Receivables Purchase Agreement dated as of November 23, 2009, by the Sixth Amendment to Revolving Trade Receivables Purchase Agreement dated as of April 26, 2010, by the Seventh Amendment to Revolving Trade Receivables Purchase Agreement dated as of November 17, 2010, and the Eighth Amendment to Revolving Trade Receivables Purchase Agreement dated as of March 29, 2011).

“Other Taxes”: any and all present or future stamp or documentary taxes, value added taxes (VAT) or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Transaction Document.

“Participant”: as defined in Section 9.6(b).

“Payment Account”: as defined in Section 2.6(b).

“Person”: an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Principal Amount”: in respect of a Scheduled Receivable, the nominal or face amount of such Receivable in Dollars or Japanese Yen, as applicable.

“Purchase”: a purchase of Scheduled Receivables in Dollars or Japanese Yen in accordance with Section 2 of this Agreement.

“Purchase Calculation Notice”: a notice delivered by the Administrative Agent with a copy to the Servicer to the effect required by Section 2.2.

“Purchase Date”: each date prior to the Availability Termination Date or the Extended Availability Termination Date, as the case may be, on which a Seller proposes to sell to the Purchasers ownership interests in the Scheduled Receivables identified in the related Purchase Notice.

“Purchase Notice”: a notice delivered by the Servicer to the Administrative Agent in respect of a prospective sale of Scheduled Receivables, substantially in the form of Exhibit D hereto.

“Purchase Price Adjustments”: amounts paid to the Purchasers pursuant to Section 2.11(b).

“Purchased Assets”: whether now or hereafter owned, existing or arising: (A) Scheduled Receivables that have been the object of a Purchase hereunder, (B) all Related Security with respect to such Receivables, (C) all Collections with respect to such Receivables (including Collections received on and after the relevant Cut-Off Date), and (D) all proceeds of, and all amounts received or receivable under, any or all of the foregoing.

“Purchaser Affiliate”: (a) any Affiliate of a Purchaser and (b) any Person that is administered or managed by a Purchaser and that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“Purchasers”: as defined in the preamble hereto.

“Purchaser’s Investment Limit”: as to any Purchaser, an amount not to exceed the amount set forth under the heading “Purchaser’s Investment Limit” opposite such Purchaser’s name on Schedule 1.1 hereto. As of the date hereof, the aggregate amount of the Purchasers’ Investment Limits is \$250,000,000.

“Purchaser’s Investment Percentage”: as to any Purchaser, the percentage which such Purchaser’s Investment Limit then constitutes of the aggregate Purchasers’ Investment Limits (or, if at any time after the initial Purchase Date, all of the Purchasers’ Investment Limits have been reached, the percentage which the aggregate amount of such Purchaser’s pro rata share of each of the Investments then outstanding (based upon its contribution to the related Initial Purchase Price) constitutes of the aggregate amount of Investments then outstanding).

“Receivable”: an account receivable in Dollars, arising from a sale of Goods by a Seller to an Eligible Buyer.

“Receivables Presentation”: a presentation by the Servicer to the Administrative Agent substantially in the form of Exhibit G hereto.

“Register”: as defined in Section 9.6(d).

“Regulation U”: Regulation U of the Board as in effect from time to time.

“Regulation X”: Regulation X of the Board as in effect from time to time.

“Related Security”: with respect to any Scheduled Receivable, (i) all of the relevant Seller’s interest in any goods (including returned goods), and documentation of title evidencing the shipment or storage of any goods (including returned goods), relating to any sale giving rise to such Scheduled Receivable; and (ii) all guarantees, indemnities, letters of credit, insurance and other agreements (including the related Contract) or arrangements of whatever character from time to time supporting or securing payment of such Scheduled Receivable, in each case to the extent relating to such Scheduled Receivable.

“Reporting Date”: as defined in Section 6.3.

“Required Purchasers”: at any time, the holders of more than 50% of (a) until the initial Purchase Date, the Purchaser’s Investment Limits then in effect, and (b) thereafter, the sum of the aggregate Investments then outstanding.

“Requirement of Law”: as to any Person, any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Responsible Officer”: as to any Person, the chief executive officer, president, chief financial officer or any other duly authorized officer or attorney-in-fact of such Person, but in any event, with respect to financial matters, the chief financial officer or treasurer of such Person.

“Revolving Credit Agreement”: the Fourth Amended and Restated Revolving Term Credit Agreement dated as of April 12, 2007 among Celestica Canada, certain subsidiaries designated therein, CIBC World Markets as Joint Lead Arranger, RBC Capital Markets, as Joint Lead Arranger and Co-Syndication Agent, Canadian Imperial Bank of Commerce, as Administrative Agent, Banc of America Securities LLC as Co-Syndication Agent and the financial institutions named therein, as Lender.

“Romania”: Romania and any governmental subdivision thereof.

“Romania/Germany Tax Treaty” means the Convention between the Romania and the Federal Republic of Germany for the avoidance of double taxation with respect to taxes on income and capital, concluded in 2001 and effective as of January 1st, 2004.

“Scheduled Due Date”: the date on which a Scheduled Receivable becomes due and payable in accordance with the related Contract.

“Scheduled Receivables”: Receivables the outstanding balances of which are reflected in an applicable Purchase Notice and are the object of a Purchase until such time as the Investment in such Scheduled Receivable is reduced to zero.

“SDN List”: Specially Designated Nationals and Blocked Persons List maintained by OFAC, as amended from time to time.

“SEC”: the United States Securities and Exchange Commission.

“Secured Parties”: as defined in Section 4.4 of the Collection Account Pledge Agreement.

“Security Deed”: a charged account control deed between a Seller (other than Celestica US), the Collection Agent and Bank of America, N.A., substantially in the form of Exhibit L hereto, and collectively, the “Security Deeds”.

“Security Documents”: the Collection Account Pledge Agreement, the Collection Account Agreement, each Deposit Account Control Agreement, the Security Deeds and all other security documents hereafter delivered to the Collection Agent granting a Lien on any property of any Person to secure the Obligations of the Sellers under any Transaction Document.

“Seller” and “Sellers”: as defined in the preamble hereto, provided that “Seller” and “Sellers” shall exclude for all purposes hereunder any Seller removed pursuant to Section 5.18(b).

“Servicer”: as defined in the preamble to this Agreement.

“Servicer’s Account”: account no. 3751978187, at Bank of America, N.A., ABA No. 111000012, Beneficiary: Celestica LLC, or such other account of the Servicer notified to the Administrative Agent and the Collection Agent in writing not less than 10 days in advance of the date either the Administrative Agent or the Collection Agent, as the case may be, is required to transfer any payment to such account.

“Servicer’s Japanese Yen Account” means account no. 606420883074, at Bank of America, N.A., ABA No. 111000012, Beneficiary: Celestica Japan, or such other account of the Servicer notified to the Administrative Agent and the Collection Agent in writing not less than 10 days in advance of the date either the Administrative Agent or the Collection Agent, as the case may be, is required to transfer any payment to such account.

“Servicer’s Report”: as defined in Section 6.3.

“Singapore”: the Republic of Singapore and any governmental subdivision thereof.

“Solvent”: when used with respect to any Person, means that, as of any date of determination, (a) the amount of the “present fair saleable value” of the assets of such Person will, as of such date, exceed the amount of all “liabilities of such Person, contingent or otherwise,” as of such date, as such quoted terms are determined in accordance with applicable U.S. federal and state laws governing determinations of the insolvency of debtors, (b) the present fair saleable value of the assets of such Person will, as of such date, be greater than the amount that will be required to pay the liability of such Person on its debts as such debts become absolute and matured, (c) such Person will not have as of such date, an unreasonably small amount of capital with which to conduct its business, and (d) such Person will be able to pay its debts as they mature. For purposes of this definition, (i) “debt” means liability on a “claim,” and (ii) “claim” means any (x) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (y) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured or unmatured, disputed, undisputed, secured or unsecured.

“Spain”: the Kingdom of Spain and any governmental subdivision thereof.

“Spot Rate”: means, in respect of any conversion of Japanese Yen to Dollars, or Dollars to Japanese Yen, the spot rate of exchange of Deutsche Bank AG, New York Branch in effect at the date and time of such conversion.

“Standard & Poor’s”: Standard & Poor’s, a division of The McGraw-Hill Companies, Inc.

“Subsidiary”: as to any Person, an entity of which more than 50% of the ordinary voting Capital Stock are owned by such Person, or the management of which is otherwise Controlled, directly or indirectly, by such Person acting alone.

“Termination Event”: any of the events specified in Section 7, provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

“Tranche A Applicable Margin”: 1.20% per annum.

“Tranche A Eligible Buyer”: Eligible Buyers having a rating at the date of the relevant Purchase of Receivables hereunder of A- or higher by Standard & Poor’s on its long-term senior unsecured debt securities (without credit enhancement), or if such Eligible Buyer does not have a rating from Standard & Poor’s, then an equivalent rating (or higher) of another Approved Rating Agency. Tranche A Eligible Buyers may be reclassified as Tranche B Eligible Buyers following a downgrade in credit rating below that specified herein, and Tranche B Eligible Buyers may be reclassified as Tranche A Eligible Buyers following an upgrade that is consistent with the requirements of the Tranche A Eligible Buyers. Tranche C Eligible Buyers also may be reclassified under this Agreement if and for so long as their ratings qualify them for treatment as Tranche A Eligible Buyers or Tranche B Eligible Buyers, as the case may be.

“Tranche A Receivable”: a Receivable arising from a sale of Goods to a Tranche A Eligible Buyer.

“Tranche B Applicable Margin”: 1.50% per annum.

“Tranche B Eligible Buyer”: Eligible Buyers having a rating at the date of the relevant sale of Receivables hereunder of BBB- to BBB+ by Standard & Poor’s on its long-term senior unsecured debt securities (without credit enhancement), or if such Eligible Buyer does not have a rating from Standard & Poor’s, then an equivalent rating of another Approved Rating Agency.

“Tranche B Receivable”: a Receivable arising from a sale of Goods to a Tranche B Eligible Buyer.

“Tranche C Applicable Margin”: in respect of Scheduled Receivables that are the object of a Purchase, 1.25% per annum or the weighted average rate offered by Purchasers participating in such Purchase, weighted according to each Purchaser’s respective contribution to the related Initial Purchase Price.

“Tranche C Eligible Buyer”: any Eligible Buyer that is not a Tranche A Eligible Buyer or Tranche B Eligible Buyer or Tranche D Eligible Buyer; provided, however, that if the then outstanding amount of Scheduled Receivables of a Tranche A Eligible Buyer or a Tranche B Eligible Buyer, as the case may be, is or would be, after giving effect to a Purchase Notice, in excess of such Eligible Buyer’s Obligor Limits, any Principal Amount of Scheduled Receivables in excess of such Obligor Limits may be offered for sale as Tranche C Receivables.

“Tranche C Receivable”: a Receivable arising from a sale of Goods to a Tranche C Eligible Buyer.

“Tranche D Applicable Margin”: means, for any purchase on any date of determination, the Applicable Margin for all Receivables outstanding on such date, as specified for the related Obligor in Schedule 1.2.

“Tranche D Eligible Buyer”: Eligible Buyers listed on Schedule 1.2 hereto as Tranche D Eligible Buyers.

“Tranche D Receivable”: a Receivable arising from a sale of Goods to a Tranche D Eligible Buyer.

“Transaction Documents”: this Agreement, the Guarantee, each Assignment Agreement and the Security Documents.

“Transfer Date”: as defined in Section 2.13.

“Transfer Report”: as defined in Section 2.13.

“Transferee”: any Assignee or Participant.

“Uniform Commercial Code” or “UCC”: the Uniform Commercial Code as in effect from time to time in the State of New York.

“UCC Financing Statement”: a financing statement on Form UCC-1 (or Form UCC-3) in the form required under the applicable UCC to perfect a security interest in Collateral that is perfected by filing.

“United States”: the United States of America.

“Written-Off Receivable”: a Scheduled Receivable that is not paid within 180 days of its invoice date.

“Written Materials”: Purchase Notices, Receivables Presentations, Servicer’s Reports, Transfer Reports, all reports required to be delivered by the Servicer or any Seller hereunder or under any Transaction Document, together with all aging reports, dilution reports, and all other data submitted by the Sellers or the Servicer with respect to the Sellers or the Servicer or the Receivables and the Related Security.

1.2 Other Definitional Provisions

Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the other Transaction Documents or any certificate or other document made or delivered pursuant hereto or thereto.

- (a) As used herein and in the other Transaction Documents, and any certificate or other document made or delivered pursuant hereto or thereto, (i) accounting terms relating to any Seller or the Servicer not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP, (ii) the word “incur” shall be construed to mean incur, create, issue, assume, become liable in respect of or suffer to exist (and the words “incurred” and “incurrence” shall have correlative meanings), (iii) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including, without limitation, cash, Capital Stock, securities,

revenues, accounts, leasehold interests and contract rights and (iv) references to agreements or other Contractual Obligations shall, unless otherwise specified, be deemed to refer to such agreements or Contractual Obligations as amended, supplemented, restated or otherwise modified from time to time.

- (b) The words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.
- (c) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

SECTION 2 - THE INVESTMENTS

2.1 Purchaser’s Investment Limits

Subject to the terms and conditions hereof, each Purchaser severally agrees to purchase, in the case of Tranche A and Tranche B Receivables in an aggregate amount not to exceed at any time outstanding the amount of the Purchaser’s Investment Limit and, in the case of Tranche C Receivables and Tranche D Receivables, to consider the purchase, from time to time from the Sellers on a revolving basis, without recourse (except as expressly provided herein), ownership interests in the Scheduled Receivables and the Related Security relating thereto. In respect of each Eligible Buyer and Tranche A and Tranche B, the receivables purchased shall not exceed the respective Obligor Limits. The Purchasers’ Investment Limits shall be reduced to zero and cancelled on the Availability Termination Date or the Extended Availability Termination Date, as the case may be. The Purchasers’ Investment Limits may be reduced in whole or in part and cancelled by notice in writing provided by the Servicer to the Administrative Agent at any time; provided, however, that any such partial reduction and cancellation shall be made ratably among Purchasers. Provided no Incipient Termination Event or Termination Event shall have occurred and be continuing, the Sellers acting through the Servicer may elect, by written notice provided not later than 20 days prior to the initial Availability Termination Date to extend the Availability Termination Date for an additional period ending on the Extended Availability Termination Date, subject to such modifications to the then current Obligor Limits as the Administrative Agent may deem necessary and consistent with its credit policies. In the event of any such extension the Sellers shall be required to pay an extension fee of 0.175% flat of the aggregate Purchasers’ Investment Limits, to be distributed ratably to the Purchasers hereunder, following which payment by the Sellers the facility hereunder shall be extended until the Extended Availability Termination Date.

2.2 Procedure for Making Purchases

- (a) In respect of Tranches A and B: Each purchase of Purchased Assets comprised of Tranche A Receivables or Tranche B Receivables hereunder shall be made as follows: The Servicer shall give the Administrative Agent an irrevocable Purchase Notice (which Purchase Notice must be received by the Administrative Agent prior to 12:00 P.M., New York City time, not less than one Business Day prior to the specified Purchase Date or 3 Business Days in respect of Receivables denominated in Japanese Yen) requesting that the Purchasers make the Purchase for an Initial Purchase Price, and specifying, for each Seller for such Purchase Date, (A) the aggregate amount of the Scheduled Receivables, (B) the Purchase Date (which must be a Business Day), and (C) the proposed amount of the Initial Purchase Price. Upon receipt of such notice, the Administrative Agent shall promptly notify each Purchaser thereof. The Administrative Agent shall confirm the Initial Purchase Price with respect to a Purchase; it being understood and agreed that the aggregate outstanding Investments in respect of all Purchases (other than Tranche C Purchases and Tranche D Purchases) shall not exceed the aggregate Purchasers’ Investment Limit. Not later than 3:00 p.m. (New York time) on the Business Day preceding the related Purchase Date, the Administrative Agent shall send to each

Purchaser a Purchase Calculation Notice setting forth a calculation of the related Initial Purchase Price. Not later than 12:00 noon (New York time), on the relevant Purchase Date, each Purchaser shall make available to the Administrative Agent at the Funding Office an amount in immediately available funds in Dollars or Japanese Yen, as applicable equal to the Purchaser's Investment Percentage of the relevant Initial Purchase Price by credit to the Administrative Agent's purchase account. The Administrative Agent shall, upon satisfaction of the conditions precedent to such purchase, including the receipt of all such amounts, credit the Servicer's Account or the Servicer's Japanese Yen Account, as applicable with the Initial Purchase Price made available to the Administrative Agent by the Purchasers in immediately available funds.

- (b) In respect of Tranche C: Each purchase of Purchased Assets comprised of Tranche C Receivables hereunder shall be made as follows: The Servicer shall give the Administrative Agent a non-binding draft Purchase Notice (which Purchase Notice must be received by the Administrative Agent prior to 12:00 P.M., New York City time, not less than 10 Business Days prior to the proposed Purchase Date) requesting that the Purchasers make binding offers to Purchase Scheduled Receivables. Upon receipt of such notice, the Administrative Agent shall promptly notify each Purchaser thereof. The Purchasers may offer to Purchase or decline to Purchase all or any portion of the Scheduled Receivables of Tranche C Obligor identified in such draft Purchase Notice, and the Administrative Agent shall inform the Servicer of the amount, if any, of each Purchaser's proposed commitment to purchase and each Purchaser's proposed Tranche C Applicable Margin in respect thereof not later than five Business Days prior to the proposed Purchase Date. The Servicer may, at its option, within one Business Day of the proposed Purchase Date accept all or any combination of such offers by delivering its acceptance pursuant to a Purchase Notice and related Receivables Presentation, and specifying, for each Seller for such Purchase Date, (A) the aggregate amount of the Scheduled Receivables, (B) the Purchase Date (which must be a Business Day), and (C) the proposed amount of the Initial Purchase Price and the amount of each Purchaser's share thereof (not exceeding each Purchaser's respective commitment). The Administrative Agent shall in the event such offers are accepted by the Servicer, calculate the Initial Purchase Price with respect to such Purchase and the Tranche C Applicable Margin. In the event that no offers are received from any Purchaser, or the Servicer does not indicate its acceptance of any offers as provided above, no Purchase will occur. Not later than 3:00 p.m. (New York time) on the Business Day preceding the related Purchase Date, the Administrative Agent shall send to each Purchaser a Purchase Calculation Notice setting forth a calculation of the related Initial Purchase Price. Not later than 12:00 noon (New York time), on the relevant Purchase Date, each Purchaser that has elected to take up some portion of such purchase shall make available to the Administrative Agent at the Funding Office an amount in immediately available funds in Dollars or Japanese Yen, as applicable, equal to the Purchaser's Investment Percentage of the relevant Initial Purchase Price by credit to the Administrative Agent's purchase account. The Administrative Agent shall, upon satisfaction of the conditions precedent to such purchase, including the receipt of all such amounts, credit the Servicer's Account or the Servicer's Japanese Yen Account, as applicable with the aggregate of the amounts of the Initial Purchase Price made available to the Administrative Agent by the Purchasers in immediately available funds.
- (c) In respect of Tranche D: Each purchase of Purchased Assets comprised of Tranche D Receivables hereunder shall be made as follows: The Servicer shall give the Administrative Agent a Purchase Notice (which Purchase Notice must be received by the Administrative Agent prior to 12:00 P.M., New York City time, not less than one Business Day prior to the proposed Purchase Date) requesting that the Purchasers make the Purchase of Scheduled Receivables for an Initial Purchase Price and specifying, for each Seller for such Purchase Date, (A) the aggregate amount of the Scheduled Receivables, (B) the Purchase Date (which must be a Business Day), and (C) the proposed amount of

the Initial Purchase Price. Upon receipt of such notice, the Administrative Agent shall promptly notify each Purchaser thereof. The Purchasers may accept all or any combination of such offers to Purchase or decline to Purchase all or any portion of the Scheduled Receivables of Tranche D Obligors identified in such Purchase Notice. The Administrative Agent shall inform the Servicer of the amount, if any, of each Purchaser's proposed commitment to purchase in respect thereof specifying the amount of each Purchaser's share thereof prior to the proposed Purchase Date. In the event that no acceptances are received from any Purchaser, no Purchase will occur. Not later than 12:00 noon (New York time), on the relevant Purchase Date, each Purchaser that has elected to take up some portion of such purchase shall make available to the Administrative Agent at the Funding Office an amount in immediately available funds in Dollars equal to the Purchaser's Investment Percentage of the relevant Initial Purchase Price by credit to the Administrative Agent's purchase account. The Administrative Agent shall, upon satisfaction of the conditions precedent to such purchase, including the receipt of all such amounts, credit the Servicer's Account with the aggregate of the amounts of the Initial Purchase Price made available to the Administrative Agent by the Purchasers in immediately available funds.

The Servicer and the Sellers acknowledge and agree that a portion of the Tranche D Receivables will be offered for sale by Deutsche Bank AG, New York Branch, as Purchaser to Citibank, N.A. as participant pursuant to the terms of a participation agreement between them. While Deutsche Bank AG, New York Branch, will be the nominal purchaser of any such Tranche D Receivables taken up by Citibank, N.A. on the terms and subject to the conditions of the participation agreement, the Administrative Agent's notice of acceptance of the offer to purchase any such Tranche D Receivables will identify which Receivables are being acquired for the benefit of the participant, and the participant will be wholly liable for payment of the Purchase Price therefor directly to the Servicer. Neither the Administrative Agent nor any Purchaser shall have any liability, contingent or otherwise, for payment of such amounts or any loss resulting from the non-payment of such amounts.

2.3 Sale and Assignment

On each Purchase Date, effective upon the payment (or deemed payment) of the Initial Purchase Price contemplated by Section 2.2 (and without necessity of any formal or other instrument of assignment or further action), each Seller hereby sells and assigns to the relevant Purchasers as co-owners, with effect as of the related Cut-Off Date, each Scheduled Receivable of such Seller and the Related Security relating thereto reflected in the applicable Purchase Notice for an aggregate purchase price equal to the sum of the Initial Purchase Price plus the Deferred Purchase Price, less the amount of any Purchase Price Adjustments.

2.4 Fees

Celestica Canada agrees to pay to Deutsche Bank AG, New York Branch the fees in the amounts and on the dates previously agreed to in accordance with the Fee Letter between Celestica Canada and Deutsche Bank AG, New York Branch dated November 23, 2010 (the "Fee Letter").

2.5 Computation and Payments; Commitment Fees

- (a) Interest on unpaid amounts and fees payable pursuant hereto shall be calculated on the basis of a 360-day year for the actual days elapsed.
- (b) The Sellers hereby agree to pay to the Administrative Agent for the ratable benefit of the Purchasers, for the period from and including the Closing Date through the Availability Termination Date, a non-refundable fee (the "Commitment Fee") equal to 0.325% per annum on the excess of (i) the aggregate Purchasers' Investment Limits for Tranche A

and Tranche B Eligible Buyers over (ii) the aggregate average outstanding amount of the Investments for such Tranches A and B on each day during each applicable period. The Commitment Fee shall be payable in arrears on the first Business Day of each calendar quarter occurring after the Closing Date, and on the Availability Termination Date. For the avoidance of doubt, the Commitment Fee shall be the only consideration for the Purchasers' Investment Limits provided by the Purchasers to the Sellers. Any other consideration potentially incorporated into the aggregate purchase price under this Agreement shall be a consideration for the Purchase of Purchased Receivables by the Purchasers from the Sellers.

2.6 Pro Rata Treatment and Payments

- (a) Each purchase by the Purchasers hereunder shall be for a co-ownership interest in the relevant Scheduled Receivables equal to a pro rata share based upon such Purchaser's contribution to the related Initial Purchase Price and each payment on account of any Commitment Fee or Collections shall be allocated pro rata, according to the respective Purchasers' Investment Percentages, as the same may be modified in accordance with the procedures outlined in Section 2.2(b).
- (b) All payments (including deposits and Deemed Collections) to be made by the Servicer and the Sellers that comprise Collections hereunder shall be made without setoff or counterclaim except as otherwise contemplated by this Agreement and shall be made prior to 2:00 P.M., New York City time, on the due date thereof to the Payment Account, in Dollars, or to the Japanese Yen Payment Account in Japanese Yen, and in immediately available funds. All other payments shall be payable directly to the Administrative Agent, for the account of the Purchasers, at the account of the Administrative Agent (account no. 60200119 of Deutsche Bank NY Loan Operations, ABA no. 021001033 at Deutsche Bank Trust Company Americas New York, Ref: Celestica, Attention: Lee Joyner) (the "Payment Account"). The Administrative Agent shall distribute such payments and Collections to the Purchasers promptly upon receipt in like funds as received. If any payment or deposit hereunder becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day. The Servicer and the Sellers shall pay to the Administrative Agent, for the benefit of the Purchasers, upon demand, interest on all amounts not paid or deposited when due (excluding amounts comprising Collections) at a rate per annum equal to the LIBOR Rate or BBA JPY LIBOR, as applicable, determined by the Administrative Agent plus 1%, for each such day such payment is overdue. Any such interest shall be paid directly to the Payment Account of the Administrative Agent.

2.7 Requirements of Law

- (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by the Purchaser with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:
 - (i) shall subject any Purchaser to any tax of any kind whatsoever with respect to this Agreement or any Purchase made by it, or change the basis of taxation of payments to such Purchaser in respect thereof (except for Indemnified Taxes covered by Section 2.8 and changes in the rate of tax on the overall net income of the Purchaser);
 - (ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Purchaser; or

- (iii) shall impose on such Purchaser any other condition;

and the result of any of the foregoing is to increase the cost to such Purchaser, by an amount that such Purchaser deems to be material, of making or maintaining its Purchase, or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Sellers shall pay such Purchaser, not later than 20 Business Days after its demand, any additional amounts necessary to compensate such Purchaser for such increased cost or reduced amount receivable. If such Purchaser becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify the Servicer of the event by reason of which it has become so entitled, specifying the basis for such claim in reasonable detail.

- (b) If any Purchaser shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Purchaser or any corporation controlling such Purchaser with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Purchaser's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Purchaser or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Purchaser's or such corporation's policies with respect to capital adequacy) by an amount reasonably deemed by such Purchaser to be material, then from time to time, after submission by such Purchaser to the Servicer of a written request therefor, specifying the basis for such claim in reasonable detail, which shall be made promptly, the Servicer shall pay to such Purchaser such additional amount or amounts as will compensate such Purchaser or such corporation for such reduction.
- (c) A certificate as to any additional amounts payable pursuant to this Section 2.7 submitted by any Purchaser to the Servicer (with a copy to the Collection Agent) shall be conclusive in the absence of manifest error. The obligations of the Servicer and the Sellers pursuant to this Section 2.7 shall survive the termination of this Agreement and the payment of the Scheduled Receivables and all other amounts payable hereunder.

2.8 Taxes

- (a) All payments and deposits made by the Servicer or the Sellers under this Agreement or any other Transaction Document, including any amount of interest, shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, franchise, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings (collectively, "Taxes"), now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority. Taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent or any Purchaser as a result of a current or former connection with any country other than the United States are excluded. If any such non-excluded Taxes ("Indemnified Taxes") or Other Taxes are required to be withheld from any amounts payable to (or deposited for the benefit of) the Administrative Agent or any Purchaser hereunder, or on any amount of interest, the amounts so payable to (or deposited for the benefit of) the Administrative Agent or such purchaser, or such amount of interest, shall be increased to the extent necessary to yield to the Administrative Agent or such Purchaser, as the case may be (after payment of all Indemnified Taxes and Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement.
- (b) In addition, the Servicer and the Sellers shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.
- (c) Whenever any Indemnified Taxes or Other Taxes are payable by the Servicer or the Sellers, as promptly as possible thereafter the Servicer or the affected Seller shall send to the Administrative Agent, for its own account or for the account of the relevant Purchaser,

as the case may be, a certified copy of an original official receipt received by the Seller, showing payment thereof to the extent available, or such other evidence as may be readily obtainable. If the Servicer or a Seller fails to pay any Indemnified Taxes or Other Taxes when due to the appropriate taxing authority, the Servicer or such Seller, as the case may be, shall indemnify the Administrative Agent or the Purchaser, as the case may be, within 10 days after written demand by the Administrative Agent therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified or Other Taxes imposed or asserted on or attributable to amounts payable under this section) paid by the Administrative Agent or such Purchaser and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Servicer or the affected Seller, as the case may be, by the Administrative Agent or such Purchaser, together with a copy of an original receipt showing payment thereof, to the extent available, or such other evidence as may be readily obtainable, shall be conclusive absent manifest error. In addition, if the Servicer or the affected Seller, as the case may be, fails to remit the required receipts or other required documentary evidence, the Servicer or the affected Seller, as the case may be, shall indemnify the Administrative Agent or the Purchaser, as the case may be, for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or such Purchaser as a result of any such failure.

- (d) The agreements in this Section 2.8 shall survive the termination of this Agreement and the payment of all amounts payable hereunder. Notwithstanding the foregoing, Section 2.8(a), 2.8(b) and 2.8(c) shall not apply to withholding taxes (if any) in respect of payments made by or on behalf of Celestica Romania if (i) the payee of such payments has delivered a certificate of fiscal residence to Celestica Romania issued by the relevant tax authority in its home country, and (ii) the withholding tax rate applicable to such payments has been reduced to zero under the Romania/Germany Tax Treaty.
- (e) Upon the request of the Servicer on behalf of a Seller, the Purchasers shall use all commercially reasonable efforts to provide to the Servicer within 30 days of such request such certificates or information requested by the Servicer on behalf of such Seller as is prescribed by any applicable law, rule or regulation then in force in the jurisdiction of such Seller or any political subdivision thereof and required by such Seller, whether to reduce or recover value added tax paid or payable by such Seller in connection with this Agreement thereunder or otherwise to comply with such law, rule or regulation. No Purchaser shall be required to provide any information to the Servicer or any Seller that it deems to be confidential or proprietary and no Purchaser shall be under any obligation to register, enrol or file any return under such law, rule or regulation in connection with any such request.

2.9 Indemnity

Without limiting any other rights that the Administrative Agent or the Purchasers may have hereunder or under applicable law, the Servicer and each Seller hereby jointly and severally agrees (provided that each of Celestica Czech Republic, Celestica Valencia and Celestica Romania shall only be responsible hereunder for the respective amount attributable to it) to indemnify each of the Indemnified Persons on demand from and against any and all Indemnified Amounts relating to or resulting from any of the following: (i) the failure of any information provided by the Servicer or any Seller to the Administrative Agent in Written Materials with respect to Scheduled Receivables or the other Purchased Assets to be true, correct and complete in all material respects; (ii) the failure of any representation or warranty made or deemed made by the Servicer or a Seller under or in connection with this Agreement to have been true and correct in all material respects when made; (iii) the failure by the Servicer or the Sellers to comply with any applicable law, rule or regulation with regard to any Scheduled Receivable or the related Contract, or the failure of any Scheduled Receivable or the related Contract to conform to any applicable law, rule or

regulation; (iv) the failure to vest in the Purchasers a valid and enforceable ownership interest in the Purchased Assets, free and clear of any Lien or other adverse claim; (v) any dispute, claim, counterclaim, offset or defense of an Eligible Buyer to the payment of any Scheduled Receivable (including a defense based on such Scheduled Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms but excluding any dispute, claim, counterclaim, offset or defense arising out of any act or omission of any Indemnified Party), any Dilution with respect to a Scheduled Receivable or any claim resulting from the sale of the goods or services related to such Scheduled Receivable or any other transaction with such Obligor or the furnishing or failure to furnish such goods or services or relating to collection activities with respect to such Scheduled Receivables or any tax deducted from the payment of a Scheduled Receivable by the Obligor thereon, in each case, without duplication, and to the extent not remedied in accordance with Section 2.12(b); (vi) any failure of the Servicer or the Sellers to perform their duties or obligations in accordance with the terms of this Agreement (including, without limitation, failure to make any payment or deposit when due hereunder); (vii) any breach of warranty, products liability or other claim investigation, litigation or proceeding arising out of or in connection with goods or services which are the subject of any Scheduled Receivables; (viii) the commingling of Collections of Scheduled Receivables at any time with other funds; (ix) any investigation, litigation or proceeding related to this Agreement or the use of proceeds of Purchases; (x) the failure of any Scheduled Receivables to be Eligible Receivables to the extent not remedied in accordance with Section 2.12(c); and (xi) any action or inaction by the Servicer or the Sellers which impairs the interest of the Collection Agent or the Purchasers in any Scheduled Receivables or other Purchased Assets. If and to the extent the Administrative Agent or any Purchaser shall be required for any reason to pay over to the Servicer or any Seller or an Obligor (or any trustee, receiver, custodian or similar official in any insolvency proceeding) any amount received by such Person hereunder, such amount shall be deemed not to have been so received and the Purchasers shall have a claim against the Sellers. All Indemnified Amounts under Sections 2.9(a)(vii), (ix) and (xi) hereunder shall be due and payable on demand. All other amounts payable hereunder shall be due and payable on the date that is 10 days from the demand made therefor, to the Payment Account.

2.10 Records

The Administrative Agent on behalf of the Purchasers shall maintain the Register pursuant to Section 9.6(d), and a subaccount therein for each Purchaser, in which shall be recorded (i) the amount of each Purchase made hereunder, and (ii) the amount payable or to become due and payable from (or to be deposited by) the Servicer and each Seller to the Administrative Agent hereunder. At the request of the Administrative Agent, from time to time, the Servicer shall provide copies of the drafts, shipping documents and other related documentation with respect to a Scheduled Receivable or the Purchased Assets as the Administrative Agent shall reasonably require.

2.11 Purchase Price Adjustments/Deferred Purchase Price

- (a) On each Reporting Date after a Purchase that the Investment for Scheduled Receivables that were the object of such Purchase has been reduced to zero, after giving effect to the application of funds on such date in the Payment Account and Japanese Yen Payment Account, the Purchasers shall pay to the Servicer's Account, for the benefit of the relevant Sellers, as additional consideration for the Purchase of the relevant Purchased Assets, the amount, if any, by which the Collections for such Scheduled Receivables transferred to the Payment Account or Japanese Yen Payment Account on such date exceed the Investment, after giving effect to the application of funds on such date in the Payment Account and Japanese Yen Payment Account (such payment being the "Deferred Purchase Price").
- (b) On each day after a Purchase that (i) the Investment for Scheduled Receivables that were the object of such Purchase in Dollars or Japanese Yen excluding the Principal Amount of any such Scheduled Receivables that are Written Off Receivables exceeds (ii) the sum of the outstanding Principal Amount of all Scheduled Receivables comprising such Purchase excluding the Principal Amount of any such Scheduled Receivables that are Written Off

Receivables, without giving effect to any Collections transferred to the Payment Account or Japanese Payment Account, as applicable on such date, the relevant Sellers (or the Servicer on their behalf) as an adjustment to the Initial Purchase Price paid by the Purchasers, shall owe in the relevant currency to the Payment Account or Japanese Payment Account, as applicable for the benefit of the Purchasers the amount by which (i) the Investment for such Scheduled Receivables excluding the Principal Amount of any such Scheduled Receivables that are Written Off Receivables, on such day, exceeds (ii) the aggregate outstanding Principal Amount of such Scheduled Receivables excluding the Principal Amount of any such Scheduled Receivables that are Written Off Receivables, without giving effect to any Collections transferred to the Payment Account or Japanese Payment Account, as applicable on such date (each such amount being a "Purchase Price Adjustment"). The Administrative Agent shall calculate the amount of Purchase Price Adjustments owing by the relevant Sellers monthly in arrears at the end of each calendar month and shall provide notice of such amounts to the Servicer on or after the first Business Day of the following month. The relevant Sellers (or the Servicer on their behalf) shall pay the amount of such Purchase Price Adjustments within 5 Business Days of receipt of such notice. Notwithstanding the foregoing, the aggregate of all Purchase Price Adjustments for Scheduled Receivables that were the object of a Purchase shall not exceed 10% of the Initial Purchase Price for such Scheduled Receivables.

2.12 Repurchases of Purchased Assets: Deemed Collections

- (a) The Administrative Agent shall have the right, but not the obligation, provided it has given the Servicer at least 5 Business Days' prior notice, to contact the Obligor of any Scheduled Receivable that is a Defaulted Receivable to inquire why it has become a Defaulted Receivable. The Servicer, on behalf of the relevant Seller, shall have the option to repurchase from the Purchaser at any time, any Scheduled Receivable and the Related Security relating thereto that becomes a Defaulted Receivable, by giving notice to the Administrative Agent and by depositing to the Payment Account or Japanese Yen Payment Account, as applicable as a Deemed Collection, an amount equal to the outstanding Principal Amount of such Defaulted Receivable. Upon the Servicer making such deposit, the related Scheduled Receivable and Related Security shall be deemed to be assigned, transferred, sold and conveyed to the relevant Seller, free and clear of any security interest or adverse claim arising through the Purchasers but otherwise without representation or warranty and thereafter all collections in respect thereof shall not be Collections. In the event that the Servicer advises the Administrative Agent that it will repurchase any Defaulted Receivable and does so within 5 days, the Administrative Agent shall not contact the related Obligor as provided hereunder.
- (b) In the event that any Scheduled Receivable is subject to a Dilution, the Servicer on behalf of the relevant Seller shall deposit the amount of

such Dilution to the Payment Account or Japanese Yen Payment Account, as applicable as a Deemed Collection in respect of such Receivable.

- (c) In the event that any Scheduled Receivable is determined to have not been an Eligible Receivable on the date of the relevant Purchase, the relevant Seller (or the Servicer on their behalf) shall be required to repurchase such Receivable by depositing to the Payment Account or Japanese Yen Payment Account, as applicable, as a Deemed Collection, an amount equal to the outstanding Principal Amount of such Receivable. Upon the Servicer making such deposit, the related Scheduled Receivable and Related Security shall be deemed to be assigned, transferred, sold and conveyed to the relevant Seller free and clear of any security interest or adverse claim arising through the Purchasers but otherwise without representation or warranty and thereafter all collections in respect thereof shall not be Collections.

- (d) The Servicer, on behalf of the relevant Seller may offer to repurchase from the Purchasers at any time any Scheduled Receivable and the Related Security relating thereto, by giving notice to the Administrative Agent. The Administrative Agent shall promptly notify the Servicer in writing as to whether it accepts or rejects any such offer. In the event the Administrative Agent notifies the Servicer that such offer has been accepted, the Servicer shall deposit to the Payment Account or Japanese Yen Payment Account, as applicable, as a Deemed Collection, an amount equal to the outstanding Principal Amount of such Scheduled Receivable in the relevant currency of its denomination. Upon the Servicer making such deposit, the related Scheduled Receivable and Related Security shall be deemed to be assigned, transferred, sold and conveyed to the relevant Seller, free and clear of any security interest or adverse claim arising through the Purchasers but otherwise without representation or warranty and thereafter all collections in respect thereof shall not be Collections.

2.13 Application of Collections

- (a) Dollar denominated Collections net of any Chargebacks shall be transferred by the Servicer to the Concentration Account within one Business Day of receipt thereof in the relevant Collection Account or otherwise.
- (b) Amounts received in Collection Accounts or otherwise and transferred to the Concentration Account or amounts in the Japanese Yen Collection Account that are determined by the Servicer to not be Collections may be transferred by the Servicer to the Servicer's Account or the Servicer's Japanese Yen Account as applicable. All collections and other amounts received in a Collection Account on a date on which no Scheduled Receivables are in existence may be transferred by the Servicer directly to the Servicer's Account or such other account of the Servicer or applicable Seller as it may determine.
- (c) Amounts on deposit in the Concentration Account or the Japanese Yen Collection Account, other than amounts transferred to the Servicer's Account pursuant to paragraph (b) above, shall, subject to Section 2.13(e), be transferred to the Payment Account, or in the case of Japanese Yen Collections, the Japanese Yen Payment Account, on each day selected by the Servicer (each, a "Transfer Date") but no less than once every calendar week. The Servicer shall deliver to the Administrative Agent a report (a "Transfer Report") reconciling the Collections received according to the related Obligor. All Collections (including Deemed Collections but net of any Chargebacks) transferred to the Payment Account or Japanese Yen Payment Account not later than 2:00 p.m. on any Business Day, as detailed in the Transfer Report, will be deemed to have been received by the Purchaser on such day for the purposes of determining the Investment for each outstanding Scheduled Receivable.
- (d) Amounts (i) deposited to the Payment Account or Japanese Yen Payment Account other than Collections and (ii) payable to the Sellers in respect of the Deferred Purchase Price, shall be transferred by the Administrative Agent, subject to Section 2.13(f), within one Business Day of the Administrative Agent's receipt of the Servicer's Report detailing such amounts, to the Servicer's Account or the Servicer's Japanese Yen Account as applicable for payment to the relevant Sellers.
- (e) Notwithstanding paragraph (c) above, Collections on deposit in the Concentration Account or Japanese Yen Collections on deposit in the Japanese Yen Collection Account on any Purchase Date may be netted and set-off by the Servicer against the amount of Initial Purchase Price that is to be paid on such Purchase Date to the extent denominated in the same currency, and the amount of such Initial Purchase Price (not exceeding the amount of such Collections) shall be transferred to the Servicer's Account or the Servicer's Japanese Yen Account as applicable (for payment to the relevant Sellers) and thereafter the amount, if any, by which such Collections exceed such Initial Purchase

Price shall be transferred to the Payment Account or Japanese Yen Payment Account, as applicable. Notwithstanding the foregoing, all such Collections transferred to the Servicer's Account shall be deemed to have been transferred to the Payment Account or the Japanese Yen Payment Account, as applicable for the benefit of the Purchaser and such amounts transferred to the Servicer's Account or the Servicer's Japanese Yen Account shall be deemed to have been paid to the Servicer for the benefit of the Sellers as all or part of the Initial Purchase Price payable on such Purchase Date.

- (f) Notwithstanding paragraph (d) above, the Administrative Agent shall have the right to net and set-off against all amounts payable to the Servicer's Account pursuant to paragraph (d) above, the amount of any Purchase Price Adjustment, indemnity or Deemed Collection then owing by any Seller provided such amounts are denominated in the same currency.

SECTION 3 - REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Purchasers to enter into this Agreement, the Guarantor and each of the Sellers hereby jointly and severally make the following representations and warranties (provided that each of Celestica Czech Republic, Celestica Valencia and Celestica Romania shall only be responsible hereunder for its own representations and warranties):

3.1 Financial Condition

The Guarantor and each of the Sellers, hereby represents and warrants as of the date of this Agreement and as of the Effective Date (as defined below) that the audited consolidated balance sheets of Celestica Canada and its consolidated Subsidiaries as at December 31, 2010, and the related statements of income and of cash flows of Celestica Canada for the fiscal years ended on such dates, present fairly in all material respects the consolidated financial condition of Celestica Canada and its consolidated Subsidiaries as at such date, and Celestica Canada's consolidated results of operations and cash flows for the respective fiscal years then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP, applied consistently throughout the periods involved (except as approved by Celestica Canada's accountants and disclosed therein).

3.2 No Change

Since the date of the most recent financial statements made available to the Administrative Agent and the Purchasers there has been no change, development or event that has had or could reasonably be expected to have a Material Adverse Effect.

3.3 Existence; Compliance with Law

Each Seller and the Guarantor

- (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation,
- (b) has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged,
- (c) is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, and

- (d) is in compliance with all Requirements of Law, except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

3.4 Power; Authorization; Enforceable Obligations

Each Seller and the Guarantor has the power and authority, and the legal right, to make, deliver and perform the Transaction Documents to which it is a party. Each Seller and the Guarantor has taken all necessary organizational action to authorize the execution, delivery and performance of the Transaction Documents to which it is a party. No consent or authorization of, filing with, notice to or other act by or in respect of any Governmental Authority or any other Person is required in connection with the transactions hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement or any of the other Transaction Documents, except (a) consents, authorizations, filings and notices described in Schedule 3.4, which consents, authorizations, filings and notices have been obtained or made and are in full force and effect and (b) the filings referred to in Section 3.14. Each Transaction Document has been duly executed and delivered on behalf of the relevant Seller and the Servicer and, in the case of the Guarantee, by the Guarantor. This Agreement constitutes, and each other Transaction Document upon execution and delivery thereof will constitute, a legal, valid and binding obligation of the relevant Seller and the Servicer, enforceable against such Seller and the Servicer in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law). The Guarantee upon execution and delivery thereof will constitute a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law). This Agreement and the other Transaction Documents are in proper legal form under applicable law for the enforcement thereof against the respective Sellers, including under the laws of the jurisdiction of each Seller, to the extent applicable, to ensure the legality, validity, enforceability or admissibility in evidence of this Agreement in such jurisdictions.

3.5 No Legal Bar

The execution, delivery and performance of this Agreement and the other Transaction Documents and the use by any Seller of the proceeds thereof will not violate the Organizational Documents of the relevant Seller or the Guarantor, will not violate in any respect material to the rights and interests of any Purchaser any Requirement of Law or any Contractual Obligation of any Seller or the Servicer and will not result in, or require, the creation or imposition of any Lien on any of its properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation (other than the Liens created by the Security Documents).

3.6 Litigation

Except as provided in the Disclosure Schedule, no litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Servicer, threatened by or against any Seller, the Servicer or against any of their respective properties or revenues (a) with respect to any of the Transaction Documents or any of the transactions contemplated hereby or thereby or (b) that could reasonably be expected to have a Material Adverse Effect.

3.7 No Default

No Group Member is in default under or with respect to any of its Contractual Obligations in any respect that could reasonably be expected to have a Material Adverse Effect. No Termination Event has occurred and is continuing.

3.8 Ownership of Property; Liens

Each Seller and the Guarantor has good and marketable title to, or a valid leasehold interest in, all its real property necessary for the conduct of its business, and good title to, or a valid leasehold interest in, all its other property necessary for the conduct of its business, in each case except to the extent that the failure to do so would not have a Material Adverse Effect. On each Purchase Date immediately prior to the Purchase thereof, each Seller will be the legal and beneficial owner of the Scheduled Receivables and all other Related Security in respect thereof owned by such Seller and to be purchased on such date, free and clear of any Lien or adverse claim; upon each Purchase the relevant Purchasers will have a valid and enforceable co-ownership interest in each such Scheduled Receivable and other Related Security in respect thereof, in each case free of any Lien or adverse claim. Each Scheduled Receivable listed on a Purchase Notice is an Eligible Receivable on the relevant Purchase Date.

3.9 Taxes

- (a) Each Seller and the Servicer has filed or caused to be filed all material tax returns that are required to be filed and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than such taxes, fees or other charges the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with local generally accepted accounting principles or GAAP, as applicable, have been provided on the books of such Seller or the Servicer, as the case may be); no tax Lien has been filed, and, to the knowledge of the Servicer, no claim is being asserted, with respect to any such tax, fee or other charge that in any case would reasonably be expected to have a Material Adverse Effect.
- (b) Except as set forth in Schedule 3.9, there is no tax, levy, impost, deduction, charge or withholding imposed, levied or made by or in the United States, Canada, the United Kingdom, Spain, Singapore, Hong Kong, the Czech Republic, Japan, or Romania, or any political subdivision or taxing authority thereof or therein either (i) on or by virtue of the execution or delivery of this Agreement or any other Transaction Document or (ii) on any payment to be made by any Seller or the Guarantor pursuant to this Agreement or any other Transaction Document. Each Seller and the Guarantor is permitted to make all payments pursuant to this Agreement and the other Transaction Documents free and clear of all taxes, levies, imposts, deductions, charges or withholdings imposed, levied or made by or in the United States, Canada, the United Kingdom, Spain, Singapore, Hong Kong, the Czech Republic, Japan, or Romania, or any political subdivision or taxing authority thereof or therein, and no such payment in the hands of the Administrative Agent, any Purchaser or the Collection Agent will be subject to any tax, levy, impost, deduction, charge or withholding imposed, levied or made by or in the United States, Canada, the United Kingdom, Spain, Singapore, Hong Kong, the Czech Republic, Japan, or Romania, or any political subdivision or taxing authority thereof or therein.

3.10 Federal Regulations

No part of the proceeds of any Investment will be used for “buying” or “carrying” any “margin stock” within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of Regulations U or X of the Board.

3.11 Investment Company Act; Other Regulations

No Seller is an “investment company,” or a company “controlled” by an “investment company,” within the meaning of the U.S. Investment Company Act of 1940, as amended. No Seller is subject to regulation under any Requirement of Law (other than Regulation U and Regulation X of the Board) that limits its ability to incur Indebtedness.

3.12 Accuracy of Information, etc.

No statement or information contained in this Agreement, any other Transaction Document or any Written Materials furnished by or on behalf of any Seller or the Servicer to the Administrative Agent or the Purchasers (or deemed furnished), or any of them, for use in connection with the transactions contemplated by this Agreement or the other Transaction Documents contained as of the date such statement or information was so furnished, any untrue statement of a material fact. Celestica Canada has filed all required registration statements, prospectuses, reports, schedules, forms, statements and other documents required to be filed by Celestica Canada with the SEC since January 1, 2004 required to be filed by it except where failure to do so would not have a Material Adverse Effect.

3.13 Solvency

Each Seller is, and after giving effect to each Purchase, will be, Solvent.

3.14 Security Documents

The Collection Account Pledge Agreement, the Collection Account Agreement, the Security Deed and each of the Deposit Account Control Agreements are effective to create in favor of the Collection Agent, for the benefit of the Purchasers, a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof. In the case of the Collateral described in the Collection Account Pledge Agreement, when the actions specified on Schedule 3.14 have been taken, the Collection Account Pledge Agreement, each of the Deposit Account Control Agreements and the Security Deed shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Sellers in such Collateral and the proceeds thereof, as security for their respective obligations hereunder, in each case prior and superior in right to any other Person, except for claims that have priority by operation of law. Except as set forth in this Section 3.14, no other documents are required to be filed, registered or recorded, and no other action is required to be taken by any Person, to perfect such security interest in favor of the Collection Agent, for the benefit of the Purchasers.

3.15 Principal Place of Business

The principal place of business and chief executive office (as such terms are used in the UCC) of each Seller and the office where such Seller keeps its records concerning the Scheduled Receivables are located at the addresses set forth on Schedule 3.15. Except for Celestica LLC, the Sellers have no other office or place of business in the United States or any Commonwealth, territory or possession of the United States.

3.16 Accounting for Scheduled Receivables

Each Seller has accounted for each sale of its Scheduled Receivables in its books and financial statements as sales, consistent with local generally accepted accounting principles. So long as local generally accepted accounting principles do not require otherwise, no Seller shall prepare financial statements which shall account for the transactions contemplated hereby in any manner other than as sales of the Scheduled Receivables by the Sellers to the Purchasers or in any other respect account for or treat the transactions contemplated hereby (including for accounting purposes, but excluding for tax reporting purposes and except as required by law) in any manner other than as sales of the Scheduled Receivables by the Sellers to the Purchasers.

3.17 Compliance with Money Laundering and Anti-Terrorist Laws

- (a) Each Seller is not and shall take commercially reasonable steps to ensure that it shall not be, and, to its actual knowledge, no person who, directly or indirectly, owns a controlling interest in or otherwise controls such Seller is or shall be (i) listed on any Governmental Lists, (ii) a person who has been determined to be subject to the prohibitions contained in the Executive Order, including, without limitation, being a person designated under

Section 1(b), (c) or (d) of the Executive Order, (iii) a person who acts for or on behalf of any person, group or entity on the Governmental Lists or any other person who has been determined to be subject to the prohibitions contained in the Executive Order, (iv) a person who is located in a country with which dealings are prohibited or restricted by the United States government, or (v) to such Seller's actual knowledge, dealing in a prohibited manner with a country or person or entity in a country with which dealings are prohibited or restricted by the United States government. Each Seller shall require, and shall take commercially reasonable measures to comply with the requirement, that no holder of any direct or indirect interest in such Seller is or shall be listed on any of the Governmental Lists or is or shall be a person so designated pursuant to the Executive Order; provided, however, that none of the foregoing shall apply to any person or entity to the extent that its interest is in or through an entity that is domiciled in the United States of America or Canada and where securities are traded through a public securities exchange subject to regulation by the United States of America, Canada or a provincial jurisdiction in Canada.

- (b) **Legal Sources of Funds.** Each Seller has taken, and it shall continue to take, commercially reasonable measures appropriate to the circumstances, with respect to each holder of a direct interest in such Seller to ensure that funds invested by such holders in such Seller are derived from legal sources; provided, however, that none of the foregoing shall apply to any person or entity to the extent that its interest in such Seller is derived solely from securities traded through a public securities exchange subject to regulation by the United States of America, Canada or a provincial jurisdiction in Canada. Such measures shall be in accordance with all applicable money laundering legislation in such Seller's jurisdiction.
- (c) **No Investigation, Penalty or Seizure.** To its actual knowledge, neither each Seller nor any holder of a direct interest in such Seller (i) has been charged with or convicted of money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes or a violation of the BSA or similar legislation in its jurisdiction, (ii) has been assessed civil penalties under these or related laws, or (iii) has had its funds seized or forfeited in an action under these or related laws; provided, however, that such Seller shall not be liable for any breach of this representation and warranty if any holder is involved in or subject to any of the matters described in clauses (i), (ii) or (iii) and the interest of such holder is derived solely from securities traded through a public securities exchange subject to regulation by the United States of America, Canada or a provincial jurisdiction in Canada.

SECTION 4 - CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase

The agreement of each Purchaser to make the initial Purchase pursuant to this Agreement is subject to the satisfaction, prior to the making of such purchase on the initial Purchase Date (the date of such satisfaction, as notified by the Administrative Agent to the Purchasers, the Servicer and the Collection Agent being the "Closing Date"), of the following conditions precedent:

- (a) **Receivables Purchase Agreement; Security Documents, Etc.** The Administrative Agent shall have received (i) this Agreement (with copies for each Purchaser), executed and delivered by each Seller, the Servicer, the Administrative Agent and each person listed on Schedule 1.1. (ii) each of the Security Documents, executed and delivered by each Seller and the Collection Agent, as the case may be, and in the case of the Deposit Account Control Agreements and the Security Deed, by the relevant account banks, and (iii) the Guarantee duly executed and delivered by the Guarantor.

- (b) Approvals; Waiver. All material governmental and third party approvals necessary in connection with the making of the purchases or the continuing operations of the Sellers shall have been obtained and shall be in full force and effect.
- (c) Fees. The Purchasers, the Collection Agent and the Administrative Agent shall have received all previously agreed fees required to be paid, and all expenses for which invoices have been presented (including, without limitation, the reasonable fees and expenses of legal counsel), on or before the Closing Date. All other fees will be reflected in the funding instructions given by the Servicer to the Administrative Agent on or before the initial Purchase Date.
- (d) Closing Certificate. The Administrative Agent shall have received a certificate of the Servicer and each Seller, dated as of the Closing Date, substantially in the form of Exhibit D, with appropriate insertions and attachments.

4.2 Conditions Precedent to All Purchases

The agreement of each Purchaser to make its Purchase (including on the initial Purchase Date) is subject to the further satisfaction, prior to the making of any such purchase, of the following conditions precedent:

- (a) No Material Adverse Change. No development or event shall have occurred that has had or would reasonably be expected to have a Material Adverse Effect.
- (b) Representations and Warranties. Each of the representations and warranties made by the Sellers and the Servicer in or pursuant to the Transaction Documents shall be true and correct in all material respects on and as of the Purchase Date as if made on and as of such date, except to the extent relating to a prior Purchase.
- (c) No Termination Event. No Termination Event or Incipient Termination Event shall have occurred and be continuing on such Purchase Date or would occur after giving effect to the purchase requested to be made on such date.
- (d) Filings, Registrations and Recordings; Other Actions. Each (i) Assignment Agreement to be executed, the Irrevocable Payment Instructions sent to the relevant Eligible Buyers and each other documents specified in 3.14, or otherwise reasonably requested by the Administrative Agent, to be filed, registered or recorded by each Seller selling Scheduled Receivables on such date, other than the Romanian Actions (as hereinafter defined)] and (ii) each other action specified on Schedule 3.14, or otherwise reasonably requested by the Administrative Agent, to be taken prior to or concurrently with the initial Purchase Date by such Sellers or the Servicer, in each case in order to create in favor of the Purchasers, a perfected first priority security interest on the Collateral described therein and ownership interest in the Scheduled Receivables, other than the Romanian Actions (as hereinafter defined), shall be in proper form for filing, registration or recordation or shall have been taken, as the case may be. "Romanian Actions" means any registration with the Romanian Electronic Archive for Security Interests in Movable Property required pursuant to Schedule 3.14, and the provision of any notice required pursuant to Schedule 3.14. All Romanian Actions must be completed and evidence thereof provided to the Purchaser within seven days after a Purchase of Scheduled Receivables from Celestica Romania.
- (e) Legal Opinions. The Purchaser shall have received the executed legal opinions of counsel to each Seller selling Scheduled Receivables on such date, each in form and substance reasonably satisfactory to the Administrative Agent and its counsel. Such legal opinions shall cover such matters incidental to the transactions contemplated by this Agreement as the Administrative Agent may reasonably require, including, without limitation, the creation and perfection of ownership interests and security interests in the Collateral.

- (f) Change of Control. (i) Onex Corporation shall control Celestica Canada unless the shares of Celestica Canada become widely held such that no one Person or group of Persons acting jointly or in concert (within the meaning of Part XX of the *Securities Act* (Ontario)) controls Celestica Canada, provided that any Person or group of Persons acting jointly or in concert which owns or controls securities of Celestica Canada to which are attached more than 20% of the votes that may be cast to elect the directors of Celestica Canada shall, in the absence of evidence satisfactory to the Administrative Agent, acting reasonably, be deemed to control Celestica Canada and (ii) Celestica Canada shall control Celestica LLC.

The sale by the Sellers hereunder shall constitute a joint and several representation and warranty by the Sellers and the Servicer as of the relevant Purchase Date that the conditions contained in Section 4.2(b) and (c) have been satisfied.

4.3 Conditions to Effectiveness

- (a) This Agreement shall become effective when the last to occur of the following conditions has been satisfied (such date being the “Effective Date”): receipt by the Administrative Agent of (i) counterparts hereof, duly executed and delivered by each of the parties hereto; (ii) the First Amendment to the Collection Account Pledge Agreement, duly executed and delivered by each of the parties thereto; and (iii)(1) a copy of the UCC-1 (or UCC-3, as applicable) financing statement setting forth the applicable information regarding each of the Sellers, as debtors, filed with District of Columbia Recorder of Deeds, Washington, D.C. and (2) a copy of the UCC-1 (or UCC-3, as applicable) financing statement setting forth the applicable information regarding Celestica LLC, as debtor, and Celestica Oregon, as debtor, respectively, and the relevant Purchased Assets, filed with the Secretary of State of the State of Delaware. The Administrative Agent shall inform the Guarantor, the Sellers and the Purchasers of the occurrence of the Effective Date.
- (b) Notwithstanding the foregoing, none of Celestica Japan, Celestica Romania or Celestica Oregon, as the case may be, will be permitted to present or cause the Servicer to present on its behalf a Purchase Notice until the satisfaction of the following conditions: receipt by the Administrative Agent of (A) a Deposit Account Control Agreement, executed and delivered by each of Celestica Japan, Celestica Romania and Celestica Oregon, as the case may be, the Collection Agent and the relevant account bank giving the Collection Agent “control” (as such term is defined in Article 9 of the UCC) over the Collection Accounts maintained by Celestica Japan, Celestica Romania and Celestica Oregon, respectively; (B) a closing certificate of each of Celestica Japan, Celestica Romania and Celestica Oregon, respectively, in form and substance reasonably acceptable to the Administrative Agent, dated as of the Effective Date, with appropriate insertions and attachments; (C) the executed legal opinion of counsel to Celestica Japan, Celestica Romania and Celestica Oregon, respectively, in form and substance reasonably satisfactory to the Administrative Agent and its counsel (such legal opinion shall cover such matters incidental to the transactions contemplated by this Agreement and the Transaction Documents as the Administrative Agent may reasonably require, including, without limitation, the creation and perfection of ownership interests and security interests in the Collateral of each of Celestica Japan, Celestica Romania and Celestica Oregon); (D) with respect to Celestica Oregon only, an estoppel letter from Canadian Imperial Bank of Commerce, in form and substance satisfactory to the Administrative Agent acting reasonably; and (E) with respect to Celestica Japan only, amendments to the Collection Account Pledge Agreement in form and substance satisfactory to the Administrative Agent acting reasonably.

SECTION 5 - COVENANTS

Each Seller hereby agrees that, so long as the Purchaser's Investment Limits remain in effect or any amount is owing to any Purchaser, the Administrative Agent or the Collection Agent hereunder, the Sellers or the Servicer, as the case may be, shall:

5.1 Financial Statements

Furnish to the Administrative Agent

- (a) as soon as available, but in any event within 120 days after the end of each fiscal year of Celestica Canada, a copy of the audited consolidated balance sheet of Celestica Canada as at the end of such year and the related audited consolidated statements of income and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by independent registered public accountants of recognized international standing and without any limitation or qualification on the certification of disclosure controls or internal controls required under SEC rules; and
- (b) as soon as available, but in any event not later than 60 days after the end of each of the first three quarterly periods of each fiscal year of Celestica Canada, the unaudited consolidated balance sheet of Celestica Canada as at the end of such quarter and the related unaudited consolidated statements of income and of cash flows for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in comparative form the figures for the previous year, certified by a Responsible Officer of Celestica Canada as being fairly stated in all material respects (subject to normal year end audit adjustments), (which certification shall be satisfied by the certification provided in Celestica Canada's Quarterly Report submitted on Form 6-K filed with the SEC). Each of the Purchasers shall be entitled to rely on such certification as if addressed to them.

Financial statements required to be delivered pursuant to Sections 5.1(a) and (b) (to the extent any such financial statements are included in materials otherwise filed with the SEC) may be delivered electronically and if so, shall be deemed to have been delivered on the date on which Celestica Canada posts such reports, or provides a link thereto, either: (i) on Celestica Canada's website on the Internet at the website address listed in Section 9.2; or (ii) when such report is posted electronically on IntraLinks/IntraAgency or other relevant website which each Purchaser and the Administrative Agent have access to (whether a commercial, third-party website or whether sponsored by the Administrative Agent), if any, on Celestica Canada's behalf; provided that Celestica Canada shall notify (which may be by facsimile or electronic mail) the Administrative Agent of the posting of any such reports and immediately following such notification Celestica Canada shall provide to the Administrative Agent, by electronic mail, electronic versions (i.e., soft copies) of such reports. The Administrative Agent shall have no obligation to request the delivery or to maintain copies of the reports referred to above, and in any event shall have no responsibility to monitor compliance by Celestica Canada with any such request for delivery, and each Purchaser shall be solely responsible for requesting delivery to it or maintaining its copies of such reports.

5.2 Certificates; Other Information

Furnish to the Purchaser promptly, such additional financial and other information as the Administrative Agent or any Purchaser may from time to time reasonably request.

The Purchasers shall provide notice to the Collection Agent of the occurrence of a Termination Event or Incipient Termination Event.

5.3 Payment of Obligations

Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with local generally accepted accounting principles or GAAP, as applicable, with respect thereto have been provided on the books of relevant Group Member or where the failure to so pay, discharge or satisfy could not reasonably be expected to have a Material Adverse Effect.

5.4 Maintenance of Existence; Compliance

- (a) (i) Preserve, renew and keep in full force and effect its organizational existence, (ii) continue to engage in business of the same general type conducted by it on the initial Purchase Date and (iii) take all reasonable action to maintain all permits, licenses, rights, privileges and franchises necessary or desirable in the normal conduct of its business, except, in the case of clause (iii) above, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (b) comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.5 Maintenance of Property; Insurance

- (a) Keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted, and
- (b) maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks (but including in any event public liability and product liability) as are usually insured against in the same general area by companies engaged in the same or a similar business, in each case except to the extent that the failure to do so would not have a Material Adverse Effect.

5.6 Inspection of Property; Books and Records; Discussions

- (a) Keep proper books of records and account in which full, true and correct entries in conformity with local generally accepted accounting

principles or GAAP, as applicable, and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities and

- (b) permit employees of any Purchaser, the Administrative Agent and the Collection Agent to (at its own expense prior to a Termination Event), visit and inspect any of its properties during regular business hours on not less than 10 Business Days' prior notice and examine and make abstracts from any of its books and records (including computer tapes and disks) relating to Purchased Assets; provided, however, that such inspections shall be limited to four times per year so long as a Termination Event has not occurred and is continuing. Without limiting the foregoing, such examinations, copies, abstracts, visits and discussions may cover, among other things, maturity dates, ageings, past dues, charge-offs and offsets with respect to the Purchased Assets.

5.7 Notices

Give notice to the Administrative Agent and the Collection Agent of:

- (a) the occurrence of any Incipient Termination Event or Termination Event within five Business Days of becoming aware thereof;

- (b) any material litigation, investigation or proceeding that exists at any time to which a Seller or the Guarantor, and, to the extent known by the Servicer, any Eligible Buyer, is a party or is subject that, in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect promptly;
- (c) any litigation or proceeding affecting the Seller (i) in which the amount involved is \$50,000,000 or more and not covered by insurance or (ii) that relates to any Transaction Document promptly; and
- (d) any other development or event that has had or could reasonably be expected to have a Material Adverse Effect promptly upon becoming aware thereof.

Each notice pursuant to this Section 5.7 shall be accompanied by a statement of a Responsible Officer of the Servicer setting forth details of the occurrence referred to therein and stating what action the affected Seller or, to the extent known by the Servicer, an Eligible Buyer proposes to take with respect thereto.

5.8 Use of Proceeds

No part of the proceeds will be used, whether directly or indirectly, for any purpose that entails a violation of any of the regulations of the Board, including, without limitation, Regulations U and X.

5.9 Irrevocable Payment Instructions

Except in respect of Tranche C Receivables where Irrevocable Payment Instructions have not been given as noted in the relevant Purchase Notice, deliver to each purchaser designated as an Eligible Buyer in respect of a Scheduled Receivable to be the object of a Purchase hereunder the Irrevocable Payment Instructions.

5.10 Further Assurances

Execute and deliver, or cause to be executed and delivered, such additional instruments, certificates or documents, and take all such actions, as the Administrative Agent or the Collection Agent may reasonably request (i) to perfect or maintain the ownership interest of the Purchaser in Purchased Assets and security interests for the benefit of the parties named in the applicable Security Documents as beneficiaries thereof, including assets that are required to become Collateral after the initial Purchase Date, or (ii) otherwise to implement or effectuate the provisions of this Agreement and the other Transaction Documents.

5.11 Offices, Records, Books of Account

Each Seller (i) shall keep its principal place of business and chief executive office (as such terms are defined in the UCC) and the office where it keeps its records concerning the Scheduled Receivables at the address set forth on Schedule 3.15 or, upon at least 15 days' prior written notice of a proposed change to the Administrative Agent, at any other locations, so long as, prior to making such a change, such Seller shall have taken all actions in any applicable jurisdiction that may be requested by the Administrative Agent in accordance with Section 3.14; and (ii) shall provide the Administrative Agent with at least 15 days' written notice prior to making any change in the Seller's name or making any other change in the Seller's identity or corporate structure which could render any UCC Financing Statement theretofore filed with respect to such Person by any other Person (including, if applicable, any UCC Financing Statements filed in connection with this Agreement) "seriously misleading" as such term is used in the UCC, so long as, prior to making any such change, each Seller shall have taken all actions in any applicable jurisdiction that may be requested by the Administrative Agent in accordance with Section 3.14. Each Seller also will maintain and implement administrative and operating procedures (including an ability to recreate records evidencing Scheduled Receivables and related Contracts in the event of the destruction of the originals thereof) and keep and maintain all documents, books, records, computer tapes and disks and other information reasonably necessary or advisable for the collection of all Scheduled

Receivables, including records adequate to permit the daily identification of each Scheduled Receivable and all Collections of and adjustments to each existing Scheduled Receivable. Each Seller and the Servicer agrees to indicate, or cause to be indicated, on the computer files containing a master database of Scheduled Receivables to contain a notation that all Scheduled Receivables included in such list or print out and Related Security have been sold to the Purchasers in accordance with this Agreement, and to deliver to the Purchaser computer files, microfiche lists or typed or printed lists containing true and complete lists of all such Scheduled Receivables and Related Security, identified by Obligor, from time to time promptly upon request of the Administrative Agent.

5.12 Sales, Liens, Etc.

No Seller shall purport to sell or assign, or purport to create any Lien or adverse claim upon or create any Lien or adverse claim upon or with respect to, any Purchased Assets or upon or with respect to any account to which any Collections of Scheduled Receivables are deposited, except as provided herein and in the Transaction Documents and no Seller shall assign any right to receive Deferred Purchase Price hereunder.

5.13 Extension or Amendment of Receivables

Except as expressly provided by this Agreement, the Sellers shall not adjust the outstanding principal balance of, or otherwise modify the terms of, any of the Scheduled Receivables; provided, that, notwithstanding any other provision of this Agreement, each Seller may grant a Dilution in respect of a Scheduled Receivable, so long as the amount of any such Dilution is paid in full by the Servicer as contemplated hereunder.

5.14 Status of Scheduled Receivables

In the event that any third party and a Seller enter into negotiations or discussions concerning the provision of financing (whether in the form of a loan, purchase or otherwise) with respect to any Receivables, such Seller shall inform such third party that the Seller has sold the Scheduled Receivables to the Purchasers.

5.15 Account Generation and Servicing Practices

No Seller shall make any change or modification (or permit any change or modification to be made) in any material respect to the manner in which it generates and services Receivables from the manner in which such Seller generated and serviced Receivables prior to the date hereof, except (i) if such changes or modifications are necessary under any Requirement of Law, or (ii) if such changes or modifications would not have a Material Adverse Effect with respect to the Purchasers or the Administrative Agent and any such changes shall be promptly notified by the Servicer to the Administrative Agent.

5.16 Inconsistent Instructions

No Seller shall give any Eligible Buyer any instructions contrary to or inconsistent with the provisions contained in the Irrevocable Payment Instruction with respect to payments of Scheduled Receivables other than Tranche C Receivables where Irrevocable Payment Instructions have not been given as noted in the relevant Purchase Notice.

5.17 Designation of New Eligible Buyers

If the Servicer wishes to designate a new Eligible Buyer (a "New Eligible Buyer"), it shall first notify the Administrative Agent of the designation of such customer as a New Eligible Buyer. Subject to (i) the prior written consent of the Required Purchasers to the addition of such New Eligible Buyer, (ii) determination of the applicable Obligor Limits for such New Eligible Buyer by the Administrative Agent, (iii) compliance with the requirements for perfection of the ownership and security interest in the Receivables arising from sales to such New Eligible Buyer, and legal opinions to the extent such New Eligible Buyer is located in a

jurisdiction in which the Purchasers had not previously been supplied with a legal opinion, in each case in form and substance satisfactory to the Administrative Agent and the Purchasers, such customer shall be deemed to be an Eligible Buyer for all purposes of this Agreement and the other Transaction Documents. The Servicer shall use its reasonable commercial efforts to provide such information concerning the New Eligible Buyers and their contractual relations with the relevant Seller as the Administrative Agent may reasonably request.

5.18 Designation of New Sellers / Removal of Sellers

- (a) If the Servicer wishes to designate a Group Member as a “Seller” hereunder (a “New Seller”), it shall first notify the Administrative Agent of the designation of such Group Member as a New Seller. Subject to (i) the prior written consent of the Required Purchasers to the addition of such New Seller, (ii) compliance with the requirements for perfection of the ownership and security interest in the Receivables arising from sales by such New Seller, and legal opinions, certifications and documentation, in each case in form and substance satisfactory to the Administrative Agent and the Purchasers, and (iii) execution and delivery by such New Seller of an accession agreement in form and substance satisfactory to the Administrative Agent, such Group Member shall be deemed to be a Seller for all purposes of this Agreement and the other Transaction Documents.
- (b) If any Seller other than Celestica LLC wishes to withdraw as a party to this Agreement and terminate its continuing liability hereunder, provided that there are no Purchased Assets outstanding that were sold by such Seller at such time, such Seller shall give notice to the Administrative Agent hereunder. Upon receipt of such notice, such Seller shall no longer be a Seller hereunder, shall no longer have the right to sell Receivables hereunder, and shall be released from any remaining liability of such Seller under this Agreement and any Transaction Document, provided that such release shall not relieve any other Seller or the Servicer or Guarantor for any such liability hereunder and the Sellers and the Servicer hereby agree to indemnify the Purchasers in respect of any such liabilities.

SECTION 6 - SERVICER OBLIGATIONS

6.1 Appointment of Servicer

Each Purchase hereunder shall be on a fully serviced basis by the relevant Seller. Each Seller hereby delegates to and designates Celestica Canada, and Celestica Canada hereby agrees to perform the duties and obligations of, the Servicer pursuant to the terms hereof. Celestica Canada acknowledges that each Purchaser has relied on the agreement of Celestica Canada to act as the Servicer hereunder in making its decision to execute and deliver this Agreement. Accordingly, Celestica Canada shall not voluntarily resign as the Servicer. In the event that a Termination Event has occurred and is continuing, the Required Purchasers may designate as Servicer any Person (including the Collection Agent) to succeed Celestica Canada as Servicer.

6.2 Duties of Servicer

The Servicer shall take or cause to be taken all action as may be necessary or advisable to collect each Scheduled Receivable from time to time, all in accordance with this Agreement and all applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with its standard credit and collection policies; provided, however, that the Servicer may not extend the Scheduled Due Date of any Scheduled Receivable without the prior written consent of the Administrative Agent except as otherwise permitted by Section 5.14 hereof. Each Seller shall deliver to the Servicer and the Servicer shall hold for the benefit of the Purchasers, all records and documents (including computer tapes or disks) with respect to such Scheduled Receivables.

6.3 Reporting Requirements

- (a) At least once every calendar week after the initial Purchase Date, the Servicer shall provide the Administrative Agent and the Collection Agent with a status report (each such day as selected by the Servicer, a “Reporting Date”) (the “Servicer’s Report”) by telecopier in respect of the Collections of Purchased Assets, such Servicer’s Report to be substantially in the form of Exhibit F hereto. If a Scheduled Receivable remains outstanding after the 105th day after the relevant invoice date, then the Servicer shall provide to the Administrative Agent in such report, in form and substance satisfactory to the Administrative Agent, detailed information with respect to the related Scheduled Receivables (including with respect to collection efforts relating thereto) as set forth in the form of Servicer’s Report and as otherwise reasonably requested by the Administrative Agent.
- (b) The Servicer shall provide to the Administrative Agent as soon as possible and in any event within five Business Days after the occurrence of a Termination Event or Incipient Termination Event, a statement of a Responsible Officer of the Servicer setting forth details of such Termination Event or Incipient Termination Event and the action that the Servicer and the Sellers have taken and propose to take with respect thereto.
- (c) The Servicer shall provide to the Administrative Agent such other information respecting Purchased Assets or the condition or operations, financial or otherwise, of each Seller or any of their respective Affiliates, as the Administrative Agent may from time to time reasonably request (including listings identifying the outstanding balance of each Scheduled Receivable).

6.4 Application Requirements

The Servicer shall transfer funds from the Collections Accounts to the Concentration Account, and from the Concentration Account to the Payment Account in accordance with Section 2.13. Except as otherwise required by applicable law or the relevant Contract, all Collections received from an Obligor of any Scheduled Receivable shall be applied to the Receivables of such Obligor in accordance with the Servicer Report, except that in the case of an Obligor having Defaulted Receivables, such application shall be made in the order of the age of such Receivables, starting with the oldest such Scheduled Receivable. The Servicer shall upon the request of the Administrative Agent cause each account bank to provide the Administrative Agent with an account statement in respect of its Collection Account.

SECTION 7 - TERMINATION EVENTS AND REMEDIES

If any of the following events shall occur and be continuing:

- (a) any Seller or the Servicer shall fail to pay or deposit any amount when due in accordance with the terms hereof and such failure is not remedied within 5 Business Days of written notice to the Servicer; or
- (b) any representation or warranty made or deemed made by any Seller or the Guarantor herein or in any other Transaction Document shall prove to have been inaccurate in any material respect on or as of the date made or deemed made and such inaccuracy, if capable of remedy, is not remedied within 30 days after notice to the Servicer from the Collection Agent or a Purchaser; or
- (c) any Seller shall default in the observance or performance of any agreement contained in Section 5.4(a)(i) or Section 5.7(a) of this Agreement; or
- (d) any Seller, the Servicer or the Guarantor shall default in any material respect in the observance or performance of any other agreement contained in this Agreement or any

other Transaction Document (other than as provided in paragraphs (a) through (c) of this Section 7), and such default shall continue unremedied for a period of 30 days after notice to the Servicer from the Collection Agent or a Purchaser; or

- (e) any Seller, the Servicer or the Guarantor shall (i) default in making any payment of any principal of any Indebtedness (including, without limitation, any Guarantee Obligation) on the scheduled or original due date with respect thereto; or (ii) default in making any payment of any interest on any such Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created; or (iii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, and in the case of (i), (ii) or (iii) above the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or (in the case of any such Indebtedness constituting a Guarantee Obligation) to become payable; provided, however, that a default, event or condition described in clause (i), (ii) or (iii) of this paragraph (e) shall not at any time constitute a Termination Event unless, at such time, one or more defaults, events or conditions of the type described in clauses (i), (ii) and (iii) of this paragraph (e) shall have occurred and be continuing with respect to Indebtedness the outstanding principal amount of which exceeds in the aggregate \$50,000,000; or
- (f) (i) any Seller or the Guarantor shall commence any case, proceeding or other action (A) under any law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or any Seller or the Guarantor shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against such Seller or the Guarantor any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undischarged, undischarged or unbonded for a period of 90 days; or (iii) there shall be commenced against a Seller or the Guarantor any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) any Seller or the Guarantor shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) any Seller or the Guarantor shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or
- (g) one or more judgments or decrees shall be entered against any Seller or the Guarantor involving in the aggregate a liability (not paid or fully covered by insurance as to which the relevant insurance company has acknowledged coverage) of \$25,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 30 days from the entry thereof; or
- (h) (i) any of the Transaction Documents shall cease, for any reason other than an action of the Administrative Agent, the Collection Agent or a Purchaser, to be in full force and effect, or any Seller or the Guarantor shall so assert, (ii) any Lien created by any of the Security Documents shall cease to be enforceable and of the same effect and priority purported to be created thereby;

then, and in any such event, (A) if such event is a Termination Event specified in clause (i) or (ii) of paragraph (f) above or clause (i) of paragraph (h) above, automatically the Purchaser's Investment Limits shall immediately be reduced to zero and terminate, (B) if such event is any other Termination Event, the Administrative Agent may, or upon the request of the Required Purchasers, the Administrative Agent shall, by notice to the Servicer, declare the Purchasers' Investment Limits to be reduced to zero and terminated forthwith and (C) the Collection Agent may exercise all rights and remedies available to it under the Security Documents or at law.

SECTION 8 - THE ADMINISTRATIVE AGENT

8.1 Appointment

Each Purchaser hereby irrevocably designates and appoints the Administrative Agent as the agent of such Purchaser under this Agreement and the other Transaction Documents, and each such Purchaser irrevocably authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and the other Transaction Documents to which it is a party or by which it is bound and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Transaction Documents, together with such other powers as are reasonably incidental thereto, including, without limitation, (a) receiving all applicable notices referred to in this Agreement or in the other Transaction Documents on behalf of such Purchaser, (b) giving all applicable notices referred to in this Agreement or the other Transaction Documents to or on behalf of such Purchaser, (c) maintaining the Register pursuant to Sections 2.11 and 9.6 and (d) receiving payments and deposits (under Section 2.3 or otherwise) from the Sellers and the Servicers, and giving release and acquittance therefor in accordance with the terms of this Agreement. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein or in the other Transaction Documents, or any fiduciary relationship with any Purchaser, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Transaction Document or otherwise exist against the Administrative Agent. The provisions of this Section 8 are solely for the benefit of the Administrative Agent and its officers, directors, employees, agents, attorneys-in-fact and affiliates, and no other Person shall have any rights as a third party beneficiary of any of the provisions hereof. The Administrative Agent shall perform its obligations hereunder with reasonable care, using a degree of skill and attention no less than that which the Administrative Agent (i) exercises with respect to comparable duties that it performs when holding comparable assets for itself and (ii) exercises with respect to comparable administrative duties that it performs for comparable assets for others, and in a manner consistent with the standard of care exercised by similar administrators relating to the duties to be performed hereunder. The Administrative Agent shall have no obligations, duties or responsibilities except for those set forth in this Agreement.

8.2 Delegation of Duties

The Administrative Agent may execute any of its duties under this Agreement and the other Transaction Documents by or through agents, custodians, nominees or attorneys-in-fact and shall be entitled to rely upon, and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with, advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents, custodians, nominees or attorneys-in-fact selected by it with reasonable care.

8.3 Exculpatory Provisions

Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Transaction Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have proximately resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any Person (including without limitation any of the Purchasers) for (A) any

recitals, statements, representations or warranties made by any Person (other than an Agent or any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates) contained in this Agreement or any other Transaction Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Agents under or in connection with, this Agreement or any other Transaction Document, (B) the value, validity, effectiveness, genuineness, collectibility, enforceability or sufficiency of this Agreement or any other Transaction Document, (C) any Liens or guarantees (including without limitation pursuant to any Guarantee Obligation) granted by, or purported to be granted by, any of the Security Documents or otherwise, (D) ascertaining or inquiring as to the existence or possible existence of any Termination Event, or (E) any failure of any party hereto or thereto (other than the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates) to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Purchaser to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Transaction Document, to inspect the properties, books or records of any Seller, or to take any action that exposes the Administrative Agent to personal liability or that is contrary to this Agreement or applicable law. Anything in this Agreement to the contrary notwithstanding, in no event shall the Administrative Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Administrative Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

8.4 Reliance by Administrative Agent

The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon (i) any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, teletype, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and (ii) advice and statements of legal counsel (including, without limitation, counsel to any of the Sellers), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Purchased Asset as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Transaction Document unless it shall first receive such advice or concurrence of the Required Purchasers (or, if so specified by this Agreement, all Purchasers) as it deems appropriate or it shall first be indemnified to its satisfaction by the Purchasers against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Transaction Documents in accordance with a request of the Required Purchasers (or, if so specified by this Agreement, all Purchasers), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Purchasers and all future holders of the Purchased Assets.

8.5 Notice of Termination

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Incipient Termination Event or Termination Event unless the Administrative Agent has received notice from a Purchaser or a Seller referring to this Agreement, describing such Incipient Termination Event or Termination Event and stating that such notice is a “notice of termination.” In the event that the Administrative Agent receives such a notice, the Administrative Agent shall promptly give notice thereof to the Purchasers and the Collection Agent. The Administrative Agent shall take such action with respect to such Incipient Termination Event or Termination Event as shall be reasonably directed by the Required Purchasers (or, if so specified by this Agreement, all Purchasers); provided, that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Incipient Termination Event or Termination Event as they shall deem advisable in the best interests of the Purchasers.

8.6 Non-Reliance on Administrative Agent and Other Purchasers

Each Purchaser expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including, without limitation, any review of the affairs of a Seller or any affiliate of a Seller, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Purchaser. Each Purchaser represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Purchaser, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Sellers and their affiliates and made its own decision to make its purchases hereunder and enter into this Agreement and the other Transaction Documents to which it is a party or by which it is bound. Each Purchaser also represents and covenants that it will, independently and without reliance upon the Administrative Agent, any of its officers, directors, employees, agents, attorneys-in-fact or affiliates or any other Purchaser, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Transaction Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Sellers and their respective affiliates. Except for notices, reports and other documents expressly required to be furnished to the Purchasers by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Purchaser with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Seller or any affiliate of a Seller that may come into the possession of the Administrative Agent, or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

8.7 Indemnification

The Purchasers agree to indemnify the Administrative Agent in its capacity as such and/or its officers, directors, employees, agents, attorneys-in-fact or affiliates (to the extent not reimbursed by the Sellers and without limiting the obligation of the Sellers to do so), ratably according to their respective Purchaser's Investment Percentages in effect on the date on which indemnification is sought under this Section 8.7 (or, if indemnification is sought after the date upon which the Purchaser's Investment Limits shall have terminated and all Investments shall have been reduced to nil, ratably in accordance with such Purchaser's Investment Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever (including without limitation attorneys' fees and disbursements) that may at any time be imposed on, incurred by or asserted against the Administrative Agent and/or its officers, directors, employees, agents, attorneys-in-fact or affiliates in any way relating to or arising out of, the Purchaser's Investment Limits, this Agreement, any of the other Transaction Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent and/or its officers, directors, employees, agents, attorneys-in-fact or affiliates under or in connection with any of the foregoing; provided, that no Purchaser shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent's and/or its officers, directors, employees, agents, attorneys-in-fact or affiliates gross negligence or willful misconduct. If any indemnity furnished to the Administrative Agent for any purpose shall, in its opinion, be insufficient or become impaired, the Administrative Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. None of the provisions of this Agreement shall require the Administrative Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder or under any Transaction Document, or in the exercise of any of its rights or powers hereunder or thereunder, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it. In the case of any investigation, litigation or proceeding giving rise to any indemnification under this Section 8.7, this Section 8.7 applies whether

any such investigation, litigation or proceeding is brought by the Administrative Agent, any Purchaser or a third party. The agreements in this Section 8.7 shall survive the payment of all amounts payable hereunder.

8.8 Agent in Its Individual Capacity

The Administrative Agent and its affiliates may make loans to, accept deposits from, act as trustee under indentures of, accept investment banking engagements from, and generally engage in any kind of business with any Seller as though such Agent were not an Agent and without any duty to account therefor to any other Person. With respect to its Purchased Assets, the Administrative Agent shall have the same rights and powers under this Agreement and the other Transaction Documents as any Purchaser and may exercise the same as though it were not an Agent, and the terms "Purchaser" and "Purchasers" shall include the Administrative Agent in its individual capacity.

8.9 Successor Administrative Agent

The Administrative Agent may resign as Agent upon 60 days' written notice to the Purchasers and the Servicer. If the Administrative Agent shall resign as Agent under this Agreement and the other Transaction Documents, then the Required Purchasers shall appoint from among the Purchasers a successor agent for the Purchasers, which successor agent shall (unless a Termination Event under Section 7(a) or Section 7(f) shall have occurred and be continuing, in which instance any such appointment shall be immediately effective and shall not require any prior notice to or approval of the Servicer or any other Person) be subject to approval by the Servicer (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent under this Agreement and the Transaction Documents (including without limitation the Security Documents), and the resigning Administrative Agent shall be discharged from its duties and obligations under this Agreement and the Transaction Documents (including without limitation the Security Documents), and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Agent, any of the parties to this Agreement or any Transaction Document, or any holders of the Purchased Assets. If no successor agent has accepted appointment as Administrative Agent by the date that is 20 days following a resigning Agent's notice of resignation, the resigning Agent's resignation shall nevertheless thereupon become effective, and the Purchasers shall assume and perform all of the duties of such Agent hereunder until such time, if any, as the Required Purchasers appoint a successor agent as provided for above. After any resigning Administrative Agent's resignation as Agent, the provisions of this Section 8 shall continue to apply to it with respect to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Transaction Documents, including, without limitation, the liability of each such Agent under Section 8.3 for (and the exclusion from any liability of any Purchaser to indemnify any such Agent under Section 8.7 in respect of) any such actions or omissions that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent's gross negligence or willful misconduct.

8.10 Determination Pursuant to Security Documents

In each circumstance where, under any provision of a Security Document or this Agreement, the Administrative Agent shall have the right to grant or withhold any consent, exercise any remedy, make any determination or direct any action by the Administrative Agent under such Security Document, the Administrative Agent shall act in respect of such consent, exercise of remedies, determination or action, as the case may be, only with the consent of and at the direction of the Required Purchasers unless unanimity is required by the relevant agreement; provided, however, that no such consent of the Required Purchasers shall be required with respect to any consent, determination or other matter that is, in the Administrative Agent's reasonable judgment, ministerial or administrative in nature or provided for in this Agreement, and provided that the Administrative Agent is hereby authorized on behalf of all of the Purchasers, without the necessity of any further consent from any Purchaser, from time to time prior to a Termination Event, to release portions of the Collateral from the security interests and Liens imposed by

39

the Security Documents in connection with any dispositions of such portions of the Collateral permitted by the terms of this Agreement or the Security Documents or as may be required by law. In each circumstance where any consent of or direction from the Required Purchasers is required, the Administrative Agent shall send to the Purchasers a notice setting forth a description in reasonable detail of the matter as to which consent or direction is requested and the Administrative Agent's proposed course of action with respect thereto.

8.11 Merger of the Administrative Agent

Any Person into which the Administrative Agent may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Administrative Agent shall be a party, or any Person succeeding to the business of the Administrative Agent shall be the successor hereunder and under the Transaction Documents of the Administrative Agent, without the execution or filing of any paper with any party hereto or thereto or any further act on the part of any of the parties hereto or thereto except where an instrument of transfer or assignment is required by law to effect such succession, anything herein or in any Transaction Document to the contrary notwithstanding.

SECTION 9 - MISCELLANEOUS

9.1 Amendments and Waivers

Neither this Agreement, any other Transaction Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 9.1. The Required Purchasers, the Servicer and each Seller party to the relevant Transaction Document may, or, with the written consent of the Required Purchasers, the Administrative Agent or the Collection Agent, as the case may be, and each Seller and the Servicer party to the relevant Transaction Document may, from time to time, (a) enter into written amendments, supplements or modifications hereto and to the other Transaction Documents or any Scheduled Receivables for the purpose of adding any provisions to this Agreement or the other Transaction Documents or any Scheduled Receivables or changing in any manner the rights of the Purchasers or of the Sellers or the Obligors hereunder or thereunder or (b) waive, on such terms and conditions as the Required Purchasers or the Collection Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Transaction Documents or any Incipient Termination Event or Termination Event and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) reduce the stated rate or amount of any interest, or fee payable hereunder or extend the date of any payment thereof, or increase the amount of any Purchaser's Investment Limit, in each case without the written consent of each Purchaser

directly affected thereby; (ii) eliminate or reduce the voting rights of any Purchaser under this Section 9.1 without the written consent of such Purchaser; (iii) (A) reduce any percentage specified in the definition of Required Purchasers, (B) consent to the assignment or transfer by any Seller of any of its rights and obligations under this Agreement and the other Transaction Documents, (C) release any Seller from its obligations or any Collateral (except as otherwise expressly permitted hereunder without such consent) or release the Guarantor under the Guarantee, or (D) amend or modify the definition of “Applicable Margin”, “Funding Cost Amount”, “Investment”, “Obligations”, “Scheduled Receivable”, “Receivable” or “Eligible Receivable” or Sections 2.3, 2.6(a) or (b), 2.9, 5.13 or 9.7 in this Agreement or “Secured Parties” in the Collection Account Pledge Agreement, or amend, modify or waive Section 9, in each case without the written consent of all Purchasers; or (iv) amend, modify or waive any provision of Section 8 without the written consent of the Administrative Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Purchasers and shall be binding upon the Sellers, the Purchasers, the Administrative Agent, the Collection Agent and all future holders of the Purchased Assets. In the case of any waiver, the Sellers, the Purchasers, the Administrative Agent and the Collection Agent shall be restored to their former position and rights

hereunder and under the other Transaction Documents, and any Incipient Termination Event or Termination Event waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Incipient Termination Event or Termination Event, or impair any right consequent thereon.

9.2 Notices

All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made (i) if by hand, when delivered, (ii) if by air courier service, when delivered, or (iii) if by telecopy, when received by the addressee, addressed as follows in the case of the Servicer and the Sellers, the Purchasers, the Administrative Agent and the Collection Agent, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Purchasers, or to such other address as may be hereafter notified by the respective parties hereto:

Celestica Canada

1150 Eglinton Avenue East

(for itself and for the other Sellers):

Toronto, Ontario, Canada M3C 1H7

Attention: Senior Vice President and Treasurer

Telecopier: 416-448-2280

Telephone: 416-448-4858

with a copy to:

1150 Eglinton Avenue East

Toronto, Ontario M3C 1H7

Attention: Senior Vice President and Chief Legal Officer

Telecopier: 416-448-2817

Telephone: 416-448-4620

Administrative Agent and Collection Agent

Deutsche Bank AG New York Branch Structured Trade & Export Finance

60 Wall Street

New York, New York 10005

Attention: Lee Joyner

Telecopy: 201-593-2310

Telephone: 201-593-2177

provided that any notice, request or demand to or upon the Collection Agent, the Administrative Agent or the Purchasers shall not be effective until received.

9.3 No Waiver; Cumulative Remedies

No failure to exercise and no delay in exercising, on the part of the Sellers, the Collection Agent, the Administrative Agent or any Purchaser, any right, remedy, power or privilege hereunder or under the other Transaction Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

9.4 Survival of Representations and Warranties

All representations and warranties made hereunder, in the other Transaction Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the purchases hereunder.

9.5 Payment of Expenses and Taxes

- (a) The Sellers jointly and severally agree (provided that each of Celestica Czech Republic, Celestica Valencia and Celestica Romania shall only be responsible hereunder for the respective amount attributable to it) (i) to pay or reimburse the Administrative Agent and the Collection Agent for all their reasonable and documented out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Transaction Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including, without limitation, the reasonable and documented fees and disbursements of counsel to the Administrative Agent and the Collection Agent, with statements with respect to the foregoing to be submitted to the Servicer prior to the initial Purchase Date (in the case of amounts to be paid on the initial Purchase Date, which are payable on such date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate and payable within 45 days of notice thereof to the Servicer; (ii) to pay or reimburse the Administrative Agent and the Collection Agent for all their reasonable and documented costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Transaction Documents and any such other documents, including, without limitation, the reasonable and documented fees and disbursements of counsel to the Administrative Agent and of counsel to the Collection Agent; (iii) to pay, indemnify, and hold the Administrative Agent, each Purchaser and the Collection Agent harmless from, any and all documented recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, that may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Transaction Documents and any such other documents; and (iv) to indemnify and hold harmless each Indemnified Person from and against any and all reasonable and documented Indemnified Amounts to which any such Indemnified Person may become subject arising out of or in connection with (1) the enforcement of this Agreement, the other Transaction Documents and any such other

documents, (2) the reasonable and documented expenses of legal counsel in connection with claims, actions or proceedings by any indemnified person against the Sellers under any Transaction Document and any such other documents and (3) any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any Indemnified Person is a party thereto, and to reimburse each Indemnified Person upon demand for any legal or other reasonable and documented expenses incurred in connection with investigating or defending any of the foregoing; provided that the foregoing indemnity will not, as to any Indemnified Person, apply to Indemnified Amounts to the extent they are found by a final, non-appealable judgment of a court to arise from the willful misconduct or gross negligence of such Indemnified Person. Except as specified above, all amounts due under this Section 9.5(a) shall be payable not later than 10 Business Days after written demand therefor. Statements payable by the Sellers pursuant to this Section 9.5(a) shall be submitted to the address of the Servicer set forth in Section 9.2, or to such other Person or address as may be hereafter designated by the Servicer in a written notice to the Purchaser. The agreements in this Section 9.5(a) shall survive payment of all amounts payable hereunder.

- (b) Each Indemnified Person under the provisions of Section 2.9 or 9.5(a) will, upon the service of a summons or other initial legal process upon it in any action or suit instituted against it or upon its receipt of written notification of the commencement of any investigation or inquiry of, or proceeding against, it in respect of which indemnity may be sought on account of the provisions contained in Section 2.9 or 9.5(a), promptly give written notice (the “Notice”) of such service or notification to the Servicer. Notwithstanding the foregoing, the omission so to notify the Servicer of any such service or notification shall not relieve the Sellers from any of the obligations under Section 2.9 or 9.5(a) that the Sellers may have to the Indemnified Person, except to the extent a Seller has been materially prejudiced thereby. Each Seller shall be entitled at its expense to participate in the defense of any action, suit or proceeding against, or investigation or inquiry of, an Indemnified Person. The affected Seller shall be entitled, if it so elects within a reasonable time after receipt of the Notice by giving written notice (the “Notice of Defense”) to the Indemnified Person, to assume the entire defense of such action, suit, investigation, inquiry or proceeding, in which event such defense shall be conducted, at the expense of such Seller, by counsel chosen by such Seller and reasonably satisfactory to the Indemnified Person; provided, however, that (i) if a single counsel has assumed the defense of both the Indemnified Person and the affected Seller or Sellers and the Indemnified Person reasonably determines that there may be a conflict between the positions of such Seller or Sellers and the positions of the Indemnified Person in conducting the defense of such action, suit, investigation, inquiry or proceeding or that there may be legal defenses available to such Indemnified Person different from or in addition to those available to the Seller, then counsel for the Indemnified Person shall be entitled to conduct the defense to the extent reasonably determined by such counsel to be necessary to protect the interests of the Indemnified Person and (ii) in any event, the Indemnified Person shall be entitled to have counsel chosen by such Indemnified Person participate in, but not conduct, the defense. If, within a reasonable time after receipt of the Notice, the affected Seller gives a Notice of Defense and the counsel chosen by such Seller is reasonably satisfactory to the Indemnified Person, such Seller will not be liable under the preceding paragraph for any legal or other expenses subsequently incurred by the Indemnified Person in connection with the defense of the action, suit, investigation, inquiry or proceeding, except that (1) such Seller shall bear the legal and other expenses incurred in connection with the conduct of the defense as referred to in clause (i) of the proviso to the preceding sentence and (2) such Seller shall bear such other expenses as they have authorized in writing in advance to be incurred by the Indemnified Person. If, within a reasonable time after receipt of the Notice, no Notice of Defense has been given, the affected Seller shall be responsible for any reasonable legal or other expenses incurred by the Indemnified Person in connection with the defense of the action, suit, investigation, inquiry or proceeding. The Sellers shall not be liable for any settlement of

any such action, suit or proceeding effected without its prior written consent (which consent shall not unreasonably be withheld), but if settled with their prior written consent or if there be a final judgment for the plaintiff in any such action, suit or proceeding, the Sellers jointly and severally agree (provided that each of Celestica Czech Republic, Celestica Valencia and Celestica Romania shall only be responsible hereunder for the respective amount attributable to it) to indemnify and hold harmless any Indemnified Person from and against any loss or liability by reason of such settlement or judgment. The Sellers shall not, without the prior written consent of the Indemnified Person (which consent shall not unreasonably be withheld or delayed), effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is a party or in respect of which indemnity could have been sought under the preceding paragraph by such Indemnified Person unless such settlement includes an unconditional release of such Indemnified Person from all liability on claims that are the subject matter of such proceeding.

9.6 Successors and Assigns; Participations and Assignments

- (a) This Agreement shall be binding upon and inure to the benefit of the Sellers, the Servicer, the Purchasers, the Administrative Agent, and their respective successors and permitted assigns, except that neither the Sellers nor the Servicer (in its capacity as such) may assign or transfer any of their rights or obligations under this Agreement without the prior written consent of each Purchaser.
- (b) Any Purchaser may, without the consent of the Servicer or the Sellers, in accordance with applicable law, at any time sell to one or more banks, financial institutions or other entities (each, a “Participant”) participating interests in any Purchased Assets co-owned by such Purchaser, the Purchaser’s commitment to purchase Receivables up to the Investment Limits of such Purchaser or any related interest of such Purchaser hereunder and under the other Transaction Documents. In the event of any such sale by any Purchaser of a participating interest to a Participant, except as otherwise provided herein, such Purchaser’s obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Purchaser shall remain solely responsible for the performance thereof, such Purchaser shall remain the holder of any such Purchased Assets for all purposes under this Agreement and the other Transaction Documents, and the Servicer, the Sellers, the Administrative Agent and the Collection Agent shall continue to deal solely and directly with such Purchaser in connection with such Purchaser’s rights and obligations under this Agreement and the other Transaction Documents. The Servicer and each Seller agrees that each Participant shall be entitled to the benefits of Sections 2.7, 2.8 and 2.9 with respect to its participation in the Purchaser’s commitment to purchase Receivables up to its Investment Limits and the Purchased Assets outstanding from time to time as if it was a Purchaser; provided that no Participant shall be entitled to receive any greater amount pursuant to any such Section than the transferor Purchaser would have been entitled to receive in respect of the amount of the participation transferred by such transferor Purchaser to such Participant had no such transfer occurred.
- (c) Any Purchaser (an “Assignor”) may, in accordance with applicable law, at any time and from time to time assign to any Purchaser or any Purchaser Affiliate or, with the prior written consent of the Servicer (which, in each case, may not be unreasonably withheld but may be withheld if the Servicer determines in its sole judgment that such assignment may have an adverse impact on the economics or administration of the transactions contemplated hereunder, impacts on other banking and financial relationships or would permit a competitor or potential competitor to become involved in such transactions or privy to confidential or commercially sensitive information), and the Administrative Agent, to an additional bank, financial institution or other entity (an “Assignee”) all or any part of its rights and obligations under this Agreement and the other Transaction Documents and any Purchased Assets then owned by it, pursuant to an Assignment and Acceptance

executed by such Assignee, such Assignor and any other Person whose consent is required pursuant to this paragraph, and delivered to the Administrative Agent for its acceptance and recording in the Register. Unless otherwise agreed by the Servicer and the Administrative Agent, no such assignment to an Assignee (other than any Purchaser or any Purchaser Affiliate) shall be in an amount of less than \$5,000,000, in each case except in the case of an assignment of all of a Purchaser's Investment Limits under this Agreement. For purposes of the preceding sentence, the amount described therein shall be aggregated in respect of each Purchaser and its Purchaser Affiliates, if any. Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Acceptance, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Purchaser hereunder with the Purchaser's Investment Limits and/or share of the Investments as set forth therein, and (y) the Assignor thereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of an Assignor's rights and obligations under this Agreement, such Assignor shall cease to be a party hereto but shall continue to be entitled to the benefits of Section 2.7, 2.8, 2.9 and 9.5 for the period of time it was a Purchaser hereunder); provided that no Assignee shall be entitled to receive any greater amount pursuant to Section 2.7, 2.8 or 2.9 than the Assignor would have been entitled to receive in respect of the portion of the rights and obligations assigned by such Assignor to such Assignee had no such assignment occurred. Notwithstanding any provision of this Section 9.6, the consent of the Servicer shall not be required for any assignment that occurs when a Termination Event shall have occurred and be continuing (although in such event, the proviso in the immediately preceding sentence shall continue in full force and effect).

- (d) The Administrative Agent shall, on behalf of the Servicer, maintain at its address referred to in Section 9.2 a copy of each Assignment and Acceptance delivered to it and a register (the "Register") for the recordation of the names and addresses of the Purchasers and the Purchaser's Investment Limit of, and the amount of the Purchased Assets co-owned by each Purchaser from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Servicer, each Seller, the Administrative Agent, the Collection Agent and the Purchasers shall treat each Person whose name is recorded in the Register as the co-owner of the Purchased Assets recorded therein for all purposes of this Agreement. Any assignment of any Purchased Assets shall be effective only upon appropriate entries with respect thereto being made in the Register. The Register shall be available for inspection by any Purchaser, the Servicer or any Seller at any reasonable time and from time to time upon reasonable prior notice.
- (e) Upon its receipt of an Assignment and Acceptance executed by an Assignor, an Assignee and any other Person whose consent is required by Section 9.6(c), together with payment to the Administrative Agent of a registration and processing fee of \$4,000 (which shall be the sole responsibility of the Assignor or Assignee, as the case may be), the Administrative Agent shall (i) promptly accept such Assignment and Acceptance and (ii) record the information contained therein in the Register on the effective date determined pursuant thereto.
- (f) For avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this Section 9.6 concerning assignments relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests, including, without limitation, any pledge or assignment by a Purchaser to any Federal Reserve Bank in accordance with applicable law.

9.7 Adjustments; Set-off

- (a) Except to the extent that this Agreement expressly provides for payments to be allocated to a particular Purchaser, if any Purchaser (a “Benefitted Purchaser”) shall receive any payment of all or part of the Obligations owing to it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 7(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Purchaser, if any, in respect of the Obligations owing to such other Purchaser, such Benefitted Purchaser shall purchase for cash from the other Purchasers a participating interest in such portion of the Obligations owing to each such other Purchaser, or shall provide such other Purchasers with the benefits of any such collateral, as shall be necessary to cause such Benefitted Purchaser to share the excess payment or benefits of such collateral ratably with each of the Purchasers; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefitted Purchaser, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.
- (b) In addition to any rights and remedies of the Purchasers provided by law, each Purchaser shall have the right, without prior notice to the Sellers, any such notice being expressly waived by the Sellers to the extent permitted by applicable law, upon any amount becoming due and payable by the Sellers hereunder, to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Purchasers or any branch or agency thereof to or for the credit or the account of the Sellers, as the case may be. Each Purchaser agrees promptly to notify the Servicer and the Administrative Agent after any such setoff and application made by such Purchaser; provided that the failure to give such notice shall not affect the validity of such setoff and application.

9.8 Counterparts

This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Servicer and the Administrative Agent.

9.9 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.10 Integration

This Agreement and the other Transaction Documents, together with the Fee Letter, represent the entire agreement of the Sellers, the Administrative Agent and the Purchasers with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties relative to the subject matter hereof not expressly set forth or referred to herein or in the other Transaction Documents.

9.11 Governing Law

This Agreement and the rights and obligations of the parties under this agreement shall be governed by, and construed and interpreted in accordance with, the law of the Province of Ontario.

9.12 Submission To Jurisdiction; Waivers

Each Seller hereby appoints the Servicer as its agent to receive service of process hereunder and under the other Transaction Documents in any proceeding in the courts of the Province of Ontario, Canada, and appellate courts from any thereof, and hereby irrevocably and unconditionally:

- (a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Transaction Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the Province of Ontario, Canada, and appellate courts from any thereof;
- (b) consents that any such action or proceeding may be brought in such courts and expressly and irrevocably waives (i) any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court, or (ii) that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same, and (iii) any right to any other jurisdiction that may apply by virtue of its present or future domicile or for any other reason;
- (c) consents to service of process in the manner provided for notices in Section 9.2 and agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and
- (d) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 9.12 any special, exemplary, punitive or consequential damages.

9.13 Judgment Currency

The obligations of each Seller under this Agreement and each other Transaction Document and the obligations to make payments to the Purchasers and the Administrative Agent shall, notwithstanding any judgment in a currency (the "judgment currency") other than Dollars, be discharged only to the extent that on the Business Day following receipt by such party of any sum adjudged to be so due in the judgment currency, such party may in accordance with normal banking procedures purchase Dollars with the judgment currency. If the amount of Dollars so purchased is less than the sum originally due to such party in Dollars, each Seller agrees jointly and severally (provided that each of Celestica Czech Republic, Celestica Valencia and Celestica Romania shall only be responsible hereunder for the respective amount attributable to it), as a separate obligation and notwithstanding any such judgment, to indemnify such party against such documented loss, and if the amount of Dollars so purchased exceeds the sum originally due to any party to this Agreement or any other Transaction Document, such party agrees to remit promptly to the Servicer such excess.

9.14 Interest Act

For the purposes of the *Interest Act* (Canada), whenever any interest on any amount payable hereunder is calculated on the basis of a period of time other than a calendar year, the annual rate of interest to which each rate of interest determined pursuant to such calculation is equivalent is such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in the basis for such determination.

9.15 Confirmation of Guarantee

The Guarantor hereby confirms and agrees that (i) the Guarantee is and shall continue to be in full force and effect and is otherwise hereby ratified and confirmed in all respects; and (ii) the Guarantee is and shall continue to be an unconditional and irrevocable guarantee of all of the Obligations (as defined in the Guarantee).

9.16 Amendment and Restatement

This Agreement amends and restates the Original Agreement as of the date first written above.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

CELESTICA INC., as Servicer and as Guarantor

by /s/ Paul Nicoletti
Name:
Title: Authorized Signatory

CELESTICA, LLC

by /s/ Paul Nicoletti
Name:
Title: Authorized Signatory

CELESTICA CZECH REPUBLIC S.R.O.

by /s/ Paul Nicoletti
Name:
Title: Authorized Signatory

CELESTICA HOLDINGS PTE LTD

by /s/ Paul Nicoletti
Name:
Title: Authorized Signatory

CELESTICA VALENCIA S.A. (SOCIEDAD UNIPERSONAL)

by /s/ Paul Nicoletti
Name:
Title: Authorized Signatory

CELESTICA HONG KONG LTD.

by /s/ Paul Nicoletti
Name:
Title: Authorized Signatory

CELESTICA (ROMANIA) S.R.L.

by /s/ Paul Nicoletti
Name:
Title: Authorized Signatory

CELESTICA JAPAN KK.

by /s/ Paul Nicoletti
Name:
Title: Authorized Signatory

CELESTICA OREGON LLC

by /s/ Paul Nicoletti
Name:
Title: Authorized Signatory

**DEUTSCHE BANK AG, NEW YORK BRANCH, as Administrative Agent
and as Sole Purchaser**

by /s/ Kevin McBrien
Name: KEVIN MCBRIEN
Title: DIRECTOR

/s/ Robert Altman
Name: Robert Altman
Title: Associate

Schedule 1.1 - Purchaser's Investment Limits

Purchaser	Investment Limit	Percentage
Deutsche Bank AG New York Branch	\$ 250,000,000	100%

Schedule 1.2 to the Receivables Purchase Agreement

ELIGIBLE BUYERS, OBLIGOR LIMITS AND APPLICABLE PERCENTAGES

Tranche A

<u>Eligible Buyer</u>	<u>Obligor Limit</u>	<u>Applicable Percentage</u>
CISCO SYSTEMS INC.	\$ [**]	100.0%
EMC CORPORATION	\$ [**]	100.0%
GOOGLE INC.	\$ [**]	100.0%
HONEYWELL INTERNATIONAL INC.	\$ [**]	100.0%
IBM CORPORATION	\$ [**]	100.0%
JUNIPER NETWORKS INC.	\$ [**]	100.0%
ORACLE CORPORATION	\$ [**]	100.0%
RESEARCH IN MOTION LTD.	\$ [**]	100.0%
APPLIED MATERIALS, INC.	\$ [**]	100.0%
NEC CORPORATION *	\$ [**]	100.0%

* Credit limit in USD, receivables in JPY

Tranche B

POLYCOM, INC.	\$ [**]	100.0%
Total	\$ [**]	

Tranche D

<u>Eligible Buyer</u>	<u>Applicable Margin</u>	<u>Obligor Limit</u>		<u>Participant</u>
		<u>DB</u>		
IBM INTERNATIONAL HOLDINGS BV *	[**]%	\$ —	\$ [**]	[**]
IBM IRELAND PRODUCT DISTRIBUTION LIMITED SINGAPORE BRANCH *	[**]%	\$ —	\$ [**]	[**]
ORACLE CORPORATION SINGAPORE PTE LTD *	[**]%	\$ [**]	\$ [**]	[**]
ORACLE USA, INC. *	[**]%	\$ [**]	\$ [**]	[**]
ORACLE AMERICA, INC. *	[**]%	\$ [**]	\$ [**]	[**]
ORACLE EMEA LTD. *	[**]%	\$ [**]	\$ [**]	[**]
HITACHI GLOBAL STORAGE TECHNOLOGIES *	[**]%	\$ [**]	\$ [**]	—
Total		\$ [**]	\$ [**]	[**]

* Subsidiary; no parent guarantee provided and no financial statements available

[**] Certain confidential information contained in this document, marked with asterisks in brackets has been redacted pursuant to a request for confidential treatment and has been filed separately with the Securities and Exchange Commission.

Schedule 3.4 to the Receivables Purchase Agreement

1. Filings with the Toronto Stock Exchange required under applicable securities laws.
2. Consents of Eligible Buyers that have been or will be obtained prior to the sale of Scheduled Receivables in respect thereof.

SCHEDULE 3.9

To the Receivables Purchase Agreement

TAXES

Celestica Czech Republic

1. Value added tax on the Commitment Fee payable by it — recoverable upon meeting standard value added tax recovery rules and receipt of information from the Purchasers for its recovery filing purposes.
2. Withholding tax may be payable by it on any payment having the nature of interest (e.g., the difference between the Purchase Price for Scheduled Receivables and the Principal Amount of Scheduled Receivables purchased). Withholding tax may, however, be eliminated by applicable double tax treaties (e.g., the Purchasers are tax residents of the United States or Germany).
3. Tax securing may be payable by it on any payment attributable to the permanent establishment of the Purchasers or the Administrative Agent in the Czech Republic (if there would be any).

Celestica Romania

1. Value added tax on the factoring fee and related fees treated as ancillary to the main factoring service is to be counted for by Celestica Romania through the reverse charge mechanism, as long as the Purchaser does not raise a fixed establishment - for VAT purposes - in Romania;
2. Withholding tax at domestic rate will be due by the Purchaser and will be actually payable by Celestica Romania on any payment having the nature of interest, to the extent the Purchaser is not deemed to have a permanent establishment in Romania to which such interest incomes are attributable. Withholding tax rate may be however reduced or even eliminated under the relevant treaty for the avoidance of double taxation, provided that:

A certificate of fiscal residence is made available by the recipient of the said income prior to any such payment being made pursuant the Agreement; and there is no “net-of-tax” arrangement assumed by Celestica Romania.]

Notwithstanding anything to the contrary in this Schedule 3.9 or anywhere in the Receivables Purchase Agreement (as amended by this Amending Agreement), Celestica Romania makes no representation concerning any taxes, levies, impost, deductions, charges or withholdings to which the Romania/Germany Tax Treaty applies.

Celestica Japan KK

1. Consumption tax (in the nature of value added tax) will be imposed in connection with the Commitment Fees and any other fees payable by the Seller. Such consumption tax may be recoverable pursuant to standard consumption tax refund or credit rules.
2. Withholding tax will be applicable to any payment to the Purchaser (i) if interest component of the relevant Scheduled Receivable is specified or apparent under the relevant Contract, with respect to such component of interest and (ii) if the sale and purchase of the Scheduled Receivables are re-characterized as financing for tax purposes, with respect to the difference between the Purchase Price for Scheduled Receivables and the Principal Amount of Scheduled Receivables purchased.
3. Stamp duties in the nominal amount will be imposed on the originals of the Receivables Purchase Agreement or the Assignment Agreement if executed and delivered in Japan.

Schedule 3.14

To the Receivables Purchase Agreement

ACTIONS TO PERFECT OWNERSHIP INTERESTS IN SCHEDULED RECEIVABLES AND SECURITY INTERESTS IN COLLATERAL

United States

A UCC-1 (or UCC-3, as applicable) financing statement setting forth the applicable information regarding Celestica Czech Republic, Celestica Holdings, Celestica Valencia, Celestica Hong Kong, Celestica Japan and Celestica Romania, as debtors, shall have been filed with the District of Columbia Recorder of Deeds, Washington, D.C. Celestica Czech Republic, Celestica Holdings, Celestica Valencia, Celestica Hong Kong, Celestica Japan, and Celestica Romania each have entered into an agreement with the Collection Agent giving the Collection Agent “control” (as such term is defined in Article 9 of the UCC) over the Collection Accounts.

A UCC-3 financing statement setting forth the applicable information regarding Celestica LLC, as debtor, and the relevant Purchased Assets, shall have been filed with the Secretary of State of the State of Delaware. A UCC-1 financing statement setting forth the applicable information regarding Celestica Oregon, as debtor, and the relevant Purchased Assets, shall have been filed with the Secretary of State of the State of Oregon.

Czech Republic

An Assignment Agreement shall have been duly executed and delivered and such other requirements as may be agreed to between the Servicer and the

Administrative Agent.

Spain

An Assignment Agreement shall have been duly executed and delivered and Purchase Notice shall be executed and delivered as a notarial deed in Spain in respect of the Scheduled Receivables to be sold on a Purchase Date and such other requirements as may be agreed to between the Servicer and the Administrative Agent.

Singapore

An Assignment Agreement shall have been duly executed and delivered. The Collection Account Pledge Agreement shall be registered at the Accounting and Corporate Regulatory Authority of Singapore and such other requirements as may be agreed to between the Servicer and the Administrative Agent.

Hong Kong

An Assignment Agreement shall have been duly executed and delivered and such other requirements as may be agreed to between the Servicer and the Administrative Agent. The Collection Account Pledge Agreement and its prescribed particulars shall be delivered to the Hong Kong Companies Registry for registration within five weeks of the date of its creation.

Romania

An Assignment Agreement shall have been duly executed and delivered and such other requirements as may be agreed to between the Servicer and the Administrative Agent. The Assignment Agreement and applicable Eligible Buyers shall be registered with the Romanian Electronic Archive for Security Interests in Movable Property; updates of the registration would be necessary in case of changes in Receivables or

Eligible Buyers. Notices regarding the assigned Receivables shall be sent to the applicable Eligible Buyers.

The security interests created pursuant to the Collection Account Pledge Agreement shall be registered with the Romanian Electronic Archive for Security Interests in Movable Property.

Japan

To effectuate the assignment of the relevant Scheduled Receivables, a Purchase Notice and an Assignment Agreement shall have been duly executed and delivered with respect to the relevant Scheduled Receivables, and to perfect such assignment as against any third party other than the relevant Eligible Buyers, the assignment shall be registered (*saiken joto toki*) with the relevant legal affairs bureau in Japan with respect to the relevant Scheduled Receivables.

Subject to any qualification in the legal opinion of Japanese counsel to be obtained pursuant to Section 4.2 of the Receivables Purchase Agreement, to effectuate the pledge of the Collection Account, the Collection Account being capable of being subject to a security interest in the form of a pledge (by an agreement of the bank with which the Collection Account is opened or otherwise), a Collection Account Pledge Agreement in a form to be agreed shall have been duly executed and delivered, and to perfect the pledge created thereunder as against the relevant account bank and other third parties, (x) a notice bearing a date certification by a notary public in Japan (*kakutei hizuke*) is given by the Seller to the relevant account bank or (y) an acknowledgement of pledge from the relevant account bank is obtained and a date certification by a notary public in Japan (*kakutei hizuke*) is attached to such acknowledgement.

Schedule 3.15 to the Receivables Purchase Agreement

Principal Place of Business of the Sellers:

Celestica LLC:

Pease International Tradeport, 72 Pease Boulevard, Newington, New Hampshire, 03801

Celestica Czech Republic:

Kladno, Billundská 3111, 272 01, Czech Republic

Celestica Valencia:

Carretera Valencia-Ademuz, kilómetro 17.6, La Puebla de Vallbona, 46185, Valencia, Spain

Celestica Holdings:

8 Cross Street, #1100, PWC Building, Singapore, 048424

Celestica Hong Kong:

4th Floor, Goldlion Holdings Centre, 13-15 Yuen Shun Circuit, Siu Lek Yuen, Shatin, Hong Kong

Celestica Japan

7-10 Misaki-cho 2-chome Chiyoda-ku
Tokyo, Japan

Celestica Oregon

18870 NE Riverside Parkway
Portland, OR 97230

Celestica Romania:

Soseaua Borsului 88
417075 Bors, Bihor
Romania

EXHIBIT A ASSIGNMENT AGREEMENT

THIS INDENTURE made as of •.

BETWEEN: Celestica • (the “Seller”)

- and -

Deutsche Bank AG New York, as Administrative Agent for and on behalf of the Purchasers

WHEREAS the Seller is the legal and beneficial owner of Receivables;

AND WHEREAS the Seller, the Administrative Agent, the Purchasers, Celestica Inc. and others are parties to a receivables purchase agreement dated as of November 23, 2005 (as modified, amended or supplemented from time to time, the “Receivables Purchase Agreement”);

AND WHEREAS, pursuant to and on the terms and conditions of the Receivables Purchase Agreement, the Seller has agreed to transfer and assign to the Purchasers certain Receivables;

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the amounts paid by the Purchaser to the Seller under the Receivables Purchase Agreement and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the Seller does hereby sell, assign, transfer and convey to the Purchasers absolutely (and without recourse, except as otherwise provided in the Receivables Purchase Agreement) all of the Seller’s right, title and interest in, to and under (i) all Receivables of such Seller specified or identified in each Purchase Notice (the “Purchased Receivables”), (ii) all Related Security with respect to such Purchased Receivables, and (iii) all Collections with respect to, and other proceeds of, such Purchased Receivables and Related Security (collectively, the “Transferred Assets”).

To have and to hold the Transferred Assets to the use of the Purchaser, its successors and assigns, forever.

COVENANTS AND AGREEMENTS

In this Assignment Agreement and the recitals hereto, except as otherwise provided all terms having initial capital or upper case letters shall have the respective meanings assigned thereto in the Receivables Purchase Agreement:

This Assignment Agreement is executed and delivered by the Seller to the Purchasers pursuant to the Receivables Purchase Agreement.

This Assignment Agreement is made by the Seller to the Purchasers without any representation, warranty, covenant, agreement or recourse (express or implied) except as provided otherwise in the Receivables Purchase Agreement or herein.

The Seller agrees to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by the Purchasers to more fully effect the purposes of this Assignment Agreement.

This Assignment Agreement shall be construed in accordance with the laws of the Province of Ontario.

This Assignment Agreement shall be binding upon and shall enure to the benefit of the Seller and the Purchasers and their respective successors and permitted assigns.

IN WITNESS WHEREOF the Seller has duly executed this Assignment.

CELESTICA •

Per: _____
Name: Name
Title: Title

Per: _____
Name: Name
Title: Title

Accepted by DEUTSCHE BANK AG NEW YORK BRANCH as Administrative
Agent for and on behalf of the Purchasers

Per: _____
Name: Name
Title: Title

EXHIBIT B FORM OF IRREVOCABLE PAYMENT INSTRUCTIONS

You are hereby irrevocably directed to pay the amounts owing in respect of this invoice as follows:

For check payments:

[Lockbox Address (as defined in the Deposit Account Control Agreement)] **For wire and ACH Payments:**

Bank of America, N.A. •

SWIFT CODE: • Routing: • Account #: •

Beneficiary: Celestica •

COLLECTION AGENCY AND ACCOUNT AGREEMENT

Dated as of November 23, 2005

between

CELESTICA CORPORATION,

and

CELESTICA INC.

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,

as Collection Agent

COLLECTION AGENCY AND ACCOUNT AGREEMENT (the "Agreement"), dated as of November 23, 2005, between CELESTICA CORPORATION (the "Celestica Corp."), CELESTICA INC. (the "Servicer") and DEUTSCHE BANK TRUST COMPANY AMERICAS, as Collection Agent (in such capacity, together with its successors in such capacity, the "Collection Agent") for the purchasers party to the Revolving Trade Receivables Purchase Agreement, dated as of November 23, 2005, (the "Purchase Agreement") among Celestica Inc., Celestica Corporation, Celestica Italia Sri, Celestica Czech Republic S.R.O., Celestica Holdings Pte Ltd., Celestica Valencia S.A. and Celestica Hong Kong Ltd. (each being individually a "Seller" and collectively the "Sellers"), each of the financial institutions named on Schedule I thereto as purchasers (the "Purchasers"), and Deutsche Bank AG New York, as administrative agent (the "Administrative Agent").

WITNESSETH:

WHEREAS, pursuant to the Purchase Agreement, the Sellers intend to sell to Purchasers Scheduled Receivables arising from the sale of Goods to Eligible Buyers, and will instruct such Eligible Buyers to make payments for such into the applicable Collection Account;

WHEREAS, concurrently with the execution and delivery of this Agreement, and in order to induce the Secured Parties (as defined below) to enter into the Purchase Agreement, each Seller (and the Servicer as guarantor, as applicable) is pledging its Collection Account and the Concentration Account to the Collection Agent for the benefit of the Purchasers; and

WHEREAS, it is a condition to the Purchasers' agreement to make the purchases under the Purchase Agreement that the Servicer enter into this Agreement with the Collection Agent to govern the operation of the Payment Account, the Concentration Account and the Collection Accounts;

NOW, THEREFORE, the parties hereto hereby agree as follows:

SECTION 1 DEFINITIONS

1.1 Defined Terms. Unless otherwise stated, capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Purchase Agreement referred to above.

SECTION 2 PAYMENT ACCOUNT AND CONCENTRATION ACCOUNT.

2.1 Establishment of Payment Account.

The Collection Agent has established at its branch in New York City a special account number 00448470, entitled "Celestica Payment Account", for the benefit of the Sellers and the Purchasers, to be managed by the Collection Agent and subject to the exclusive dominion and control of the Collection Agent (the "Payment Account").

2.2 Amounts in Payment Account.

Amounts from time to time in the Payment Account shall be held for the benefit of the Sellers, as well as the Collection Agent and the Purchasers and their respective successors and assigns in the custody of and under the exclusive dominion and control of the Collection Agent for the purposes and on the terms set forth in this Agreement. Upon the written request of the Servicer or the Administrative Agent, such requesting party may at any time and from time to time have access to such information concerning activity in the Payment Account as can be furnished or is readily available from the Collection Agent.

2.3 Establishment of Concentration Account.

Celestica Corp. has established with Bank of America a special account number 37566-88715, entitled "Celestica Concentration Account", to be managed by the Servicer and subject to the exclusive dominion

and control of the Collection Agent (the "Concentration Account"). Celestica Corp. shall maintain the Concentration Account as a control account of the Collection Agent for the benefit of the Sellers and the Purchaser and subject to the first priority security interest of the Collection Agent as provided in the Collection Account Pledge Agreement. Subject to Section 3.2(c), Celestica Corp. at the direction of the Servicer, shall have the right to cause the transfer of funds in the Concentration Account to either the Servicer's Account or the Payment Account - as - - - provided by Section 3. All payments to be made by any Eligible Buyer in respect of a Scheduled Receivable shall be made directly to the applicable Collection Account, for transfer to the Concentration Account, and thereafter to the Payment Account in accordance with Sections 2.13 and 6.4 of the Purchase Agreement.

2.4 Amounts in Concentration Account.

Amounts from time to time in the Concentration Account shall be held for the benefit of the Sellers, as well as the Collection Agent and the Purchasers and their respective successors and assigns in the custody of and under the exclusive dominion and control of the Collection Agent for the purposes and on the terms set forth in this Agreement. Upon the request of the Servicer or the Administrative Agent, such requesting party may at any time and from time to time have access to such information concerning activity in the Concentration Account as can be furnished or is readily available from the Collection Agent.

SECTION 3. DEPOSITS, TRANSFERS AND DISBURSEMENTS.

Whenever the Collection Agent receives any payment in respect of Scheduled Receivables, the Collection Agent shall credit such payment to the Payment Account.

3.1 Disbursements

- (a) Prior to the occurrence of a Termination Event, the Servicer shall cause the amounts in the Collection Accounts and the Concentration Account to be applied in accordance with Section 2.13(a), (b) and (c) of the Purchase Agreement.
- (b) Amounts on deposit in the Payment Account shall be applied by the Collection Agent in accordance with Section 2.13 (d) of the Purchase Agreement (whether or not a Termination Event has occurred).
- (c) Upon receipt of written notice thereof from the Servicer or the Administrative Agent, if any Termination Event has occurred and is continuing, all amounts deposited in the Collection Accounts shall be transferred to the Concentration Account, and all amounts deposited to the Concentration Account shall be transferred to the Payment Account on each Business Day at the direction of the Collection Agent.
- (d) Neither the Servicer nor any Seller shall have any right of withdrawal in respect of the Payment Account or the Concentration Account nor any other right or power with respect to the Concentration Account, except as expressly provided herein.

3.2 General Rules Relating to Account.

Amounts received in the Payment Account before 1:00 p.m., New York City time, on any Business Day shall be credited to such account on that Business Day. Amounts received in the Payment Account after such time on any Business Day shall be credited to such Account on the next succeeding Business Day.

SECTION 4. AUTHORITY OF COLLECTION AGENT.

The Servicer acknowledges that the rights and responsibilities of the Collection Agent under this Agreement with respect to any action taken by the Collection Agent or the exercise or non-exercise by the Collection Agent of any right or remedy provided for herein or resulting or arising out of this Agreement

shall, as between the Collection Agent and the Purchasers, be governed by the Purchase Agreement and the Agency Agreement, but, as between the Collection Agent and the Servicer, the Collection Agent shall be conclusively presumed to be acting as Collection Agent for the Purchasers with full and valid authority so to act or refrain from acting, and the Servicer shall not be under any obligation, or entitlement, to make any inquiry respecting such authority. The Collection Agent shall be entitled to such indemnity as is provided herein. Notwithstanding anything herein to the contrary, in no event shall the Collection Agent have any liability, responsibility or obligations concerning (i) the establishment, management or maintenance of any accounts not initially established and maintained with the corporate trust group of the Collection Agent, or (ii) any failure of any financial institution maintaining such accounts to perform its obligations in respect of such accounts.

In no event shall the Collection Agent be required to accept moneys in any currency other than U.S. dollars. The Collection Agent shall have no liability for any losses incurred with respect to any currency conversion hereunder or for the performance of any agent appointed hereunder to convert any currency to U.S. dollars.

SECTION 5. NOTICES.

All notices, requests and demands to or upon the Servicer, the Sellers or the Collection Agent to be effective shall be in writing (including by telecopy) and shall be deemed to have been duly given or made (a) if by hand, when delivered or (b) if by telecopy, when received by the addressee, addressed to at their respective addresses or transmission numbers for notices provided in Section 9.2 of the Purchase Agreement.

SECTION 6. AMENDMENTS; NO WAIVER; CUMULATIVE REMEDIES.

- 6.1 Amendments. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Servicer and the Collection Agent, provided that any provision of this Agreement may be waived by the Collection Agent in a letter or agreement executed by the Collection Agent or by telex or facsimile transmission from the Collection Agent.
- 6.2 No Waiver. No failure to exercise and no delay in exercising, on the part of the Collection Agent, the Administrative Agent or any Purchaser, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.
- 6.3 Cumulative Remedies. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any other rights, remedies, powers and privileges provided by law.

SECTION 7. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon and inure to the benefit of the Servicer, the Sellers, the Purchasers, the Collection Agent, all future holders of the Purchased Interests and their respective successors and assigns, except that the Servicer may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Purchaser. Resignation by the Collection Agent hereunder or its termination shall be governed by the Agency Agreement.

SECTION 8. COUNTERPARTS.

This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Servicer and the Administrative Agent.

4

SECTION 9. SEVERABILITY.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10. INTEGRATION.

This Agreement and the other Transaction Documents represent the entire agreement of the Servicer and the Collection Agent with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Collection Agent relative to the subject matter hereof not expressly set forth or referred to herein or in the other Transaction Documents.

SECTION 11. GOVERNING LAW.

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 12. SUBMISSION TO JURISDICTION; WAIVERS.

The Servicer hereby irrevocably and unconditionally:

- (a) submits for itself and its property in any legal action or proceeding relating to this Agreement, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York sitting in the City of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof;
- (b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to

the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

- (c) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 13 any special, exemplary, punitive or consequential damages.

SECTION 13. JUDGMENT CURRENCY.

The obligations of the Servicer under this Agreement and the other Transaction Documents and the obligations to make payments to the Collection Agent or the Purchasers shall, notwithstanding any judgment in a currency (the "judgment currency") other than Dollars, be discharged only to the extent that on the Business Day following receipt by such party of any sum adjudged to be so due in the judgment currency, such party may in accordance with normal banking procedures purchase Dollars with the judgment currency. If the amount of Dollars so purchased is less than the sum originally due to such party in Dollars, the Servicer agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such party against such documented loss, and if the amount of Dollars so purchased exceeds the sum originally due to any party to this Agreement or any other Transaction Document, such party agrees to remit promptly to the Servicer such excess.

SECTION 14 WAIVER OF JURY TRIAL.

THE SERVICER AND THE COLLECTION AGENT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

SECTION 15 SECTION HEADINGS.

The section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

SECTION 16 INDEMNITY.

Celestica Corp., as a Seller under (and as defined in) the Purchase Agreement, hereby grants to the Collection Agent the indemnities set forth in Section 9.5 of the Purchase Agreement on the terms and subject to the conditions set forth therein, *mutatis mutandis*.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Servicer and the Collection Agent have caused this Agreement to be duly executed by their duly authorized officers all as of the date first above written.

CELESTICA CORPORATION

Per: _____
Name: Paul Nicoletti
Title: Authorized Signatory

CELESTICA INC.

Per: _____
Name: Paul Nicoletti
Title: Authorized Signatory

CELESTICA CORPORATION

Per: _____
Name:
Title:

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Collection Agent

Per: _____
Name: Name
Title: Title

Exhibit D Form of Purchase Notice

Purchase Notice Date: Cut-Off Date:

This irrevocable Purchase Notice is delivered in accordance with Section 2.2 of the Receivables Purchase Agreement (the “Agreement”) dated [] between Celestica Inc., a corporation organized and existing under the laws of the Province of Ontario, Canada (“Celestica Canada”), as delegated servicer thereunder (in such capacity, the “Servicer”), Celestica Corporation, a corporation organized and existing under the laws of Delaware (“Celestica Corp.”), as a Seller thereunder, Celestica Italia Sri, a limited liability company organized and existing under the laws of Italy (“Celestica Italia”), as a Seller thereunder, Celestica Czech Republic s.r.o., a limited liability company organized and existing under the laws of the Czech Republic (“Celestica Czech Republic”), as a Seller thereunder, Celestica Holdings Pte Ltd., a limited liability company organized and existing under the laws of Singapore (“Celestica Holdings”), as a Seller thereunder, Celestica Valencia S.A., a sociedad unipersonal organized and existing under the laws of Spain (“Celestica Valencia”), as a Seller thereunder and Celestica Hong Kong Ltd., a limited liability company incorporated under the laws of Hong Kong (“Celestica Hong Kong”), as a Seller thereunder (each of Celestica Corp., Celestica Italia, Celestica Czech Republic, Celestica Holdings, Celestica Valencia and Celestica Hong Kong and each New Seller pursuant to Section 5.18(a) being individually a “Seller” and collectively the “Sellers”), each of the financial institutions named on Schedule I thereto as purchasers (the “Purchasers”), and Deutsche Bank AG New York Branch, as administrative agent (the “Administrative Agent”). All capitalized terms used herein shall have the meanings given to them in the Agreement, unless otherwise defined. On behalf of the Sellers, the Servicer requests that the Purchaser make the following Investments with respect to the Scheduled Receivables presented in the attached schedule:

Aggregate Principal Amount of Scheduled Receivables: A 1) Aggregate Principal Amount of Scheduled Receivables for [obligor I]; A2) Aggregate Principal Amount of Scheduled Receivables for [obligor 2]:

Anticipated Purchase Date:

Proposed amount of the Initial Purchase Price: C1) Proposed amount of the Initial Purchase Price for [obligor I]; C2) Proposed amount of the Initial Purchase Price for [obligor 2]:

A schedule of the Scheduled Receivables, including calculation of Obligor Limits, is attached.

The Receivables Presentation also is attached.

In respect of Tranche C Receivables, Irrevocable Payment Instructions [have / have not] been given to the relevant Eligible Buyers.

Please remit the Initial Purchase Price of USD/JPY [] to the Servicer’s Account [and please apply Collections of USD/JPY [] according to the Servicer’s Report dated []].

We certify that the information provided in this Purchase Notice and the attached schedule is true and correct.

Celestica Inc.

Authorized signer on behalf of the Sellers

Exhibit E Form of Servicer's Report

VIA E-MAIL Date:

To: Deutsche Bank AG New York Branch, Deutsche Bank Trust Company Americas

Attention: carl.carrier@db.com; nancy.adamo@db.com; peter.t.becker@db.com;

bridget.case@db.com; roy.tuncarslan@db.com; iohn-l.quinn@db.com; helaine.griffin-williams@db.com [or as may be changed from time to time]

In accordance with Section 6.3 of the Revolving Trade Receivables Purchase Agreement dated as [], we hereby provide the following information in regard to Collections of Scheduled Receivables

for [INSERT DATE]. Capitalized terms used herein and not otherwise defined have the meanings set forth in the Agreement. Invoice details are attached.

Servicer Report By Seller

Seller A

Obligor	Tranche	Total AIR Sold Prev	Prev Sold AR <u>Uncollected</u>	New AR Sold	Collections	Repurchases	Total AIR Sold at Date []	% Advance	AR sold for Cash
Subtotal A									

Seller B

Obligor	Tranche	Total AIR Sold Prev	Prev Sold AR <u>Uncollected</u>	New AR Sold	Collections	Repurchases	Total AIR Sold at Date []	% Advance	AR sold for Cash
Subtotal B									

All Sellers

Obligor	Tranche	Total AIR Sold Prev	Prev Sold AR <u>Uncollected</u>	New AR Sold	Collections	Repurchases	Total AIR Sold at Date []	% Advance	AR sold for Cash

Servicer Report By Obligor

Obligor	Tranche	Total AIR Sold Prev	Prev Sold AR <u>Uncollected</u>	New AR Sold	Collections	Repurchases	Total AIR Sold at Date []	% Advance	AR sold for Cash
Total									

Servicer Report: Summary of Cash Obligations Not Related to PNs by Obligor

Obligor	Tranche	Transfer Report Collections collections A B	Due to DB (From if-ve) C=A-B	% Advance D	Advance E=B*(1-D) Rate Return	Repurchases F	Cash calculation	Cash calculation	Cash calculation	C+E+F
Due to CLS if cash calculation is +ve. Due to DB if cash calculation is -ve cash calculation										

Summary of Cash Obligations

Obligor	Amount \$
	\$
Cash to be applied to outstanding purchases:	\$
Cash to be remitted to Celestica:	\$
PLEASE TRANSFER	\$. — TO THE COLLECTION - SUBACCOUNT
IN ACCORDANCE WITH THE TERMS OF THE COLLECTION AGENCY & ACCOUNT AGREEMENT AND TRANSFER	\$ TO CELESTICA

Sincerely,

“Insert name| SERVICER

Form of Transfer Report

VIA E-MAIL

Date: [Insert Date]

To: Deutsche Bank AG New York Branch, Deutsche Bank Trust Company Americas Attention: carl.carrier@db.com; nancy.adamo@db.com; peter.t.becker@db.com; bridget.case@db.com; roy.tuncarslan@db.com; john-l.quinn@db.com; helaine.griffinwilliams@db.com [or as may be changed from time to time]

In accordance with Section 2.13 of the Revolving Trade Receivables Purchase Agreement dated as [], we hereby provide the following information in regard to Collections received according to the related Obligor for [INSERT DATE]. Capitalized terms used herein and not otherwise defined have the meanings set forth in the Agreement.

Daily Reconciliation of Transfer to Payment Account by Obligor

Tranche

<u>Date</u>	<u>Obligor</u>	<u>A</u>	<u>B</u>	<u>C</u>
		\$ 0.00	\$ 0.00	\$ 0.00

Sincerely,

[Insert name] SERVICER

Exhibit F Form of Receivables Presentation

Purchase Notice date:

Initial

Invoice	Invoice	Principal	Applicable	Purchase							
				Seller Obligor	Tranche Number	Date Due	Date Due	Currency	Amount	Percentage	Price
0.00	0.00	0.00	0.00								
Subtotal by Obligor		0.00	0.00								
Subtotal by Tranche		0.00	0.00								
0.00	0.00	0.00	0.00								
Subtotal by Obligor		0.00	0.00								
Subtotal by Tranche		0.00	0.00								
Total by Obligor		0.00	0.00								
Total by Tranche		0.00	0.00								

OBLIGOR LIMITS as of [date]

OBLIGOR	APPROVED LIMIT	BALANCE	OVERI(UNDER) Limit	Aggregate Principal Amount of Scheduled Receivables
				\$ 0.00
				\$ 0.00
				\$ 0.00
				\$ 0.00
				\$ 0.00
				\$ 0.00
			TOTAL:	\$ 0.00

Form of Obligor Limits

CELESTICA
OBLIGOR GLOBAL NET AIR LIMITS as of [date]

TOTAL GLOBAL AR FOR RELATED OBLIGORS	TOTAL GLOBAL AP FOR RELATED OBLIGORS	TOTAL GLOBAL NET AR FOR RELATED OBLIGORS	TOTAL GLOBAL AR SOLD FOR RELATED OBLIGORS	OVERI(UNDER) NET AR LIMIT
				\$ 0.00
				\$ 0.00
				\$ 0.00
				\$ 0.00
TOTAL:				\$ 0.00

EXHIBIT G GUARANTEE

GUARANTEE, dated as of November 23, 2005, made by CELESTICA INC., a corporation organized and existing under the laws of the Province of Ontario, Canada (the "Guarantor"), in favor of DEUTSCHE BANK AG NEW YORK, as administrative agent (the "Administrative Agent"), under the Revolving Trade Receivables Purchase Agreement dated as of November 23, 2005 (as amended, restated, modified or supplemented from time to time, the "Receivables Purchase Agreement") among the entities named therein as sellers (each, a "Seller" and collectively, the "Sellers"), Celestica Inc., as servicer (in such capacity, the "Service?"), the Administrative Agent, and the entities and financial institutions named therein as purchasers (the "Purchasers").

WHEREAS, pursuant to the Receivables Purchase Agreement, the Purchasers have agreed to purchase Scheduled Receivables from the Sellers upon the terms and subject to the conditions set forth therein; and

WHEREAS, it is a condition precedent to the obligation of the Purchasers to make their initial purchase under the Receivables Purchase Agreement that the Guarantor shall have executed and delivered this Guarantee to the Administrative Agent for the benefit of the Purchasers;

NOW, THEREFORE, in consideration of the premises and to induce the Purchasers to enter into the Receivables Purchase Agreement and to induce the Purchasers to purchase Scheduled Receivables thereunder, the Guarantor hereby agrees with the Administrative Agent as follows:

Defined Terms. Unless otherwise defined herein, terms defined in the Receivables Purchase Agreement and used herein shall have the meanings given to them in the Receivables Purchase Agreement.

Guarantee. (a) The Guarantor hereby unconditionally and irrevocably guarantees, as primary obligor, to the Purchasers and their respective successors, endorsees, transferees and assigns, the prompt and complete payment and performance by the Sellers when due of the Obligations.

The Guarantor further agrees to pay any and all expenses (including, without limitation, all fees and disbursements of counsel) which may be paid or incurred by the Purchasers in enforcing, or obtaining advice of counsel in respect of, any rights with respect to, or collecting, any or all of the Obligations and/or enforcing any rights with respect to, or collecting against, the Guarantor under this Guarantee.

The Guarantor shall remain liable hereunder for the Obligations until the Obligations are paid in full.

No Subrogation. Notwithstanding any payment or payments made by the Guarantor hereunder, or any set-off or application of funds of the Guarantor by the Administrative Agent, the Collateral Agent or any Purchaser, the Guarantor shall not be entitled to be subrogated to any of the rights of the Administrative Agent, the Collateral Agent or any Purchaser against the Sellers or against any collateral security or guarantee or right of offset held by the Administrative Agent, the Collateral Agent or any Purchaser for the payment of the Obligations, nor shall the Guarantor seek or be entitled to seek any contribution or reimbursement from the Sellers in respect of payments made by the Guarantor hereunder, until all amounts owing to the Purchasers by the Sellers on account of the Obligations are paid in full.

Amendments, etc. with respect to the Obligations; Waiver of Rights. The Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against the Guarantor, and without notice to or further assent by the Guarantor, any demand for payment of any of the Obligations made by the Purchasers may be rescinded by the Purchasers, and any of the Obligations continued, and the Obligations, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Purchasers, and the Receivables Purchase Agreement, and the other Transaction Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Purchasers may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent, the Collateral Agent or the Purchasers for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. None of the Administrative Agent, the Collateral Agent or the Purchasers shall have any obligation to protect, secure, perfect or insure any Lien at any time held by them or on its behalf as security for the Obligations or for this Guarantee or any property subject thereto. When making any demand hereunder against the Guarantor, the Administrative Agent and any Purchaser may, but shall be under no obligation to, make a similar demand on the Sellers or any other guarantor, and any failure by the Administrative Agent and the Purchasers to make any such demand or to collect any payments from the Sellers or any such other guarantor or any release of the Sellers or such other guarantor shall not relieve the Guarantor of its obligations or liabilities hereunder, and shall not impair or affect the rights and remedies, express or implied, or, to the extent permitted by law, as a matter of law, of the Administrative Agent and the Purchasers against the Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

Guarantee Absolute and Unconditional. To the extent permitted by applicable law, the Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Purchasers upon this Guarantee or acceptance of this Guarantee; the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Guarantee; and all dealings between the Sellers or the Guarantor, on the one hand, and the Administrative Agent and the Purchasers, on the other, shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guarantee. To the extent permitted by applicable law, the Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Sellers or the Guarantor with respect

to the Obligations. This Guarantee shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity, regularity or enforceability of the Receivables Purchase Agreement or any other Transaction Document, any of the Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent, the Collateral Agent or the Purchasers, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Sellers against the Administrative Agent, the Collateral Agent and the Purchasers, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Sellers or the Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Sellers for the Obligations, or of the Guarantor under this Guarantee, in bankruptcy or in any other instance. When pursuing its rights and remedies hereunder against the Guarantor, the Administrative Agent, the Collateral Agent and the Purchasers may, but shall be under no obligation to, pursue such rights and remedies as they may have against the Sellers or any other Person or against any collateral security or guarantee for the Obligations or any right of offset with respect thereto, and to the extent permitted by applicable law, (i) any failure by the Administrative Agent, the Collateral Agent or the Purchasers to pursue such other rights or remedies or to collect any payments from the Sellers or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or (ii) any release of the Sellers or any such other Person or of any such collateral security, guarantee or right of offset, shall not relieve the Guarantor of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent, the Collateral Agent or the Purchasers against the Guarantor. This Guarantee shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantor and its successors and assigns thereof, and shall inure to the benefit of the Administrative Agent and the Purchasers, and their respective successors, indorsees, transferees and assigns, until all the Obligations (other than inchoate indemnity obligations) and the obligations of the Guarantor under this Guarantee shall have been satisfied by payment in full.

Reinstatement. This Guarantee shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by any Purchaser upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Seller, or upon or as a result of the appointment of a receiver, or conservator of, or trustee or similar officer for, any Seller or any substantial part of its property, or otherwise, all as though such payments had not been made.

Payments. The Guarantor hereby agrees that the Obligations will be paid to the Administrative Agent without set-off or counterclaim in Dollars to the Payment Account.

Taxes. (a) All payments made by the Guarantor under this Guarantee shall be made free and clear of, and without deduction or withholding for or on account of, any present or future Indemnified Taxes. If any such Indemnified Taxes or Other Taxes are required to be withheld from any amounts payable to the Administrative Agent hereunder, the amounts so payable to the Administrative Agent shall be increased to the extent necessary to yield to the Purchasers (after payment of all Indemnified Taxes and Other Taxes) the amounts payable

hereunder that the Purchasers would have received if such Indemnified Taxes or Other Taxes had not been withheld or deducted from such amounts.

In addition, the Guarantor shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

Whenever any Indemnified Taxes or Other Taxes are payable by the Guarantor, as promptly as possible thereafter the Guarantor shall send to the Administrative Agent, a certified copy of an original official receipt received by the Guarantor showing payment thereof. If the Guarantor fails to pay any Indemnified Taxes or Other Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Guarantor shall indemnify the Administrative Agent and each Purchaser for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or such Purchaser as a result of any such failure.

The agreements in this Section shall survive the termination of this Guarantee and the payment of all amounts payable hereunder.

Notices. All notices, requests and demands to or upon the Administrative Agent or the Guarantor to be effective shall be in writing (including by telecopy) and shall be deemed to have been duly given or made (a) if by hand, when delivered or (b) if by telecopy or by courier, when received by the addressee, addressed to the Administrative Agent at its address or transmission number for notices provided in Section 9.2 of the Receivables Purchase Agreement or, in the case of the Guarantor, at its address or transmission number for notices provided on the signature page of this Guarantee. The Administrative Agent and the Guarantor may change their respective address and transmission numbers for notices by notice in the manner provided in this Section.

Severability. Any provision of this Guarantee that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Integration. This Guarantee and the other Transaction Documents represent the agreement of the Guarantor with respect to the subject matter hereof, and there are no promises or representations by the Administrative Agent or any Purchaser relative to the subject matter hereof not reflected herein or in the other Transaction Documents.

Amendments in Writing; No Waiver; Cumulative Remedies. (a) None of the terms or provisions of this Guarantee may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Guarantor and the Administrative Agent, provided that any provision of this Guarantee may be waived by the Administrative Agent in a letter or agreement executed by the Administrative Agent or by facsimile transmission from the Administrative Agent.

The Administrative Agent shall not by any act (except by a written instrument pursuant to paragraph 12(a) hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Incipient Termination Event or Termination Event or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Administrative Agent, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Administrative Agent of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Administrative Agent would otherwise have on any future occasion.

The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

Section Headings. The section headings used in this Guarantee are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

Successors and Assigns. This Guarantee shall be binding upon the successors and permitted assigns of the Guarantor and shall inure to the benefit of the Administrative Agent and its successors and assigns. The Guarantor may not assign its obligations hereunder without the written consent of the Administrative Agent and any such purported assignment will be null and void *ab initio*.

Submission to Jurisdiction; Waivers. The Guarantor hereby irrevocably and unconditionally:

submits for itself and its property in any legal action or proceeding relating to this Guarantee, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York sitting in the City of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof;

consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

in any such action or proceeding in such New York State or U.S. federal court sitting in New York City, such service may be made on the Guarantor by delivering a copy of such process to the Guarantor at its address;

agrees that nothing in this Guarantee shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

16. Governing Law. This Guarantee shall be governed by, and construed and interpreted in accordance with, the law of the State of New York, without regard to conflict of principles, except as set forth in Section 5-1401 of the New York General Obligations Law.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the undersigned has caused this Guarantee to be duly executed and delivered as a deed by its duly authorized officer as of the day and year first above written.

CELESTICA INC.

By: Name: Paul Nicoletti Title: Authorized Signatory

Address: 1150 Eglinton Avenue East Toronto, Ontario, Canada

M3C 1H7

Fax: 416-448-2280

Attention: Treasurer

EXHIBIT H

(Lockbox - With Activation)

DEPOSIT ACCOUNT CONTROL AGREEMENT

This Agreement is entered into as of November 23, 2005, among Celestica • (“Company”), Deutsche Bank Trust Company Americas on behalf of the Purchasers (“Collection Agent”), and Bank of America, N.A. (“Bank”) with respect to the following:

Bank has agreed to establish and maintain for Company the post office number(s) set forth on Schedule A to this Agreement, as the same may be amended from time to time (the “Lockbox Address”), the deposit account(s) set forth on Schedule B to this Agreement, as the same may be amended from time to time (the “Collection Account”) and deposit account number • (the “Concentration Account”, and together with the Collection Account, the “Accounts”). Bank performs the services described in Exhibit A, which includes receiving mail at the Lockbox Address, processing it and depositing checks and other payment instructions (“Checks”) into the Account (the “Lockbox Service”).

Collection Agent has been appointed pursuant to the Collection Account Pledge Agreement dated as of November 23, 2005 between Collection Agent, Company, Celestica Inc. and certain other affiliates of Celestica Inc. (the “Collection Account Pledge Agreement”) and Company has assigned to Collection Agent a security interest in the Accounts.

Company, Collection Agent and Bank are entering into this Agreement to evidence Collection Agent’s security interest in the Accounts and to provide for the disposition of net proceeds of Checks deposited in the Accounts.

Accordingly, Company, Collection Agent and Bank agree as follows:

1. (a) This Agreement evidences Collection Agent’s control over the Account.

Company represents and warrants to Collection Agent and Bank that it has not assigned or granted a security interest in the Accounts, except to Collection Agent.

Company will not permit the Accounts to become subject to any other pledge, assignment, lien, charge or encumbrance of any kind, other than Collection Agent’s security interest referred to herein.

2. During the Activation Period (as defined below), Bank shall prevent Company from making any withdrawals from the Accounts. Prior to the Activation Period, Company may operate and transact business through the Accounts in its normal fashion, including making withdrawals from the Accounts, but covenants to Collection Agent it will not close the Accounts. Bank shall have no liability in the event Company breaches this covenant to Collection Agent.

Company and Collection Agent acknowledge and agree that Bank may debit the Accounts for any ACH credit entries (the “Entries”) that may have been originated by Company but that have not settled at the time of Bank’s receipt of the Notice (defined below) or for any Entries that are subsequently returned thereafter.

A reasonable period of time following the commencement of the Activation Period, and continuing on each Business Day thereafter, Bank shall transfer all available balances in the Collection Accounts to the Concentration Account for further credit to the Payment Account (as defined below). The “Activation Period” means the period which commences within a reasonable period of time not to exceed two Business Days after Bank’s receipt of a written notice that a “Termination Event” has occurred from Collection Agent in the form of Exhibit B (the “Notice”), a copy of which shall be sent to Company by Collection Agent. A “Business Day” is each day except Saturdays, Sundays and Bank holidays. Funds are not available if, in the reasonable determination of Bank, they are subject to a hold, dispute or legal process preventing their withdrawal. “Payment Account” means account no. 00448470 maintained at Deutsche Bank Trust Company Americas.

3. Bank agrees it shall not offset, charge, deduct or otherwise withdraw funds from the Account, except as permitted by Section 4, until it has been advised in writing by Collection Agent that the Collection Agent's interests in the Accounts being terminated shall notify Bank promptly in writing upon the Collection Agent's interests in the Accounts being terminated.

4. Bank is permitted to charge the relevant Accounts:

for its fees and charges relating to the Accounts or associated with the Lockbox Service and this Agreement; and

in the event any Check deposited into a Collection Account is returned unpaid for any reason or for any breach of warranty claim.

5. (a) If the balances in the Accounts are not sufficient to compensate Bank for any fees or charges due Bank in connection with the Accounts, the Lockbox Service or this Agreement, Company agrees to pay Bank on written demand the amount due Bank. Company will have breached this Agreement if it has not paid Bank, within 15 days after such demand, the amount due Bank.

(b) If the balances in the Accounts are not sufficient to compensate Bank for any returned Check, Company agrees to pay Bank on written demand the amount due Bank. Company will have breached this Agreement if it has not paid Bank, within five days after such demand, the amount due Bank.

(c) Company hereby authorizes Bank, without prior notice, from time to time to debit any other account Company may have with Bank for the amount or amounts due Bank under subsection 5(a) or 5(b).

6. (a) Each Business Day, Bank will send any Checks not processed in accordance with the Lockbox Service set-up documents as well as any other materials, such as invoices, received at the Lockbox Address plus information regarding the deposit for the day to the address specified below for Company or as otherwise specified in writing by Company to Bank, and will send a copy of the deposit advice to the address specified below for Collection Agent.

(b) In addition to the original Bank statement provided to Company, Bank will provide Collection Agent with a duplicate of such statement.

7. (a) Bank will not be liable to Company or Collection Agent for any expense, claim, loss, damage or cost ("Damages") arising out of or relating to its performance under this Agreement other than those Damages which result directly from its acts or omissions constituting negligence or intentional misconduct.

In no event will Bank be liable for any special, indirect, exemplary or consequential damages, including but not limited to lost profits.

Bank will be excused from failing to act or delay in acting, and no such failure or delay shall constitute a breach of this Agreement or otherwise give rise to any liability of Bank, if (i) such failure or delay is caused by circumstances beyond Bank's reasonable control, including but not limited to legal constraint, emergency conditions, action or inaction of governmental, civil or military authority, fire, strike, lockout or other labor dispute, war, riot, theft, flood, earthquake or other natural disaster, breakdown of public or private or common carrier communications or transmission facilities, equipment failure, or negligence or default of Company or Collection Agent or (ii) such failure or delay resulted from Bank's reasonable belief that the action would have violated any guideline, rule or regulation of any governmental authority.

Bank shall have no duty to inquire or determine whether Company's obligations to Collection Agent are in default or whether Collection Agent is entitled to provide the Notice to Bank. Bank may rely on notices and communications it believes in good faith to be genuine and given by the appropriate party.

Notwithstanding any of the other provisions in this Agreement, in the event of the commencement of a case pursuant to Title 11, United States Code, filed by or against Company, or in the event of the commencement of any similar case under then applicable federal or state law providing for the relief of debtors or the protection of creditors by or against

Company, Bank may act as Bank deems necessary to comply with all applicable provisions of governing statutes and shall not be in violation of this Agreement as a result.

Bank shall be permitted to comply with any writ, levy order or other similar judicial or regulatory order or process concerning the Lockbox Address, the Accounts or any Check and shall not be in violation of this Agreement for so doing.

8. Company hereby agrees to indemnify Bank against, and hold it harmless from, any and all liabilities, claims, costs, expenses and damages of any nature (including but not limited to allocated costs of staff counsel, other reasonable attorney's fees and any fees and expenses) in any way arising out of or relating to disputes or legal actions concerning Bank's provision of the services described in this Agreement. This section does not apply to any cost or damage attributable to the gross negligence or intentional misconduct of Bank. Company's and Collection Agent's obligations under this section shall survive termination of this Agreement.

9. Company agrees to pay to Bank, upon receipt of Bank's invoice, all costs, expenses and attorneys' fees (including allocated costs for in house legal services) incurred by Bank in connection with the enforcement of this Agreement and any instrument or agreement required hereunder, including but not limited to any such costs, expenses and fees arising out of the resolution of any conflict, dispute, motion regarding entitlement to rights or rights of action, or other action to enforce Bank's rights in a case arising under Title 11, United States Code. Company agrees to pay Bank, upon receipt of Bank's invoice, all costs, expenses and attorneys' fees (including allocated costs for in-house legal services) incurred by Bank in the preparation and administration of this Agreement (including any amendments hereto or instruments or agreements required hereunder).

10. Termination and Assignment of this Agreement shall be as follows:

Collection Agent may terminate this Agreement by providing notice to Company and Bank. Collection Agent may also terminate or it may assign this Agreement upon 30 day's prior written notice to Company and Bank. Bank may terminate this Agreement upon 30 days' prior written notice to Company and Collection Agent. Company may not terminate this Agreement or the Lockbox Service except with the written consent of Collection Agent and upon prior written notice to Bank.

Notwithstanding subsection 10(a), Bank may terminate this Agreement at any time by written notice to Company and Collection Agent if either Company or Collection Agent breaches any of the terms of this Agreement, or any other agreement with Bank.

11. (a) Each party represents and warrants to the other parties that (i) this Agreement constitutes its duly authorized, legal, valid, binding and enforceable obligation; (ii) the performance of its obligations under this Agreement and the consummation of the transactions contemplated hereunder will not (A) constitute or result in a breach of its certificate or articles of incorporation, by-laws or partnership agreement, as applicable, (B) result in the violation of any law, regulation, judgment, decree or governmental order applicable to it; and (iii) all approvals and authorizations required to permit the execution, delivery, performance and consummation of this Agreement and the transactions contemplated hereunder have been obtained.

(b) The parties each agree that it shall be deemed to make and renew each representation and warranty in subsection 11(a) on and as of each day on which Company uses the services set forth in this Agreement.

12. (a) This Agreement may be amended only by a writing signed by Company, Collection Agent and Bank; except that Bank's charges are subject to change by Bank upon 30 days' prior written notice to Company.

(b) This Agreement may be executed in counterparts; all such counterparts shall constitute but one and the same agreement.

This Agreement controls in the event of any conflict between this Agreement and any other document or written or oral statement. This Agreement supersedes all prior understandings, writings, proposals, representations and communications, oral or written, of any party relating to the subject matter hereof.

24

This Agreement shall be interpreted in accordance with New York law without reference to that state's principles of conflicts of law. For purposes of this Agreement and

Section 9-304(b) of the Uniform Commercial Code, the parties agree that the "bank's jurisdiction" is the State of New York.

Any written notice or other written communication to be given under this Agreement shall be addressed to each party at its address set forth on the signature page of this Agreement or to such other address as a party may specify in writing. Except as otherwise expressly provided herein, any such notice shall be effective upon receipt.

Nothing contained in the Agreement shall create any agency, fiduciary, joint venture or partnership relationship between Bank and Company or Collection Agent. Company and Collection Agent agree that nothing contained in this Agreement, nor any course of dealing among the parties to this Agreement, shall constitute a commitment or other obligation on the part of Bank to extend credit to Company or Collection Agent.

This Agreement is executed and delivered by Deutsche Bank Trust Company Americas not in its individual capacity but solely as Collection Agent in the exercise of the powers and authority conferred on it pursuant to the Collection Account Pledge Agreement. Company and Bank hereby agree that Collection Agent is released from any and all liabilities to Company and Bank arising from the terms of this Agreement and the compliance of Collection Agent with the terms hereof, except to the extent that such liabilities arise from Collection Agent's bad faith, wilful misconduct or gross negligence. The provisions of this section shall survive the termination of this Agreement and the earlier resignation or removal of Collection Agent. Collection Agent shall be entitled to the same rights, protections and indemnities afforded to it under the Collection Account Pledge Agreement.

[The remainder of this page left blank intentionally.]

25

In Witness Whereof, the parties hereto have executed this Agreement by their duly authorized officers as of the day and year first above written.

CELESTICA •

By:
Name:
Title:

Address for notices:
c/o Celestica Inc.
1150 Eglinton Avenue East Toronto, Ontario, Canada M3C 1H7
Attention: Senior Vice President and Treasurer

DEUTSCHE BANK TRUST COMPANY AMERICAS

By:
Name:
Title:

Fax: 416-448-2280
Telephone: 416-448-4858
with a copy to:
Attention: Senior Vice President and Chief Legal Officer
Fax: 416-448-2817
Telephone: 416-448-4620
Address for notices:
Deutsche Bank Trust Company Americas Corporate Trust & Agency Services 60
Wall Street
MS NYC60-2606
New York, New York 10005
Attention:
Fax : 212-797-8606
Telephone: 212-250-4772

BANK OF AMERICA, N.A.

Bank of America N. A.

By: _____
Name: _____
Title: _____

Address for notices:

231 S LA Sallet St. IL1-231-14-30

Chicago, IL 60604 Attention: Melvin C. Tumbo Fax: 877-734-2447
Telephone: 312-828-1261

with a copy to

Bank of America N. A. 200 Front St W. 102-604-27-17

Toronto, ON M5V 3L2 Attention: Cissy Wong Fax: 416-349-4280 Telephone: 416-349-5398

Tor#: 1627865.1

Exhibit A TO DEPOSIT ACCOUNT CONTROL AGREEMENT

STANDARD TERMS AND CONDITIONS

The Lockbox Service involves processing Checks that are received at a Lockbox Address. With this Service, Company instructs its customers to mail checks it wants to have processed under the Service to the Lockbox Address. Bank picks up mail at the Lockbox Address according to its mail pick-up schedule. Bank will have unrestricted and exclusive access to the mail directed to the Lockbox Address. Bank will provide Company with the Lockbox Service for a Lockbox Address when Company has completed and Bank has received Bank’s then current set-up documents for the Lockbox Address.

If Bank receives any mail containing Company’s lockbox number at Bank’s lockbox operations location (instead of the Lockbox Address), Bank may handle the mail as if it had been received at the Lockbox Address.

PROCESSING

Bank will handle Checks received at the Lockbox Address according to the applicable deposit account agreement, as if the Checks were delivered by Company to Bank for deposit to the Account, except as modified by these Terms and Conditions.

Bank will open the envelopes picked up from the Lockbox Address and remove the contents. For the Lockbox Address, Checks and other documents contained in the envelopes will be inspected and handled in the manner specified in the Company’s set-up documents. Bank captures and reports information related to the lockbox processing, where available, if Company has specified this option in the set-up documents. Bank will endorse all Checks Bank processes on Company’s behalf.

If Bank processes an unsigned check as instructed in the set-up documents, and the check is paid, but the account owner does not authorize payment, Company agrees to indemnify Bank, the drawee bank (which may include Bank) and any intervening collecting bank for any liability or expense incurred by such indemnitee due to the payment and collection of the check.

If Company instructs Bank not to process a check bearing a handwritten or typed notation “Payment in Full” or words of similar import on the face of the check, Company understands that Bank has adopted procedures designed to detect Checks bearing such notations; however, Bank will not be liable to Company or any other party for losses suffered if Bank fails to detect Checks bearing such notations.

RETURNED CHECK

Unless Company and Bank agree to another processing procedure, Bank will re-clear a Check once which has been returned and marked "Refer to Maker," "Not Sufficient Funds" or "Uncollected Funds." If the Check is returned for any other reason or if the Check is returned a second time, Bank will debit the Account and return the Check to Company. Company agrees

that Bank will not send a returned item notice to Company for a returned Check unless Company and Bank have agreed otherwise.

ACCEPTABLE PAYEES

For the Lockbox Address, Company will provide to Bank the names of Acceptable Payees ("Acceptable Payee" means Company's name and any other payee name provided to Bank by Company as an acceptable payee for Checks to be processed under the Lockbox Service). Bank will process a check only if it is made payable to an Acceptable Payee and if the check is otherwise processable. Company warrants that each Acceptable Payee is either (i) a variation of Company's name or (ii) is an affiliate of Company which has authorized Checks payable to it to be credited to the Account. Bank may treat as an Acceptable Payee any variation of any Acceptable Payee's name that Bank deems to be reasonable.

CHANGES TO PROCESSING INSTRUCTIONS

Company may request Bank orally or in writing to make changes to the processing instructions (including changes to Acceptable Payees) for any Lockbox Address by contacting its Bank representative, so long as such changes do not conflict with the terms of the Deposit Account Control Agreement. Bank will not be obligated to implement any requested changes until Bank has actually received the requests and had a reasonable opportunity to act upon them. In making changes, Bank is entitled to rely on instructions purporting to be from Company.

EXHIBIT B DEPOSIT ACCOUNT CONTROL AGREEMENT

[Letterhead of Collection Agent]

To:

Bank of America N. A. 231 S LA Sallet St. IL1-231-14-30

Chicago, IL 60604 Attention: Melvin C. Tumbo Fax: 877-734-2447 Telephone: 312-828-1261

Bank of America N. A. 200 Front St W. 102-604-27-17

Toronto, ON M5V 3L2 Attention: Cissy Wong Fax: 416-349-4280 Telephone: 416-349-5398

Re: Celestica • Account No. • Account No. •

Ladies and Gentlemen:

Reference is made to the Deposit Account Control Agreement dated November •, 2005 (the “Agreement”) among Celestica Corporation, us and you regarding the above-described accounts (the “Accounts”). In accordance with Section 2 of the Agreement, we hereby give you notice of the occurrence of a Termination Event and of our exercise of control of the Accounts:

Very truly yours,

DEUTSCHE BANK TRUST COMPANY AMERICAS

as Collection Agent

By:

Name:

Title:

Tor#: 1627865.1

\SCHEDULE A LOCKBOX NUMBERS Celestica • :

(corresponding to Collection Account # •)

(corresponding to Collection Account # •)

**SCHEDULE B
COLLECTION ACCOUNT DETAILS**

Celestica

EXHIBIT I

November 23, 2005

Deutsche Bank Trust Company Americas 60 Wall Street

New York, New York 10001

Attention: Peter T. Becker

Dear Ladies and Gentlemen:

This letter is intended to memorialize certain understandings between us in connection with your agreement to act as Collection Agent for us under and pursuant to the Collection Account Pledge Agreement dated as of November 23, 2005 among Celestica Corporation, Celestica Italia Srl, Celestica Czech Republic S.R.O., Celestica Holdings Pte. Ltd., Celestica Valencia S.A., and Celestica Hong Kong Ltd., as Assignors, and Deutsche Bank Trust Company Americas, as Collection Agent (the "Collection Agent") and the Collection Agency and Account Agreement dated as of November 23, 2005 among Celestica Corporation, Celestica Inc. and the Collection Agent. These two agreements are referred to collectively herein as the "Security Documents". Capitalized terms used herein have the meaning assigned thereto under the Revolving Trade Receivables Purchase Agreement dated as of November 23, 2005 among Celestica Inc., Celestica Corporation, Celestica Italia Srl, Celestica Czech Republic S.R.O., Celestica Holdings Pte. Ltd., Celestica Valencia S.A. and Celestica Hong Kong Ltd., the several banks and other financial institutions or entities from time to time parties thereto as purchasers and Deutsche Bank AG New York, as Administrative Agent (the "Receivables Purchase Agreement").

Appointment. We hereby designate and appoint the Collection Agent as our agent under the Security Documents, and irrevocably authorize the Collection Agent to take such action on our behalf under the provisions of this Agreement and the Security Documents and to exercise such powers and perform such duties as are expressly delegated to the Collection Agent by the terms of this Agreement and the other Transaction Documents, together with such other powers as are reasonably incidental thereto, including, without limitation, (a) receiving all applicable notices referred to in this Agreement or in the other Transaction Documents on our behalf, (b) giving all applicable notices referred to in this Agreement or the other Transaction Documents to or on our behalf, and (c) receiving payments and deposits from the Sellers and the Servicer, and giving release and acquittance therefor in accordance with the terms of this Agreement and the Transaction Documents. Notwithstanding any provision to the contrary elsewhere in this Agreement or in the Transaction Documents, the Collection Agent shall not have any duties or responsibilities, except those expressly set forth herein or in the Transaction Documents, or any fiduciary relationship with us, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any Transaction Document or otherwise exist against the Collection Agent. The provisions of this Agreement are solely for the benefit of the Collection Agent and its officers, directors, employees, agents, attorneys-in-fact and affiliates, and no other Person shall have any rights as a third party beneficiary of any of the provisions hereof. The Collection Agent shall perform its obligations under the Transaction Documents with reasonable care, using a degree of skill and

attention no less than that which the Collection Agent (i) exercises with respect to comparable duties that it performs when holding comparable assets for itself and (ii) exercises with respect to comparable administrative duties that it performs for comparable assets for others, and in a manner consistent with the standard of care exercised by similar administrators relating to the duties to be performed hereunder.

Delegation of Duties. The Collection Agent may execute any of its duties under this Agreement and the Transaction Documents by or through agents, custodians, nominees or attorneys-in-fact and shall be entitled to rely upon, and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with, advice of counsel concerning all matters pertaining to such duties. The Collection Agent shall not be responsible for the negligence or misconduct of any agents, custodians, nominees or attorneys-in-fact selected by it with reasonable care.

Exculpatory Provisions. Neither the Collection Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any Transaction Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have proximately resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any Person (including without limitation any of the Purchasers) for (A) any recitals, statements, representations or warranties made by any Person (other than the Collection Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates) contained in this Agreement or any other Transaction Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Collection Agent under or in connection with, this Agreement or any Transaction Document, (B) the value, validity, effectiveness, genuineness, collectability, enforceability or sufficiency of this Agreement or any other Transaction Document, (C) any Liens or guarantees (including without limitation pursuant to any Guarantee Obligation) granted by, or purported to be granted by, any of the Security Documents or otherwise, (D) ascertaining or inquiring as to the existence or possible existence of any Termination Event, or (E) any failure of any party hereto or thereto (other than the Collection Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates) to perform its obligations hereunder or thereunder. The Collection Agent shall not be under any obligation to the Purchasers to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Transaction Document, to inspect the properties, books or records of the Sellers or the Servicer, or to take any action that exposes the Collection Agent to personal liability or that is contrary to this Agreement or applicable law. Anything in this Agreement to the contrary notwithstanding, in no event shall the Collection Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Collection Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

Reliance by Collection Agent. The Collection Agent shall be entitled to rely, and shall be fully protected in relying, upon (i) any instrument, writing, resolution, notice, consent,

certificate, affidavit, letter, teletype, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and (ii) advice and statements of legal counsel (including, without limitation, counsel to the Sellers and the Servicer), independent accountants and other experts selected by the Collection Agent. The Collection Agent shall be fully justified in failing or refusing to take any action under this Agreement or any Transaction Document unless it shall first receive such advice or concurrence of the Purchasers as it deems appropriate or it shall first be indemnified to its satisfaction by the Purchasers against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Collection Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the Transaction Documents in accordance with a request of the Purchasers, and such request and any action taken or failure to act pursuant thereto shall be binding upon all future holders of the Purchased Interests.

Notice of Termination. The Collection Agent shall not be deemed to have knowledge or notice of the occurrence of any Incipient Termination Event or Termination Event unless the Collection Agent has received notice from the Administrative Agent or a Purchaser or the Sellers or the Servicer referring to the Receivables Purchase Agreement, describing such Incipient Termination Event or Termination Event and stating that such notice is a "notice of termination." The Collection Agent shall take such action with respect to such Incipient Termination Event or Termination Event as shall be reasonably directed by the Purchasers; provided, that unless and until the Collection Agent shall have received such directions, the Collection Agent, as the case may be, may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Incipient Termination Event or Termination Event as it shall deem advisable in the best interests of the Purchasers.

Non-Reliance on Agent. Each Purchaser expressly acknowledges that neither the Collection Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Collection Agent hereafter taken, including, without limitation, any review of the affairs of the Sellers or the Servicer or any affiliate of the Sellers or the Servicer, shall be deemed to constitute any representation or warranty by the Collection Agent to the Purchasers. Each Purchaser represents to the Collection Agent that it has, independently and without reliance upon the Collection Agent, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Sellers and the Servicer and their Affiliates and made its own decision to make its purchases hereunder and enter into the Receivables Purchase Agreement and the other Transaction Documents to which it is a party or by which it is bound. Each Purchaser also represents and covenants that it will, independently and without reliance upon the Collection Agent, any of its officers, directors, employees, agents, attorneys-in-fact or affiliates, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under the Receivables Purchase Agreement and the other Transaction Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Sellers, the Servicer and their Affiliates. The Collection Agent shall not have any duty or responsibility to provide the Purchasers with any credit or other information concerning the business, operations, property, condition

(financial or otherwise), prospects or creditworthiness of the Sellers, the Servicer or any affiliate of the Sellers and the Servicer that may come into the possession of the Collection Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

Indemnification. Each Purchaser agrees to indemnify the Collection Agent in its capacity as such and/or its officers, directors, employees, agents, attorneys-in-fact or affiliates (to the extent not reimbursed by the Sellers and the Servicer and without limiting the obligation of the Sellers and the Servicer to do so), ratably according to their respective Purchaser's Investment Percentages in effect on the date on which indemnification is sought (or, if indemnification is sought after the date upon which the Purchaser's Investment Limits shall have terminated and all Investments shall have been reduced to nil, ratably in accordance with such Purchaser's Investment Percentages immediately prior to such date) from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever (including without limitation attorneys' fees and disbursements) that may at any time be imposed on, incurred by or asserted against the Collection Agent and/or its officers, directors, employees, agents, attorneys-in-fact or affiliates in any way relating to or arising out of, the Purchaser's Investment Limits, this Agreement, the Receivables Purchase Agreement or any of the other Transaction Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Collection Agent and/or its officers, directors, employees, agents, attorneys-in-fact or affiliates under or in connection with any of the foregoing; provided, that the Purchasers shall not be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the Collection Agent's and/or its officers, directors, employees, agents, attorneys-in-fact or affiliates gross negligence or willful misconduct. If any indemnity furnished to the Collection Agent for any purpose shall, in its opinion, be insufficient or become impaired, the Collection Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. None of the provisions of this Agreement or the Transaction Documents shall require the Collection Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder or under any Transaction Document, or in the exercise of any of its rights or powers hereunder or thereunder, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it. In the case of any investigation, litigation or proceeding giving rise to any indemnification hereunder, this provision applies whether any such investigation, litigation or proceeding is brought by the Collection Agent, the Administrative Agent, the Purchasers or a third party. The agreements herein shall survive the payment of all amounts payable hereunder until the termination of the Security Documents and the earlier resignation or removal of the Collection Agent.

Agent in Its Individual Capacity. The Collection Agent and its affiliates may make loans to, accept deposits from, act as trustee under indentures of, accept investment banking engagements from, and generally engage in any kind of business with the Sellers and the Servicer as though the Collection Agent were not an Agent and without any duty to account therefor to any other Person.

Successor Administrative Agent and Collection Agent. The Collection Agent may resign as Agent upon 20 days' written notice to the Purchasers. If the Collection Agent shall resign as Agent under this Agreement and the Transaction Documents, then the Purchasers shall appoint a successor agent for the Purchasers, whereupon such successor agent shall succeed to the rights, powers and duties of the Collection Agent under this Agreement and the Transaction Documents (including without limitation the Security Documents), and the resigning Collection Agent shall be discharged from its duties and obligations under this Agreement and the Transaction Documents (including without limitation the Security Documents), and the term "Collection Agent" shall mean such successor agent effective upon such appointment and approval, and the former Collection Agent's rights, powers and duties as Collection Agent shall be terminated, without any other or further act or deed on the part of such former Agent, the Administrative Agent, the Purchasers or any holders of the Purchased Interests. If no successor agent has accepted appointment as Collection Agent, as the case may be, by the date that is 20 days following notice of resignation, the resignation shall nevertheless thereupon become effective, and the Purchasers shall assume and perform all of the duties of the Collection Agent hereunder and under the Transaction Documents until such time, if any, as the Purchasers appoint a successor agent as provided for above. After the Collection Agent's resignation as Agent, the provisions of this paragraph shall continue to apply to it with respect to any actions taken or omitted to be taken by it while it was Collection Agent under this Agreement and the other Transaction Documents, including, without limitation, the liability of the Collection Agent hereunder for (and the exclusion from any liability of the Purchasers to indemnify the Collection Agent hereunder in respect of) any such actions or omissions that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the Collection Agent's gross negligence or willful misconduct.

Determination Pursuant to Security Documents. In each circumstance where, under any provision of a Security Document or this Agreement, the Collection Agent shall have the right to grant or withhold any consent, exercise any remedy, make any determination or direct any action by the Collection Agent under such Security Document, the Collection Agent shall act in respect of such consent, exercise of remedies, determination or action, as the case may be, only with the consent of and at the direction of the Purchaser; provided, however, that no such consent of the Purchasers shall be required with respect to any consent, determination or other matter that is, in the Collection Agent's reasonable judgment, ministerial or administrative in nature or provided for in this Agreement or the Transaction Documents, and provided that the Collection Agent is hereby authorized on behalf of the Purchasers, without the necessity of any further consent from the Purchasers, from time to time prior to a Termination Event, to release portions of the Collateral from the security interests and Liens imposed by the Security Documents in connection with any dispositions of such portions of the Collateral permitted by the terms of this Agreement or the Security Documents or as may be required by law. In each circumstance where any consent of or direction from the Purchasers is required, the Collection Agent shall send to the Purchasers a notice setting forth a description in reasonable detail of the matter as to which consent or direction is requested and the Collection Agent's proposed course of action with respect thereto.

Merger of the Collection Agent. Any Person into which the Collection Agent may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Collection Agent shall be a party, or any

Person succeeding to the business of the Collection Agent shall be the successor hereunder and under the Transaction Documents of the Collection Agent, without the execution or filing of any paper with any party hereto or thereto or any further act on the part of any of the parties hereto or thereto except where an instrument of transfer or assignment is required by law to effect such succession, anything herein or in any Transaction Document to the contrary notwithstanding.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

If the foregoing is in accordance with our agreement, please sign and return to us a counterpart of this Agreement, whereupon it will become a binding agreement between us.

Very truly yours,

DEUTSCHE BANK AG NEW YORK, as Administrative Agent on behalf of the Purchasers

By Name:

Title:

By Name:

Title:

Agreed and accepted:

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Collection Agent

By Name:

Title:

By Name:

Title:

EXHIBIT J
FORM OF
ASSIGNMENT AND ACCEPTANCE

Reference is made to the Revolving Trade Receivables Purchase Agreement, dated as of November 9, 2005 (as amended, supplemented or otherwise modified from time to time, the "Purchase Agreement"), among Celestica Inc., Celestica Corp., Celestica Italia Srl, Celestica Czech Republic S.R.O., Celestica Holdings Pte. Ltd., Celestica Valencia S.A., and Celestica Hong Kong Ltd., the several banks and other financial institutions or entities from time to time parties thereto and Deutsche Bank AG New York, as administrative agent (in such capacity, the "Administrative Agent") for the Purchasers. Unless otherwise defined herein, terms defined in the Purchase Agreement and used herein shall have the meanings given to them in the Purchase Agreement.

The Assignor identified on Schedule 1 hereto (the "Assignor") and the Assignee identified on Schedule 1 hereto (the "Assignee") agree as follows:

The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor, and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor, as of the Effective Date (as defined below), the interest described in Schedule 1 hereto (the "Assigned Interest") in and to the Assignor's rights and obligations under the Purchase Agreement and any Purchased Assets owned by it in an amount as set forth on Schedule 1 hereto.

The Assignor (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Purchase Agreement or with respect to the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Purchase Agreement, any other Transaction Document or any other instrument or document furnished pursuant thereto, other than that the Assignor has not created any adverse claim upon the interest being assigned by it hereunder and that such interest is free and clear of any such adverse claim; and (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Sellers or the Servicer or any other obligor or the performance or observance by the Sellers or the Servicer or any other obligor of any of their respective obligations under the Purchase Agreement or any other Transaction Document or any other instrument or document furnished pursuant hereto or thereto.

The Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (b) confirms that it has received a copy of the Purchase Agreement, together with copies of the financial statements delivered pursuant to section 3.1 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it will, independently and without reliance upon the Assignor, the Administrative Agent, the Collection Agent or any other Purchaser and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Purchase Agreement, the other Transaction Documents or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Agents to take such action as agents on its behalf and to exercise such powers and

discretion under the Purchase Agreement, the other Transaction Documents or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent or the Collection Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Purchase Agreement and will perform in accordance with its terms all the obligations which by the terms of the Purchase Agreement are required to be performed by it as a Purchaser.

The effective date of this Assignment and Acceptance shall be the Effective Date of Assignment described in Schedule 1 hereto (the "Effective Date"). Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for acceptance by it and recording by the Administrative Agent pursuant to the Purchase Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Administrative Agent, be earlier than three Business Days after the date of such acceptance and recording by the Administrative Agent).

Upon such acceptance and recording, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to the Effective Date or accrue subsequent to the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

From and after the Effective Date, (a) the Assignee shall be a party to the Purchase Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Purchaser thereunder and under the other Transaction Documents and shall be bound by the provisions thereof and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Purchase Agreement.

This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed as of the date first above written by their respective duly authorized officers on Schedule 1 hereto.

SCHEDULE 1
to Assignment and Acceptance

Name of Assignor:

Name of Assignee:

Effective Date of Assignment:

<u>Investment Assigned</u>	<u>Purchaser's Investment Limit Assigned'</u>
\$	%

[Name Of Assignee]

[Name Of Assignor]

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Accepted for Recordation in the Register: Required consents:

DEUTSCHE BANK AG NEW YORK, as Administrative Agent

By: Name:

Title:

CELESTICA INC.

By: Name:

Title:

Calculate the percentage that is assigned to at least 15 decimal places and show as a percentage of the aggregate commitments of all Purchasers.

EXHIBIT K

**CHARGED ACCOUNT CONTROL DEED
(Third Party Security)**

This Deed is entered into as of November 23, 2005, among Celestica •, S.A. (“Company”), Deutsche Bank Trust Company Americas, as collection agent (herein referred to as “Collateral Agent”), and Bank of America, N.A. (“Bank”) with respect to the following:

Bank has agreed to establish and maintain for Company an account •, (the “Account”) in accordance with the terms of an International Account Agreement between the Bank and the Company dated • (the “IAA”).

Collateral Agent has been appointed pursuant to the Collection Account Pledge Agreement dated as of November 23, 2005 between Collateral Agent, Company, Celestica Inc. and certain other affiliates of Celestica Inc. (the “Collection Account Pledge Agreement”) and Company has granted to Collateral Agent a security interest in the Account.

Company, Collateral Agent and Bank are entering into this Deed to regulate their respective rights and obligations with regard to the Account.

Accordingly, Company, Collateral Agent and Bank agree as follows:

Until the Effective Time (as defined in Section 17 below), Company may operate the Account in accordance with the terms of the IAA.

With effect from the Effective Time:

Bank shall, subject to the provisions of this Deed, act only in accordance with the instructions of the Collateral Agent as provided herein; and

Bank shall (and Company irrevocably authorises Bank to) transfer all or any part of the collected and available balance in the Account to the Concentration Account (as defined below) for further credit to the Payment Account (as defined below) in accordance with the Activation Notice (as defined in Section 17 below) provided, for the avoidance of doubt, that such Activation Notice or such instruction shall not include instructions (standing or otherwise) for regular payments out of the Account.

“Concentration Account” means account no. 37566-88715 maintained at Bank.

“Payment Account” means account no. 00448470 maintained at Deutsche Bank Trust Company Americas.

Funds are available unless, in the reasonable determination of Bank, they are subject to a hold, dispute or legal or internal process preventing their withdrawal.

The Collateral Agent may not deliver an Activation Notice until such time as the Bank has notified it that the Bank has received, in form and substance satisfactory to it, a list of the Collateral Agent’s representatives authorised to execute such Activation Notice (“Authorised

Signatories”), specimen signatures for each Authorised Signatory, a copy of the picture page of the passport of each Authorised Signatory and any other document or item of evidence the Bank may reasonably request in accordance with usual “know your client” best practice.

3. Bank agrees it shall not set off, charge, deduct or otherwise withdraw funds from the Account, except as permitted by Section 4, until it has been advised in writing by Collateral Agent that Collateral Agent’s interests in the Account have been terminated. Collateral Agent shall notify Bank promptly in writing upon Collateral Agent’s interests in the Account being terminated.

4. Bank is permitted to debit the Account:

for its fees, commissions, charges, costs and expenses relating to the Account and this Deed and any other amount due to it under this Deed;

for any reversal of a credit entry that Bank is entitled to reverse pursuant to clause 2.4 of the IAA;

in relation to any amount credited to the Account pursuant to a Direct Debit arrangement, for the whole or any part of such amount (the “Relevant Amount”) where Bank is obliged to repay the Relevant Amount in accordance with that Direct Debit arrangement; and

subject to Collateral Agent’s prior written consent, for any other amount due by Company to Bank, as contemplated by the IAA and/or this Deed.

together, the “Permitted Debits”.

5. (a) If the balances in the Account are not sufficient to compensate Bank for any fees, charges or costs due Bank in connection with the Account or this Deed, Company agrees to pay Bank on demand the amount of such fees, charges or costs.

If as the result of a Permitted Debit the Account becomes overdrawn in any amount (an “Overdrawn Amount”), Company shall pay Bank on demand an amount equal to that Overdrawn Amount together with related interest and the Bank’s reasonable costs. If Company fails to so pay Bank within five business days of such demand, it shall be a breach of this Agreement.

Company hereby authorises Bank, without prior notice, from time to time to debit any other account Company may have with Bank for the amount or amounts due Bank under subsection 5(a) or 5(b).

6. (a) Bank will send to Collateral Agent at its address specified below a copy of each statement of account that Bank sends to Company in respect of the Account at the same time as Bank sends such statement to Company.

(b) In addition, at any time after the Effective Time, Bank shall provide Collateral Agent with such additional information regarding the Account as the Collateral Agent may reasonably request.

(c) Company consents to the disclosure of information relating to the Account by Bank to Collateral Agent pursuant to this Deed.

7. (a) Bank will not be liable to Company or Collateral Agent for any liability, expense, claim, loss, damage or cost of any nature (“Damages”) suffered or incurred by Company or Collateral Agent and arising out of or relating to this Deed or Bank’s performance under this Deed other than those Damages which result directly from its gross negligence or intentional misconduct.

In no event will Bank be liable for any loss, damage, cost or expense of any nature arising from or in relation to economic loss, loss of business, profits, revenue, goodwill and anticipated savings, special damages, loss of or corruption to data, loss of operation time, loss of contracts or any indirect, consequential, exemplary or punitive loss.

Bank will be excused from failing to act or delay in acting, and no such failure or delay shall constitute a breach of this Deed or otherwise give rise to any liability of Bank, if (i) such failure or delay is caused by circumstances beyond Bank’s reasonable control, including but not limited to legal constraint, emergency conditions, action or inaction of governmental, civil or military authority, fire, strike, lockout or other labor dispute, war, riot, theft, flood, earthquake or other natural disaster, breakdown of public or private or common carrier communications or transmission facilities, equipment failure, or negligence or default of Company or Collateral Agent or (ii) such failure or delay resulted from Bank’s reasonable belief that the action would have violated any guideline, rule or regulation of any governmental authority.

Bank shall have no duty to inquire or determine whether Company’s obligations to Collateral Agent are in default or whether Collateral Agent is entitled to provide the Activation Notice to Bank. Bank may rely on notices and communications it believes in good faith to be genuine and given by the appropriate party.

Notwithstanding any of the other provisions in this Deed, in the event of the commencement of proceedings under any applicable law providing for the relief of debtors or the protection of creditors by or against Company, Bank may act as Bank deems necessary so as to comply with any applicable law and Collateral Agent and Company each agree that Bank shall not be in violation of this Deed as a result.

Bank shall be permitted to comply with any judicial or regulatory order, process or request concerning the Account or any amount deposited to the Account and shall not be in violation of this Deed for so doing.

Bank shall not be obliged to comply with any request, instruction, direction, notice or other communication referred to or contemplated in this Deed if to do so would be contrary to Bank’s policy or to the request, requirement, order or directive of any court or regulatory, governmental, fiscal, monetary or other body or authority to which Bank is subject or submits, whether or not such request, requirement or policy has the force of law.

8. Company and Collateral Agent shall jointly and severally indemnify Bank against, and hold it harmless from, any and all Damages (including but not limited to allocated costs of in-house legal counsel and other legal fees and expenses) suffered or incurred by Bank and in any

44

way arising out of or in connection with this Deed or the Bank’s provision of the services described in this Deed. This section does not apply to any Damages attributable to the gross negligence or intentional misconduct of Bank. Company’s and Collateral Agent’s obligations under this section shall survive termination of this Deed.

9. Company and Collateral Agent shall jointly and severally pay to Bank the amount of all costs, expenses and legal fees (including but not limited to allocated costs of in-house legal counsel) incurred by Bank in connection with the enforcement of, or the preservation of any rights under, this Deed. Company agrees to pay Bank all costs, expenses and legal fees (including allocated costs for in-house legal services) incurred by Bank in the preparation and administration of this Deed (including any amendments hereto or instruments or agreements required hereunder).

10. Termination and Assignment of this Deed shall be as follows:

Collateral Agent may terminate this Deed by providing notice to Company and Bank upon 30 day’s prior written notice to Company and Bank. Bank may terminate this Deed upon 30 days’ prior written notice to Company and Collateral Agent. Company may not terminate this Deed except with the written consent of Collateral Agent and upon prior written notice to Bank. Collateral Agent may not assign any of its rights under this Deed.

Notwithstanding subsection 10(a), Bank may terminate this Deed at any time by written notice to Company and Collateral Agent if either Company or Collateral Agent breaches any of the terms of this Deed, or any other agreement with Bank.

11. (a) Each party represents and warrants to the other parties that (i) this Deed constitutes its duly authorized, legal, valid, binding and enforceable obligation; (ii) the performance of its obligations under this Deed and the consummation of the transactions contemplated hereunder will not (A) constitute or result in a breach of its constitutional documents or, if it is a party to the Collection Account Pledge Agreement, the Collection Account Pledge Agreement, or (B) result in the violation of any law, regulation, judgment, decree or governmental order applicable to it; and (iii) all approvals and authorizations required to permit the execution, delivery, performance and consummation of this Deed and the transactions contemplated hereunder have been obtained.

(b) The parties each agree that it shall be deemed to repeat each representation and warranty in subsection 11(a) on and as of each day on which an amount is deposited to the Account.

12. (a) This Deed may be amended only in writing signed by Company, Collateral Agent and Bank.

(b) This Deed may be executed in counterparts; all such counterparts shall constitute but one and the same agreement.

(c) This Deed prevails in the event of any conflict between this Deed and any other document or written or oral statement including the IAA. This Deed supersedes all prior

understandings, writings, proposals, representations and communications, oral or written, of any party relating to the subject matter hereof.

This Deed constitutes notice to Bank and acknowledgement by the Bank of Collateral Agent's security interest in the Account. This Deed shall prevail over the terms of any other communication from Collateral Agent or Company purporting to notify Bank of Collateral Agent's security interest in the Account and the Bank shall be entitled to disregard any such communication.

Save as expressly provided otherwise in this Deed, the Account shall be operated and maintained in accordance with the provisions of the IAA, a copy of which the Collateral Agent acknowledges as having received.

This Deed shall be interpreted in accordance with English law.

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) (a "Dispute").

The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

Without prejudice to any other mode of service allowed under any relevant law,

(i) Company irrevocably appoints Celestica (Telford) Limited, Castle Farm Campus Priorslee, Telford, Shropshire, TF2 9SA, as its agent for service of process in relation to any proceedings before the English courts in connection with this Deed, and agrees that failure by a process agent to notify it of the process will not invalidate the proceedings concerned; and

(ii) Collateral Agent irrevocably appoints Deutsche Bank AG London, Winchester House, 1 Great Winchester Street, London, EC2N 2DB, as its agent for service of process in relation to any proceedings before the English courts in connection with this Deed, and agrees that failure by a process agent to notify it of the process will not invalidate the proceedings concerned.

Any written notice or other written communication to be given under this Deed shall be addressed to each party at its address set forth on the signature page of this Deed or to such other address as a party may specify in writing and the Activation Notice may be delivered by facsimile to the facsimile number identified for that purpose on Exhibit A. Such notice shall be effective upon receipt.

Company and Collateral Agent shall ensure that all information (in whatever form, and including information given orally) received from Bank and relating to the Account, this Deed or the IAA, is kept strictly confidential and is not disclosed to anyone except as may be required by law or regulation.

Nothing contained in the Deed shall create any trust, agency, fiduciary, joint venture or partnership relationship between Bank, Company and/or Collateral Agent.

This Deed is executed and delivered by Deutsche Bank Trust Company Americas not in its individual capacity but solely as Collateral Agent in the exercise of the powers and authority conferred on it pursuant to the Collection Account Pledge Agreement. Company and Bank hereby agree that Collateral Agent is released from any and all liabilities to Company and Bank arising from the terms of this Deed and the compliance of Collateral Agent with the terms hereof, except to the extent that such liabilities arise from Collateral Agent's bad faith, wilful misconduct or gross negligence. The provisions of this Section 16 shall survive the termination of this Deed and the resignation or removal of Collateral Agent. As between Company and Collateral Agent, Collateral Agent shall be entitled to the same rights, protections, and indemnities afforded to it under the Collection Account Pledge Agreement. For greater certainty, this Section 16 shall not prejudice the provisions of Section 7 of this Deed,

In this Deed:

"Activation Notice" means a written notice from Collateral Agent to the Bank substantially in the form of Exhibit A.

"Business Day" means each day (except Saturdays and Sundays) on which banks are open for general business in London.

"Effective Time" means:

if the Activation Notice is received by Bank before 11:00am (London time) on any Business Day, 11:00am (London time) the following Business Day; and

if the Activation Notice is received by Bank on any day which is not a Business Day or if it is received by Bank after 11:00am (London time) on any Business Day, 11:00am (London time) on the second Business Day following receipt by Bank of the Activation Notice.

[The remainder of this page left blank intentionally.]

In Witness Whereof, the parties hereto have executed this Deed as a deed by their duly authorized officers as of the day and year first above written.

By Company: CELESTICA •

Address for notices:

By:
Name:

c/o Celestica Inc.

Title:

1150 Eglinton Avenue East
Toronto, Ontario,
Canada M3C 1H7

SIGNED as a DEED by Celestica Valencia, S.A., acting by

Attention: Senior Vice President and Treasurer

,its

With a copy to:

Attention: Senior Vice President and Chief Legal Officer

By Collateral Agent:

DEUTSCHE BANK TRUST COMPANY AMERICAS

Address for notices:

By: Name:

Deutsche Bank Trust Company Americas
Corporate Trust & Agency Services
60 Wall Street

Title:

MS NYC60-2606

By Bank:

BANK OF AMERICA, N.A.

New York, New York 10005

By: Name: Karen Parker

Attention: Peter Becker

Title: Vice President

Address for notices:

Bank of America, N.A. 26 Elmfield Road

SIGNED as a DEED by Bank of America, N.A. acting by Karen Parker, Vice President, under its authority

Bromley

BR1 1 WA

EXHIBIT A CHARGED ACCOUNT CONTROL DEED

[Letterhead of Collateral Agent]
URGENT ATTENTION REQUIRED

To: Bank of America, N.A. 26 Elmfield Road

Bromley

BR1 1 WA

[Date] Fax: 44-208-313-2170

Attention: Client Service Representative for Celestica Valencia, S.A.

Dear Sirs

Re: Celestica Valencia, S.A. - Account No. 23963-011 (the "Account")

We refer to the Charged Account Control Deed dated November , 2005 (the "Deed") among Celestica Valencia, S.A., us and you regarding the Account. This is an Activation Notice. Terms defined in the Deed have the same meaning in this Activation Notice.

We hereby give you notice of the occurrence of a "Termination Event" and our exercise of control of the Account and we hereby instruct you, subject to the terms of the Deed, to transfer funds from the Account to the Concentration Account for further credit by us to the Payment Account. You shall have no obligation hereunder or under the Deed to verify the occurrence, existence or continuance of a "Termination Event" in acting on this Activation Notice or that funds from the Concentration Account are credited to the Payment Account.

Yours faithfully

For and on behalf of

DEUTSCHE BANK TRUST COMPANY AMERICAS

EXHIBIT L

COLLECTION ACCOUNT PLEDGE AGREEMENT

Dated as of November 23, 2005

among

CELESTICA CORPORATION,
CELESTICA ITALIA SRL.,
CELESTICA RA' JECKO S.R.O.,
CELESTICA HOLDINGS PTE LTD.,
CELESTICA VALENCIA S.A.,
and
CELESTICA HONG KONG LTD.

as Assignors,

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,

as Collection Agent

COLLECTION ACCOUNT PLEDGE AGREEMENT, dated as of November 23, 2005, (this "Agreement"), among Celestica Corporation, Celestica Italia Sri, Celestica Czech Republic s.r.o., Celestica Holdings Pte Ltd., Celestica Valencia S.A. and Celestica Hong Kong Ltd. (each, an "Assignor" and collectively, the "Assignors") and DEUTSCHE BANK TRUST COMPANY AMERICAS, as collection agent for the Purchasers (as defined below) (in such capacity, and together with its successors in such capacity, the "Collection Agent").

WITNESSETH:

WHEREAS, the Assignors have entered into a Revolving Trade Receivables Purchase Agreement dated as of November 23, 2005 (as amended, supplemented or otherwise modified from time to time, the "Receivables Purchase Agreement") among the Assignors, Deutsche Bank AG New York, as Administrative Agent, and the several banks and other financial institutions parties thereto as Purchasers;

WHEREAS, Collections in respect of the Scheduled Receivables are required to be paid into the Collection Accounts and transferred to the Concentration Account and thereafter to the Payment Account (defined below);

WHEREAS, each Seller will instruct the Eligible Buyers to make payments in respect of the Scheduled Receivables generated by its sales into a Collection Account or the Concentration Account;

WHEREAS, to induce the Purchasers to enter into the Receivables Purchase Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Assignor has agreed to pledge and grant a security interest in the Collateral described below as security for the Obligations;

NOW, THEREFORE, the parties hereto hereby agree as follows:

SECTION 1. Definitions. Unless otherwise specified herein, capitalized terms used but not defined herein shall have the respective meanings given to such terms in the Receivables Purchase Agreement.

SECTION 2. Assignment and Grant of Security Interest. Assignment and Grant of Security Interest; Collateral. As collateral security for the prompt payment and performance of the Obligations, each Assignor hereby assigns, and pledges and grants to the Collection Agent, for the benefit of the Purchasers, a security interest in, all of its right, title and interest in and to the following property, whether now owned by such Assignor or hereafter acquired and whether now existing or hereafter coming into existence (all being collectively referred to herein as "Collateral"): the Collection Accounts in its name, the Concentration Account (in the case of Celestica Corp.) and all certificates and instruments (as defined in the Uniform Commercial Code), if any, from time to time representing or evidencing the Collection Accounts or the Concentration Account.

The Collection Agent shall have "control" (within the meaning of Sections 8-106(d) and 9-106(a) of the UCC) of each Collection Account, the Concentration Account and the

Payment Account until the indefeasible payment in full of the Obligations, on the terms and subject to the conditions contained herein.

SECTION 3. Further Assurances; Remedies. In furtherance of the grant of the pledge and security interest pursuant to Section 2 hereof, each Assignor hereby agrees with the Collection Agent as follows:

(a) Delivery and Other Perfection. The Assignors shall:

give, execute, deliver, file and/or record any financing statement, notice, instrument, document, agreement or other papers that may be necessary or desirable (in the reasonable judgment of the Collection Agent) to create, preserve or perfect any portion of the security interest granted pursuant hereto or to enable the Collection Agent to exercise and enforce its rights hereunder with respect to such pledge and security interest;

keep full and accurate in all material respects books and records relating to the Collateral, and take such other actions as the Collection Agent may reasonably require in order to reflect the security interests granted by this Agreement;

permit employees of the Collection Agent, upon reasonable notice, at any time during normal business hours to inspect and make abstracts from its books and records pertaining to the Collateral, and forward to the Collection Agent copies of any notices or communications received by any Assignor with respect to the Collateral, all in such manner as the Collection Agent may require; and

in the case of Celestica Corp., at any time following the occurrence and during the continuation of a Termination Event, upon request of the Collection Agent, promptly notify (and Celestica Corp. hereby authorizes the Collection Agent so to notify) each Eligible Buyer in respect of any Scheduled Receivable that such Receivable has been sold, assigned and transferred to the Purchasers.

(b) Preservation of Rights. Each Assignor shall defend the Collateral against all Liens and demands of all Persons at any time claiming the same or any interest therein adverse to the Collection Agent. Each Assignor will advise the Collection Agent, the Administrative Agent or the Purchasers promptly in writing and in reasonable detail of (a) any Lien (other than the security interests under this Agreement and the other Transaction Documents) on any of the Collateral that would adversely affect the ability of the Collection Agent or the Purchasers to exercise any of their respective remedies hereunder, under the Collateral Account Agreement or under the Receivables Purchase Agreement, or (b) the occurrence of any event that could reasonably be expected to have an adverse effect on the aggregate value of the Collateral.

(c) Termination Event, Etc. During the period during which a Termination Event shall have occurred and be continuing, the Collection Agent shall have all of the rights and

remedies with respect to the Collateral of a secured party under the Uniform Commercial Code and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted, including, without limitation, the right, to the maximum extent permitted by law, to exercise all powers of ownership pertaining to the Collateral as if the Collection Agent were the sole and absolute owner thereof (and each Assignor agrees to take all such action as may be appropriate to give effect to such right). Notwithstanding the occurrence of any Termination Event, the Collection Agent agrees not to use any funds on deposit in the Collection Accounts or the Concentration Account except in accordance with the terms of this Agreement, and therefore agrees not to materially interfere with the use by the Assignors of such funds not constituting Collections or due and payable in respect of Obligations.

Attorney-in-Fact. (i) Without limiting any rights or powers granted by this Agreement to the Collection Agent, effective upon the occurrence and during the continuance of any Termination Event, the Collection Agent shall be appointed the attorney-in-fact of each Assignor (and each Assignor hereby agrees to maintain in effect such a power of attorney until all amounts under the Purchased Assets have been paid in full) with full power and authority in the place and stead of each Assignor, in the name of each Assignor or in its own name, for the purpose of carrying out the terms of this Agreement and taking any action and executing any documents and instruments that Collection Agent may deem necessary or advisable to accomplish the purposes of this Agreement, which appointment as attorney-in-fact shall be irrevocable and coupled with an interest. Each Assignor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof consistent with the rights and obligations of said attorneys under this Agreement, except in the case of gross negligence or willful misconduct of said attorneys.

(ii) Each Assignor hereby acknowledges and agrees that in acting pursuant to this power-of-attorney, the Collection Agent shall be acting on behalf of the Purchasers, and each Assignor acknowledges and agrees that neither the Collection Agent nor any Purchaser, as secured parties under this Agreement (collectively, the "Secured Parties"), shall have any fiduciary or other duties to the Assignors, and each Assignor hereby waives any claims to the rights of a beneficiary of a fiduciary relationship hereunder.

Termination. Upon receipt of evidence satisfactory to the Collection Agent that all of the Investments have been reduced to nil and all Obligations and amounts payable or required to be deposited by the Assignors under the Transaction Documents shall have been paid or deposited in full, this Agreement shall terminate, and the Collection Agent shall forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect thereof, to or on the order of the relevant Assignor.

Further Assurances. Each Assignor agrees that, from time to time upon the written request of the Collection Agent, it will promptly execute and deliver such further documents and do such other acts and things as the Collection Agent may reasonably request in order fully to effect the purposes of this Agreement and the pledge of the Collateral hereunder.

Waiver; Deficiency. Each Assignor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Obligations and the fees and disbursements of any counsel employed by the Collection Agent or any Purchaser to collect such deficiency.

Financing Statements. Pursuant to the Uniform Commercial Code and any other applicable law, each Assignor authorizes the Collection Agent to file or record UCC Financing Statements and other filing or recording documents or instruments with respect to the Collateral without the signature of the Assignors in such form and in such offices as the Collection Agent determines appropriate to perfect its security interest under this Agreement (to the extent that the security interest may be perfected by filing). A photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording document or instrument for filing or recording in any jurisdiction.

SECTION 4. Indemnities. Each Assignor, as a Seller under (and as defined in) the Receivables Purchase Agreement, hereby grants to the Collection Agent the indemnities set forth in Section 9.5 of the Purchase Agreement on the terms and subject to the conditions set forth therein, *mutatis mutandis*.

SECTION 5. Miscellaneous.

Authority of Collection Agent. Each Assignor acknowledges that the rights and responsibilities of the Collection Agent under the Transaction Documents with respect to any action taken by the Collection Agent or the exercise or non-exercise by the Collection Agent of any option, right, request, judgment or other right or remedy provided for herein or therein or resulting or arising out of the Transaction Documents shall, as between the Collection Agent and the Purchasers, be governed by the Agency Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Collection Agent and the Assignors, the Collection Agent shall be conclusively presumed to be acting as Collection Agent for the Purchasers with full and valid authority so to act or refrain from acting, and the Assignors shall not be under any obligation, or entitlement, to make any inquiry respecting such authority.

Assignors Remain Liable. Anything herein to the contrary notwithstanding, each Assignor shall remain liable under each of the Transaction Documents to observe and perform all the conditions and obligations to be observed and performed by it thereunder. Neither the Collection Agent, the Administrative Agent nor the Purchasers shall have any obligation or liability under any Receivable by reason of or arising out of this Agreement or the receipt by the Collection Agent or the Purchasers of any payment relating thereto, nor shall the Collection Agent or the Purchasers be obligated in any manner to perform any of the obligations of the Assignors under or pursuant to any Receivable to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(c) **Notices.** All notices, requests and demands to or upon the Assignors or the Collection Agent to be effective shall be in writing (including by telecopy) and shall be deemed to have been duly given or made (a) if by hand, when delivered or (b) if by telecopy or by courier, when received by the addressee, addressed to such party at its address or transmission number for notices provided in Section 9.2 of the Receivables Purchase Agreement. The Collection Agent and each Assignor may change their addresses and transmission numbers for notices by notice in the manner provided in this Section 5.

(d) **Amendments; No Waiver; Cumulative Remedies.** Subject to Section 9.1 of the Receivables Purchase Agreement, none of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Assignors and the Collection Agent.

No failure to exercise and no delay in exercising, on the part of the Collection Agent, the Administrative Agent or any Purchaser, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any other rights, remedies, powers and privileges provided by law.

(e) **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Assignors, the Collection Agent, each Purchaser, and their respective successors and permitted assigns, except that the Assignors may not assign or transfer any of their respective rights or obligations under this Agreement, except to the Collection Agent without the prior written consent of each Purchaser.

(f) **Counterparts.** This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Servicer and the Collection Agent.

(g) **Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(h) Integration. This Agreement and the other Transaction Documents represent the entire agreement of the Assignors, the Administrative Agent, the Collection Agent and the Purchasers with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent, the Collection Agent or the Purchasers relative to the subject matter hereof not expressly set forth or referred to herein or in the other Transaction Documents.

Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. WITHOUT LIMITING THE FOREGOING, FOR PURPOSES OF THIS AGREEMENT THE STATE OF NEW YORK SHALL BE DEEMED TO BE THE “BANK’S JURISDICTION” UNDER SECTION 9-304 OF THE UCC.

Section Headings. The section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each Assignor and the Collection Agent have caused this Agreement to be duly executed by their duly authorized officers all as of the date first above written.

CELESTICA CORPORATION

By:
Name: Paul Nicoletti

Title: Authorized Signatory

CELESTICA ITALIA SRL.

By:
Name: Paul Nicoletti

Title: Authorized Signatory

CELESTICA CZECH REPUBLIC S.R.O.

By: _____

Name: Paul Nicoletti

Title: Authorized Signatory

The Common Seal of _____))

CELESTICA HOLDINGS PTE LTD) was
affixed hereto in the presence of:

By: By:

Name: Name:

Title: Title:

CELESTICA VALENCIA S.A.

By:
Name: Paul Nicoletti

Title: Authorized Signatory

CELESTICA HONG KONG LTD.

By:
Name: Paul Nicoletti

Title: Authorized Signatory

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Collection Agent

By
Name:

Title: _____

Subsidiaries of Registrant

Celestica Cayman Holdings 1 Limited, a Cayman Islands corporation;
Celestica Cayman Holdings 9 Limited, a Cayman Islands corporation;
Celestica (Gibraltar) Limited, a Gibraltar corporation;
Celestica Holdings Pte Limited, a Singapore corporation;
Celestica Hong Kong Limited, a Hong Kong corporation;
Celestica LLC, a Delaware limited liability company;
Celestica Liquidity Management Hungary Limited Liability Company, a Hungary corporation;
Celestica (Luxembourg) S.À.R.L., a Luxembourg corporation;
Celestica (Romania) S.R.L., a Romania corporation;
Celestica (Thailand) Limited, a Thailand corporation;
Celestica (USA) Inc., a Delaware corporation;
Celestica (US Holdings) LLC, a Delaware limited liability company;
IMS International Manufacturing Services Limited, a Cayman Islands corporation;
1681714 Ontario Inc., an Ontario corporation;
1755630 Ontario Inc., an Ontario corporation; and
3250297 Nova Scotia Company (formerly 1282087 Ontario Inc.), a Nova Scotia corporation.

CERTIFICATIONS

I, Craig H. Muhlhauser, certify that:

1. I have reviewed this annual report on Form 20-F of Celestica Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
 4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
 5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
-

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 22, 2012

/s/ Craig H. Muhlhauser

Craig H. Muhlhauser
Chief Executive Officer

CERTIFICATIONS

I, Paul Nicoletti, certify that:

1. I have reviewed this annual report on Form 20-F of Celestica Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
 4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
 5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
-

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 22, 2012

/s/ Paul Nicoletti
Paul Nicoletti
Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

Each of the undersigned hereby certifies, in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Celestica Inc. (the "Company"), that the Annual Report of the Company on Form 20-F for the period ended December 31, 2011 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 22, 2012

/s/ Craig H. Muhlhauser

Craig H. Muhlhauser
Chief Executive Officer

March 22, 2012

/s/ Paul Nicoletti

Paul Nicoletti
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.



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Consent of Independent Registered Public Accounting Firm

The Board of Directors
Celestica Inc.

We consent to the incorporation by reference in the registration statements on Form S-8 (Nos. 333-113591, 333-88210, 333-71126, 333-66726, 333-63112) and Form F-3 (No. 333-178161) of Celestica Inc. of our report dated March 7, 2012, with respect to the consolidated balance sheets as at December 31, 2011 and 2010, and January 1, 2010, the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and notes, comprising a summary of significant accounting policies and other explanatory information and our report dated March 7, 2012 on the effectiveness of internal control over financial reporting, which reports appear in the December 31, 2011 Form 20-F of Celestica Inc., and further consent to the use of such reports in such annual report on Form 20-F.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Accountants, Licensed Public Accountants
March 22, 2012
Toronto, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.
